

REGISTERED COMPANY NUMBER: 02624238  
REGISTERED CHARITY NUMBER: 1008788

**Report of the Trustees and  
Financial Statements  
for the Year Ended 31 March 2011**

**for Children's Scrapstore  
(A Company Limited by Guarantee)**

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## **Children's Scrapstore**

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## **Children's Scrapstore**

### **Report of the Chair for the year ended 31 March 2011**

Darker times are forecast for the coming year and many of us will be losing funding support and some structures on which we normally rely on from the local authorities

During the last year we have seen remarkable achievements by the Play team, delivering Scrapstore PlayPods to an ever increasing number of schools – 28 this year!

No less an achievement is the performance of our scrap and shop services which have been steady while providing improved variety and availability of materials particularly with PlayPod refills creating a new demand. The staff here are amazing! The dedication that they bring and the goodwill that they create are a fantastic example for anyone looking at this sector

The management committee here are committed to growth. We believe that our role now is more relevant to our members and the children of each of our authority run areas as they will be losing support from many other places. We are determined it won't be reduced from here

Maintaining our service we believe supports the well-being of children and provides for their creative expression and social interaction in a way that is accessible to all. The value of this service is something we always find difficult to describe as the process of play and the experience of children differ for each one and when in a moment that joyful spark of awareness and discovery happens it is both unpredictable and immeasurable

We believe these experiences are the building blocks of personal development for children and young people and so our mission to provide the resources and help create the environment where these moments can happen for all children is something we feel dedicated about providing

We must not forget of course that in the process of doing this we are also supporting the environment. Being a Scrapstore is a unique opportunity to achieve so much and re-using materials for this purpose is such a good example of how our changing society could be thinking as we attempt to bring about global change

We also know that in order to do our best we have to plan, develop and grow. We will continue to support all our local authorities by attending meetings and helping where we can. During times like these we think we should do more, not less, wherever we can, as we do know that where this has happened before, it does pass, and opportunities return in the future

To that end we are vigilant about our business planning and seeking new opportunities. It would be tempting to stop and hold the fort at this point and attempt to secure what we have, but we believe in both our ability to adapt and invent together with our processes and procedures which keep our feet on the ground and monitor our services at the same time

During the coming year we hope to install more Scrapstore PlayPods, provide you with ever more interesting scrap, to do more through our support of the local authority forums and offer more extended free Super Saturday Sample Sessions from our warehouse

Lastly, I would like to say thank you, to you, our members. Your support and goodwill keeps us going as we know how much you value us and what the scrap means to us all



**Joanna Simpson**  
Chair and Trustee

## **Children's Scrapstore**

### **Report of the Trustees for the year ended 31 March 2011**

The trustees present their report and accounts for the year ended 31 March 2011

#### **Reference and administrative details**

**Charity Registration Number**  
1008788

**Company Registration Number**  
2624238

**Registered Office and Operating Address**  
Scrapstore House, Sevier Street, St Werburghs, Bristol, BS2 9LB

**Auditors**  
Milsted Langdon LLP, One Redcliff Street, Bristol, BS1 6NP

**Bankers**  
HSBC Bank plc, 62 George White Street, Cabot Circus, Bristol, BS1 3BA  
CAF Bank, 25 Kings Hill Avenue, West Malling, Kent, ME19 4JQ  
Triodos Bank, Brunel House, 11 The Promenade, Bristol, BS8 3NN

**Solicitors**  
VealeWasbrough Vizards, Orchard Court, Orchard Lane, Bristol BS1 5WS

**Trustees and Directors**  
The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees

The trustees serving during the year were as follows

J L Simpson	Chair, Director and Trustee
R M Rich	Vice-chair, Director and Trustee
C J Casswell	Treasurer, Company Secretary, Director and Trustee
P S Penrose	Secretary, Director and Trustee
K Rowe	Director and Trustee
A Griffin	Director and Trustee
E Collier	Director and Trustee
C Clarke	Director and Trustee
G Beazeley	Director and Trustee
V Shah-Dyan	Director and Trustee

**Chief Executive Officer (C E O)**  
Mr J Hill

## **Children's Scrapstore**

### **Report of the Trustees for the year ended 31 March 2011**

#### **Structure, Governance and Management**

##### **Governing document, and constitution**

The charity is constituted as a private company, limited by guarantee and therefore has no share capital. It is governed by a Memorandum and Articles of Association, dated 26 June 1991. It is registered as a charity with the Charity Commission.

##### **The policies and procedures adopted for the induction and training of trustees**

When selecting new trustees the charity seeks people who can bring relevant expertise.

New trustees are familiarised with all aspects of the work done by the charity and briefed on their legal obligations under charity and company law, the committee and decision making process, and key employees.

Children's Scrapstore have produced a trustees' handbook which each new trustee receives and a session on the operation and financial procedures of the charity with the current CEO is a standard part of the induction process.

Trustees are made aware of the literature and websites of independent governance advisory agencies and can access these at any time. Training is offered to trustees via bulletin links which are received by the CEO and passed on for their attention.

##### **Organisational structure of the charity**

The board of trustees administers the charity. The board meets monthly and there is a subcommittee for finance and funding which informs the treasurer and funders of progress and priorities. Other sub groups are formed for specific activities as and when they occur. The trustees delegate their responsibilities for the day to day administration of the charity.

##### **Officers and other senior staff members to whom day to day management of the charity is delegated**

J Hill	Chief Executive Officer
J Pendlington	Business Development Manager
M Miller	Artrageous Shop Manager
C Mason	Warehouse and Waste Resource Manager
L Ward	Membership and Outreach Officer
K Wilson	PlayPods Manager

##### **Major risk management**

The trustees have a major risk management strategy which comprises

- An annual review of the major risks that the charity may face
- The establishment of systems and procedures to mitigate those major risks identified in the plan, and
- The implementation of procedures designed to minimise any potential impact on the charity should those major risks arise

This work has identified a new major risk. During this year funding has been withdrawn from Bath and North East Somerset Council and at the end of this financial year North Somerset Council will no longer be providing funding to support our activities. Bristol City Council has announced an intention to remodel funding support and introduce commissioning which could also present a risk to future funding. These risks were addressed via a small increase being applied to membership and scrap donation requests for those areas that no longer support the Scrapstore, and a plan of appeal and intense activity around engagement with the other two authorities. These changes will take effect in the coming financial year. A key element in the management of financial risk is the setting of a reserves policy and its regular review by trustees.

## **Children's Scrapstore**

### **Report of the Trustees for the year ended 31 March 2011**

#### **Objectives and Activities**

Our main activities and who we aim to help are described below. All of our charitable activities focus on the encouragement of play and are undertaken to further our charitable objects for the public benefit.

#### **Objects, as set out in the governing document**

The objects of the Scrapstore shall be to provide, or assist in the provision of, facilities for recreation, education, and other leisure time activities for children, being facilities of which such children have need by reason of their age, or social or economic circumstances, and which will improve conditions of life for such children by promoting their educational, physical or mental well-being. To promote the use of waste materials as playthings.

#### **How our activities deliver public benefit**

Children's Scrapstore collects safe waste and surplus materials from industry and commerce and makes them available, at very little cost, to 1200+ member groups. Groups who work in a creative, play, care, educational, or therapeutic setting in the greater Bristol area are eligible to join Children's Scrapstore.

These groups work with nearly all of the children and young people in the greater Bristol area. Members join us from throughout Bristol, North Somerset, South Gloucestershire and Bath and North East Somerset, as well as some groups from Gloucestershire, Wiltshire, Devon and South Wales. Full member groups include playgroups, nurseries, creches, parent and toddler groups, resources and activities centres, cubs, scouts, guides, brownies, beavers, woodcraft folk, city farms, adventure playgrounds, hospitals, arts, environmental and theatre groups. Associate member groups are schools and college departments.

The focus of Scrapstore's work is to provide waste materials as an art and craft resource for creative play and education, provide other resources to complement this work and also in the process raise members' awareness of recycling issues.

Scrapstore's main aim, besides the re-use of scrap materials, is to allow children to play, experiment, and stimulate their imaginations with a variety of familiar and unusual, inexpensive materials - a chance they might not otherwise have.

Many of our member groups are voluntary, have limited budgets, if any, and rely heavily on Scrapstore's existence for their basic play materials. The materials range from off-cuts of paper, card, wood, fabrics and hot air balloon material, to plastic trays, boxes and empty tins. They are used in a wide range of art, craft and play activities, for example, painting, drama, games, kite making, puppets, masks, mobiles and musical instruments.

Scrapstore has built up a sound local reputation and is a respected organisation, not only for the services it offers but also because of its consistently enterprising and innovative organisational approach. It is more widely known through its association with various national and local networks such as the Play Strategy Development Group, The Play and Early Years Training Unit and Bristol Association of Neighbourhood Daycare.

The Charity is in the process of developing new services to members in support of their development needs thereby contributing to the objects in new ways.

#### **Main objectives for the year and strategies for achieving those objectives:**

##### **Objectives and strategies**

- 1 To undertake a thorough review of Governance and the changing role of the trustees by completing the review of our governance procedures and understanding in order to determine if the current operating procedures for Scrapstore fully reflect the changes made in the organisation during the past 3 years and if there is adequate protection for the charity's members.
- 2 Ensure that the budget agreed is reported on and measured at each monthly (11 monthly meetings are held each year) meeting in order to safeguard the financial integrity of the charity. The committee agenda ensures this review takes place. The treasurer's reports and financial meetings ensure that continuity and risk are constantly evaluated. The process for this is inclusive as the chair is a signatory for both of these reports. Additional requirements such as planning obligations are monitored by the Chief Executive Officer and reported on in monthly written reports.

## **Children's Scrapstore**

### **Report of the Trustees for the year ended 31 March 2011**

#### **Objectives and Activities (continued)**

- 3 Confirm all legal and reporting requirements are met particularly with the Charity Commission and Companies House as priorities. The Chief Executive Officer is responsible for carrying out these reporting functions and must confirm these with the chair of the organisation. The committee will set the date for the AGM and recruit replacement or additional committee members for the following term.
- 4 Manage the Chief Executive Officer and ensure we are aware of any issues which may threaten the security and safety of the organisation via the written reports, staff presentations and verbal questioning of the Chief Executive Officer at meetings. The primary relationship of the Chief Executive Officer is with the chair. The Chief Executive Officer reports to the management committee monthly via verbal and written reports on the key developments of the business. Any deviation or admission is subject to the normal disciplinary process open to the committee.
- 5 Maintain an overview on the progress of staff development. Staff managers report in rotation personally to the committee at which time they are able to comment or question any aspect of the committee's work or intention and vice versa the committee are able to question the department directly. Minutes of these meetings are kept. These comments are recorded in the minutes of these meetings and reviewed at the following meeting.
- 6 Review the charity's assets in order to maximise the well-being and available strength to the charity in support of our constitutional aims.
- 7 Oversee the development of new and improved service delivery which offers increased value for children via our members in keeping with our objects. The operational business plan for this year details the actions and developments which are being undertaken by the organisation. Staff reports given to the management committee monthly ensure the monitoring and progress of these activities are brought to the committee's attention.

It is the understanding of the Trustees that the objectives and activities formulated for this year are concurrent with Charity Commission standards and requirements.

#### **Achievements and performance of the charity**

##### **A review of activities**

It can be seen from the attached financial report that this has been a successful year. Scrapstore PlayPods have again performed above expectations. This has been accompanied by over budget performances in all departments, particularly within the refill of PlayPod schools where a great deal of scheduling invention was generated by the business development and warehouse managers.

Continued invention in display and presentation of the service and the products has also contributed to a vibrant outlook and the addition of special events for particular member groups has also supported increases in activity.

We also attribute success to the continued development planning that we practise year on year giving each operating centre specific targets to achieve in qualitative and quantitative service delivery. They include new services to members, increasing the range and variety of our products and maintaining and developing high customer service standards.

##### **Fundraising activities**

Funding is via membership fees and donations for scrap and equipment loans. Just over half the staff salary costs are funded by the four local authorities. The remainder of costs are covered by general trading activities. Income from our owned premises covers the cost of running the property and the mortgage and therefore does not impact on overheads relating to delivering the service.

##### **Investment performance**

Surplus short term funds are held in an interest bearing deposit account, on which satisfactory levels of income were received.

## **Children's Scrapstore**

### **Report of the Trustees for the year ended 31 March 2011**

#### **Financial review**

##### **Transactions and financial position**

The trustees consider the financial performance during the year to have been satisfactory

The accounts are set out on pages 11 to 19. The accounts have been prepared implementing the 2005 Revision of the Statement of Recommended Practice for Accounting and Reporting by Charities issued by the Charity Commission for England and Wales (effective April 2005) and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The Statement of Financial Activities (SOFA) shows net outgoing/incoming resources for the year of a revenue nature.

The total at the foot of the Balance Sheet shows the total reserves at the year end.

##### **Policies on reserves**

The policy is to maintain reserves at the level necessary to sustain the planned activities of the charity.

The accounting policies (Note 1) sets out the funds being operated and their respective applications.

The **Designated funds** are maintained at a level equivalent to the investment in the freehold property less the mortgage. This is held within the building and forms the basis of Scrapstore's stability and flexibility. It is the intention of the Trustees not to create any further borrowing against this asset in order to preserve strong levels of protection against market value changes and unforeseen events in the future, thus securing an asset of significant value which during the coming 20 years will become wholly owned with no debt against it.

The **General fund** accumulated surplus is intended to be raised to a level equal to between 3 and 6 months of the resources expended. At this level the trustees feel that they would be able to continue the current activities of the charity in the event of a significant drop in funding.

**Restricted funds**, if any, are spent in line with the donor's wishes, as soon as possible.

##### **Principal funding sources**

Funding is via membership fees, donations for scrap and equipment loans and grants received from local authorities for staff costs.

##### **Investment policy and objectives**

The trustees have wide powers of investment. Surplus short term funds are held in an interest bearing deposit account.

##### **Availability and adequacy of assets of each of the funds**

The board of trustees is satisfied that the charity's assets in each fund are available and adequate to fulfil its obligations in respect of each fund.

However, the General fund stood at £160,540 at 31 March 2011, which represented £200,123 less than the level of 3 to 6 months of resources expended. It is the trustee's policy to retain. The trustee's long term plan is to restore them to this level. The trustees recognise this shortfall and are satisfied that the policy of no further borrowing against the value of the property would ensure that the asset would cover the eventuality of a complete failure of funds either as a bridging or redundancy support.

##### **Changes in fixed assets**

Changes in fixed assets are shown in detail in the notes to the accounts. There has been no major capital expenditure this year, although the assets continue to be repaired and maintained as and when necessary.

##### **Plans for the coming year**

**Overview:** The trustees are anticipating our toughest test as the loss of funding to all of the sector in March 2011 is now confirmed.

For the charity this is of great concern but even more so is the concern that cuts in spending will affect our membership and therefore the services to children in our operating area.

Trustees agreed that this means our service is more relevant than before and that our efforts to support the supply of materials to children need to be increased and where possible to be introduced via alternative, sustainable means in order to help.



## **Children's Scrapstore**

### **Report of the Trustees for the year ended 31 March 2011**

#### **Plans for the coming year (continued)**

We therefore perceive that via the expansion of the Scrapstore PlayPods and by the targeting of service improvements, in line with research gained from members, we will be able to continue provision to the same standard and increase awareness of our service to prospective new groups / members

More specific information is held below

**Scrapstore PlayPods:** As this most popular service expands throughout the schools within our geographic boundary, the opportunity for us to deliver the programme to other areas both here and abroad have been realised

Structures and procedures are being created to support the demand and yet ensure security for the charity both financially and organisationally in order to reach the aim of supporting as many children as possible. The unforeseen success of this programme has potentially far reaching effects for children and school life, possibly changing how schools view the whole school day forever

**Arttrageous Supporters Club** We have designed a service for supporters of Scrapstore to be engaged with art and crafts via the distribution of art ideas and information on events through a regular e-bulletin. This service is designed for the increasing number of general public visitors to the retail shop

Currently we run free art and craft sessions for parents and children in the shop and the ideas and models arising from this activity will form the basis for reaching families and inspiring home arts as well as raising awareness with the general public of the contribution made by the shop to the charity and to children

**More Scrap.** We will be developing increased activity in sourcing new scrap from businesses via outreach activities. With the advent of corporate support we will be developing new communications with a wider market via the web and the National Federation

**Networking** We have been increasing our engagement with our suppliers and supporters via extensive networking in support of children across our four authority areas. As such we sit on four play development groups which strategically consider the delivery of play and support for children and young people. This has been a challenging and informative process

This activity has also assisted us particularly now that we deliver a programme via the Scrapstore PlayPods where previously we did not engage in the direct delivery of play services at all. This networking has meant that we can improve our own strategic development in relation to the delivery of our services

**Funding:** We are seeking to expand our services to the community in two ways via our building. Firstly we have installed green energy into the building. We have retro-fit systems for the environmental supply of cheaper energy to our tenants reducing our carbon footprint

**Governance** The trustees are committed to developing more robust and thorough governance in accordance with developing standards for charities. The coming year will see us undertake a review and the development of new actions in support of this

**Federation of Scrapstores** Children's Scrapstore has been instrumental in developing the federation in order to support political, funding and operational progress for all scrapstores with national stakeholders. Trustees have endorsed this activity as being strategically beneficial in achieving the aims of the charity however, it has not been possible for Jeff Hill to remain chair and trustee of the Federation of Scrapstores due to workloads increasing for the main charity. During this year he resigned from that position

#### **Trustees' responsibilities**

Company law requires the trustees to prepare the financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure for the financial year. In preparing those financial statements, the trustees should follow best practice and

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the accounts on the going concern basis unless it is not appropriate to assume that the company will continue on that basis

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

## **Children's Scrapstore**

### **Report of the Trustees for the year ended 31 March 2010**

#### **Statement as to disclosure of information to auditors**

The trustees, in their capacity as directors for the purpose of company law, certify that

- so far as we are aware, there is no relevant audit information of which the auditors are unaware, and
- as the directors of the charitable company we have taken all steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information

#### **Auditors**

A resolution to reappoint Milsted Langdon LLP as auditors will be put to the members at the Annual General Meeting

#### **Small company special provisions**

The report of the trustees has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies, and the Statement of Recommended Practice Accounting and Reporting by Charities (issued in March 2005)

This report was approved by the board on 14 | 12 | 11 and signed on its behalf by



**J L Simpson**  
Current Chair and Trustee

## **Children's Scrapstore**

### **Report of the Independent Auditors to the Trustees of Children's Scrapstore**

We have audited the financial statements ("the financial statements") of Children's Scrapstore for the year ended 31 March 2011 which comprise the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the charitable company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditors**

The trustees' are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare the financial statements for each year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Standards (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities,
- the financial statements have been properly prepared in accordance with the Companies Act 2006, and
- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of the charitable company's surplus for the year then ended.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the report of the trustees for the financial period for which the financial statements are prepared is consistent with the financial statements.

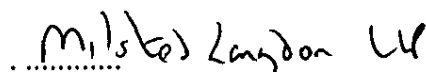
## **Children's Scrapstore**

### **Report of the Independent Auditors to the Trustees of Children's Scrapstore (Continued)**

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the trustees' were not entitled to prepare the financial statements and the report of the trustees in accordance with the small companies regime



Mr D S Jacobs (Senior Statutory Auditor)  
For and on behalf of Milsted Langdon LLP  
Chartered Accountants and Statutory Auditors,  
Bristol, 15 December 2011

## **Children's Scrapstore**

### **Statement of Financial Activities** **for the Year Ended 31 March 2011**

		<b>2011 Unrestricted General Funds £</b>	<b>2011 Designated Funds £</b>	<b>2011 Restricted Funds £</b>	<b>2011 Total Funds £</b>	<b>2010 Total Funds £</b>
	<b>Notes</b>					
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income	2	145,983	-	-	145,983	136,337
Investment income	3	98	-	-	98	250
Activities for generating funds	4	759,136	-	-	759,136	568,636
<b>Incoming resources from charitable activities</b>						
Grants and contracts		<u>123,576</u>	<u>-</u>	<u>16,738</u>	<u>140,314</u>	<u>101,255</u>
<b>TOTAL INCOMING RESOURCES</b>		<u>1,028,793</u>	<u>-</u>	<u>16,738</u>	<u>1,045,531</u>	<u>806,478</u>
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds</b>						
Costs of generating voluntary income		142,438	-	-	142,438	125,131
Costs of charitable activities		616,040	16,593	-	632,633	486,026
Support costs		147,179	-	14,200	161,379	109,918
Governance costs		<u>25,317</u>	<u>-</u>	<u>-</u>	<u>25,317</u>	<u>27,074</u>
<b>TOTAL RESOURCES EXPENDED</b>	9	<u>(930,974)</u>	<u>(16,593)</u>	<u>(14,200)</u>	<u>(961,767)</u>	<u>(748,149)</u>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>		97,819	(16,593)	2,538	83,764	58,329
Transfers between funds	16	<u>(66,214)</u>	<u>66,214</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET MOVEMENT IN FUNDS</b>		31,605	49,621	2,538	83,764	58,329
<b>Reconciliation of funds</b>						
<b>Total funds brought forward</b>		<u>128,935</u>	<u>723,903</u>	<u>40,300</u>	<u>893,138</u>	<u>834,809</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	16	<u>160,540</u>	<u>773,524</u>	<u>42,838</u>	<u>976,902</u>	<u>893,138</u>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

**Children's Scrapstore**  
**(company number: 2624238)**

**Balance Sheet**  
**for the Year Ended 31 March 2011**

	Notes	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets	11	1,265,301	1,237,499
<b>CURRENT ASSETS</b>			
Stock		31,968	21,436
Debtors	12	146,828	66,719
Cash at bank and in hand		<u>245,884</u>	<u>147,559</u>
		424,680	235,714
<b>CURRENT LIABILITIES</b>			
Creditors amounts falling due within one year	13	<u>(260,863)</u>	<u>(110,847)</u>
<b>NET CURRENT ASSETS</b>		<u>163,817</u>	<u>124,867</u>
<b>TOTAL ASSETS LESS LIABILITIES</b>		1,429,118	1,362,366
<b>LONG TERM LIABILITIES</b>			
Creditors amounts falling due after one year	15	<u>(452,216)</u>	<u>(469,228)</u>
<b>NET ASSETS</b>		<u>976,902</u>	<u>893,138</u>
<b>FUNDS</b>			
<b>Unrestricted funds</b>			
General fund	16	160,540	128,935
Designated funds	16	<u>773,524</u>	<u>723,903</u>
		934,064	852,838
<b>Restricted funds</b>	16	<u>42,838</u>	<u>40,300</u>
<b>TOTAL FUNDS</b>		<u>976,902</u>	<u>893,138</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008) relating to small charitable companies

The financial statements were approved by the board of trustees and authorised for issue on 14/12/11 and were signed on its behalf by



**C J Casswell**  
Trustee

## **Children's Scrapstore**

### **Notes to the Financial Statements** **for the Year Ended 31 March 2011**

#### **1 ACCOUNTING POLICIES**

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008) the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) and the Companies Act 2006

##### **Incoming resources**

Voluntary income including donations, gifts and grants that provide core funding or are of a general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when

- The donor specifies that the grant or donation must only be used in future accounting periods, or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement

Income from commercial trading activities is recognised as earned (as the related goods and services are provided)

Investment income is recognised on a receivable basis

Income from charitable activities includes income received under contract. Grant income included in this category provides funding to support charitable activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability

Donated services and facilities are included at the value to the charity where this can be quantified

The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution made by volunteers can be found in the trustees' annual report

##### **Resources expended**

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates

- Costs of generating funds are those costs incurred in attracting voluntary income and the costs of trading for fundraising purposes
- Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the charity. These costs, where not wholly attributable, are apportioned to charitable expenditure in addition to the direct costs
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements. These costs include costs related to statutory audit together with an apportionment of support costs
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources

##### **Allocation and apportionment of costs**

Staff costs are allocated on the basis of estimated time spent on an activity during the year. All other support costs that cannot be allocated directly are apportioned on the same basis as staff costs

##### **Tangible fixed assets**

Individual assets costing £250 or more are capitalised at cost

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its useful economic life

Freehold property	2% straight line on buildings	No depreciation is provided on land
Improvements to property	2% straight line	
Fixture and fittings	25% straight line	
Website development	25% straight line	
Motor Vehicles	25% straight line	

## **Children's Scrapstore**

### **Notes to the Financial Statements** **for the Year Ended 31 March 2011**

#### **1 ACCOUNTING POLICIES (CONTINUED)**

##### **Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

##### **Stock**

Stock is included at the lower of cost and net realisable value.

##### **Pensions**

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

##### **Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Designated funds are unrestricted funds earmarked by the trustees for particular purpose.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

##### **Taxation**

The charity is exempt from corporation tax on its charitable activities.

##### **Irrecoverable VAT**

The charity is partially exempt for VAT and the irrecoverable VAT is the charge in the financial statements that is irrecoverable under partial exemption rules.

#### **2 VOLUNTARY INCOME**

	2011 £	2010 £
Donations	2,115	9,789
Membership	59,457	55,487
Donations from scrap and equipment loan	<u>84,411</u>	<u>71,061</u>
	<u>145,983</u>	<u>136,337</u>

#### **3 INVESTMENT INCOME**

Investment income is interest received on bank deposits during the year.

#### **4 ACTIVITIES FOR GENERATING FUNDS**

	2011 £	2010 £
Rental income	194,135	216,222
Shop sales	191,226	191,021
Road show income	15,696	23,579
Play Pod income	358,079	137,154
Miscellaneous income	<u>-</u>	<u>660</u>
	<u>759,136</u>	<u>568,636</u>



## **Children's Scrapstore**

### **Notes to the Financial Statements** **for the Year Ended 31 March 2011**

#### **5. NET INCOMING/(OUTGOING) RESOURCES**

Net incoming/(outgoing) resources are stated after charging

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Depreciation	36,386	36,633
Loss on disposal of tangible asset	-	124
Auditors remuneration	<u>4,883</u>	<u>4,650</u>

The auditor's remuneration related solely to the audit

#### **6. STAFF COSTS**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Wages and salaries	331,037	269,611
Pensions	12,067	11,025
Employers NI	<u>27,147</u>	<u>23,107</u>
<b>Total staff costs</b>	<b><u>370,251</u></b>	<b><u>303,743</u></b>

No employee received remuneration of more than £60,000 (2010 no employees)

The average number of employee's, calculated on the basis of full time equivalents, was as follows

	<b>2011</b>	<b>2010</b>
Employees	9	9

#### **7. PENSION COSTS**

The company operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £12,067 (2010 £11,025)

#### **8. TRUSTEES' REMUNERATION AND RELATED PARTY TRANSACTIONS**

No trustee received any remuneration during the year (2010 nil)

No trustee received any reimbursed expenses in the year (2010 nil)

No trustee or any other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2010 nil)

## Children's Scrapstore

### Notes to the Financial Statements for the Year Ended 31 March 2011

#### 9 TOTAL RESOURCES EXPENDED

	Fund raising £	Charitable activities £	Support Costs £	Governance costs £	Total 2011 £	Total 2010 £
Cost of trading company expenditure	123,885	-	-	-	123,885	117,019
Newsletter costs	1,335	-	-	-	1,335	379
Loan equipment	1,634	-	-	-	1,634	1,285
Publicity advertising	7,470	-	-	-	7,470	1,577
Volunteer and staff expenses	1,106	-	-	-	1,106	1,837
Wages and pensions	-	370,251	-	-	370,251	303,743
Road shows	-	2,780	-	-	2,780	3,148
Rent and rates	-	60	-	-	60	(1,550)
Insurance and alarm	-	-	12,520	-	12,520	9,000
Building depreciation	-	16,593	-	-	16,593	15,543
Building service costs	-	58,808	-	-	58,808	63,346
Repairs, renewals & building maintenance	-	6,931	-	-	6,931	8,223
Cleaning	-	17,096	-	-	17,096	17,036
Pods project expenses	-	160,114	-	-	160,114	76,537
Motor and travel	-	-	22,810	-	22,810	7,703
Legal & professional	-	-	20,526	-	20,526	12,277
Printing, postage & stationery	7,008	-	10,768	-	17,776	8,641
Small computer software	-	-	7,063	-	7,063	48
Office machines & maintenance	-	-	150	-	150	1,833
Telephone & fax	-	-	7,492	-	7,492	6,222
Photocopying	-	-	-	-	-	69
Audit & accountancy	-	-	-	24,159	24,159	26,794
AGM expenses	-	-	-	1,158	1,158	280
Staff & refreshment costs	-	-	3,351	-	3,351	2,839
Staff training	-	-	3,167	-	3,167	937
Warehouse renewals & repairs	-	-	2,524	-	2,524	1,957
Trolley costs	-	-	1,565	-	1,565	59
Bank charges	-	-	3,949	-	3,949	3,044
Triodos mortgage interest	-	-	40,814	-	40,814	30,951
Hire purchase interest	-	-	723	-	723	602
Bad debt	-	-	731	-	731	3,275
Subscriptions and affiliations	-	-	653	-	653	579
Sundry	-	-	2,762	-	2,762	464
Super Saturday expense	-	-	18	-	18	1,000
Fixtures and fittings depreciation	-	-	9,952	-	9,952	13,653
Motor vehicles depreciation	-	-	9,341	-	9,341	6,937
Website development depreciation	-	-	500	-	500	500
Loss on disposal of tangible asset	-	-	-	-	-	125
Irrecoverable VAT	-	-	-	-	-	237
	<u>142,438</u>	<u>632,633</u>	<u>161,379</u>	<u>25,317</u>	<u>961,767</u>	<u>748,149</u>

#### 10 TAXATION

As a charity, Children's Scrapstore is exempt from tax on income and gains falling within section 505 of the Taxes Act 1998 or s 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

## Children's Scrapstore

### Notes to the Financial Statements for the Year Ended 31 March 2011

#### 11 TANGIBLE FIXED ASSETS

	Freehold Property £	Improvements to property £	Fixtures and fittings £	Website development £	Motor Vehicles £	Total £
<b>COST</b>						
At 1 April 2010	550,000	717,132	66,609	2,000	29,413	1,365,154
Additions	-	52,509	3,729	-	7,950	64,188
Disposals	-	-	-	-	-	-
At 31 March 2011	<u>550,000</u>	<u>769,641</u>	<u>70,338</u>	<u>2,000</u>	<u>37,363</u>	<u>1,429,342</u>
<b>DEPRECIATION</b>						
At 1 April 2010	4,800	56,663	58,672	583	6,937	127,655
Charge for the year	1,200	15,393	9,952	500	9,341	36,386
Disposals	-	-	-	-	-	-
At 31 March 2011	<u>6,000</u>	<u>72,056</u>	<u>68,624</u>	<u>1,083</u>	<u>16,278</u>	<u>164,041</u>
<b>NET BOOK VALUE</b>						
At 31 March 2011	<u>544,000</u>	<u>697,585</u>	<u>1,714</u>	<u>917</u>	<u>21,085</u>	<u>1,265,301</u>
At 31 March 2010	<u>545,200</u>	<u>660,469</u>	<u>7,937</u>	<u>1,417</u>	<u>22,476</u>	<u>1,237,499</u>

All assets are used for direct charitable purposes and there are no inalienable or heritage assets

Included within freehold property is land of £490,000 which is not depreciated (2010 £490,000)

Part of the freehold property is let to other organisations generating rental income. The value of the let property is not separately identifiable

Included above are assets held under finance leases or hire purchase contracts as follows

Asset description	Net Book value £	2011 Depreciation charge £	Net book value £	2010 Depreciation charge £
Motor vehicles	<u>13,524</u>	<u>6,763</u>	<u>20,287</u>	<u>6,763</u>

#### 12 DEBTORS

	2011 £	2010 £
Trade debtors	135,959	58,512
Other debtors	373	463
Prepayments	<u>10,496</u>	<u>7,744</u>
	<u>146,828</u>	<u>66,719</u>

## **Children's Scrapstore**

### **Notes to the Financial Statements** **for the Year Ended 31 March 2011**

#### **13 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Bank loans	24,639	23,221
Net obligations under finance leases and hire purchase contracts	3,410	3,410
Trade creditors	96,586	31,149
Taxation and social security	23,793	22,422
Deferred income	102,037	10,558
Accruals	<u>10,398</u>	<u>20,087</u>
	<u>260,863</u>	<u>110,847</u>

The bank loans are secured on the charity's freehold property

#### **14 DEFERRED INCOME**

Deferred income comprises funding received in advance

#### **15 LONG TERM LIABILITIES**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Bank loans	444,943	458,545
Net obligations under finance leases and hire purchase contracts	<u>7,273</u>	<u>10,683</u>
	<u>452,216</u>	<u>469,228</u>

The bank loans are secured on the charity's freehold property

##### **Loan maturity analysis**

Repayable in one year or less, or on demand (Note 13)	24,639	23,221
Repayable between one and two years	26,305	24,639
Repayable between two and five years	89,499	115,804
Repayable in five years or more	<u>329,139</u>	<u>318,102</u>
	<u>469,582</u>	<u>481,766</u>

##### **Net obligations under finance leases**

##### **and hire purchase contracts maturity analysis**

Repayable in one year or less, or on demand (Note 13)	3,410	3,410
Repayable between one and two years	3,410	3,410
Repayable between two and five years	3,863	7,273
Repayable in five years or more	-	-
	<u>10,683</u>	<u>14,093</u>

## Children's Scrapstore

### Notes to the Financial Statements for the Year Ended 31 March 2011

#### 16 MOVEMENT IN FUNDS

UNRESTRICTED FUNDS	At 1 April 2010 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 March 2011 £
<b>Designated funds</b>					
Building fund	723,903	-	(16,593)	66,214	773,524
General	<u>128,935</u>	<u>1,028,793</u>	<u>(930,974)</u>	<u>(66,214)</u>	<u>160,540</u>
	<u>852,838</u>	<u>1,028,793</u>	<u>(947,567)</u>	<u>-</u>	<u>934,064</u>
<b>RESTRICTED FUNDS</b>					
Roadshow	15,013	13,858	(7,437)	-	21,434
Cycling City	-	2,880	-	-	2,880
Pod pathfinder	5,000	-	-	-	5,000
Motor vehicle	<u>20,287</u>	<u>-</u>	<u>(6,763)</u>	<u>-</u>	<u>13,524</u>
	<u>40,300</u>	<u>16,738</u>	<u>(14,200)</u>	<u>-</u>	<u>42,838</u>

The objects of each of the unrestricted funds are as follows

**GENERAL FUNDS** Funds are expendable at the discretion of the trustees in the furtherance of the objectives of the charity. Such funds are held in order to finance both working capital and capital investment.

**DESIGNATED FUNDS** These are set aside out of the general funds and can be further split into *Building Reserve*, used to finance the current balance sheet net book value of the freehold building less the mortgage owing. At 31 March 2011 £66,214 (2010 £21,819) was transferred from the general fund to the building fund to ensure that the building reserve balance was in line with Trustee's policy.

The objects of each of the restricted funds are as follows

**ROADSHOW FUNDS** These are specific grants made to fund the charity's road shows in the surrounding areas thus making the scrap available to a much wider audience.

**CYCLING CITY FUNDS** This is a specific grant to fund the creation of a new bike shed to encourage cycling to work as part of the City of Bristol's status as Cycling City 2010.

**POD PATHFINDER FUNDS** These funds were made available to continue the development of the play pods project.

**MOTOR VEHICLE FUNDS** This is a specific grant which was made to fund the charity's acquisition of a new van.

#### 17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds			Total
	General £	Designated £	Restricted £	£
Fixed assets	8,671	1,243,106	13,524	1,265,301
Bank and cash	245,884	-	-	245,884
Other current assets	149,482	-	29,314	178,796
Less current liabilities	(236,224)	(24,639)	-	(260,863)
Bank loans payable after one year	-	(444,943)	-	(444,943)
Net obligations under finance leases and hire purchase contracts payable after one year	<u>(7,273)</u>	<u>-</u>	<u>-</u>	<u>(7,273)</u>
	<u>160,540</u>	<u>773,524</u>	<u>42,838</u>	<u>976,902</u>