

Company registration number 02624238
Charity registration number 1008788

Children's Scrapstore

(A company limited by guarantee)

Annual report and financial statements
for the year ended 31 March 2012

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Children's Scrapstore

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Children's Scrapstore
Reference and administrative details

Charity name	Children's Scrapstore	
Charity registration number	1008788	
Company registration number	02624238	
Principal office	Scrapstore House 21 Sevier Street St Werburghs Bristol BS2 9LB	
Registered office	Scrapstore House 21 Sevier Street St Werburghs Bristol BS2 9LB	
Trustees	E J Collier, Chair R M Rich, Vice-chair C J Casswell, Treasurer J L Simpson (Resigned 14 December 2011) P S Penrose, Company Secretary K Rowe A Griffen C Clarke C G Beazeley (Resigned 27 January 2012) V Shah-Dyan	
Chief executive officer	J Hill	
Solicitor	VealeWasbrough Vizards Orchard Court Orchard Lane Bristol BS1 5WS	

Children's Scrapstore
Reference and administrative details

Bankers

HSBC Bank plc
62 George 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
BS1 5WS

Auditor

Milsted Langdon LLP
One Redcliff Street
Bristol
BS1 6NP

Children's Scrapstore

Report of the chair

Whilst we all continue to face uncertain economic times, with member groups under increasing pressure to deliver more for less, we at Children's Scrapstore have been working hard so that our members can continue to receive good value and high quality from our services. We have seen increases in membership and in scrap donations, evidence perhaps of the economic climate and the knowledge that Children's Scrapstore can help save money for members and industry. I would therefore like to start by saying a big thank you to Jeff Hill, our Director, and his team of talented and dedicated staff for their continued commitment to Children's Scrapstore, and also to thank our members and scrap donors - without whom we would not be able to do what we do!

We have seen record growth in the number of PlayPods purchased and delivered, and with an increasing geographic spread around the country. We now have three more associate members delivering PlayPods in parts we are unable to reach ourselves. The success and appeal of the PlayPod concept resulted in the delivery of the first PlayPod conference in Bristol in January 2012. Associate members who deliver the project nationally were very happy with progress and enthusiastic to develop more in their own areas of the country. To that end Jeff and the team have also been exploring the possibility of opening a sister project in Birmingham. I hope to be able to report further on this exciting new venture next year.

This year has been marked by on-going conversations about changes to Bristol City Council's commissioning of youth and children's play services. Having lost funding from other authorities it seems unlikely that we will maintain our access to funding in Bristol in the future. We are working hard to continue to seek relevance to the proposed changes by the council and we are also investigating other ways in which we can maintain the good value and support for our members we have offered in the past.

The development of Scrapstore House, Children's Scrapstore's base for the past eight years, has enabled us to pioneer green technology and energy efficient building management. This year we successfully raised funds to install solar panels and photo-voltaic cells. These were celebrated when we opened for a Green Open Day in September 2011.

Finally, at Christmas 2011 we bade a fond farewell to our Management Committee Chair, Jo Simpson, who moves on to horizons new in Cambridge - where we hope she finds similar projects to get stuck into! I would like to pay heartfelt thanks to my fellow Trustees/Directors for their continued support and dedication to Children's Scrapstore. They play a vital role in supporting ideas, innovation, and community involvement for our organisation.



E J Collier
Chair and Trustee

Children's Scrapstore

Trustees' report

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

Trustees' report

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, crèches, 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.

Children's Scrapstore

Trustees' report

Objectives and activities (continued)

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.

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.

Children's Scrapstore

Trustees' report

Achievements and performance of the charity (continued)

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. Local authority funding was lost this year from Bath & North East Somerset and North Somerset although part funding was received. The management committee had previously held talks regarding the potential losses well in advance of the event, and have raised charges and requested increases in donation levels from the membership in those areas in order to compensate for those losses.

Those requests were accepted by members in those areas as there has been very little reaction to it either verbally reported and in the lack of a decrease in user numbers.

Investment performance

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

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 13 to 27. 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.

Children's Scrapstore

Trustees' report

Financial review (continued)

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 £130,384 at 31 March 2012, which represented £254,032 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

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

Children's Scrapstore

Trustees' report

Financial review (continued)

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 constantly seeking to expand our services to the community via our building. This year, with the assistance of funding, 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.

Children's Scrapstore

Trustees' responsibilities in relation to the financial statements

The trustees (who are also directors of Children's Scrapstore for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the trustees have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is 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 provisions

This report has been prepared in accordance with the small companies regime under the Companies Act 2006

Approved by the board of trustees and signed on its behalf by



E J Collier
Trustee

Date 12/12/11

Independent auditors' report to the trustees of Children's Scrapstore

We have audited the financial statements of Children's Scrapstore for the year ended 31 March 2012, set out on pages 13 to 27. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and the regulations made under section 154 of that Act. Our work has been undertaken so that we might state to the charitable company's members 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditors' report 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

- the information given in the trustees' annual report is inconsistent in any material respect with the financial statements, or
- the charitable company has not kept adequate accounting records, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit

Milsted Langdon LLP

Mr D S Jacobs (Senior Statutory Auditor)
Milsted Langdon LLP
Chartered Accountants and Statutory Auditors
Bristol

Date *13/12/12*

Milsted Langdon LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Children's Scrapstore

Statement of financial activities (including income and expenditure account) for the year ended 31 March 2012

		Unrestricted Funds	Restricted Funds	Total Funds 2012	Total Funds 2011
	Note	£	£	£	£
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	163,617	-	163,617	145,983
Activities for generating funds	3	766,483	1,899	768,382	759,136
Investment income	4	96	-	96	98
Incoming resources from charitable activities	5	63,662	-	63,662	140,314
Total incoming resources		<u>993,858</u>	<u>1,899</u>	<u>995,757</u>	<u>1,045,531</u>
Resources expended					
Costs of generating funds					
Fundraising trading cost of goods sold and other costs	6	143,710	-	143,710	142,438
Charitable activities	6	717,917	-	717,917	632,633
Support costs	6	129,125	6,763	135,888	161,379
Governance costs	6	27,593	-	27,593	25,317
Total resources expended		<u>1,018,345</u>	<u>6,763</u>	<u>1,025,108</u>	<u>961,767</u>
Net (expenditure)/income before transfers		(24,487)	(4,864)	(29,351)	83,764
Transfers					
Gross transfers between funds		-	-	-	-
Net movements in funds		(24,487)	(4,864)	(29,351)	83,764
Reconciliation of funds					
Total funds brought forward		934,064	42,838	976,902	893,138
Total funds carried forward	18	<u>909,577</u>	<u>37,974</u>	<u>947,551</u>	<u>976,902</u>

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

The notes on pages 15 to 27 form an integral part of these financial statements

Children's Scrapstore (Registration number: 02624238)

Balance sheet as at 31 March 2012

		2012		2011	
	Note	£	£	£	£
Fixed assets					
Tangible assets	11	1,238,724		1,265,301	
Current assets					
Stocks and work in progress		32,904		31,968	
Debtors	12	150,067		146,828	
Cash at bank and in hand		<u>118,594</u>		<u>245,884</u>	
		301,565		424,680	
Creditors: amounts falling due within one year	13	<u>(181,379)</u>		<u>(260,863)</u>	
Net current assets		<u>120,186</u>		<u>163,817</u>	
Total assets less current liabilities		1,358,910		1,429,118	
Creditors: amounts falling due after more than one year	14	<u>(411,359)</u>		<u>(452,216)</u>	
Net assets		<u>947,551</u>		<u>976,902</u>	
The funds of the charity:					
Restricted funds	18	37,974		42,838	
Unrestricted funds					
General and designated building fund	18	<u>909,577</u>		<u>934,064</u>	
Total charity funds		<u>947,551</u>		<u>976,902</u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Approved by the board on 12/12/12 and signed on its behalf by



C J Casswell
Trustee

The notes on pages 15 to 27 form an integral part of these financial statements

Children's Scrapstore

Notes to the financial statements for the year ended 31 March 2012

1 Accounting policies

Basis of preparation

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

Fund accounting policy

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity

Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose

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

Further details of each fund are disclosed in note 18

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

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which it has been received. 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 it 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

Children's Scrapstore

Notes to the financial statements for the year ended 31 March 2012

continued

Resources expended

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. All 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 by the charity 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

Governance costs include those costs 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

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

Irrecoverable VAT

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

Taxation

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

Allocation and apportionment costs

Staff costs are allocated on the basis of estimated time spent on 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.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Freehold property	2% straight line on buildings. No depreciation on land.
Improvements to property	2% straight line
Fixtures 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 2012

continued

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

Hire purchase and finance lease contracts

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the charity, are capitalised in the balance sheet as tangible fixed assets and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the statement of financial activities over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract.

Pensions

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

Children's Scrapstore

Notes to the financial statements for the year ended 31 March 2012

continued

2 Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Donations and legacies				
Donations	1,114	-	1,114	2,115
Membership	64,372	-	64,372	59,457
Donations from scrap & equipment loan	98,131	-	98,131	84,411
	<u>163,617</u>	<u>-</u>	<u>163,617</u>	<u>145,983</u>

3 Activities for generating funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Operating activity				
Road show income	-	1,899	1,899	15,696
Rental income	197,309	-	197,309	194,135
PlayPod income	380,895	-	380,895	358,079
Shop sales	188,279	-	188,279	191,226
	<u>766,483</u>	<u>1,899</u>	<u>768,382</u>	<u>759,136</u>

4 Investment income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Interest on cash deposits	<u>96</u>	<u>-</u>	<u>96</u>	<u>98</u>

5 Incoming resources from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Charitable activities				
Grants receivable	<u>63,662</u>	<u>-</u>	<u>63,662</u>	<u>140,314</u>

Children's Scrapstore

Notes to the financial statements for the year ended 31 March 2012

continued

6 Total resources expended

	Operating activity	Charitable activities	Support costs	Governance costs	Total
	£	£	£	£	£
Direct costs					
Newsletter costs	1,244	-	-	-	1,244
Volunteer and staff expenses	1,647	-	-	-	1,647
Publicity advertising	8,848	-	-	-	8,848
Loan equipment	817	-	-	-	817
Cost of trading expenditure	126,928	-	-	-	126,928
PlayPod project expenses	-	169,087	-	-	169,087
Wages and pensions	-	427,584	-	-	427,584
Staff training	-	-	1,641	-	1,641
Staff and refreshment costs	-	-	5,278	-	5,278
Rent and rates	-	5,392	-	-	5,392
Insurance and alarm	-	-	12,511	-	12,511
Building service costs	-	67,440	-	-	67,440
Repairs and renewals and building maintenance	-	5,821	-	-	5,821
Warehouse renewal and repairs	-	-	5,270	-	5,270
Trolley costs	-	-	81	-	81
Small computer software	-	-	27,381	-	27,381
Office machines and maintenance	-	-	1,439	-	1,439
Telephone and fax	-	-	6,774	-	6,774
Printing, posting and stationery	4,226	-	6,070	-	10,296
Subscriptions and affiliations	-	-	413	-	413
Sundry and other costs	-	-	2,949	-	2,949
Cleaning	-	17,321	-	-	17,321
Research costs not capitalised	-	6,619	-	-	6,619
Motor and travel	-	-	20,261	-	20,261
Road shows	-	2,060	142	-	2,202
Accountancy fees	-	-	-	22,321	22,321
Auditors' remuneration	-	-	-	4,900	4,900
Legal and professional costs	-	-	11,479	-	11,479
AGM expenses	-	-	-	372	372
Bad debt expense	-	-	(165)	-	(165)
Bank charges	-	-	4,624	-	4,624
Mortgage interest	-	-	17,212	-	17,212
Hire purchase interest	-	-	723	-	723
Depreciation	-	16,593	11,805	-	28,398
	<u>143,710</u>	<u>717,917</u>	<u>135,888</u>	<u>27,593</u>	<u>1,025,108</u>

Children's Scrapstore

Notes to the financial statements for the year ended 31 March 2012

continued

Mortgage interest relates to three Triodos commercial loans taken out by the charity to finance the purchase of the charity's premises at Scrapstore House. Repayment terms and interest rates charged on the loans are detailed in note 20.

7 Trustees' remuneration and expenses

No trustee received any remuneration during the year (2011 - nil)

No trustee received any reimbursed expenses during the year (2011 - nil)

No trustees or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2011 - nil)

8 Net (expenditure)/income

Net (expenditure)/income is stated after charging

	2012	2011
	£	£
Auditors' remuneration - audit services	4,900	4,883
Depreciation of tangible fixed assets	<u>28,398</u>	<u>36,386</u>

Children's Scrapstore

Notes to the financial statements for the year ended 31 March 2012

continued

9 Employees' remuneration

The average number of persons employed by the charity (including trustees) during the year was as follows

	2012	2011
	No	No
Charitable activities	<u>16</u>	<u>15</u>

The aggregate payroll costs of these persons were as follows

	2012	2011
	£	£
Wages and salaries	379,478	331,037
Social security	31,906	27,147
Other pension costs	<u>16,200</u>	<u>12,067</u>
	<u>427,584</u>	<u>370,251</u>

Senior employees

During the year, defined contribution pension contributions on behalf of these staff amounted to £16,200 (2011 - £12,067)

During the year, the number of staff who were accruing benefits under pension schemes was as follows

	2012	2011
	No.	No.
Money purchase	<u>15</u>	<u>14</u>

No employee received remuneration of more than £60,000 (2011 no employees)

10 Taxation

As a charity, Children's Scrapstore is exempt from tax on income and gains falling within s 505 of the Tax 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 2012

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11 Tangible fixed assets

	Freehold property £	Improvements to property £	Motor vehicles £	Fixtures, fittings and equipment £	Website development £	Total £
Cost						
As at 1 April 2011	550,000	769,641	37,363	70,338	2,000	1,429,342
Additions	-	-	-	1,821	-	1,821
As at 31 March 2012	550,000	769,641	37,363	72,159	2,000	1,431,163
Depreciation						
As at 1 April 2011	6,000	72,056	16,278	68,624	1,083	164,041
Charge for the year	1,200	15,393	9,341	1,964	500	28,398
As at 31 March 2012	7,200	87,449	25,619	70,588	1,583	192,439
Net book value						
As at 31 March 2012	542,800	682,192	11,744	1,571	417	1,238,724
As at 31 March 2011	544,000	697,585	21,085	1,714	917	1,265,301

Freehold land and buildings

The gross book value of freehold land and buildings includes £60,000 (2011 - £60,000) of depreciable assets

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

Hire purchase agreements

Included within the total net book value of tangible fixed assets is £6,761 (2011 - £13,524) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £6,763 (2011 - £6,763).

Heritage assets

Except for the freehold property let to other organisations, all assets are used for charitable purposes and there are no inalienable or heritage assets.

Children's Scrapstore

Notes to the financial statements for the year ended 31 March 2012

continued

12 Debtors

	2012 £	2011 £
Trade debtors	137,675	135,959
Other debtors	373	373
Prepayments and accrued income	12,019	10,496
	<u>150,067</u>	<u>146,828</u>

Children's Scrapstore

Notes to the financial statements for the year ended 31 March 2012

continued

13 Creditors' amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	26,320	24,639
Trade creditors	61,153	96,586
Taxation and social security	26,105	23,793
Other creditors	10,812	6,645
Accruals and deferred income	56,989	109,200
	<u>181,379</u>	<u>260,863</u>

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the charity

	2012 £	2011 £
Bank loans	<u>26,320</u>	<u>24,639</u>

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

Creditors amounts falling due within one year includes deferred income

	2012 £	2011 £
Deferred income	39,149	102,037
	<u>39,149</u>	<u>102,037</u>

Deferred income comprises funding received in advance

14 Creditors: amounts falling due after more than one year

	2012 £	2011 £
Bank loans and overdrafts	407,496	444,943
Other creditors	3,863	7,273
	<u>411,359</u>	<u>452,216</u>

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the charity

	2012 £	2011 £
Bank loans	<u>407,496</u>	<u>444,943</u>

Children's Scrapstore

Notes to the financial statements for the year ended 31 March 2012

continued

Included in the creditors are the following amounts due after more than 5 years

	2012 £	2011 £
After more than five years by instalments	<u>284,076</u>	<u>329,139</u>

The bank loan is secured on the charity's property. Details on repayment terms and interest rates charged and renegotiations in the loan repayment terms subsequent to the year end are given in note 20

15 Members' liability

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

16 Pension scheme

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the charity to the scheme and amounted to £16,200 (2011 - £12,067).

Contributions totalling £6,688 (2011 - £1,383) were payable to the scheme at the end of the period and are included in creditors.

Children's Scrapstore

Notes to the financial statements for the year ended 31 March 2012

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17 Related parties

Controlling entity

The charity is controlled by the trustees who are all directors of the company

18 Analysis of funds

	At 1 April 2011	Incoming resources	Resources expended	Transfers	At 31 March 2012
	£	£	£	£	£
Designated Funds					
Building fund	773,524	-	(11,983)	17,652	779,193
General Funds					
Unrestricted income fund	160,540	993,858	(1,006,362)	(17,652)	130,384
Restricted Funds					
Roadshow	21,434	1,899	-	-	23,333
Cycling City	2,880	-	-	-	2,880
Pod pathfinder	5,000	-	-	-	5,000
Motor vehicle	13,524	-	(6,763)	-	6,761
	42,838	1,899	(6,763)	-	37,974
	976,902	995,757	(1,025,108)	-	947,551

19 Net assets by fund

	Unrestricted Funds	Restricted Funds	Total Funds 2012	Total Funds 2011
	£	£	£	£
Tangible assets	1,231,963	6,761	1,238,724	1,265,301
Current assets	277,115	24,450	301,565	424,680
Creditors amounts falling due within one year	(181,379)	-	(181,379)	(260,863)
Creditors amounts falling due after more than one year	(411,359)	-	(411,359)	(452,216)
Net assets	916,340	31,211	947,551	976,902

Children's Scrapstore

Notes to the financial statements for the year ended 31 March 2012

continued

20 Post balance sheet events

The charity's mortgage providers Triodos Bank N V agreed on 13 September 2012 to the rescheduling of the secured bank loans. The loans have been rescheduled so that the repayment of capital due in 2012/13 remains £52,978 but the interest charged will fall from an average of 6.79% over the three separate loans to 3.5%. The loan term is expected to end in a further 12 years in 2024.