

**VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2001**

COMPANY NUMBER 3286173

REGISTERED CHARITY NUMBER 1064588



**O'BRIEN & PARTNERS
CHARTERED ACCOUNTANTS
Pontypridd**

**VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31st December 2001

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**VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)**

LEGAL AND ADMINISTRATIVE INFORMATION

31st December 2001

Company number 3286173

Registered charity number 1064588

Status

The organisation is a charitable company limited by guarantee, incorporated on 2nd December 1996 and registered as a charity in September 1994.

The company was established under a Memorandum of Association, which sets out the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles, the members of the Board of Directors are elected from nominated "full" members at the AGM. One third of the elected Directors shall retire from office (those who have been longest in office since their last appointment or re-appointment) at the end of each AGM but may be re-appointed if nominated and elected.

Board of Directors

Mr. T. Croke, Chairman
Mrs. G. Griffiths, Vice-Chair
Mr. D. Lewis
Mrs. S. Rees
Mr. D. Wu, Treasurer
Mrs. M. Riches
Mr. A. Thomas

Secretary

Mrs. Lynda Davies

Registered Office & main operation address

Unit 12 Highfield Industrial Estate, Ferndale, Rhondda Cynon Taff, CF43 4SX

Showroom

Canal Road, Cwmbach, Aberdare.

Reporting Accountants

O'Brien & Partners, Chartered Accountants, Highdale House, 7 Centre Court, Main Avenue, Treforest Industrial Estate, Pontypridd, Rhondda Cynon Taff. CF37 5YR

Bankers

Barclays Bank plc, P.O. Box 32, Pontypridd, Rhondda Cynon Taff. CF37 4YA

Solicitors

Devonald Griffiths Solicitors, Porth.

**VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)**

REPORT OF THE BOARD OF DIRECTORS

31st December 2001

The Board of Directors presents its report and the financial statements for the year ended 31st December 2001.

Company members

The liability of the members of the company is limited to £1 each.

There were 38 members of the company at 31st December 2001. Contributions for membership for individuals were set at £5 for waged and £1 for unwaged. Organisations contributed a minimum of £10 for membership.

Activities

The company is a charity and exists to assist with the relief of poverty:

- ◆ by helping to meet the furniture and household needs of people on a low income, by but not limited to, recycling household items which would otherwise be thrown away and by advancing more sustainable waste management practice.
- ◆ Advancing the development and education of people by providing opportunities to volunteer and to train, to develop work skills and social skills, work experience and encouraging social integration.

Results

The net incoming resources for the year amounted to £19,161, which produces an accumulated unrestricted funds position of £133,874, £68,634 of which has been set aside as designated funds (see note 17).

Showrooms – access to affordable furniture

In order to provide people in need with the opportunity to choose the household items they need, the Charity continues to provide two showrooms (one based in Ferndale and the other in Aberdare). People in receipt of an income based benefit and living in the County Borough of Rhondda Cynon Taff, are welcome to visit their nearest showroom to select the items they need.

A donation is expected for each item of furniture selected, which is offset against the ongoing running costs of the company. £100,028 was received in donations for 2001, as a result of providing 3,357 people with 8,354 household items.

In August 2001 a one year grant of £23,000 was secured from the **Community Voluntary Action Fund** to contribute towards part of the running costs of these showrooms.

**VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)**

REPORT OF THE BOARD OF DIRECTORS

**31st December 2001
(continued)**

Delivery and Collection Service

The Charity owns two vehicles for transporting deliveries and collections of household items throughout Rhondda Cynon Taff. With the support of volunteers and paid staff, 9,406 donations of reusable household items were collected from 3,068 homes in 2001.

The receipt of a grant of £4,000 from **The Henry Smith Foundation** enabled the company to replace one of its vehicles, which had incurred considerable repair costs during the early part of this year. The replacement vehicle has been obtained from **Euro Commercial of Cardiff**, who have supported the Charity, through the provision of an all inclusive maintenance contract for two years on this vehicle.

Upholstery Cleaning Service

Despite the limitation of available working space within its current building, the Charity endeavours to provide beneficiaries with clean upholstery items. With a grant obtained from **Principality Building Society** of £500, the Charity was able to purchase an industrial upholstery cleaner. Now with the assistance of volunteers, clean upholstery items can be made available to beneficiaries.

Supporting and Developing Community Involvement

In June, a new service was established thanks to funding received from the **Community Fund (National Lottery)**. The service aims to encourage people to use and support, their own local community centres and organisations. This is achieved through working in partnership with Community organisations, to bring the services offered by this Charity, directly into the Community and in so doing, raise awareness of the Community organisations.

Community Displays of Household items

Working with individual groups and organisations, the Charity organises Furniture displays and / or information talks within community groups. Three successful events were organised within disadvantaged areas, encouraging many people to visit their community organisation for the first time, and providing people in need with access to affordable furniture within their own locality.

All these events have been extremely well attended by local people and have enabled Volunteers from this Charity to work alongside Volunteers from other community groups to assist people in need.

The idea of providing "Furniture displays" within community groups has already been adopted by other Furniture re-use Charities in other areas. Such is the interest in this new service, that with the support of **T.A.B.S. Porth**, their Volunteers and technicians have produced an information video on organising and delivering a "Furniture display." Copies of this video have been provided to other similar Charities, organisations and Local Authorities in other areas throughout Wales. The Charity was pleased to accept an invitation to provide a workshop on this new service at the Cylch Conference in September 2001.

**VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)**

REPORT OF THE BOARD OF DIRECTORS

**31st December 2001
(continued)**

Community Fun Days & Events

The Charity has participated in three community fun days during the year. Setting up 'table top' displays of bric a brac and providing information and literature.

Home Start up Funded package

A request received from **Rhondda information Bureau** to assist those people who are refused or who are ineligible for a DHSS loan or grant with free household items, led to the creation of a new partnership.

Working with **Rhondda Information Bureau; Shelter Cymru; Citizens Advice Bureau; Womens' Aid and RCT Homelessness project**, a referral system was established which enabled these organisations to refer to this Charity people who are in need of household items but who were unable to receive help from any other means.

Initial funding of £1,200 for this new service was obtained from the **Co-op Partnership Fund**. This funding enabled 12 people (who were either ineligible or had been refused assistance from Statutory services), to receive a total of 99 items of furniture, without any cost to themselves. It provided them with essential household items to create a new home. 9 of these people were young people starting out for the first time, or following a period of homelessness or family breakdown. Such was the demand for this service that funding expired before the end of the year. The Charity has sought assistance from other Trusts and Grant giving organisations to enable this valuable service to resume in 2002.

Rhondda Housing Association – referral partnership

To assist their tenants acquire household items without incurring debts and to work in partnership with this Charity. Rhondda Housing Association has deposited a fund of £1,500 with this Charity. When their Housing Support Staff identify a tenant in need, they are able to refer them to the Charity showrooms to select specific items. The donation value of the items selected, is deducted from the fund. This new partnership has provided Rhondda Housing with a manageable budget for supporting clients, immediate assistance for people in need and an additional income for this Charity.

The Charity will endeavour to develop similar referral partnerships with other Housing associations throughout Rhondda Cynon Taff.

Raising the profile of the Services Provided by this Charity

The Directors recognised the need for a Marketing Strategy, which would increase the amount of household essentials delivered to homes in need, whilst remaining solvent. An application was therefore made for a **Rhondda Cynon Taff SME Business Grants**, to support the production of a Marketing Strategy and corporate identity. An initial grant of £6,000 has been pledged to enable this work to commence, with the assistance of **Collins & Collins marketing consultants**.

Environment Wales provided a grant of £1,000 to enable the production of display / notice boards which will be used to raise awareness of the work of this Charity and the environmental and social benefits provided.

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

REPORT OF THE BOARD OF DIRECTORS

31st December 2001
(continued)

Creation of a community owned, income generating asset

Since January 2000 the Charity has benefited from an ERDF ISW grant to enable the design of a Community owned, income-generating asset.

Throughout the year, the Staff and Directors have endeavoured to liaise with various members and officers of Rhondda Cynon Taff County Borough Council to develop a much-needed larger site, for this Charity, based in a more central part of Rhondda / Cynon / Taff. This development is essential to meet the continued increase in demand for our services and to reduce the ongoing cost of rental on our main unit (£12,000 per annum)

Despite meetings with representatives of Rhondda Cynon Taff CBC, the Directors are disappointed to report that little progress has been made.

Whilst support has been received from **Cooke & Arkwright** (via **Business in the Community, Professional Firms group**) to search for suitable vacant land or premises, nothing has yet been identified.

On a more positive note, the Charity, along with other key organisations participated in the consultation process and drafting of the Local Authority Waste Strategy. The services provided by this Charity have been recognised as an important element within the Waste strategy along with a commitment to increase re-use facilities to enable the Charity to develop.

Following this consultation process, the Charity, in partnership with RCT Environmental Services Department have agreed to prepare a joint application for Objective 1 funding, to fund the objectives of the Waste Strategy, including a purpose built re-use facility. To design a purpose built building which will accommodate the planned development of the services currently offered by this Charity, the Charity has contracted with **Noel Architects**. These new services will provide additional training, work experience placements and increased employment opportunities; reuse of household essentials; play / scrap store and other forms of reuse and recycling initiatives.

Training

In recognition of the need to develop both employed and unemployed members of the Charity workforce, to meet the planned growth of this organisation, various training sessions have been provided. Training has been both practical e.g. Fire safety awareness, First Aid, I.T. packages and developmental e.g. Customer care.

Investment policy

Having considered the projected cash flow analysis for the next financial period, funds will be invested on a short to medium term basis in recognised, low-risk investments to maximise interest receivable. These investments will be reviewed and performance assessed, by the Board of Directors on a quarterly basis.

**VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)**

REPORT OF THE BOARD OF DIRECTORS

**31st December 2001
(continued)**

Financial reserves policy

At 31st December 2001, the company held restricted reserves of £20,540. In addition the company held unrestricted non-designated reserves of £65,240 and unrestricted designated reserves of £68,634.

In considering the level of reserves, the Board of Directors recognises the risk that projected generated funds could be adversely affected by any disruption to services (e.g. damage to vehicles, unfavourable weather etc). Furthermore, to maintain existing levels of service will require core-funding to replace the project grants, which have now ended. As a result of this assessment, the Board of Directors has set an unrestricted reserves policy target of £181,000, the estimated level of funds required to maintain the company for a period of approximately eighteen months.

The Board of Directors has allocated £65,240 towards this target and will endeavour to attract additional sources of funding. The reserves policy will be monitored and reviewed by the Board on a regular basis throughout each successive financial period.

The Board remains committed to relocating the main operations of the Company to larger premises to meet the growing demands for existing services and to develop additional services for the benefit of the community and as a way of increasing income generation and has therefore increased the designated reserves budget to £50,000 to be used as match funding for this purpose.

Risk review

The directors have considered the major risks to which the Charity is exposed and continue to establish systems and procedures to mitigate those risks. During the year a staff salary structure was introduced and additional employment positions created in key areas, to generate additional income and maintain existing services.

With the end of the current European grant funding on 31st December 2001, additional external funding, in particular core funding, will be required, if current levels of services are to be maintained. A funding strategy has been developed to address the financial needs of the Charity. This funding strategy is periodically reviewed to ensure the ongoing needs of the Charity are met.

Future strategy

The Charity plans to continue and develop the activities as outlined above in the forthcoming years subject to satisfactory funding arrangements. However, development of additional services and increased activity will continue to be restricted by our current facilities in Ferndale until alternative premises can be secured. In recognition of this, the Directors have increased the level of the Designated fund (see above).

The implementation of our Marketing Strategy, will increase awareness of this Charity and improve both the supply and demand for household essentials for the benefit of homes in need.

**VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)**

REPORT OF THE BOARD OF DIRECTORS

**31st December 2001
(continued)**

Directors

Those directors who held office during the year were:-

Tony Croke	(Chairman)
Gean Griffiths	(Vice-Chair)
Ninian Le Blanc	(resigned 23 rd April 2001)
Sheila Rees	
David Lewis	
David Wu	
Margot Riches	(appointed 23 rd April 2001)
Adrian Thomas	(appointed 23 rd April 2001)

In accordance with the Articles of Association, Mrs. Sheila Rees and Mrs. Gean Griffiths of the elected members of the Board of Directors who are subject to retirement by rotation shall retire, but shall be eligible to be re-appointed or re-elected.

All directors are required to be members of the company. The liability of each member is limited to £1.

All directors were recorded as members of the company in the register of directors' interests.

No members of the Board of Directors were in receipt of remuneration during the period covered by these financial statements.

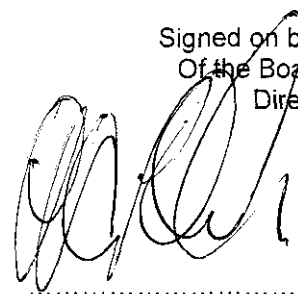
Tax status

As the company is a registered charity, no provision has been made for taxation.

Small company exemptions

This report is prepared in accordance with the special provisions of Part V11 of the Companies Act relating to small companies.

Signed on behalf
Of the Board of
Directors



.....
Tony Croke
Chairman

Unit 12
Highfield Industrial Estate
Ferndale
Rhondda Cynon Taff
CF43 4SX

..... 25th March 2002

**VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)**

**Accountants' report to the members on the
unaudited financial statements of Valleys Furniture Recycling Limited**

We report on the financial statements for the year ended 31st December 2001 set out on pages 9 to 20.

Respective responsibilities of members of the directors and reporting accountants

As described on page 11 the company's directors are responsible for the preparation of the financial statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purpose of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the financial statements for the year specified in section 249A(4) of the Act, as modified by section 249(5), and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

O'Brien & Partners

**O'Brien & Partners
Reporting Accountants**

Pontypridd

25th March 2002

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure Account)

For the year ended 31st December 2001

		2001			2000		
	Note	Unrestricted Funds £	Restricted Funds £	Total Funds £	Unrestricted Funds £	Restricted Funds £	Total Funds £
Incoming resources							
Donations receivable	3	477	-	477	2,108	-	2,108
<u>Activities to further the charity's objects:</u>							
Furniture supplied		100,028	-	100,028	91,655	-	91,655
Grants receivable	2	13,907	85,372	99,279	7,527	62,367	69,894
Furniture auction		1,708	-	1,708	2,497	-	2,497
<u>Activities for generating funds:</u>							
Volunteer events		1,000	-	1,000	-	-	-
Investment income and interest receivable		4,959	-	4,959	5,179	-	5,179
Other incoming resources:							
Intangible income	4	4,497	-	4,497	2,217	-	2,217
Profit on disposal of fixed assets		-	-	-	577	-	577
Total incoming resources		<u>126,576</u>	<u>85,372</u>	<u>211,948</u>	<u>111,760</u>	<u>62,367</u>	<u>174,127</u>
Resources expended							
<u>Costs of generating funds:</u>							
Fundraising and publicity	6	450	15,457	15,907	666	14,165	14,831
<u>Charitable expenditure</u>							
Costs in furtherance of charity's objects	5	79,900	37,310	117,210	74,227	27,245	101,472
Management and administration of the charity	7	<u>1,584</u>	<u>58,086</u>	<u>59,670</u>	<u>641</u>	<u>45,603</u>	<u>46,244</u>
Total resources expended	8	<u>81,934</u>	<u>110,853</u>	<u>192,787</u>	<u>75,534</u>	<u>87,013</u>	<u>162,547</u>
Net incoming / (outgoing) resources		44,642	(25,481)	19,161	36,226	(24,646)	11,580
Fund transfers		(39,639)	39,639	-	(23,407)	23,407	-
Total funds at 1 st January 2001		<u>128,871</u>	<u>6,382</u>	<u>135,253</u>	<u>116,052</u>	<u>7,621</u>	<u>123,673</u>
Total funds at 31st December 2001		<u>133,874</u>	<u>20,540</u>	<u>154,414</u>	<u>128,871</u>	<u>6,382</u>	<u>135,253</u>

None of the company's activities were acquired or discontinued during the above two financial years.

Movements in funds are shown in notes 15 and 18.

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

BALANCE SHEET

at 31st December 2001

		2001		2000	
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	11		18,634		14,096
Current assets					
Debtors	12	23,584		18,986	
Cash at bank and in hand		<u>123,903</u>		<u>113,546</u>	
		147,487		132,532	
Creditors : amounts falling due within one year	13	<u>(8,623)</u>		<u>(11,375)</u>	
Net current assets			<u>138,864</u>		<u>121,157</u>
			157,498		135,253
Creditors : amounts falling due after more than one year	14		<u>(3,084)</u>		<u>-</u>
Net assets			<u>154,414</u>		<u>135,253</u>
Funds					
Restricted	15		20,540		6,382
Unrestricted					
Designated	17	68,634		103,081	
Non-designated	18	<u>65,240</u>		<u>25,790</u>	
			<u>133,874</u>		<u>128,871</u>
Total funds			<u>154,414</u>		<u>135,253</u>

Continued....

**VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)**

BALANCE SHEET

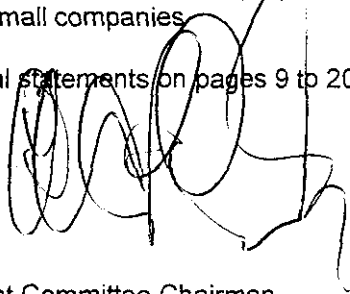
at 31st December 2001 (continued)

The members of the Management Committee consider that for the year ended 31st December 2001 the company was entitled to exemption from audit under subsection 2 of section 249A of the Companies Act 1985. No member or members have deposited a notice requesting an audit for the current financial period under subsection 2 of section 249B of the Act.

The members of the Management Committee acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its surplus or deficit for the financial period in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 9 to 20 were approved by the Management Committee on 25th March 2002.



Tony Croke
Management Committee Chairman

**VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)**

NOTES ON FINANCIAL STATEMENTS

31st December 2001

1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention modified to include the Management Committee's estimated valuation of the original cost of certain fixed assets donated to the company; in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), the Companies Act 1985 and follow the recommendations in 'Accounting and Reporting by Charities: Statement of Recommended Practice' issued in October 2000.

Income from furniture supplied

A minimum fixed donation is required for each item of furniture supplied and is accounted for on an accruals basis.

Grants receivable

Both restricted and unrestricted revenue grants are accounted for on an accruals basis, with the exception of restricted lottery grants which are accounted for on a cash received basis. This latter policy is in accordance with the requirements of the Community Fund.

Furniture auction income and other donations

These sources of income are accounted for on an accruals basis.

Intangible income

Intangible income represents the valuation of donations in kind received from suppliers in respect of services, goods or assets, in support of the company's activities.

Resources expended

Expenditure is accounted for on an accruals basis and has been allocated between costs in furtherance of the charity's objects, fund raising and publicity and charity management and administration costs. Staff costs have been apportioned between the expenditure categories in accordance with activity levels. Expenditure excludes recoverable VAT.

Fixed assets, depreciation and amortisation

Fixed assets purchased are included at cost. Assets donated to the company are included at a value equal to the donor's original cost. All fixed assets are held for the company's own use.

Depreciation or amortisation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives on an annual basis as follows:

Motor vehicles	-	25% per annum
Tools and equipment	-	33.3 % per annum
Computer equipment	-	25 - 50% per annum
Leasehold property improvements	-	over remaining period of lease

Any tools or equipment costing less than £100 are immediately written off against revenue.

**VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)**

NOTES ON FINANCIAL STATEMENTS

31st December 2001 (continued)

1. Principal accounting policies (continued)

Restricted and unrestricted funds

The surpluses or deficits on the statement of financial activities for the period for restricted and unrestricted funds are transferred to their respective funds. Where such funds have been set aside for specific purposes, or to meet future commitments, these are classified as designated funds. Where restricted funds received remain partly unspent, they are carried forward to the following period. Where restricted funds received have been expended on fixed assets the equivalent net book values of those assets are carried forward to the following period.

Deferred income

Non-capital grants and donations are taken to the statement of financial activities when the related expenditure has been incurred.

Grants received for capital expenditure are deferred in the balance sheet and released to the statement of financial activities over the useful lives of the assets.

The Community Fund stipulates that grants provided by it must be accounted for on a cash received basis and so grants received from the Community Fund for capital expenditure are carried forward in restricted reserves to the extent of the net book value of the related assets.

Pensions

The company makes contributions to certain employees' personal defined contribution schemes. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions are charged to the statement of financial activities as they become payable in accordance with the rules of the schemes.

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

NOTES ON FINANCIAL STATEMENTS

31st December 2001 (continued)

2. Grants receivable

	2001			2000		
	Unrestricted Funds £	Restricted Funds £	Total Funds £	Unrestricted Funds £	Restricted Funds £	Total Funds £
Community & Voluntary Action Fund	-	7,666	7,666	-	13,500	13,500
Community Fund (Lottery)	-	34,299	34,299	-	-	-
European RECHAR funding	5,649	-	5,649	-	-	-
Nat West Community Enterprise	-	-	-	-	2,412	2,412
Community Enterprise Fund	848	-	848	-	-	-
New Deal	7,410	-	7,410	7,527	-	7,527
ERDF Objective 2	-	41,574	41,574	-	46,455	46,455
The Henry Smith Charity	-	333	333	-	-	-
Principality Building Society	-	500	500	-	-	-
Environment Wales	-	1,000	1,000	-	-	-
	<u>13,907</u>	<u>85,372</u>	<u>99,279</u>	<u>7,527</u>	<u>62,367</u>	<u>69,894</u>

3. Donations receivable

Members' contributions	180	-	180	74	-	74
Whitbread Wales	200	-	200	200	-	200
Heritage Park	-	-	-	80	-	80
Pontypridd Housing Association	-	-	-	1,000	-	1,000
Other	<u>97</u>	<u>-</u>	<u>97</u>	<u>754</u>	<u>-</u>	<u>754</u>
	<u>477</u>	<u>-</u>	<u>477</u>	<u>2,108</u>	<u>-</u>	<u>2,108</u>

4. Intangible income

Euro Commercials(South Wales)	2,203	-	2,203	-	-	-
O'Brien & Partners	2,294	-	2,294	2,097	-	2,097
Other income	<u>-</u>	<u>-</u>	<u>-</u>	<u>120</u>	<u>-</u>	<u>120</u>
	<u>4,497</u>	<u>-</u>	<u>4,497</u>	<u>2,217</u>	<u>-</u>	<u>2,217</u>

A total discount of £3,245 was received from Euro Commercials (South Wales). £1,042 has been carried forward as deferred income in respect of future vehicle servicing costs to September 2003.

5. Costs in furtherance of the charity's objects

Staff costs	31,774	26,704	58,478	29,061	7,797	36,858
Hand tools	1,103	507	1,610	553	101	654
Volunteers' costs	11,204	1,600	12,804	10,045	1,728	11,773
Vehicle costs	14,136	2,163	16,299	10,739	2,500	13,239
Head office costs	<u>21,683</u>	<u>6,336</u>	<u>28,019</u>	<u>23,829</u>	<u>15,119</u>	<u>38,948</u>
	<u>79,900</u>	<u>37,310</u>	<u>117,210</u>	<u>74,227</u>	<u>27,245</u>	<u>101,472</u>

**VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)**

NOTES ON FINANCIAL STATEMENTS

31st December 2001 (continued)

2001				2000				
	Unrestricted Funds £	Restricted Funds £	Total Funds £	Unrestricted Funds £	Restricted Funds £	Total Funds £		
6. Fundraising and publicity								
Advertising	-	1,996	1,996	-	906	906		
Publicity	<u>450</u>	<u>13,461</u>	<u>13,911</u>	<u>666</u>	<u>13,259</u>	<u>13,925</u>		
	<u>450</u>	<u>15,457</u>	<u>15,907</u>	<u>666</u>	<u>14,165</u>	<u>14,831</u>		
7. Management and administration of the charity								
Volunteers	1,000	1,041	2,041	-	791	791		
Committee costs	-	287	287	-	266	266		
Salaries and office costs	-	33,654	33,654	-	30,007	30,007		
Accountancy and professional fees	-	9,794	9,794	-	5,467	5,467		
Fixed overheads costs	<u>584</u>	<u>13,310</u>	<u>13,894</u>	<u>641</u>	<u>9,072</u>	<u>9,713</u>		
	<u>1,584</u>	<u>58,086</u>	<u>59,670</u>	<u>641</u>	<u>45,603</u>	<u>46,244</u>		
8. Total resources expended								
	2001			2000				
	Staff Costs £	Deprec'n £	Other Costs £	Total £	Staff Costs £	Deprec'n £	Other Costs £	Total £
Costs in furtherance of charity's objects	58,478	4,581	54,151	117,210	36,858	18,972	45,642	101,472
Fundraising and publicity	13,911	-	1,996	15,907	13,925	-	906	14,831
Management and administration of the charity	<u>33,654</u>	<u>4,672</u>	<u>21,344</u>	<u>59,670</u>	<u>30,007</u>	<u>2,913</u>	<u>13,324</u>	<u>46,244</u>
	<u>106,043</u>	<u>9,253</u>	<u>77,491</u>	<u>192,787</u>	<u>80,790</u>	<u>21,885</u>	<u>59,872</u>	<u>162,547</u>
Staff costs				2001 £				2000 £
Staff salaries and social security costs				98,149				75,417
Pension scheme costs				2,820				2,917
Staff training and expenses				<u>5,074</u>				<u>2,456</u>
				<u>106,043</u>				<u>80,790</u>
Other costs								
Vehicle expenses				12,221				9,526
Premises				24,223				22,968
Miscellaneous				<u>41,047</u>				<u>27,378</u>
				<u>77,491</u>				<u>59,872</u>

No employee earned £50,000 per annum or more during the year (2000 – no employee earned over £40,000).

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NOTES ON FINANCIAL STATEMENTS

31st December 2001 (continued)

8. Total resources expended (continued)

None of the members of the Management Committee received any remuneration or reimbursement of expenses for their involvement with the company during the year (2000 – none).

The average number of employees, analysed by function was:

	2001	2000
Direct activities	4	3
Management and administration of the company	<u>3</u>	<u>3</u>
	<u>7</u>	<u>6</u>

9. Taxation

As a registered charity, the company is exempt from corporation tax.

10. Surplus for the financial year

	2001 £	2000 £
Surplus for the year is stated after charging:-		
Operating leases		
Rental of properties	20,792	20,250
Depreciation and amortisation of tangible fixed assets (owned)	<u>9,254</u>	<u>21,885</u>

11. Tangible fixed assets (for charitable purposes)

	Leasehold Property Improvements £	Motor Vehicles £	Tools and Equipment £	Computer Equipment £	Total £
Cost or valuation					
1st January 2001	14,544	28,486	3,866	19,819	66,715
Additions	-	11,995	1,310	1,737	15,042
Disposals	-	(10,000)	-	-	(10,000)
31st December 2001	<u>14,544</u>	<u>30,481</u>	<u>5,176</u>	<u>21,556</u>	<u>71,757</u>
Depreciation and amortisation					
1st January 2001	14,544	25,986	3,800	8,289	52,619
Charge for year	-	4,078	503	4,673	9,254
Disposals	-	(8,750)	-	-	(8,750)
31st December 2001	<u>14,544</u>	<u>21,314</u>	<u>4,303</u>	<u>12,962</u>	<u>53,123</u>
Net book amount					
31st December 2001	<u>-</u>	<u>9,167</u>	<u>873</u>	<u>8,594</u>	<u>18,634</u>
31st December 2000	<u>-</u>	<u>2,500</u>	<u>66</u>	<u>11,530</u>	<u>14,096</u>

VALLEYS FURNITURE RECYCLING LIMITED
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NOTES ON FINANCIAL STATEMENTS

31st December 2001 (continued)

12. Debtors

	2001	2000
	£	£
Amounts falling due within one year		
Customer debts	720	350
Prepayments	3,201	1,732
Other debtors	4,285	2,831
Accrued income	<u>15,378</u>	<u>14,073</u>
	<u>23,584</u>	<u>18,986</u>

13. Creditors : amounts falling due within one year

	2001	2000
	£	£
Trade creditors	-	195
Accruals	4,739	9,721
Deferred income	2,498	1,459
Sundry creditors	<u>1,386</u>	<u>-</u>
	<u>8,623</u>	<u>11,375</u>

14. Creditors: amounts falling due after more than one year

	2001	2000
	£	£
Deferred income	<u>3,084</u>	<u>-</u>

15. Restricted funds

	At 1st January 2001	Incoming	Outgoing	Transfer unrestricted funds	Transfer designated funds	At 31st December 2001
	£	£	£	£	£	£
ERDF Objective 2	-	41,574	(76,311)	-	34,737	-
Community & Voluntary Action Fund	-	7,666	(12,568)	4,902	-	-
NatWest Community Enterprise	2,412	-	-	-	-	2,412
Community Fund (NLCB)	3,970	34,299	(20,141)	-	-	18,128
Other restricted funds	<u>-</u>	<u>1,833</u>	<u>(1,833)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>6,382</u>	<u>85,372</u>	<u>(110,853)</u>	<u>4,902</u>	<u>34,737</u>	<u>20,540</u>

VALLEYS FURNITURE RECYCLING LIMITED
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NOTES ON FINANCIAL STATEMENTS

31st December 2001 (continued)

15. Restricted funds (continued)

The Community Fund restricted fund balance of £18,128 at 31st December 2001 represents the net book value of fixed assets (£1,477) purchased with part of the grant. £3,315 is revenue received in advance for 2002 and £13,336 is a current underspend on the Community Fund grant.

ERDF Objective 2 funding is to support the creation of a community-owned income generating asset.

The Community & Voluntary Action Fund was granted to part-fund the furniture showrooms at Ferndale and Aberdare.

The Nat West Community Enterprise grant is to fund the personal development and training of the General Manager.

'Other restricted funds' includes the Henry Smith grant towards the purchase of a van. £3,667 of this grant is carried forward as deferred income. £500 was received from the Principality Building Society for the purchase of an upholstery cleaner. £1,000 was received from Environment Wales for the purchase of publicity materials.

16. Members' contributions

Contributions for membership for individuals were set at £5 for waged and £1 for unwaged. Organisations contributed £10 for membership. Each member's liability is limited to £1. At 31st December 2001, there were 38 paid up members of the company.

17. Designated funds

The income funds of the company include the following designated funds which have been set aside out of unrestricted funds by the Board of Directors for specific purposes.

	Balances 1 st January 2001 £	Movements in unrestricted Funds £	Movements in restricted Funds £	New designations £	Balances 31 st December 2001 £
Strategic Business Plan	16,000	(16,000)	-	-	-
Relocation costs of head office	33,839	-	-	16,161	50,000
Replacement of tangible fixed assets	14,096	-	-	4,538	18,634
ERDF Objective 2 revenue bid matchfunding	<u>39,146</u>	<u>(4,409)</u>	<u>(34,737)</u>	<u>-</u>	<u>-</u>
	<u>103,081</u>	<u>(20,409)</u>	<u>(34,737)</u>	<u>20,699</u>	<u>68,634</u>

The Board remains committed to relocating the main operations of the company to larger premises to meet the growing demands for existing services and to develop additional services for the benefit of the community and as a way of increasing income generation and has increased the designated fund reserve to £50,000 to be used as match funding for this purpose.

The Board has set aside a sum for the replacement of its tangible fixed assets, equal to their net book value at the year end.

VALLEYS FURNITURE RECYCLING LIMITED
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NOTES ON FINANCIAL STATEMENTS

31st December 2001 (continued)

18. Movements in unrestricted funds

	Designated funds £	Other funds £	Total funds £
At 1 st January 2001	103,081	25,790	128,871
Net incoming resources for year	290	44,352	44,642
Transfer to restricted funds (note 15)	<u>(34,737)</u>	<u>(4,902)</u>	<u>(39,639)</u>
At 31st December 2001	<u>68,634</u>	<u>65,240</u>	<u>133,874</u>

19. Analysis of net assets between funds

	Tangible Fixed assets £	Net Current assets £	Creditors due after one year £	Total £
Restricted funds	1,477	21,730	(2,667)	20,540
General funds	<u>17,157</u>	<u>116,717</u>	<u>-</u>	<u>133,874</u>
	<u>18,634</u>	<u>138,447</u>	<u>(2,667)</u>	<u>154,414</u>

20. Pensions

The company contributes to separate individual defined contribution schemes for some employees. The assets of all schemes are held separately from those of the company in independently administered funds. The pension costs charge represents contributions payable by the company to the funds and amounted to £2,820 in the year (2000 - £2,917). There were £74 of accrued contributions payable to the funds at 31st December 2001.

21. Financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st December 2002:-

	2001 £	2000 £
Operating leases expiring:-		
Within one year	-	8,000
In two to five years	8,500	-
After five years	<u>12,750</u>	<u>12,750</u>
	<u>21,250</u>	<u>20,750</u>

**VALLEYS FURNITURE RECYCLING LIMITED
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NOTES ON FINANCIAL STATEMENTS

31st December 2001 (continued)

22. Statement of financial activities

The statement of financial activities is presented in a format different from that prescribed in the fourth schedule of the Companies Act 1985 in order to ensure that a true and fair view of the results for the year is given.

23. Indemnity insurance

The charity has purchased insurance for the trustees of the charity against liability arising for wrongful acts in relation to the charity. The cost of this insurance for the year amounts to £391.