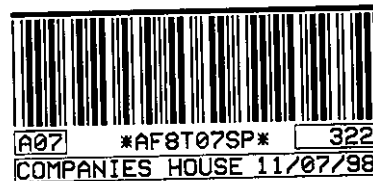


**VALLEYS FURNITURE RECYLING LIMITED
(LIMITED BY GUARANTEE)**
MANAGEMENT COMMITTEE'S REPORT AND FINANCIAL STATEMENTS
FOR THE THIRTEEN MONTHS ENDED
31ST DECEMBER 1997

COMPANY NUMBER 3286173
REGISTERED CHARITY NUMBER 1064588



O'BRIEN & PARTNERS
CHARTERED ACCOUNTANTS
Pontypridd

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

MANAGEMENT COMMITTEE'S REPORT AND FINANCIAL STATEMENTS

For the period ended 31st December 1997

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The following pages do not form part of the statutory financial statements:

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

COMPANY INFORMATION

31st December 1997

Incorporated in England and Wales on 2nd December 1996

COMPANY NUMBER 3286173

REGISTERED CHARITY NUMBER 1064588

MANAGEMENT COMMITTEE MEMBERS

Chair	Ian Berry Virginia O'Reilly Sheila Rees Mike Seldon Kevin Jakeway Barbara Evans Jackie Davies Gean Griffiths David Lewis David Wu
-------	--

COMPANY SECRETARY Lynda Davies

PROJECT MANAGER Lynda Davies

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

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

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

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

MANAGEMENT COMMITTEE'S REPORT

31st December 1997

The Management Committee presents its first annual report and financial statements for the thirteen month period ended 31st December 1997.

The company was incorporated on 2nd December 1996.

On 1st October 1997, the charitable business, assets and liabilities of the unincorporated charity, Valleys Furniture Recycling Scheme, were transferred to the company. The attached results therefore reflect the company's activities for the three months ended 31st December 1997.

Valleys Furniture Recycling Limited is a registered charity, number 1064588, limited by guarantee.

Governing document of the company as a charity

The operation of the company is governed by its Memorandum and Articles of Association.

Company members

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

There were 12 members of the company at 31st December 1997, each contributing £1 to the company's funds.

Company's aims and objectives

- To assist in the alleviation of deprivation, by helping to meet the furniture and household needs of people on low income by, but not limited to, recycling furniture which would otherwise be thrown away
- To advance the development and education of people by providing opportunities to volunteer and to train so as to develop work skills and social skills, gain work experience and encourage social integration.

How the Company operates

- The company collects unwanted, reusable items of furniture from people living within the County Borough of Rhondda Cynon Taff (CB RCT).
- Items are checked and if necessary taken to the workshop where volunteers carry out basic repairs.

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

MANAGEMENT COMMITTEE'S REPORT

31st December 1997 (continued)

How the Company operates (continued)

- Items are displayed in the showrooms at Ferndale, Cynon and Taff Ely where people who are in receipt of an income-based benefit, or on a low income (evidence required) may call and select the items they need.

Beneficiaries of the Company's services

Customers are asked to provide evidence that they are in receipt of an income-based benefit or council tax rebate. Customers can also be referred by statutory organisations and other local groups who advise us that this customer is in need of our services. In cases of exceptional need, some customers living outside our area of benefit (CB RCT) have been provided with a service.

Supplying other organisations

Other registered charities or community groups (with limited income) based in CB RCT, whose objectives are in line with our own e.g. assist in alleviation of deprivation, may access our services to acquire furniture and equipment they need.

Financial results review

The results for the period shown on page 9 show net incoming resources of £3,399, which produce an accumulated unrestricted funds position of £69,708 at the balance sheet date, of which £37,464 has been set aside as designated funds (see note 18).

Donations for furniture supplied amounted to £10,702 in the period. Whilst supplies are made on a "not for profit" basis, income is required to sustain the company's activities beyond the expected life of the various grants receivable. A fixed donation is therefore expected for each item of furniture supplied.

Grants receivable in the period totalled £27,736. Unrestricted grant funds consisted of Welsh Office SDS funding and European RECHAR 11 funding. RECHAR funding is calculated as approximately 32% of eligible expenditure. The company will need to maintain its current level of expenditure to maximise the availability of future European grants. Restricted grant funds consisted of £8,254 from the National Lotteries Charities Board. This funding is specific to funding the opening of two additional showrooms, one in the Cynon area and the other in the Taff Ely area. It includes capital funding for the purchase of an additional vehicle plus computers and office machinery. Revenue funding is for two years from September 1997.

Donors of furniture are advised that if the item they donate is considered to have significant value as a collector's item or an antique, the company will auction the item to the public to realise its maximum value. The furniture auction income generated in the period of £784 helps to subsidise the costs of providing the company's services to people in need.

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

MANAGEMENT COMMITTEE'S REPORT

31st December 1997 (continued)

Financial results review (continued)

Intangible income represents the estimated equivalent monetary value of donations "in kind" received from suppliers in support of the company's services in the form of services provided or assets and goods supplied. Details analysing the £4,091 of intangible income are given in note 4 to the financial statements.

Details of resources expended totalling £41,936 for the period are given in notes 5 to 7 to the financial statements.

Investment policy

Short-term, low-risk investments will be made on a daily basis from current to investment bank accounts to maximise interest receivable.

Financial reserves policy

At 31st December 1997, the company held unrestricted non-designated reserves of £32,244. The management committee has assessed the company's future financial needs in respect of (i) planned growth and expansion; (ii) its known future sources of grant income and the risk of being unsuccessful in renewing or replacing its existing grant funding; and (iii) the risk of having to be financially self-funding from its charitable activities.

The management committee recognises the risk that projected generated funds would be adversely affected in the event of disruption to services through unfavourable weather, damage to vehicles resulting in their being off the road and unavailable for collections and deliveries of furniture and any changes in legislation affecting the availability of donated goods.

As a result of this assessment, the management committee has set an unrestricted reserves policy target of £72,000, the estimated level of funds required to maintain the company for a period of approximately twelve months.

The management committee will endeavour to move towards its target over time by attracting additional sources of funding. The reserves policy will be monitored and reviewed by the management committee on a regular basis throughout each successive financial period.

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

MANAGEMENT COMMITTEE'S REPORT

31st December 1997 (continued)

Future plans and development opportunities

The company has the following future plans and development opportunities:-

- January 1998 – opening of additional showroom (Cynon)
- June 1998 – opening additional showroom (Taff Ely)
- June 1998 – appoint additional staff member to develop training opportunities within the workshop
- September 1998 – establish training within the workshop to upskill existing volunteers and new trainees in furniture and carpentry skills
- 1998 ongoing – identify and apply for additional funding to develop current services offered and establish new services, with a view to the long term sustainability of this company. In particular:
 - establish a full collection and repair service for domestic electrical appliances
 - improve customer access to our services within the Rhondda area
 - increase and improve the workshop, administration and showroom facilities of the main office in Rhondda
 - raise the profile of the services provided by the company, throughout the area of benefit.

Management Committee members

The members of the Management Committee hold the powers of directors of the company for the purposes of the Companies Act 1985. Those who held office during the period and those appointed since are:-

Ian Berry (Chair)
 Virginia O'Reilly
 Sheila Rees
 Mike Seldon
 Kevin Jakeway (appointed 10th November 1997)
 Barbara Evans (appointed 3rd December 1997)
 Jackie Davies (appointed 3rd December 1997)
 Gean Griffiths (appointed 13th January 1998)
 David Lewis (appointed 20th April 1998)
 David Wu (appointed 20th April 1998)

In accordance with the Articles of Association, all members of the Management Committee retire and offer themselves for re-election.

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

MANAGEMENT COMMITTEE'S REPORT

31st December 1997 (continued)

Management Committee members (continued)

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

All Management Committee members appointed prior to 31st December 1997 were recorded as members of the company in the register of directors' interests.

No members of the Management Committee 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 VII of the Companies Act relating to small companies.

Signed on behalf the
Council of Management



.....
Ian Berry – Chair

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

.....15th June.....1998

INDEPENDENT EXAMINER'S REPORT TO
THE MEMBERS OF THE MANAGEMENT COMMITTEE OF
VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

I report on the financial statements of the company for the period ended 31st December 1997, which are set out on pages 9 to 21.

Respective responsibilities of the members of the Management Committee and examiner

As the company's members of the Management Committee you are responsible for the preparation of the financial statements; you consider that the audit requirements of both section 43(2) of the Charities Act 1993 (the Act) and of the Companies Act 1985 do not apply. It is my responsibility to state, on the basis of procedures specified in the General Directions given by the Charity Commissioners under section 43(7)(b) of the Act, whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the company and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as members of the Management Committee concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the financial statements.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements
- to keep accounting records in accordance with section 41 of the Act; and
 - to prepare financial statements which accord with the accounting records and to comply with the accounting requirements of the Act

have not been met; or

Continued....

INDEPENDENT EXAMINER'S REPORT TO
THE MEMBERS OF THE MANAGEMENT COMMITTEE OF
VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

(continued)

- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Highdale House
7 Centre Court
Main Avenue
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

.....15th June.....1998

N P Williams

N P Williams FCA
Chartered Accountant

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

STATEMENT OF FINANCIAL ACTIVITIES

For the period ended 31st December 1997

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds £
Income and expenditure				
Incoming resources				
Furniture supplied		10,702	-	10,702
Grants receivable	2	19,482	8,254	27,736
Donations receivable	3	550	-	550
Furniture auction		784	-	784
Intangible income	4	4,091	-	4,091
Interest receivable		372	-	372
Net gain on disposal of tangible fixed asset		<u>1,100</u>	<u>-</u>	<u>1,100</u>
Total incoming resources		<u>37,081</u>	<u>8,254</u>	<u>45,335</u>
Resources expended				
Direct charitable expenditure	5	24,171	8,254	32,425
Fundraising and publicity	6	1,927	-	1,927
Management and administration of the charity	7	<u>7,584</u>	<u>-</u>	<u>7,584</u>
Total resources expended	8	<u>33,682</u>	<u>8,254</u>	<u>41,936</u>
Net incoming resources		3,399	-	3,399
Balances transferred at 1 st October 1997		<u>66,309</u>	<u>-</u>	<u>66,309</u>
Balances carried forward at 31st December 1997		<u>69,708</u>	<u>-</u>	<u>69,708</u>

Movements in funds are shown in note 18.

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

BALANCE SHEET

at 31st December 1997

	Note	£	1997 £
Fixed assets			
Tangible fixed assets	11		24,464
Current assets			
Debtors	12	48,946	
Cash at bank and in hand		<u>27,942</u>	
		76,888	
Creditors : amounts falling due within one year	13	(<u>21,632</u>)	
Net current assets			<u>55,256</u>
Total assets less current liabilities			79,720
Deferred income	14		(<u>10,000</u>)
Net assets			<u>69,720</u>
Funds			
Restricted	15		-
Unrestricted			
- Members' contributions	16		12
- Designated	17	37,464	
- Other	18	<u>32,244</u>	
			<u>69,708</u>
Total funds			<u>69,720</u>

Continued....

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

BALANCE SHEET

at 31st December 1997 (continued)

The members of the Management Committee consider that for the period ended 31st December 1997 the company was entitled to exemption under subsection 1 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 and with Financial Reporting Standard for Smaller Entities.

The financial statements on pages 9 to 21 were approved by the Management Committee on

15th June1998.

A handwritten signature in black ink, appearing to read 'Ian Berry', written over a horizontal line.

Ian Berry
Management Committee Chair

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

NOTES ON FINANCIAL STATEMENTS

31st December 1997

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 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; and comply with the requirements of the Statement of Recommended Practice "Accounting by Charities".

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.

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 direct charitable expenditure, fund raising and publicity and charity administration costs. Staff costs have been apportioned between the expenditure categories in accordance with activity levels.

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

NOTES ON FINANCIAL STATEMENTS

31st December 1997 (continued)

1. Principal accounting policies (continued)

Fixed assets and depreciation

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 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	- 15% per annum
Computer equipment	- 25% per annum

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

Restricted and unrestricted funds

The surplus 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 as a separate category of restricted or unrestricted funds.

Deferred income

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

Capital grants are taken to the statement of financial activities to correspond with the related assets' depreciation charge.

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 1997 (continued)

2. Grants receivable	Unrestricted Funds £	Restricted Funds £	Total Funds £
Welsh Office SDS funding	8,999	-	8,999
National Lotteries Charities Board	-	8,254	8,254
European RECHAR funding	10,208	-	10,208
Mid Glamorgan TEC – training	<u>275</u>	<u>-</u>	<u>275</u>
	<u>19,482</u>	<u>8,254</u>	<u>27,736</u>
 3. Donations receivable			
Whitbread Wales	500	-	500
Other donations	<u>50</u>	<u>-</u>	<u>50</u>
	<u>550</u>	<u>-</u>	<u>550</u>
 4. Intangible income			
O'Brien & Partners	590	-	590
Rhondda Cynon Taff rent relief	1,313	-	1,313
Rhondda Cynon Taff rates relief	1,754	-	1,754
Other income	<u>434</u>	<u>-</u>	<u>434</u>
	<u>4,091</u>	<u>-</u>	<u>4,091</u>
 5. Direct charitable expenditure			
Staff costs	7,535	6,704	14,239
Hand tools	304	-	304
New branch depot costs	-	1,550	1,550
Volunteers' costs	3,848	-	3,848
Vehicle costs	2,610	-	2,610
Head office costs	<u>9,874</u>	<u>-</u>	<u>9,874</u>
	<u>24,171</u>	<u>8,254</u>	<u>32,425</u>

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

NOTES ON FINANCIAL STATEMENTS

31st December 1997 (continued)

	Unrestricted Funds £	Restricted Funds £	Total Funds £	
6. Fundraising and publicity				
Advertising	433	-	433	
Publicity	<u>1,494</u>	<u>-</u>	<u>1,494</u>	
	<u>1,927</u>	<u>-</u>	<u>1,927</u>	
7. Management and administration of the charity				
Salaries and office costs	5,250	-	5,250	
Accountancy fees	1,480	-	1,480	
Fixed overheads costs	<u>854</u>	<u>-</u>	<u>854</u>	
	<u>7,584</u>	<u>-</u>	<u>7,584</u>	
8. Total resources expended				
	Staff costs £	Depreciation £	Other costs £	Total £
Direct charitable expenditure	14,093	1,405	16,927	32,425
Fundraising and publicity	1,494	-	433	1,927
Management and administration of the charity	<u>5,250</u>	<u>218</u>	<u>2,116</u>	<u>7,584</u>
	<u>20,837</u>	<u>1,623</u>	<u>19,476</u>	<u>41,936</u>
Staff costs				
				1997 £
Staff salaries and social security costs				20,007
Pension scheme costs				603
Staff training and expenses				<u>227</u>
				<u>20,837</u>

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

NOTES ON FINANCIAL STATEMENTS

31st December 1997 (continued)

8. Total resources expended (continued)

**1997
£**

Other costs

Vehicle expenses	1,330
Premises	9,412
Miscellaneous	<u>8,734</u>

19,476

No employee earned £40,000 per annum or more during the period.

Other costs include £1,000 relating to the independent examination of the financial statements.

None of the members of the Management Committee received any remuneration or reimbursement of expenses for their involvement with the company during the period.

The average number of employees, analysed by function was:

1997

Direct activities	4
Fundraising and publicity	-
Management and administration of the company	<u>2</u>
	<u>6</u>

9. Taxation

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

10. Surplus for the financial period

**1997
£**

Surplus for the period is stated after charging:-

Operating leases	
Rental of properties	5,083
Depreciation of tangible fixed assets	<u>1,623</u>

Depreciation of tangible fixed assets is shown before crediting the release of capital grants of £nil. This, in future, will be set off within direct charitable expenditure against the depreciation to which it relates.

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

NOTES ON FINANCIAL STATEMENTS

31st December 1997 (continued)

11. Tangible fixed assets (for charitable purposes)

	Motor vehicles £	Tools and equipment £	Computer equipment £	Total £
Cost or valuation				
Transferred at 1 st October 1997	21,486	3,340	3,442	28,268
Additions	10,000	-	-	10,000
Disposals	(3,000)	-	-	(3,000)
31st December 1997	<u>28,486</u>	<u>3,340</u>	<u>3,442</u>	<u>35,268</u>
Depreciation				
Transferred at 1 st October 1997	9,067	536	1,453	11,056
Charge for period	1,280	125	218	1,623
Disposals	(1,875)	-	-	(1,875)
31st December 1997	<u>8,472</u>	<u>661</u>	<u>1,671</u>	<u>10,804</u>
Net book amount				
31st December 1997	<u>20,014</u>	<u>2,679</u>	<u>1,771</u>	<u>24,464</u>

12. Debtors

	1997 £
Amounts falling due within one year	
Customer debts	1,053
Prepayments	590
Other debtors	15,358
Accrued income	<u>31,945</u>
	<u>48,946</u>

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

NOTES ON FINANCIAL STATEMENTS

31st December 1997 (continued)

13. **Creditors** : amounts falling due within
one year

1997
£

Trade creditors	3,569
Accruals	4,779
Other creditors	55
Deferred income	<u>13,229</u>
	<u>21,632</u>

14. **Deferred income**

1997
£

Capital grants

Receivable during period	10,000
Released to statement of financial activities	<u>-</u>
At 31 st December 1997	<u>10,000</u>

15. **Restricted funds**

	Balance transferred 1st October 1997 £	Movement in resources: Incoming £	Outgoing £	Balance 31st December 1997 £
National Lotteries Charities Board	<u>-</u>	<u>8,254</u>	<u>(8,254)</u>	<u>-</u>

The National Lotteries Charities Board grant of £116,476 over two years commencing in 1997 is to fund the opening of two additional showrooms, one in the Cynon Valley and the other in Taff Ely.

16. **Members' contributions**

All company members are required to contribute £1 to the company. Each member's liability is limited to £1. At 31st December 1997, there were 12 paid up members of the company.

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

NOTES ON FINANCIAL STATEMENTS

31st December 1997 (continued)

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 members of the Management Committee for specific purposes.

	Balances transferred 1 st October 1997 £	New designations £	Balances 31st December 1997 £
Replacement of tangible fixed assets	17,211	7,253	24,464
New electrical repair workshop project	<u>13,000</u>	<u>-</u>	<u>13,000</u>
	<u>30,211</u>	<u>7,253</u>	<u>37,464</u>

18. Movements in unrestricted funds

	Designated funds £	Other funds £	Total funds £
Balances transferred upon incorporation at 1 st October 1997	30,211	36,098	66,309
Net incoming resources for period	-	3,399	3,399
Transfers between funds	<u>7,253</u>	<u>(7,253)</u>	<u>-</u>
	<u>37,464</u>	<u>32,244</u>	<u>69,708</u>

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

NOTES ON FINANCIAL STATEMENTS

31st December 1997 (continued)

19. Analysis of net assets between funds

	Tangible fixed assets £	Net current assets £	Deferred income £	Total £
Restricted funds	-	-	-	-
Unrestricted funds	<u>24,464</u>	<u>55,256</u>	<u>(10,000)</u>	<u>69,720</u>
	<u>24,464</u>	<u>55,256</u>	<u>(10,000)</u>	<u>69,720</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 £603 in the period. There were no outstanding contributions payable to the funds at 31st December 1997.

21. Capital and financial commitments

There were no capital commitments at the balance sheet date.

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st December 1998:-

	1997 £
Operating leases expiring:-	
After five years	<u>19,750</u>

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

NOTES ON FINANCIAL STATEMENTS

31st December 1997 (continued)

22. Incorporation of charity

On 1st October 1997, the following balances were transferred from the unincorporated charity Valleys Furniture Recycling Scheme to the limited company:-

	£
Tangible fixed assets	17,211
Debtors	29,805
Cash at bank and in hand	31,254
Creditors falling due within one year	<u>(11,961)</u>
	<u>66,309</u>
Represented by:	
Unrestricted funds	
- Designated	30,211
- Other	<u>36,098</u>
	<u>66,309</u>

23. 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 period is given.