

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

TRADING AS "TOO GOOD TO WASTE"

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2002

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 2002

CONTENTS

	Page
Legal and administrative information	1
Directors' Report	2 - 7
Accountants' Report on the Unaudited Financial Statements to the Members	8
Statement of Financial Activities	9
Balance Sheet	10 - 11
Notes on Financial Statements	12 - 20

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

	Appendices
Analysis of Resources Expended	1 - 3

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

LEGAL AND ADMINISTRATIVE INFORMATION

31st December 2002

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
Mr. D. Lewis
Mrs. S. Rees
Mr. D. Wu, Treasurer
Mrs. M. Riches
Mr. A. Thomas
Mr A. O'Connell

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 2002

The Board of Directors presents its report and the financial statements for the year ended 31st December 2002.

We are pleased to report that, despite the significant drop in funding of our core activities this year and the continual problems of insufficient storage and working space, the level of services provided by us has continued to increase.

Company members

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

There were 66 members of the company at 31st December 2002. 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.
- ◆ by advancing the development and education of people by providing opportunities to volunteer, train, develop work and social skills, work experience and encourage social integration.

Results

The net outgoing resources for the year amounted to £ 32,268, which reduced the accumulated unrestricted funds position to £108,875, £36,137 of which has been set aside as designated funds (see note 18).

The end of the ERDF Objective 2 grant in December 2001 reduced our core funding by £41,500. This decrease was slightly offset by the Service Level Agreement with the Local Authority Waste Services Department. We end the year with a £32,268 deficit.

Raising the profile of the services provided by this Charity

Rhondda Cynon Taf (RCT) SME Business Grant/ ERDF Objective One Marketing Grant

The key recommendations from the Marketing Strategy, which were reported upon last year, have been successfully introduced. 2002 marked a big step forward, with members, supporters and beneficiaries acknowledging that this local charity Valleys Furniture Recycling is now providing such an essential service to the community of RCT, that it is now "toogoodtowaste."

This marketing initiative has been financed by a joint funding grant package with Rhondda Cynon Taf Small & Medium Enterprise Business and European Objective One Funding.

Adopting this new corporate identity and effective marketing of our services, has not only increased the volume of donations and requests for help but has also raised the quality of donations offered to us for reuse. The value of commercial support received has increased too, through donations and sponsorship. Of particular importance has been the value of furniture donations received from Mobeltest Limited who have provided us with a number of nearly-new items of furniture for redistribution to homes in need.

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

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**31st December 2002
(continued)**

Showrooms – access to affordable furniture

To help people in need choose the household items they need, the Charity continues to provide two showrooms (one based in Ferndale and the other in Aberdare). People living in the County Borough of Rhondda Cynon Taf who receive an income based benefit or who are referred to the charity as being "in need", are welcome to visit their nearest showroom to select the items they need.

A donation is expected for each item of furniture selected, which helps cover the ongoing running costs of the company. £105,391 was received in donations for 2002, as a result of providing 3,300 people with 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. The balance of £15,334 was expended in this financial year up to July 2002.

Delivery and Collection Service

During the year the Charity replaced one of its two vehicles with a larger van to increase the number of deliveries and collections throughout Rhondda Cynon Taf. With the support of volunteers and paid staff, 9,000 donations of reusable household items were collected from 3,000 homes in 2002.

Database

Recognising the importance of an effective database to record and analyse statistical information on delivery and collection services, we employed an IT Graduate from the University of Glamorgan under the Cymru Prosper scheme, to create a new database system.

Community Displays of Household items

Our Community Roadshows (funded by the Lottery—Community Fund) continue to create effective partnerships between local community action, volunteers, corporate organisations and various service providers. Together we share resources and expertise to deliver events which provide a focus for Community involvement throughout Rhondda Cynon Taf. Such is the demand for the service this year that we have increased our Roadshows from bi-monthly to fortnightly. Feedback from the Community groups is extremely positive, with each wanting a follow-up event. This service is currently funded only until August 2003, and given the level of demand and the success of this project, we will be actively seeking funding to continue this service in future.

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.

Referral Services

We continue to develop various referral systems with groups and organisations to help people in need get affordable furniture. Rhondda Housing Association made 40 referrals and Newydd Housing Association 4 referrals; each organisation has set up a budget to purchase furniture packages from this organisation on behalf of their tenants in need. This collaboration enabled new tenants in need of household essentials to avoid expensive debts to acquire the items they need and settle into their new homes quickly.

BBC Children in Need

Funding from BBC Children in Need has enabled us to work in partnership with Rhondda Information Bureau, Shelter Cymru, Women's Aid and Rhondda Cynon Taf, Education & Children Services Department. These groups identified 21 young people (aged 18 and under) in need of essential household items. Many of these young people had experienced homelessness and were receiving help from the referring organisations to acquire their first rented property. Working together, we used this funding to provide furniture to these young people for their first independent home, without debts, helping them settle into the community and take on the role of independent living.

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

REPORT OF THE BOARD OF DIRECTORS

**31st December 2002
(Continued)**

Volunteers, Training & Work Experience

Volunteers have contributed over 10,000 hours of their time during the year 2002 to support our aims and objectives. This support has an economic value of £50,000 and is essential for services to be delivered. We have also provided five New Deal work experience placements and have been able to offer supported training placements to five adults with mental health difficulties and two school-age education placements.

Our Showroom Supervisor (Adele Behbahani) has successfully trained as both a Mentor with Interlink and as a Homestart volunteer for vulnerable families. This personal development training has raised the quality of supervision placements provided by this organisation.

Creation of a community owned, income-generating asset

In January 2002 we completed a European funding application for Objective 1 Priority 6 along with Rhondda Cynon Taf Environment Services Department, as part of the Community Recycling forum. Despite our efforts, the application process was delayed and has yet to receive approval. This application, for a purpose-built recycling complex, is essential for developing additional recycling services and to meet the increasing demand for our services, following our re-branding and implementation of the marketing strategy.

We continue to seek larger premises which we can buy. This will help us increase our activities and save our annual rent of £20,000.

Training

The Directors continue to recognise the importance of providing learning opportunities throughout the organisation, to support organisational growth through individual development. Using the funding received in previous years from the National Westminster Community Enterprise Grant (for management development), as match funding for an ELWa grant, the General Manager has commenced a Diploma in Voluntary Sector Management, run by VolProf as part of the City Business School in London. Other training for paid staff has included:

- ◆ The 'First time Manager course' - Showroom supervisor
- ◆ Employment skills seminar - General Manager
- ◆ IT - Word - Customer Administrator & Showroom supervisor
- ◆ Excel Training - Finance officer, administrator & General Manager
- ◆ Customer Care - Customer Administrator
- ◆ Interview Skills Training - General Manager, Chair Employment Sub Committee & Administrator
- ◆ Information Technology Seminar - Administrator
- ◆ Minute taking & Meeting skills - Showroom supervisor & Customer Administrator
- ◆ Effective use of Radio - Publicity & Events co-ordinator
- ◆ Newsletter Production - Publicity & Events co-ordinator

VOLUNTEERS

- ◆ Minute taking & Meeting skills - Cheryl Richardson (Customer care)
- ◆ Abrasive Wheels - David Thomas (Workshop)
- ◆ Effective use of Radio - Leon Moss (Publicity & events)
- ◆ Customer Care - Cheryl Richardson & Teresa Smallman (Customer care)

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

REPORT OF THE BOARD OF DIRECTORS

31st December 2002
(Continued)

Improved access – people with disabilities and/or pushchair & wheelchair users.

Using the skills and expertise of our volunteers and Operational Manager with the grant from Environment Wales to purchase materials, we have been able to dramatically improve access into our showroom for people with limited mobility; pushchair and wheelchair users. Building the ramp, replacement door, rain canopy and customer information area, has provided people with equal opportunities access to our reuse facilities.

Investment policy

As a result of the continued uncertainty in the equities market, the directors have taken a prudent view to invest in short- to medium-term, low-risk investments to maximise returns. These investments will be reviewed by the Board quarterly.

Financial Reserves Policy

At 31st December 2002, the company held restricted reserves of £13,271. In addition, the company held unrestricted non-designated reserves of £72,738 and unrestricted designated reserves of £36,137.

As predicted in the 2001 financial statements, the end of European grant funding on 31st December 2001 significantly reduced the level of services supported by grant funding. Despite effective fundraising for **new and additional services**, the majority of core costs remained unsupported by external funders. As a result of the operating loss in 2002, the unrestricted funds held at December 2001 have been reduced from £133,874 to £108,875.

The Board of Directors has set an unrestricted reserves target of £120,000, which is the level of reserves required to maintain the company for a period of approximately twelve months, in the event of projected generated funds being adversely affected by any disruption to services.

Risk Review

The Directors consider the Charity to be exposed to significant financial risks if additional funding is not secured to cover a proportion of the core operating costs.

The Board of Directors has therefore re-allocated £30,000 from its designated unrestricted funds into non-designated unrestricted funds to ensure adequate funds are available to match fund potential funding applications and to finance the projected operating costs for 2003.

The Directors remain committed to delivering current services and increasing the number of beneficiaries. To protect the Charity reserves, which are required for its long term financial stability and development, alternative funding will be sought to cover the operating costs.

In December 2001 the Charity held designated unrestricted reserves of £50,000 as match funding for the proposed new building. This fund has been reduced to £20,000 as a result of the reallocation of reserves into non-designated unrestricted funds.

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

REPORT OF THE BOARD OF DIRECTORS

31st December 2002
(continued)

Future Strategy—Strategic Aims 2003

1. SURVIVAL £70,000 funding required to cover core costs

- 1.1 Apply for additional funding
- 1.2 Increase turnover and income generated
- 1.3 Reduce loss-making services
- 1.4 Secure management and employment structure throughout the organisation

2. SERVICE DELIVERY

- 2.1 Continue Roadshows following end of current lottery grant.
- 2.2 Refurbish offices in Cynon showroom to improve security, loading and unloading and provide additional office areas.
- 2.3 Provide 48 free furniture packages to young people aged 18 years and under (who are not eligible for statutory assistance) with continued funding from BBC Children In Need.
- 2.4 Establish new referral system for victims of drug and alcohol abuse to benefit 100 individuals in need.
- 2.5 Increase use of IT throughout the organisation.
- 2.6 Marketing of new and existing services.
- 2.7 Identify site for the creation of purpose-built community recycling resource within Rhondda Cynon Taf as part of the Objective 1 Priority 6 grant.
- 2.8 Support the development of inter-agency partnerships as part of the Objective 1 Priority 3 application with the objective of **increased reuse and recycling through community action.**
- 2.9 Secure additional premises to increase service delivery.
- 2.10 Increase volunteer and work experience placements throughout the organisation.

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

REPORT OF THE BOARD OF DIRECTORS

**31st December 2002
(continued)**

Directors

Those directors who held office during the year were:-

Tony Croke	(Chairman)
Gean Griffiths	(Vice-Chair) (resigned 16 th December 2002)
Sheila Rees	
David Lewis	
David Wu	
Margot Riches	
Adrian Thomas	
Anthony O'Connell	(appointed 25 th March 2002)

In accordance with the Articles of Association, David Wu and Tony Croke 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.

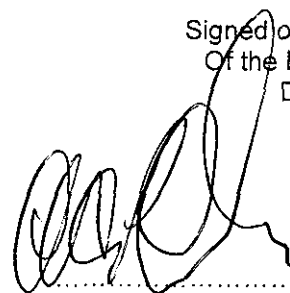
Tax status

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

30/04/03

2003

**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 2002 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

30th April 2003

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure Account)

For the year ended 31st December 2002

		2002			2001		
	Note	Unrestricted Funds £	Restricted Funds £	Total Funds £	Unrestricted Funds £	Restricted Funds £	Total Funds £
Incoming resources							
Donations receivable	2	369	-	369	477	-	477
<u>Activities to further the charity's objects:</u>							
Furniture supplied	3	105,391	-	105,391	100,028	-	100,028
Grants receivable	4	17,462	68,120	85,582	13,907	85,372	99,279
Furniture auction		3,020	-	3,020	1,708	-	1,708
<u>Activities for generating funds:</u>							
Volunteer events		1,852	-	1,852	1,000	-	1,000
Investment income and interest receivable		3,310	-	3,310	4,959	-	4,959
Other incoming resources:							
Intangible income	5	2,246	-	2,246	4,497	-	4,497
Profit on disposal of fixed assets		<u>1,298</u>	<u>-</u>	<u>1,298</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total incoming resources		<u>134,948</u>	<u>68,120</u>	<u>203,068</u>	<u>126,576</u>	<u>85,372</u>	<u>211,948</u>
Resources expended							
<u>Costs of generating funds:</u>							
Fundraising and publicity	6	14,515	24,211	38,726	450	15,457	15,907
<u>Charitable expenditure</u>							
Costs in furtherance of charity's objects	7	76,088	57,273	133,361	79,900	37,310	117,210
Management and administration of the charity	8	<u>54,733</u>	<u>8,516</u>	<u>63,249</u>	<u>1,584</u>	<u>58,086</u>	<u>59,670</u>
Total resources expended	9	<u>145,336</u>	<u>90,000</u>	<u>235,336</u>	<u>81,934</u>	<u>110,853</u>	<u>192,787</u>
Net income/(expenditure)		(10,388)	(21,880)	(32,268)	44,642	(25,481)	19,161
Fund transfers		(14,611)	14,611	-	(39,639)	39,639	-
Total funds at 1 st January 2002		<u>133,874</u>	<u>20,540</u>	<u>154,414</u>	<u>128,871</u>	<u>6,382</u>	<u>135,253</u>
Total funds at 31st December 2002		<u>108,875</u>	<u>13,271</u>	<u>122,146</u>	<u>133,874</u>	<u>20,540</u>	<u>154,414</u>

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

Movements in funds are shown in notes 16 and 19.

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

BALANCE SHEET

at 31st December 2002

		2002		2001	
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	12		16,137		18,634
Current assets					
Debtors	13	36,554		23,584	
Cash at bank and in hand		<u>79,662</u>		<u>123,903</u>	
		116,216		147,487	
Creditors : amounts falling due within one year	14	<u>(10,207)</u>		<u>(8,623)</u>	
Net current assets			<u>106,009</u>		<u>138,864</u>
			122,146		157,498
Creditors : amounts falling due after more than one year	15		-		<u>(3,084)</u>
Net assets			<u>122,146</u>		<u>154,414</u>
Funds					
Restricted	16		13,271		20,540
Unrestricted					
Designated	18	36,137		68,634	
Non-designated	19	<u>72,738</u>		<u>65,240</u>	
			108,875		133,874
Total funds			<u>122,146</u>		<u>154,414</u>

Continued....

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

BALANCE SHEET

at 31st December 2002 (continued)

The directors consider that for the year ended 31st December 2002 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 directors 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 Board of Directors on 30/04.....2003.



Tony Croke
Chairman

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

NOTES ON FINANCIAL STATEMENTS

31st December 2002

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 June 2002), 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.

Grants for the purchase of fixed assets are recognised in full in the Statement of Financial Activities in the year in which they are receivable. The amount of the grant relating to the net book value of the asset is carried forward in restricted reserves. This grant income is transferred to unrestricted reserves over the useful economic lives of the related assets.

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 costs, and management and administration costs. Staff costs have been apportioned between the expenditure categories in accordance with activity levels. Expenditure excludes recoverable VAT.

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

NOTES ON FINANCIAL STATEMENTS

31st December 2002 (continued)

1. Principal accounting policies (continued)

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.

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.

Leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities as incurred.

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

NOTES ON FINANCIAL STATEMENTS

31st December 2002 (continued)

2. Donations receivable

	2002			2001		
	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£	£	£	£
Members' contributions	204	-	204	180	-	180
Whitbread Wales	-	-	-	200	-	200
Other	165	-	165	97	-	97
	<u>369</u>	<u>-</u>	<u>369</u>	<u>477</u>	<u>-</u>	<u>477</u>

3. Furniture Supplied

Showroom donations	94,722	-	94,722	96,665	-	96,665
Roadshow donations	6,320	-	6,320	2,018	-	2,018
BBC Children in Need	1,829	-	1,829	-	-	-
Co-op partnership	-	-	-	1,220	-	1,220
Rhondda Housing Association	2,205	-	2,205	125	-	125
Newydd Housing Association	315	-	315	-	-	-
	<u>105,391</u>	<u>-</u>	<u>105,391</u>	<u>100,028</u>	<u>-</u>	<u>100,028</u>

4. Grants receivable

Nationwide Foundation	-	3,600	3,600	-	-	-
Cymru Prosper Grant	-	1,120	1,120	-	-	-
Community & Voluntary Action Fund	-	15,334	15,334	-	7,666	7,666
Community Fund (Lottery)	-	29,978	29,978	-	34,299	34,299
European RECHAR funding	-	-	-	5,649	-	5,649
Community Enterprise Fund	437	-	437	848	-	848
New Deal	2,025	-	2,025	7,410	-	7,410
ERDF Objective 2	-	(94)	(94)	-	41,574	41,574
The Henry Smith Charity	-	3,667	3,667	-	333	333
Principality Building Society	-	-	-	-	500	500
Environment Wales	-	900	900	-	1,000	1,000
ELWa	-	569	569	-	-	-
RCT/ERDF Objective 1	-	-	-	-	-	-
Marketing Grant	-	13,046	13,046	-	-	-
RCT: Service Agreement	15,000	-	15,000	-	-	-
	<u>17,462</u>	<u>68,120</u>	<u>85,582</u>	<u>13,907</u>	<u>85,372</u>	<u>99,279</u>

5. Intangible income

Euro Commercials(South Wales)	625	-	625	2,203	-	2,203
O'Brien & Partners	1,621	-	1,621	2,294	-	2,294
	<u>2,246</u>	<u>-</u>	<u>2,246</u>	<u>4,497</u>	<u>-</u>	<u>4,497</u>

A total discount of £3,245 was received from Euro Commercials (South Wales) in 2000/01. £417 has been carried forward as deferred income in respect of future vehicle servicing costs to September 2003.

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

NOTES ON FINANCIAL STATEMENTS

31st December 2002 (continued)

		2002			2001				
		Unrestricted Funds £	Restricted Funds £	Total Funds £	Unrestricted Funds £	Restricted Funds £	Total Funds £		
6.	Fundraising and publicity								
	Advertising	-	23,271	23,271	-	1,996	1,996		
	Publicity	<u>14,515</u>	<u>940</u>	<u>15,455</u>	<u>450</u>	<u>13,461</u>	<u>13,911</u>		
		<u>14,515</u>	<u>24,211</u>	<u>38,726</u>	<u>450</u>	<u>15,457</u>	<u>15,907</u>		
7.	Costs in furtherance of the charity's objects								
	Staff costs	44,150	39,095	83,245	31,774	26,704	58,478		
	Hand tools	645	-	645	1,103	507	1,610		
	Volunteers' costs	9,276	1,666	10,942	11,204	1,600	12,804		
	Vehicle costs	7,191	4,306	11,497	14,136	2,163	16,299		
	Head office costs	<u>14,826</u>	<u>12,206</u>	<u>27,032</u>	<u>21,683</u>	<u>6,336</u>	<u>28,019</u>		
		<u>76,088</u>	<u>57,273</u>	<u>133,361</u>	<u>79,900</u>	<u>37,310</u>	<u>117,210</u>		
8.	Management and administration of the charity								
	Volunteers	2,060	577	2,637	1,000	1,041	2,041		
	Committee costs	207	-	207	-	287	287		
	Salaries and office costs	40,328	3,607	43,935	-	33,654	33,654		
	Accountancy and professional fees	3,000	-	3,000	-	9,794	9,794		
	Fixed overheads costs	<u>9,138</u>	<u>4,332</u>	<u>13,470</u>	<u>584</u>	<u>13,310</u>	<u>13,894</u>		
		<u>54,733</u>	<u>8,516</u>	<u>63,249</u>	<u>1,584</u>	<u>58,086</u>	<u>59,670</u>		
9.	Total resources expended								
		2002			2001				
	Staff Costs £	Deprec'n £	Other Costs £	Total £	Staff Costs £	Deprec'n £	Other Costs £	Total £	
	Costs in furtherance of charity's objects	83,245	3,475	46,641	133,361	58,478	4,581	54,151	117,210
	Fundraising and publicity	15,455	-	23,271	38,726	13,911	-	1,996	15,907
	Management and administration of the charity	<u>43,935</u>	<u>4,204</u>	<u>15,110</u>	<u>63,249</u>	<u>33,654</u>	<u>4,672</u>	<u>21,344</u>	<u>59,670</u>
		<u>142,635</u>	<u>7,679</u>	<u>85,022</u>	<u>235,336</u>	<u>106,043</u>	<u>9,253</u>	<u>77,491</u>	<u>192,787</u>

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

NOTES ON FINANCIAL STATEMENTS

31st December 2002 (continued)

9. Total resources expended (continued)

	2002	2001
	£	£
Staff costs		
Staff salaries and social security costs	135,047	98,149
Pension scheme costs	2,820	2,820
Staff training and expenses	<u>4,758</u>	<u>5,074</u>
	<u>142,635</u>	<u>106,043</u>
Other costs		
Vehicle expenses	8,459	12,221
Premises	24,329	24,223
Miscellaneous	<u>52,234</u>	<u>41,047</u>
	<u>85,022</u>	<u>77,491</u>

No employee earned £50,000 per annum or more during the year (2001 – no employee earned over £50,000).

None of the members of the Management Committee received any remuneration or reimbursement of expenses for their involvement with the company during the year (2001 – none).

The average number of employees, analysed by function was:

	2002	2001
Direct activities	6	4
Management and administration of the company	<u>3</u>	<u>3</u>
	<u>9</u>	<u>7</u>

10. Taxation

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

11. (Deficit)/surplus for the financial year

	2002	2001
	£	£
(Deficit)/surplus for the year is stated after charging:-		
Operating leases		
Rental of properties	21,250	20,792
Depreciation and amortisation of tangible fixed assets (owned)	<u>7,679</u>	<u>9,254</u>

12. Tangible fixed assets (for charitable purposes)

	Leasehold Property Improvements	Motor Vehicles	Tools and Equipment	Computer Equipment	Total
	£	£	£	£	£
Cost or valuation					
1st January 2002	14,544	30,481	5,176	21,556	71,757
Additions	-	13,000	-	884	13,884
Disposals	<u>-</u>	<u>(11,995)</u>	<u>(79)</u>	<u>(280)</u>	<u>(12,354)</u>
31st December 2002	<u>14,544</u>	<u>31,486</u>	<u>5,097</u>	<u>22,160</u>	<u>73,287</u>

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

NOTES ON FINANCIAL STATEMENTS

31st December 2002 (continued)

12. Tangible fixed assets (for charitable purposes) - continued

	Leasehold Property Improvements £	Motor Vehicles £	Tools and Equipment £	Computer Equipment £	Total £
Depreciation and amortisation					
1st January 2002	14,544	21,314	4,303	12,962	53,123
Charge for year	-	3,038	437	4,204	7,679
Disposals	<u>-</u>	<u>(3,293)</u>	<u>(79)</u>	<u>(280)</u>	<u>(3,652)</u>
31st December 2002	<u>14,544</u>	<u>21,059</u>	<u>4,661</u>	<u>16,886</u>	<u>57,150</u>
Net book amount					
31st December 2002	<u>-</u>	<u>10,427</u>	<u>436</u>	<u>5,274</u>	<u>16,137</u>
31st December 2001	<u>-</u>	<u>9,167</u>	<u>873</u>	<u>8,594</u>	<u>18,634</u>

13. Debtors

	2002 £	2001 £
Amounts falling due within one year		
Customer debts	415	720
Prepayments	5,668	3,201
Other debtors	3,226	4,285
Accrued income	<u>27,245</u>	<u>15,378</u>
	<u>36,554</u>	<u>23,584</u>

14. Creditors : amounts falling due within one year

	2002 £	2001 £
Trade creditors	978	-
Accruals	4,137	4,739
Deferred income	1,711	2,498
Sundry creditors	<u>3,381</u>	<u>1,386</u>
	<u>10,207</u>	<u>8,623</u>

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

	2002 £	2001 £
Deferred income	<u>-</u>	<u>3,084</u>

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

NOTES ON FINANCIAL STATEMENTS

31st December 2002 (continued)

16. Restricted funds

	At 1 st January 2002 £	Incoming £	Outgoing £	Transfer unrestricted funds £	At 31st December 2002 £
RCT/ERDF Objective 1					
Marketing Grant	-	13,046	(13,046)	-	-
Nationwide Foundation	-	3,600	(1,200)	-	2,400
ERDF Objective 2	-	(94)	-	94	-
Community & Voluntary Action Fund	-	15,334	(28,094)	12,760	-
NatWest Community Enterprise	2,412	-	(474)	-	1,938
Community Fund (NLCB)	18,128	29,978	(39,173)	-	8,933
Other restricted funds	<u>-</u>	<u>6,256</u>	<u>(8,013)</u>	<u>1,757</u>	<u>-</u>
Total	<u>20,540</u>	<u>68,120</u>	<u>(90,000)</u>	<u>14,611</u>	<u>13,271</u>

The Community Fund restricted fund balance of £ 8,933 at 31st December 2002 represents the net book value of fixed assets (£ 868) purchased with part of the grant. £1,704 is revenue received in advance for 2003 and £6,361 is a current underspend on the Community Fund grant.

The Community & Voluntary Action Fund was granted to part-fund the furniture showrooms at Ferndale and Aberdare, until August 2002.

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

The Nationwide Foundation is to support volunteering activity within the organisation.

17. 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 2002, there were 66 members of the company.

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

NOTES ON FINANCIAL STATEMENTS

31st December 2002 (continued)

18. 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 2002 £	Movements in unrestricted Funds £	Movements in restricted Funds £	New designations £	Balances 31st December 2002 £
Relocation costs of head office	50,000	(30,000)	-	-	20,000
Replacement of tangible fixed assets	<u>18,634</u>	<u>(3,454)</u>	<u>(12,927)</u>	<u>13,884</u>	<u>16,137</u>
	<u>68,634</u>	<u>(33,454)</u>	<u>(12,927)</u>	<u>13,884</u>	<u>36,137</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 also as a way of increasing income generation. As explained in the report of the Board of Directors, this fund has been reduced to £20,000 as a result of the reallocation of £30,000 to non-designated unrestricted funds.

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.

19. Movements in unrestricted funds

	Designated funds £	Other funds £	Total funds £
At 1 st January 2002	68,634	65,240	133,874
Net (outgoing)/incoming resources for year	(19,570)	9,182	(10,388)
Transfer to restricted funds (note 16)	<u>(12,927)</u>	<u>(1,684)</u>	<u>(14,611)</u>
At 31st December 2002	<u>36,137</u>	<u>72,738</u>	<u>108,875</u>

20. Analysis of net assets between funds

	Tangible Fixed assets £	Net Current assets £	Total £
Restricted funds	868	12,403	13,271
General funds	<u>15,269</u>	<u>93,606</u>	<u>108,875</u>
	<u>16,137</u>	<u>106,009</u>	<u>122,146</u>

21. 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 £2,830 in the year (2001 - £2,820). There were £297 of accrued contributions payable to the funds at 31st December 2002.

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

NOTES ON FINANCIAL STATEMENTS

31st December 2002 (continued)

22. Financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st December 2003:-

	2002	2001
	£	£
Operating leases expiring:-		
In two to five years	8,500	8,500
After five years	<u>12,500</u>	<u>12,750</u>
	<u>21,000</u>	<u>21,250</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 year is given.

24. 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 £382.