

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

TRADING AS "TOO GOOD TO WASTE"

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2004

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 2004

CONTENTS

	Page
Legal and administrative information	1
Directors' Report	2 - 5
Report of the Independent Auditors	6 - 7
Statement of Financial Activities	8
Balance Sheet	9 - 10
Notes on Financial Statements	11 - 18

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

LEGAL AND ADMINISTRATIVE INFORMATION

31st December 2004

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, Vice Chairman
Mrs. S. Rees
Mr. A. Thomas
Mr A. O'Connell
Mr. A. Chapman
Mr. A. Thomas, Treasurer
Mr M Birch
Mr V Chambers
Mrs M Evans

Secretary

Mrs. Lynda Davies

Registered Office & main operation address

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

Showroom

Unit 3 Aberaman Industrial Park, Aberaman, Aberdare

Auditors

O'Brien & Partners, Chartered Accountants & Registered Auditor, 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

Chris Aubrey & Co, 1 Williams Place, Porth, Rhondda Cynon Taff CF39 9RY

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

REPORT OF THE BOARD OF DIRECTORS

31st December 2004

The Board of Directors presents its report and the financial statements for the year ended 31st December 2004.

We are pleased to report that during the year, the core Charity activities were maintained and a further new project started as a result of the European Funding announced in 2003. The new project in association with ACCUTEC enables us to provide Community groups and Companies with an Ink cartridge recycling service. In addition to generating a small income to support our charitable activities, this increases and promotes community involvement in recycling.

Company members

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

There were 63 members of the company at 31st December 2004. 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 £6,572, which reduced the accumulated unrestricted funds position to £65,649, £40,000 of which has been set aside as designated funds (see note 19).

Beneficiaries

Relieving poverty by providing people on a low income with affordable household items, continues to cost more than the income generated from the beneficiaries. In 2004 we helped almost **3,000** people acquire nearly **9000** furniture items. In total, our Showrooms (inc. Higher value items), and Roadshows generated an income from beneficiaries of £125,358 (45%) against our total expenditure of £279,398. Compared to 2003, this is an increase of income generated of £5,737 (4.7%) and an increase in expenditure of £26,547 (10.5%) resulting from increased levels of paid employment. The Board of Directors and Personnel remain committed to this core objective, whilst being mindful of the long-term financial implications for the Charity.

In partnership with Rhondda, Newydd and Hafod Housing Associations, we have been able to provide **16** people with a "start-up-pack" to enable them to furnish their tenancies. One Housing Association has reported that 100% of the tenants provided with a start-up pack have sustained their tenancies throughout the period. Working together, we were able to help some people whose homes had been devastated by the local floods and others following house fires. The value of our service was recognised by those tenants, as being "there for them when they needed help and the only service of its kind in this area."

Through the BBC Children in Need fund, our "SORTED" service, was able to provide 24 young people (16 – 18 yrs) who were ineligible for a loan or grant, with a FREE Start-up package, which included a selection of essential household items, crockery, cutlery and bedding. This support not only enabled them to set up their first home but helped steer them away from long-term debt and financial hardship.

In 2005, we plan to work with the Homelessness Forum to provide a FREE Start-up Package to other people who are in need of our assistance but ineligible for financial support. This service will require additional funding, to cover our costs.

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

REPORT OF THE BOARD OF DIRECTORS

**31st December 2004
(continued)**

Beneficiaries (continued)

Recognising the limited financial resources of the majority of pensioners, we have extended the eligibility criteria for beneficiaries to include, "evidence of pensionable age." During the year we assisted a number of people within this category with a range of furniture items. Of particular benefit to this group, was the collection of orthopaedic type armchairs from a nursing home who were upgrading their stock. These items were "toogoodtowaste", so we were able to link the supply of these items to people who could benefit.

Recognition and Awards

The General Manager received the Sieff Award for Excellence, in recognition of an individual, based in the community, who has best collaborated with business to benefit society. The award is sponsored by Marks & Spencer as part of the Business in the Community annual Awards for Excellence.

In recognition of its contribution to volunteering, the Charity was "Highly Commended – Volunteering organisation of the year 2004" by Wales Council for Voluntary Action.

Volunteering and Work Placements

The majority of labour is still provided by non-paid personnel (volunteers provided 13,205 hours in 2004, equivalent to 7 full time posts and with an economic value of over £100K). Paid employment levels were maintained (9 full time) to ensure adequate supervision and service delivery; and to meet the required outputs of various grant funders. This increase in staffing levels has increased operating costs.

The ERDF Objective 1 funding reported in 2003 provides part funding for some of the staff posts, so that we can continue to support Community engagement and encourage 'Increased recycling through community action'. During 2004, in addition to providing 18 Roadshows within disadvantaged areas; we have also participated in the Rhondda-Cynon-Taf, Better Life Consortium meetings as Voluntary Sector Representatives in both Strategic and Environmental forums.

28 Work experience placements were provided (3400 hrs.) during the year. These included referrals from the Education Department; Training Organisations; Youth Offenders and Employment to work. Four of these placements went on to paid employment and seven remained with us as Volunteers.

Volunteers produced a high quality video and participated in Radio Broadcasts to raise awareness and give recognition to Volunteering.

Waste minimisation – increased reuse and recycling

Our services diverted nearly 9000 items from landfill (192 tonnes) in 2004, which is just over 1% of the total amount recycled within the County Borough of Rhondda Cynon Taf. This involved collecting reusable household items from 3000 residents who choose re-use as an alternative to the Council refuse collection service. The Service Level Agreement with the Local Authority provided £20,000 towards these costs.

The funding received in 2004 from "Cleanstream" to purchase an additional vehicle was essential for the Charity to maintain and increase this level of activity.

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

REPORT OF THE BOARD OF DIRECTORS

31st December 2004
(Continued)

Community Resource

Working with community groups to increase community involvement is a key objective within our ERDF Objective 1 grant. We were therefore pleased to support the fundraising efforts of the Efail Isaf Project, who actively collected bric-a-brac to resell (and hence re-use) as a means of raising funds for the restoration of their community building. We were able to assist by collecting the unsold items for redistribution to our service users. We will be meeting with other groups in 2005 to see if this innovative service will be of benefit to other groups.

During 2004, Focus Do-it-all gave us a number of end-of-line items which we were able to redistribute to our beneficiaries and through the Rhondda Cynon Taf, play associations network. We plan to develop further services to support play through the use of recycled materials in 2005.

In partnership with the Local Authority we have applied for funding from the Strategic Recycling Fund to establish a Community resource which will increase the collection and redistribution of a range of reusable items and increase recycling within Rhondda Cynon Taf.

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 2004, the company held restricted reserves of £23,521. In addition, the company held unrestricted non-designated reserves of £25,649 and unrestricted designated reserves of £40,000.

The additional funding received in 2004 along with tight budgetary control has reduced the annual deficit compared to previous years. Core funding is required to maintain current Operational levels in the long-term, along with Project funding to support new initiatives.

The Board of Directors has set an unrestricted reserves target of £145,000, which is the level of reserves required to maintain the company for a period of approximately six months, in the event of projected generated funds being adversely affected by any disruption to services.

The Board recognises the need for a clear reserves policy that allows the charity to develop whilst it encourages greater support from external funding bodies. The Board are also keen to record the fact that this is our tenth year of activity and look forward to many more years of growth and a greater degree of sustainability.

Risk Review

The Directors remain committed to providing the Charity Services. They acknowledge the Charity is exposed to a number of risks including: disruption of services, employment issues and changes in local employment/income levels within the geographical area of benefit. They consider the Charity to be in significant financial risk, in the long term, if adequate funding is not secured to cover expenditure. At the same time, they recognise their responsibility to maintain staffing levels to ensure adequate supervision and care of Volunteers and Placements and to maintain current levels of service to meet the needs of beneficiaries.

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

REPORT OF THE BOARD OF DIRECTORS

**31st December 2004
(Continued)**

Directors

Those directors who held office during the year were:-

Tony Croke	(Chairman)
David Lewis	(Vice Chair)
Sheila Rees	
David Wu	(resigned 17 th May 2004)
Margot Riches	(resigned 17 th May 2004)
Adrian Thomas	
Anthony O'Connell	
Andrew Chapman	
Alan Thomas	
Martyn Birch	(co-opted 1 st October 2004)
Victor Chambers	(co-opted 1 st October 2004)
Meredith Evans	(co-opted 1 st October 2004)

In accordance with the Articles of Association, David Lewis, Sheila Rees and Anthony O'Connell 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 1985 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

29/11/05

.....2005

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

VALLEYS FURNITURE RECYCLING LIMITED (LIMITED BY GUARANTEE)

We have audited the financial statements of Valleys Furniture Recycling Limited for the year ended 31 December 2004 which comprise the Statement of Financial Activities, Balance Sheet, and related notes. These financial statements have been prepared in accordance with the Financial Reporting Standards for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The responsibilities of the directors, for preparing the report of the board of directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out on page 10. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the directors is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the directors' remuneration and transactions with the charity is not disclosed.

We read other information contained in the report of the directors' and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2004 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

O'Brien & Partners

**O'Brien & Partners
Registered Auditor
Highdale House
7 Centre Court
Main Avenue
Treforest Industrial Estate
Pontypridd
CF37 5YR**

4th July 2005

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

**STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure Account)**

For the year ended 31st December 2004

		2004			2003
	Note	Unrestricted Funds £	Restricted Funds £	Total Funds £	Total Funds £
Incoming resources					
Donations receivable	2	443	-	443	504
<u>Activities in furtherance of the charity's objects:</u>					
Household items supplied	3	117,973	-	117,973	113,717
Grants receivable	4	21,257	120,018	141,275	95,399
Higher value furniture		7,385	-	7,385	5,904
<u>Activities for generating funds:</u>					
Ink cartridge recycling		115	-	115	-
Investment income and interest receivable		1,884	-	1,884	1,992
Other incoming resources: Intangible income	5	3,752	-	3,752	8,932
Total incoming resources		<u>152,809</u>	<u>120,018</u>	<u>272,827</u>	<u>226,448</u>
Resources expended					
<u>Costs of generating funds:</u>					
Fundraising and publicity	6	13,119	11,538	24,657	27,896
<u>Charitable expenditure:</u>					
Costs in furtherance of charity's objects	7	121,171	62,924	184,095	146,441
Management and administration of the charity	8	<u>45,992</u>	<u>24,655</u>	<u>70,647</u>	<u>78,515</u>
Total resources expended	9	<u>180,282</u>	<u>99,117</u>	<u>279,399</u>	<u>252,852</u>
Net income/(expenditure)		(27,473)	20,901	(6,572)	(26,404)
Total funds at 1 st January 2004		<u>93,122</u>	<u>2,620</u>	<u>95,742</u>	<u>122,146</u>
Total funds at 31st December 2004		<u>65,649</u>	<u>23,521</u>	<u>89,170</u>	<u>95,742</u>

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

Movements in funds are shown in notes 17 and 20.

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

BALANCE SHEET

at 31st December 2004

		2004		2003	
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	12		33,366		12,780
Current assets					
Debtors	13	10,870		12,036	
Cash at bank and in hand		<u>75,581</u>		<u>97,583</u>	
		86,451		109,619	
Creditors : amounts falling due within one year	14	<u>(27,980)</u>		<u>(26,657)</u>	
Net current assets			<u>58,471</u>		<u>82,962</u>
			91,837		95,742
Creditors : amounts falling due after more than one year	15		<u>(2,667)</u>		<u>-</u>
Net assets			<u>89,170</u>		<u>95,742</u>
Funds					
Restricted	17		23,521		2,620
Unrestricted					
Designated	19	40,000		32,782	
Non-designated	20	<u>25,649</u>		<u>60,340</u>	
			<u>65,649</u>		<u>93,122</u>
Total funds			<u>89,170</u>		<u>95,742</u>

Continued....

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

BALANCE SHEET

at 31st December 2004 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at anytime the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 8 to 18 were approved by the Board of Directors on 29/04/05 2005.



Tony Croke
Chairman

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

NOTES ON FINANCIAL STATEMENTS

31st December 2004

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

All revenue grants are recognised in the SOFA when the charity is legally entitled to the income.

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 2004 (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

Grants received in advance, where the conditions for receipt have not yet been met, are deferred in the balance sheet and released to the statement of financial activities as the conditions for receipt are met.

Grants received for capital expenditure are recognised in the statement of financial activities when receivable. An amount equivalent to the net book value of the grant funded portion of the asset is carried forward in restricted funds.

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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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 2004 (continued)

	Unrestricted Funds £	2004 Restricted Funds £	Total Funds £	2003 Total Funds £
2. Donations receivable				
Members' contributions	383	-	383	263
Other	<u>60</u>	<u>-</u>	<u>60</u>	<u>241</u>
	<u>443</u>	<u>-</u>	<u>443</u>	<u>504</u>
3. Household Items Supplied				
Showroom donations	102,753	-	102,753	99,016
Roadshow donations	9,020	-	9,020	8,121
BBC Children in Need	3,900	-	3,900	3,890
Rhondda Housing Association	1,500	-	1,500	1,820
Newydd Housing Association	<u>800</u>	<u>-</u>	<u>800</u>	<u>870</u>
	<u>117,973</u>	<u>-</u>	<u>117,973</u>	<u>113,717</u>
4. Grants receivable				
Community Fund (Lottery)	-	-	-	19,202
ERDF Objective 1	-	98,765	98,765	55,671
Priority 3 funding	-	-	-	436
Community Enterprise Fund	-	-	-	90
New Deal	-	-	-	-
Crangowen Project	215	-	215	-
Charities Aid Foundation	412	-	412	-
Cleanstream	-	21,253	21,253	-
Taff Ely Service agreement	630	-	630	-
RCT Service agreement	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
	<u>21,257</u>	<u>120,018</u>	<u>141,275</u>	<u>95,399</u>
5. Intangible income				
Euro Commercials(South Wales)	-	-	-	417
O'Brien & Partners	3,752	-	3,752	2,205
Volunteer Hours	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,310</u>
	<u>3,752</u>	<u>-</u>	<u>3,752</u>	<u>8,932</u>

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

NOTES ON FINANCIAL STATEMENTS

31st December 2004 (continued)

	Unrestricted Funds £	2004 Restricted Funds £	Total Funds £	2003 Total Funds £
6. Fundraising and publicity				
Advertising	1,311	1,777	3,088	7,968
Publicity – Staff costs	<u>11,808</u>	<u>9,761</u>	<u>21,569</u>	19,928
	<u>13,119</u>	<u>11,538</u>	<u>24,657</u>	<u>27,896</u>
7. Costs in furtherance of the charity's objects				
Staff costs	56,317	46,555	102,872	80,193
Hand tools	281	-	281	742
Volunteers' costs	20,761	3,750	24,511	18,674
Vehicle costs	14,067	3,330	17,397	15,930
Head office costs	<u>29,745</u>	<u>9,289</u>	<u>39,034</u>	<u>30,902</u>
	<u>121,171</u>	<u>62,924</u>	<u>184,095</u>	<u>146,441</u>
8. Management and administration of the charity				
Volunteers	-	-	-	5,245
Committee costs	51	32	83	366
Salaries and office costs	22,708	18,772	41,480	52,402
Audit, Accountancy and professional fees	13,094	2,751	15,845	4,800
Fixed overhead costs	<u>10,139</u>	<u>3,100</u>	<u>13,239</u>	<u>15,702</u>
	<u>45,992</u>	<u>24,655</u>	<u>70,647</u>	<u>78,515</u>
9. Total resources expended				
	2004			2003
	Staff Costs £	Deprec'n £	Other Costs £	Total £
Costs in furtherance of charity's objects	102,872	13,025	68,198	184,095
Fundraising and publicity	21,569	-	3,088	24,657
Management and administration of the charity	<u>41,480</u>	<u>761</u>	<u>28,406</u>	<u>70,647</u>
	<u>165,921</u>	<u>13,786</u>	<u>99,692</u>	<u>279,399</u>
				<u>252,852</u>

Continued..

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

NOTES ON FINANCIAL STATEMENTS

31st December 2004 (continued)

9. Total resources expended (continued)

	2004	2003
	£	£
Staff costs		
Staff salaries and social security costs	160,971	145,835
Pension scheme costs	3,226	2,774
Staff training and expenses	<u>1,724</u>	<u>3,914</u>
	<u>165,921</u>	<u>152,523</u>
Other costs		
Vehicle expenses	6,653	12,680
Premises	31,964	25,599
Miscellaneous	<u>61,075</u>	<u>53,998</u>
	<u>99,692</u>	<u>92,277</u>

No employee earned £50,000 per annum or more during the year (2003 – 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 (2003 – none).

The average number of employees, analysed by function was:

	2004	2003
Direct activities	7	6
Management and administration of the company	<u>3</u>	<u>3</u>
	<u>10</u>	<u>9</u>

10. Taxation

The charity is exempt from Corporation Tax as all its income is charitable and is applied for charitable purposes.

11. Deficit for the financial year

	2004	2003
	£	£
Deficit for the year is stated after charging:-		
Operating leases		
Motor vehicles	-	3,397
Rental of properties	21,614	21,250
Depreciation and amortisation		
of tangible fixed assets (owned)	8,046	8,052
(Hire purchase)	5,740	-
Audit fees	<u>3,500</u>	<u>-</u>

12. Tangible fixed assets (for charitable purposes)

	Leasehold Property Improvements	Motor Vehicles	Tools and Equipment	Computer Equipment	Total
	£	£	£	£	£
Cost or valuation					
1st January 2004	14,544	31,486	5,097	26,855	77,982
Additions	-	34,170	-	202	34,372
Disposals	-	-	-	-	-
31st December 2004	<u>14,544</u>	<u>65,656</u>	<u>5,097</u>	<u>27,057</u>	<u>112,354</u>

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

NOTES ON FINANCIAL STATEMENTS

31st December 2004 (continued)

12. Tangible fixed assets (for charitable purposes) - continued	Leasehold	Motor	Tools	Computer	Total
	Property	Vehicles	and	Equipment	
	Improvements		Equipment		
	£	£	£	£	£
Depreciation and amortisation					
1st January 2004	14,544	24,309	5,097	21,252	65,202
Charge for year	-	10,744	-	3,042	13,786
Disposals	-	-	-	-	-
31st December 2004	14,544	35,053	5,097	24,294	78,988
Net book amount					
31st December 2004	<u>-</u>	<u>30,603</u>	<u>-</u>	<u>2,763</u>	<u>33,366</u>
31st December 2003	<u>-</u>	<u>7,177</u>	<u>-</u>	<u>5,603</u>	<u>12,780</u>

The net book value of fixed assets includes £7,380 of assets held under hire purchase.

13. Debtors	2004	2003
	£	£
Amounts falling due within one year		
Customer debts	1,168	1,135
Prepayments	7,605	8,185
Other debtors	<u>2,097</u>	<u>2,716</u>
	<u>10,870</u>	<u>12,036</u>
14. Creditors : amounts falling due within one year	2004	2003
	£	£
Overdraft	139	-
Trade creditors	7,181	5,403
Hire purchase creditor	3,880	-
Accruals	6,348	5,044
Deferred income	10,223	10,784
Sundry creditors	<u>209</u>	<u>5,426</u>
	<u>27,980</u>	<u>26,657</u>
15. Creditors : amounts falling due after more than one year	2004	2003
	£	£
Hire purchase creditor	<u>2,667</u>	<u>-</u>
16. Secured Creditors	2004	2003
	£	£
Hire purchase creditor	<u>6,547</u>	<u>-</u>

Hire purchase creditors are secured on the assets to which they relate

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

NOTES ON FINANCIAL STATEMENTS

31st December 2004 (continued)

17. Restricted funds

	At 1 st January 2004 £	Incoming £	Outgoing £	Transfer unrestricted funds £	At 31st December 2004 £
RCT/ERDF Objective 1 Priority 3 Cleanstream	2,620 —	98,765 21,253	(97,160) (1,957)	- —	4,225 19,296
Total	<u>2,620</u>	<u>120,018</u>	<u>(99,117)</u>	<u>—</u>	<u>23,521</u>

18. 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 2004, there were 63 members of the company.

19. 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 2004 £	Movements in unrestricted Funds £	Movements in restricted Funds £	New designations £	Balances 31 st December 2004 £
Relocation costs of head office	20,000	-	-	-	20,000
Replacement of tangible fixed assets	<u>12,782</u>	<u>—</u>	<u>—</u>	<u>7,218</u>	<u>20,000</u>
	<u>32,782</u>	<u>—</u>	<u>—</u>	<u>7,218</u>	<u>40,000</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. The designated fund set aside for relocation costs remains at £20,000.

The Board has increased the amount set aside for the replacement of tangible fixed assets.

20. Movements in unrestricted funds

	Designated funds £	Other funds £	Total funds £
At 1 st January 2004	32,782	60,340	93,122
Net (outgoing)/incoming resources for year	<u>7,218</u>	<u>(34,691)</u>	<u>(27,473)</u>
At 31 st December 2004	<u>40,000</u>	<u>25,649</u>	<u>65,649</u>

VALLEYS FURNITURE RECYCLING LIMITED
(LIMITED BY GUARANTEE)

NOTES ON FINANCIAL STATEMENTS

31st December 2004 (continued)

21. Analysis of net assets between funds

	Tangible Fixed assets £	Net Current assets £	Long Term Creditors £	Total £
Restricted funds	23,521	-	-	23,521
General funds	<u>9,845</u>	<u>58,471</u>	<u>(2,667)</u>	<u>65,649</u>
	<u>33,366</u>	<u>58,471</u>	<u>(2,667)</u>	<u>89,170</u>

22. 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 £3,226 in the year (2003 - £2,774). There were no outstanding or prepaid contributions at 31st December 2004.

23. Financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st December 2004:-

	2004 £	2003 £
Operating leases expiring:-		
Within one year	31,065	-
In two to five years	-	12,691
After five years	<u>-</u>	<u>12,750</u>
	<u>31,065</u>	<u>25,441</u>

24. 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.

25. Indemnity insurance

The charity has purchased insurance to protect the charity from loss arising from the neglect or defaults of its trustees and employees, and to indemnify the trustees against the consequences of any neglect or default on their part. The cost of this insurance is included within the overall cost of a specialist charity policy which includes property insurance and employer's liability insurance and cannot therefore be separately identified.