

FURNITURE RECLAMATION AND DELIVERY ENTERPRISE
(Limited by guarantee - not having a share capital)

**DIRECTORS' REPORT AND
STATEMENT OF ACCOUNTS**

YEAR ENDED 31ST MARCH 2006

**REGISTERED CHARITY : 1020725
COMPANY NUMBER : 2797811**



**FURNITURE RECLAMATION AND DELIVERY ENTERPRISE
REPORT OF THE TRUSTEES FOR
THE YEAR ENDED 31ST MARCH 2006**

The trustees present their report and the audited financial statements for the year ended 31st March 2006.

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity name:	Furniture Reclamation and Delivery Enterprise
Operating name	F.R.A.D.E.
Charity registration number	1020725
Company registration number	2797811
Registered office and operational address	Unit 1 Phoenix Workshops Britannia Road STOCKTON TS19 0BN

DIRECTORS

The directors (who are trustees of the charity) who served during the year were:-

M Tomlin	Chairman
R Lawton	Treasurer
M Chicken	Vice Chairman
K Shaw	Company Secretary
K Griffiths	
D Cook (Retired 8 th November 2005)	
J Orton (Retired 4 th December 2005)	

MANAGER

J Trevillion

AUDITORS

S V Bye
New Garth House
Upper Garth Gardens
GUISBOROUGH
TS14 6HA

BANKERS

Alliance & Leicester Commercial Bank plc
BBAM
Bridle Road
BOOTLE
Merseyside
GIR 0AA

CAF Bank Limited
P O Box 289
West Malling
KENT
ME19 4TA

FURNITURE RECLAMATION AND DELIVERY ENTERPRISE
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REPORT OF THE TRUSTEES FOR
THE YEAR ENDED 31ST MARCH 2006

STRUCTURE GOVERNANCE AND MANAGEMENT

Governing document

The organisation is a charitable company limited by guarantee, incorporated on 9th March 1993 and registered as a charity on 7th May 1993.

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company's being wound up, members are required to contribute an amount not exceeding £1.

Recruitment and appointment of Trustees

The number of trustees shall be not less than 5 and, until otherwise determined by a general meeting, not more than 10. The trustees, who are directors of the company, are known, under the company's Articles, as the Council of Management. The Council may from time to time and at any time appoint a member of the company as a member of the Council. Any member so appointed must retire at the next AGM but can put himself forward for re-election. At each AGM one third of the members of the Council retire from office, but may put themselves forward for re-election. Those retiring are those who have been longest in office since their last election or reappointment.

The Council are aware of the need to attract more trustees, both from the local community and the business world and are currently looking at a possible revised management structure to include this.

Trustee Induction and Training

There have been no new trustees appointed for over 5 years and the existing trustees are therefore very familiar with the activities of the charity. However the Council remains aware of the need for their members to keep up to date with developments in the sector and as such have named 2006 as the "Year of Governance". They are currently undertaking a self assessment process, aimed at identifying existing skills available and highlighting areas where new skills would be desirable. It is then proposed to target trustee recruitment accordingly.

Any new trustees will be given copies of the Memorandum and Articles of Association, the most recent set of audited accounts, budgets and management accounts. They are also encouraged to attend any external courses which are relevant to their appointment.

Risk management

The trustees regularly review and identify the major risks to which the charity is exposed, and establish systems to mitigate those risks. The major risk to the charity is the downturn in funding available to cover core costs, which is a general problem throughout the whole sector. This was identified and steps taken to mitigate this financial risk have included selected redundancies and other cost cutting measures as well as introducing delivery charges to customers. In the meantime funding applications continue to be made to cover as much of core costs as possible.

A key element in the mitigation of Financial Risks is the setting of a suitable reserves policy to ensure reserves are available to cover future funding downturns.

Organisational structure

The Council of Management meets bimonthly and is responsible for the strategic direction and policy of the charity. The day to day operation of the charity is delegated to the fulltime manager and his team, but the Council oversee the operation through the reports made by the manager to the council meetings and by regular consultation with the Board on an on going basis.

Related parties

The charity has no related parties other than Council members and their immediate families.

FURNITURE RECLAMATION AND DELIVERY ENTERPRISE
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REPORT OF THE TRUSTEES (continued)
YEAR ENDED 31ST MARCH 2006

OBJECTIVES AND ACTIVITIES

The company is a registered charity whose principal object is the provision of furniture and household items to people in need. It does this by facilitating the donation of suitable items of furniture from members of the public, which are then available for sale to people in need at a reasonable cost. This not only provides a service to the public but ensures the efficient recycling of furniture and household items which would otherwise be dumped and scrapped.

ACHIEVEMENTS AND PERFORMANCE

The charity has had a steady year with sales of furniture of £96978, exceeding the budgeted figure of £95000. Big Lottery grant assistance ended on 31st December 2005 and the trustees are actively seeking other sources of funding. A joint bid with Settlement (Furniture) Services Limited to the DEFRA Waste Partnership Fund has yielded funding of £29600 for a year starting on 1st May 2005 to fund two members of staff in setting up a pilot scheme in Darlington. This is now up and running and has contributed to the increase in furniture sales.

FINANCIAL REVIEW

The statement of financial activities on page 6 shows the results for the year. There is a surplus for the year of £17632 which compares favourably with a budgeted deficit of £24404. Despite the loss of some core funding, the trustees remain confident about the charity's future.

Investment policy

Aside from retaining a prudent amount in reserves each year, most of the charity's funds are to be spent in the short term so there are no funds available for long term investment. Any surplus funds are held in a deposit account with the CAF Bank Limited, where they are immediately available.

Reserves policy

The charity's reserves policy states that it should hold sufficient free reserves (i.e. reserves not restricted or tied up in fixed assets) to cover 6 months budgeted expenditure plus contingent redundancy liabilities. At 31st March 2006 the free reserves were £46800, which does not meet the targeted figure of £65000 but the trustees hope to increase this level in the coming years.

PLANS FOR FUTURE PERIODS

The charity plans to continue the activities outlined above in the forthcoming years, subject to satisfactory funding arrangements. The trustees are looking forward to the challenge of developing the charity over the coming years, seeing it moving into other geographical areas and expanding into the field of educating the public about reclamation and recycling.

FURNITURE RECLAMATION AND DELIVERY ENTERPRISE
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REPORT OF THE TRUSTEES (continued)
YEAR ENDED 31ST MARCH 2006

RESPONSIBILITIES OF THE COUNCIL OF MANAGEMENT

The trustees are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure for the year. In preparing those financial statements, the trustees are required to:

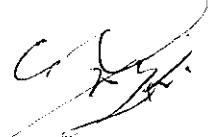
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

This report has been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the trustees on 16th May 2006 and signed on its behalf by:

Ken Griffiths



TRUSTEE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FURNITURE RECLAMATION AND DELIVERY ENTERPRISE
(Limited by Guarantee – not having a share capital)

We have audited the financial statements of Furniture Reclamation and Delivery Enterprise for the year ended 31st March 2006 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein and the Financial Reporting Standard for Smaller Entities (January 2005).

This report is made solely to the 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 auditor's 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 Trustees and Auditors

As described in the Statement of Trustees Responsibilities the trustees (who are also the directors of Furniture Reclamation and Delivery Enterprise for the purposes of company law) are responsible for the preparation of the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Trustees Annual Report 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 Trustees remuneration and transactions with the charity is not disclosed.

We read other information contained in the Trustees Annual Report, 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 misstatement or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give 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.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charity's affairs as at 31st March 2006 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

S V Bye
Chartered Accountants
Registered Auditors

23/5/06

New Garth House
Upper Garth Gardens
GUISBOROUGH
TS14 6HA

FURNITURE RECLAMATION AND DELIVERY ENTERPRISE
(Limited by Guarantee – not having a share capital)

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31ST MARCH 2006

	Note	Unrestricted Funds £	Restricted Funds £	2006 Total Funds £	2005 Total Funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
<i>Voluntary income</i>					
Donations	2	4705	-	4705	7092
<i>Activities for generating funds</i>					
Investment income and interest		1663	-	1663	1234
Incoming resources from charitable activities					
Sale of furniture		78757	-	78757	72822
Stockton					
Darlington		18221	-	18221	-
Grants received and similar income	3	4000	73435	77435	50048
TOTAL INCOMING RESOURCES		<u>107346</u>	<u>73435</u>	<u>180781</u>	<u>131196</u>
RESOURCES EXPENDED					
Charitable activities					
Provision of furniture etc		90960	64874	155834	133046
Governance costs		<u>2742</u>	<u>3240</u>	<u>5982</u>	<u>4886</u>
TOTAL RESOURCES EXPENDED	5	<u>93702</u>	<u>68114</u>	<u>161816</u>	<u>137932</u>
Net Incoming Resources					
Net income for the year		13644	5321	18965	(6736)
Fund balances brought forward		<u>33791</u>	<u>5484</u>	<u>39275</u>	<u>46011</u>
FUND BALANCES CARRIED FORWARD	13	<u>47435</u>	<u>10805</u>	<u>58240</u>	<u>39275</u>

FURNITURE RECLAMATION AND DELIVERY ENTERPRISE
(Limited by Guarantee – not having a share capital)

BALANCE SHEET

AS AT 31ST MARCH 2006

	Note	2006		2005	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		10107		12910
CURRENT ASSETS					
Debtors	10	5602		3578	
Cash at Bank and in Hand		45751		25199	
		<u>51353</u>		<u>28777</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(3220)		(2412)	
NET CURRENT ASSETS			48133		26365
NET ASSETS			<u>58240</u>		<u>39275</u>
UNRESTRICTED FUNDS					
- General Fund			47435		33791
RESTRICTED FUNDS			10805		5484
TOTAL FUNDS	13		<u>58240</u>		<u>39275</u>

The Financial Statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (January 2005).

M J Tomlin

R Lawton

Approved by the Board: 16th May 2006

The notes on pages 8 to 13 form part of these accounts

FURNITURE RECLAMATION AND DELIVERY ENTERPRISE
(Limited by Guarantee – not having a share capital)

NOTES TO THE ACCOUNTS
YEAR ENDED 31ST MARCH 2006

1. ACCOUNTING POLICIES

- a) The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (January 2005), the Companies Act 1985 and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice issued in March 2005
- b) Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. Donated furniture produces income when it is sold. Where services are provided to the charity as a donation that would normally be purchased from suppliers, this contribution is included in the financial statements at an estimate based on contribution to the charity. The value of services provided by volunteers is not included.
- c) Grants, including 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.
- d) Incoming resources from the provision of furniture and from investments are included when receivable
- e) Resources expended are recognised in the period in which they are incurred.
- f) Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration on each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which is an estimate, based on staff time, of the amount attributable to each activity:
- | | |
|------------------------|-----|
| Provision of furniture | 95% |
| Governance costs | 5% |
- g) Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life. The rates used are:
- | | |
|----------------------------|-------------------------|
| Motor Vehicles | 25% on reducing balance |
| Computer | 25% on reducing balance |
| Equipment and phone system | 20% on reducing balance |
- h) Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.
- i) Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.
- j) The only stocks held are of donated furniture which has no cost to the charity.

FURNITURE AND RECLAMATION AND DELIVERY ENTERPRISE
(Limited by guarantee – not having a share capital)

NOTES TO THE ACCOUNTS
YEAR ENDED 31ST MARCH 2006

2. DONATIONS	Unrestricted	Restricted	2006 Total	2005 Total
	£	£	£	£
General Donations	35	-	35	-
Sedgefield	-	-	-	7092
Stockton Borough Council	4670	-	4670	18206
	<hr/>	<hr/>	<hr/>	<hr/>
	4705	-	4705	25298
	<hr/>	<hr/>	<hr/>	<hr/>

3. INCOMING RESOURCES FROM ACTIVITIES TO FURTHER THE CHARITY'S OBJECTS

	Unrestricted	Restricted	2006 Total	2005 Total
	£	£	£	£
Grants received and similar income				
Big Lottery Fund	-	36535	36535	46183
DEFRA	-	29600	29600	-
Teesside University	-	-	-	3865
Sherburn Hospital	-	7300	7300	-
Willan	3000	-	3000	-
B Sunley	1000	-	1000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4000	73534	77534	50048
	<hr/>	<hr/>	<hr/>	<hr/>

4. SERVICES PROVIDED BY VOLUNTEERS

Services are provided by volunteers from HMP Kirklevington Grange. During the year 3000 hours (2005: 3000 hours) were provided by these volunteers.

FURNITURE RECLAMATION AND DELIVERY ENTERPRISE
(Limited by guarantee – not having a share capital)

NOTES TO THE ACCOUNTS
YEAR ENDED 31ST MARCH 2006

5. TOTAL RESOURCES EXPENDED

	Basis of allocation	Provision of charitable services	Governance costs	2006 Total	2005 Total
Costs directly allocated to activities		£	£	£	£
Direct supplies and services	Direct	48670	-	48670	46688
Audit	Direct	-	646	646	565
Depreciation	Direct	3333	-	3333	4260
Support costs allocated to activities					
Management salaries & on costs	Staff time	97403	5127	102530	82125
Office running costs	Usage	6428	209	6637	4294
Total		155834	5982	161816	137932

6. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging:

	2006	2005
	£	£
Depreciation	3333	4260
Trustees' remuneration	NIL	NIL
Auditor's remuneration		
- Audit Services	646	565
	<hr/>	<hr/>

FURNITURE RECLAMATION AND DELIVERY ENTERPRISE
(Limited by Guarantee – not having a share capital)

NOTES TO THE ACCOUNTS
YEAR ENDED 31ST MARCH 2006

7. STAFF COSTS AND NUMBERS

	2006	2005
Staff costs were as follows:	£	£
Wages and Salaries	94625	75630
Social Security Costs	6996	5587
Pension costs	909	908
	<u>102530</u>	<u>82125</u>

No employee received emoluments of more than £60,000 in either the current or previous year.

The average weekly number of employees during the year, calculated on the basis of full time equivalents, was as follows:-

	2006	2005
	No	No
Manager	1	1
Administration	1	1
Others	6	4
	<u>8</u>	<u>6</u>

8. TAXATION

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

9. FIXED ASSETS

	Computer	Equipment	Motor	Total
	£	£	Vans	£
			£	
COST				
At 1 st April 2005	1196	1175	20294	22665
Addition	530	-	-	530
At 31 st March 2006	<u>1726</u>	<u>1175</u>	<u>20294</u>	<u>23195</u>
DEPRECIATION				
At 1 st April 2005	973	653	8129	9755
Charge for the Year	188	104	3041	3333
At 31 st March 2006	<u>1161</u>	<u>757</u>	<u>11170</u>	<u>13088</u>
NET BOOK VALUE				
At 31 st March 2006	<u>565</u>	<u>418</u>	<u>9124</u>	<u>10107</u>
At 31 st March 2005	<u>223</u>	<u>522</u>	<u>12165</u>	<u>12910</u>

There were no commitments to capital expenditure at 31st March 2006 or at 31st March 2005.

FURNITURE RECLAMATION AND DELIVERY ENTERPRISE
(Limited by Guarantee – not having a share capital)

NOTES TO THE ACCOUNTS
YEAR ENDED 31ST MARCH 2006

10. DEBTORS	2006 £	2005 £
Prepayments and other debtors	5267	3228
VAT	335	350
	<u>5602</u>	<u>3578</u>

All debtors are receivable within one year.

11. CREDITORS: Amounts falling due within one year	2006 £	2005 £
Other Creditors and accruals	1150	1157
Social Security and other taxes	2070	1255
	<u>3220</u>	<u>2412</u>

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds £	Restricted Funds £	Total Funds £
Tangible Fixed Assets	5994	4113	10107
Current Assets	44661	6692	51353
Current Liabilities	(3220)	-	(3220)
	<u>47435</u>	<u>10805</u>	<u>58240</u>

FURNITURE RECLAMATION AND DELIVERY ENTERPRISE
(Limited by Guarantee – not having a share capital)

NOTES TO THE ACCOUNTS
YEAR ENDED 31ST MARCH 2006

13. MOVEMENT IN FUNDS	At 1st April 2005 £	Incoming Resources £	Outgoing Resources £	At 31st March 2006 £
Restricted Funds				
- Big Lottery Fund	-	36535	(36535)	-
- DEFRA	-	29600	(29600)	-
- Sherburn Hospital	-	7300	(608)	6692
- Fixed Asset	5484	-	(1371)	4113
	<hr/>	<hr/>	<hr/>	<hr/>
	5484	73435	(68114)	10805
Unrestricted Funds				
- General Fund	33791	107346	(93702)	47435
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<hr/> 39275 <hr/>	<hr/> 180781 <hr/>	<hr/> (161816) <hr/>	<hr/> 58240 <hr/>

Purposes of restricted funds:

Big Lottery Fund	This fund was to finance the payment of salaries to key employees. It ended on 31 st December 2005.
DEFRA	This fund was to finance salaries at the Darlington Depot, but this ended on 31 st March 2006.
Sherburn Hospital	This is a contribution towards accommodation costs at Darlington.
Fixed Asset	This balance represents the un-depreciated proportion of grants used to purchase the delivery van.