

**Report of the Trustees and
Financial Statements
for the year ended 31st December 2008**

for

**Valleys Furniture Recycling Limited
(Limited by Guarantee)**

Trading as "Too Good to Waste"

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COMPANIES HOUSE

**Valleys Furniture Recycling Limited
(Limited by Guarantee)**

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For the year ended 31st December 2008**

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**Valleys Furniture Recycling Limited
(Limited by Guarantee)**

Report of the Trustees

Year ended 31st December 2008

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31st December 2008.

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities

We are pleased to report that during the year, the core Charity activities were maintained and a number of individually funded projects managed.

Administrative details

Charity name	Valleys Furniture Recycling Limited t/a toogoodtowaste											
Registered Numbers	Company Number: 3286173 Charity Number: 1064588											
Registered Office	Unit 12 Highfield Industrial Estate, Ferndale, Rhondda Cynon Taf CF43 4SX											
Other operating Premises	Unit 3 Aberaman Ind. Park, Aberaman, Aberdare, Rhondda Cynon Taf. CF44 6DA Unit 1 Standard Ind. Estate, Ynyshir, Porth, Rhondda Cynon Taf. CF39 0RF											
Board of Directors and Trustees	<p>The directors of the charity are its Trustees, for the purpose of charity law and throughout this report they are collectively referred to as trustees.</p> <table><tr><td>Martyn Birch (Chairman)</td><td>David Lewis (Vice Chairman)</td></tr><tr><td>Alan Thomas (Treasurer)</td><td>Vic Chambers</td></tr><tr><td>Tony Croke</td><td>Shiela Rees</td></tr><tr><td>Adrian Thomas</td><td>Melinda Evans</td></tr><tr><td>Anthony O'Connell</td><td></td></tr></table>		Martyn Birch (Chairman)	David Lewis (Vice Chairman)	Alan Thomas (Treasurer)	Vic Chambers	Tony Croke	Shiela Rees	Adrian Thomas	Melinda Evans	Anthony O'Connell	
Martyn Birch (Chairman)	David Lewis (Vice Chairman)											
Alan Thomas (Treasurer)	Vic Chambers											
Tony Croke	Shiela Rees											
Adrian Thomas	Melinda Evans											
Anthony O'Connell												
Advisors	<p>Auditors Broomfield & Alexander Limited Chartered Accountants & Auditors Pendragon House, Caxton Place Pentwyn, Cardiff CF23 8XE</p> <p>Solicitors Dolmans Solicitors 17-21 Windsor Place Cardiff CF10 3DS</p>	<p>Bankers Barclays Bank plc Pontypridd Rhondda Cynon Taf CF37 4YA</p> <p>Geldards Solicitors 1 Dunfries House Cardiff CF10 3ZF</p>										
Company Secretary and Chief Executive Officer	Lynda Davies											
General Manager	Shaun England (appointed September 2008)											

**Valleys Furniture Recycling Limited
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Structure, Governance & Management

Valleys Furniture Recycling registered as a charity in September 1994 and incorporated on 2nd December 1996. On 19th June 2000 it registered as a company limited by Guarantee and adopted its Memorandum and Articles of Association. This was amended on 25th March 2002 to accept the use of the trading name 'toogoodtowaste'. The business of the Company is managed and administered by a Board of Directors (Trustees) who is accountable to the members of the Company. The Board of Trustees can have up to 15 members. Full Board meetings are held Bi-monthly and Finance sub committee meetings monthly.

Appointment of Trustees

As set out in the Articles of Association, new trustees are nominated by a FULL member of the Company and proposed to the membership at the next Annual General Meeting. Only A FULL member can be proposed for nomination. A third of Trustees must retire by rotation (longest in office) at each AGM, but may put themselves forward for re-election. The Trustees have the power to co-opt further members to fill specialist roles. Co-opted members must retire prior to the next AGM but may present themselves for election at the AGM. The Chair of the Trustees is elected by the Board at their first business meeting following the AGM.

Trustee recruitment; induction and training

Potential new trustees are encouraged to attend an informal meeting with representatives from existing Board members to discuss the Values, Aims and Objectives of the Company and their obligations under Charity and Company Law before agreeing to be nominated. Following appointment, there is an induction process to familiarise trustees with key documents and procedures including: the Memorandum and Articles of Association; business plan and financial reports. During the induction new trustees will meet personnel and are encouraged to attend appropriate external training events.

Company members

The Directors may admit to 'Full Membership' individuals over the age of 18 years and/or any society, unincorporated association or company who are in agreement with the objects of the Company. The Directors may also accept employees of the Company or their immediate family as an 'Associate Member'. An 'Associate Member' cannot be nominated as a Trustee.

As at 31st December 2008, there were 51 paid up members of the company (40 members in 2007).

- 48 FULL MEMBERS (consisting of 37 individuals and 11 groups)
- 7 ASSOCIATE MEMBERS

The liability of the members of the company is limited to £1 each. Every member of the Company undertakes to contribute £1 to the Company's assets if the company should be dissolved whilst she/he is a member.

Vision Statement	Maximise potential – minimise waste
Mission Statement	toogoodtowaste is committed to changing people's lives everyday, through developing and implementing sustainable Social Enterprises that meet the changing needs of the communities we serve.
Organisational Structure	The Chief Executive Officer is supported by a General Manager (who is responsible for the day-to-day Management). They both report directly to the Board of Directors. Financial recording and reporting is undertaken by a part time Finance Officer and a Finance Assistant. Customer services, volunteer supervision and transportation are provided by 6 paid staff. A Domestic Appliance Engineer is employed. Volunteers throughout the organisation undertake supervisory and operational duties.
Related parties	To identify and assist those people in greatest need. The Charity works with other Charities, Housing Associations, Community groups and Local Authority Social Services Departments who refer individuals and families. There is a Memorandum of Understanding with the Local Authority (L.A.) to complete the Strategic Recycling Scheme (SRS) project.

**Valleys Furniture Recycling Limited
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Objectives and activities

Objects and Principal Activities of the Charity	<p>The charity exists to assist with the relief of poverty:</p> <ul style="list-style-type: none"> • providing access to affordable household items • reducing waste to landfill through the recycling of items that would otherwise be thrown away and by advancing more sustainable waste management practices. • through training and work based learning
Develop an Asset base	<p>With funding under the Strategic Recycling Scheme (SRS) and in partnership with the Rhondda Cynon Taf Local Authority, an industrial unit in Ynysir has been successfully redesigned and renovated to provide a centralised community run, re-use and recycling facility within the County Borough.</p> <p>Despite numerous set-backs and challenges, this three year project, was successfully completed in March 2008 and opened to the public in April 2008. The official opening was attended by Assembly Member Jane Davidson who acknowledged the importance of involving communities throughout Wales in helping to tackle the negative effects of climate change, through increased re-use and recycling. The Welsh Assembly will set targets for both recycling and re-use in Wales and organisations like toogoodtowaste will play an important role in providing services that engage and enable communities to actively re-use and recycle as a means of creating employment, boosting the economy and minimising waste.</p> <p>The organisation has negotiated a 21yr lease with an option to purchase and initial rent free period up to 2012.</p>
Helping people on low incomes	<p>The company continues to offer 'start-up packages' (Suite, bed, table & chairs, wardrobe, units, crockery & cutlery. etc) and discounted delivery charge to low income households. Working in partnerships with Social Services, Housing associations and other Charities (Women's Aid, NCH, YMCA and Traith) enables the organisation to provide practical support where it is needed most.</p>
Increase range and quality of furniture available	<p>Domestic Electrical appliances The new facility at Ynysir includes a purpose built domestic electrical repair workshop and has enabled the organisation to provide domestic electrical appliances that have been tested and recorded as required by the WEEE regulations. However problems with the National 'take-back' scheme significantly reduced the number of appliances available for re-use throughout Wales, so to help meet customer demand for safe and affordable appliances, a number of un-used graded appliances were purchased for re-sale.</p> <p>Mattresses – Graded mattresses were purchased for re-sale to match up with pre-owned bed bases, therefore improving the quality of stock available to beneficiaries.</p>
Increase quantity of items available for re-use	<p>SRS warehouse open to public The new facility is located alongside the new Porth bi-pass road and is within easy access of bus and road links therefore improving accessibility and increasing public awareness of services available.</p> <p>Heads of Valley funding enabled the purchase of a new Van to transport the increased levels of collections and deliveries.</p>
Development of people	<p>The Company has a general aim of Social Enterprise and Community Regeneration provided through work based learning and training. The SRS European Social Fund and the Employers Pledge programme was delivered throughout 2007 and completed in 2008. The learning and training provided transferable skills; improved confidence and offered a professional learning experience.</p> <p>Opportunities to provide work-based learning and training have increased with a new Call centre facility using up-to-date ICT systems and electronic tills, chip n pin machines and barcode equipment was introduced within customer services.</p>
Reducing waste to landfill	<p>The company has improved & increased re-use facilities within the County Borough and continues to raise awareness of community engagement in waste minimisation.</p>

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Achievements and performance

During the first half of 2008, services were disrupted as the organisation adjusted to running services out of the new Ynysyhir unit and the reduced revenue funding of £126K p.a. (SRS project completed) resulted in staff insecurity and the redundancy of two managers. The appointment of a new General Manager in September 2008 with funding from the Tudor Trust has enabled the organisation to rebuild morale and service delivery.

Own income generation	<p>Increased by £45,339 over 2007 (37%) This increase was mostly due to the increase in Electrical sales, the introduction of a delivery charge and increased sales from the Ynysyhir charity shop.</p> <p>Overall, sales from the charity shops increased by 12%, however, in the final quarter of 2008, over 300 people a month were selecting items - an increase of 35% over the similar period in 2007.</p> <p>Electrical sales increased from £2,760 to £28,553 (this includes bought in goods of £9,739).</p>
Helping low income households	<p>In 2008 12 different organisations referred over 85 people in need for help. The majority of the referrals were for a complete furniture package. Providing this service demands significant resources – furniture, vans, drivers, porters, quality control etc. However, the service is provided on a charitable basis for £150 per referral. Despite not having any budgeted funds, the organisation provided three families in crisis, with the household furniture package they needed.</p> <p>BBC Children in need provided funding to help 24 young people under the age of 18. Beneficiaries were described by their support workers as "young and vulnerable" all of them less than 18 years old, most of them girls of 16 years who were homeless and without financial support. Rhondda Housing (12) and Newydd Housing funded furniture packages (8) for new tenants in need.</p>
Diversion from landfill	<p>The additional storage has increased the volume of goods accepted for reuse with 164,567 kgs being diverted from landfill and in the final quarter weight re-used increased by 26% compared with same period in 2007.</p> <p>Donations of items reduced slightly in 2008 (from 8485 in 2007 to 8432 in 2008). However in the final quarter, with additional advertising and transport, collections increased by 7% over the same period in 2007. The number of people donating remained consistent with previous year (2,900).</p>
Development of people	<p>57 people participated in a varied programme, depending upon their individual ability and their areas of interest. Sixteen different training opportunities were delivered including: NVQ level 4 in Management and Institute of Leadership & Management; First Aid at work; Manual handling; Project management; City & Guilds Numeracy & Literacy and Essential Skills and Word Processing. This programme ended with a successful team building and customer service training event for all volunteers and employees. Basic skills' learning was also provided in partnership with Colleg Morganwg and the Employers Pledge Programme.</p>
Volunteering and placements	<p>102 people supported the organisation in an unpaid capacity during 2008, providing 30,837 unpaid working hours (Value of £179,471). This included 3 school placements; 57 Volunteers and 42 work experience placements. Volunteer hours increased by 60% over 2007, with additional support required at the new facility and to meet increased levels of activity.</p>

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New income streams

<p>RCT Economic Development Fund</p>	<p>E-commerce website – toogoodtowaste online pilot project (Nov 08 – March 2009) A pilot project to set up an e-commerce website where customers can view and purchase, re-use items 'on-line'. In addition to providing an 'on-line- shop window to the services provided by this organisation and a wider network of potential beneficiaries, if successful, this project would also provide an additional income stream for the organisation. It will also increase re-use and recycling; and create further training & work based learning opportunities using ICT equipment and systems. The funding has created an additional paid post and new website www.toogoodtowaste.co.uk. The initial project is funded until March 2009, however, continued funding may be available if the grant programme with Rhondda Cynon Taf Economic Development is extended.</p>
<p>RCT Economic Development Fund</p>	<p>Ethical House clearance pilot project (Nov 08– March 2009) Following requests from customers to clear properties with a view to recycling and re-using as many items as possible, this pilot project enables the organisation to investigate the impact and benefits of providing this service. Partnership working has already been agreed with three community partners. - The Arts Factory (Amazon book resale: Valleys Kids (bicycle renovation project) and Tools for Self Reliance. It is anticipated that this project will also increase the range of goods currently offered to beneficiaries of toogoodtowaste, for example clothing and textiles. This project is initially funded until March 2009, however, continued funding may be available if the grant programme with Rhondda Cynon Taf Economic Development is extended</p>

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Charity - Public Benefit

<p>Commissions guidance on public benefit</p>	<p>The Trustees have referred to the guidance contained in the Charity Commissions' general guidance on public benefit. The Trustees will continue to consider how planned activities will contribute to the aims and objectives they have set.</p>
<p>Significant activities undertaken to further its charitable purposes for the public benefit</p>	<p>Initially, access to furniture was restricted to 'low income households', however this limited turnover and gave the wrong message – 'only poor people choose to reuse' and only poor people should become actively involved in recycling! As the County Borough of Rhondda Cynon Taf is an area of high deprivation (<i>with 17 of the 53 electoral wards ranked in the top 100 of the Wales index of multiple deprivation (2001)</i>), after much consultation with members, referral organisations etc., in 2006, the services were made available to all residents.</p> <p>People who are referred by a partner organisation as being 'in need' or those on an 'income based benefit' are offered discounted furniture packages and reduced delivery charge as a means of alleviating the affects of poverty.</p> <p>Working in partnership with other organisations that provide 'emotional support services' (e.g. Social Services departments; Women's Aid; Drug & Alcohol support services; Churches; Social Services; NCH, Barnardos, British Legion etc.). The practical help provided by this organisation, enhances the work of its partners, therefore increasing the overall impact of the assistance provided. For example, a child receiving help on a bed wetting programme (from another Charity) can be provided with a replacement bed through our service as part of partnership working. Or, a homeless person being provided with their first tenancy can be provided with furniture, household items, curtains, cutlery etc., as a start up package, thus turning an empty property into a home.</p> <p>Many of the people referred to this organisation for help are in crisis situations without any financial support. The organisation has been described as the "fourth emergency service" and has provided help immediately to people affected by fire, flood and domestic violence. Providing furniture 'start-up' packages to new tenants has lowered 'tenancy voids' and alleviated long-term debt.</p> <p>Services are driven by the need to feel proud of the help provided and for beneficiaries to feel positive about the help received either as a customer or volunteer.</p> <p>With high levels of unemployment in the area and few opportunities for people to gain work experience, European grant funding has been invested in ICT, retailing equipment and training packages to provide volunteers and placements with transferable skills to enhance their employment opportunities. 42% of volunteers have left to gain employment or return to education. Many of the volunteers were introduced as beneficiaries of the service.</p> <p>Items are quality control checked, minor repair and cleaning is provided where necessary before being made available with the Charity Shops (Ynyshir, Ferndale and Aberaman). Using the new workshop facility at Ynyshir, the repairs are undertaken by Volunteers of the organisation or by other community groups who use the workshop for training and supporting vulnerable people (for example Gofal Cymru, who work with people with mental health difficulties).</p> <p>Working as part of the Furniture Re-use network and Cylch, the organisation has supported the development of other waste minimisation services.</p> <p>External grants are sought to provide free furniture packages to low income households for example BBC CIN and housing associations.</p>

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Financial Review

Completion of the SRS capital project had been delayed in 2007 following a dispute between WCVA and the European Funding Office. This delay incurred additional revenue costs over the life of the project and resulted in insufficient unrestricted revenue funding being available to cover the resources expended in 2008.

Risk Management	<p>The Trustees review risks as part of their strategic planning process, in 2008 the following actions were taken to mitigate identified risks.</p> <ol style="list-style-type: none"> 1. Insecure and costly rental of premises - The company aims to develop a secure asset base from which it can sustain existing charitable services as well as develop additional income streams to replace the reliance upon grant funding. The completion of the SRS project includes within the lease an option to purchase before 2012. 2. To reduce the ongoing risk of vandalism and criminal damage sustained at the newly refurbished property in Ynyshir, capital funding from the Coalfields Regeneration Trust provided additional security fencing and a permanent CCTV/Alarm system was installed. 3. Insufficient reserves and short term project funding negatively affects staffing, increasing the risk of retaining employees and attracting new employees when vacancies occur. New funding was secured from the Tudor Trust to provide funding of £90,000 over a three year period, to employ a new General Manager to support the development of additional income streams; maintain existing charitable services and offer succession to the Chief Executive. 4. Develop additional income generating streams to provide sufficient revenue funding to maintain existing services and replace grant funding. 5. Reduced rent cost – terminated lease on storage units' 7 & 8 Ferndale.
Incoming Resources – generated funds	<p>The value of incoming grants in 2008 was £233,107, compared with £484,949 in 2007 a drop of over 50% and is the consequence of the end of the SRS European grant in March 2008. Whilst the majority of the funding was for Capital expenditure, this grant also provided £126k of revenue income that part funded a number of staff posts.</p> <p>Donations also decreased in 2008 from £2,550 in 2007 to £659 in 2008 (2007 included the Community Recycler award of £2k).</p> <p>Bank Interest reduced inline with the reduction in cash reserves as the capital project neared completion.</p>
Incoming Resources – from charitable activities	<p>The Service level agreement with RCT Environmental services was maintained at £20,000 for the year.</p> <p>Household items supplied increased by 37% (£168,571 in 2008; £123,232 in 2007) and reflected the strategic aims of the company:</p> <ul style="list-style-type: none"> - Increase volume of goods supplied - Increase range of goods (domestic electrical appliances) - Increase income streams (delivery charge) <p>Income from higher value items also increased by 53% (£5,315 in 2008; £3,483 in 2007).</p>
Resources expended	<p>The cost of providing Charitable Services increased in the year from £356,513 to £440,105 (£83,592) with £154,074 allocated against the restricted funds (SRS). The most significant increases were incurred in:</p> <p>Event costs - £30,745 increase for volunteer costs and training as part of the SRS project.</p> <p>Additional costs associated with setting up of new facility at Ynyshir included: Admin (increase of £14,955 due to additional ICT & telephone costs to set up additional premises and systems). Also - Premises, Legal, Depreciation and Advertising. (increase of £23,624)</p> <p>New mattress & domestic electrical appliances were purchased for £11,299</p>
Net incoming/ outgoing resources	<p>Despite an increase of 37% in own income generation, the reduction in revenue funding and the increase in resources expended has resulted in a deficit of £88,032 in the unrestricted fund.</p>

**Valleys Furniture Recycling Limited
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Future plans - Sustainability

The organisation needs to increase income generation and reduce operating costs urgently, to replace the European funding that ended in March 2008. With the new facility at Ynyshir now established, the organisation could down-size its current activities and operate solely from the new unit. However, operating from one valley would make it more difficult for low-income households to access the services provided (poor public transport links between the 3 separate valleys). The income generation and costs per unit will be reviewed in 2009 and operating costs reduced where possible.

New income generating projects	<p>Clean stream Carpets Work in partnership with Cleanstream Carpets CIC to trial a carpet tile re-use project. Initially the role of the organisation will be to provide warehousing and sorting of the tiles using space available in the Ferndale Unit. This will be a new income stream for the organisation covering direct costs and contributing to the overhead costs associated with the Ferndale building.</p>
	<p>Ethical House clearance – pilot project The initial 6 month project was extended to September 2009. Partnerships will be developed with other groups to increase re-use and recycling within the community for example: Valley Kids, Arts Factory, Tools for self reliance, Invalid aid providers, Vision aid etc. An information leaflet will be circulated to Solicitors, Estate agents etc. to raise awareness of the service. Evaluation of the project may result in further funding application.</p>
	<p>E-commerce website– pilot project The initial 6 month project was extended to September 2009. The new website will be linked with partner organisations and networks to increase usage. A variety of items will be listed to raise awareness of the service and increase income generation. Items will also be identified and listed on Ebay, therefore increasing income generation. Suitable volunteers and placements will be identified and trained to use the e-commerce site, including photography, uplifting of data, researching product and responding to customer enquiries.</p>
	<p>Review of Charity shop location and best use of resources During 2008 the Community Enterprise Wales undertook a feasibility study into the potential to increase income generation through a 'high street – charity shop' presence. Building on this study, the organisation will review the impact the new central warehouse facility and consider which locations are best suited for the Charity Shops, to minimise expenditure and maximise income generation.</p>
Operating costs reduction	<p>Premises costs Review and reduce - heating / electricity / broadband & Telephone costs. Monitor and evaluate income v expenditure per branch. Volunteer costs - minimise number of placements offered to suit needs of organisation, restrict and reduce sustenance payments. Staffing costs Only create new employment if and when grant funding is secured.</p>
Fundraising	<p>Capital expenditure – Seek grant funding to purchase replacement capital items and update ICT equipment. Work based training & learning – Seek opportunities for funding through work-based learning and training e.g. Future Fund, Employment Gateway and GirVol. Pilot projects – Seek ongoing funding for the pilot projects that started in 2008, subject to evidence of income generation and long-term sustainability. Core staff costs – Seek funding for staff posts over 2 – 3 year period to retain the skills and expertise of key staff.</p>

**Valleys Furniture Recycling Limited
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Trustees responsibilities in relation to the financial statements

Company law requires the trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Make sound judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the 'going concern' basis unless it is appropriate to presume that the charity will continue in business

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with the Companies Act 1985. The trustees 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.

Statement as to disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information (as defined by Section 234Za of the Companies Act 1985) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

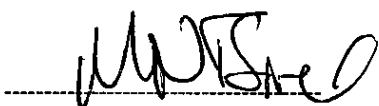
Auditors

A resolution will be proposed at the Annual General Meeting that Broomfield & Alexander to be re-appointed as auditors to the charity for the ensuing year.

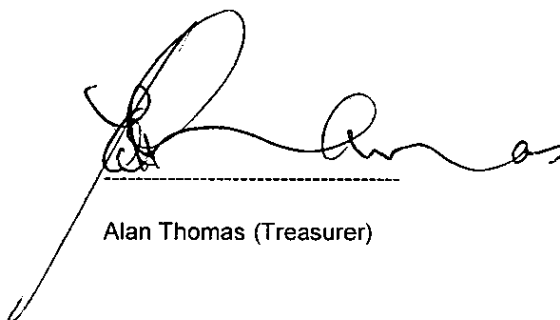
Small company exemptions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities and the Financial Reporting Standards for Smaller Entities (effective January 2007).

By order of the Trustees



Martyn Birch (Chairman)



Alan Thomas (Treasurer)

Date 08/09/09

**Valleys Furniture Recycling Limited
(Limited by Guarantee)**

Report of the Independent Auditors to the Members

We have audited the financial statements for the year ended 31st December 2008 which comprise of the Statement of Financial Activities, the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2007), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Charity's Trustees, 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 Trustees those matters which 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's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

The directors also act as trustees for the charitable activities of Valleys Furniture Recycling Limited. The Trustees' responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

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 Section 235 of the Companies Act 1985 and for no other purpose. We also report to you if, in our opinion, the Report of the Trustees 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 are not required to consider whether the statement in the Trustees' Report concerning the major risks to which the Charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the Charity's risk management and control procedures.

We read other information contained in the Trustees 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 misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information, beyond that referred to in this paragraph.

Basis of audit opinion

We conducted our audit in accordance with International Standard 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 the 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.

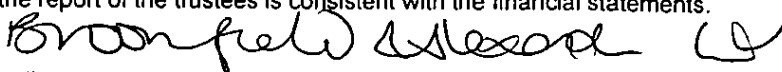
Opinion

In our opinion the financial statements;

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of charitable company's affairs as at 31st December 2008 and of their incoming resources and application of resources for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985

In our opinion the information given in the report of the trustees is consistent with the financial statements.

Broomfield & Alexander Limited
Chartered Accountants & Registered Auditors
Pendragon House
Caxton Place
Pentwyn
Cardiff
CF23 8XE



Date 8/9/09

Valleys Furniture Recycling Limited
(Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE
YEAR ENDED 31 DECEMBER 2008

	Note	Unrestricted Funds	Restricted Funds	2008 Total Funds	2007 Total Funds
		£	£	£	£
Incoming Resources					
Incoming resources from generated funds					
Voluntary Income:					
Grants	2	1,800	231,307	233,107	484,949
Donations	3	659	-	659	2,550
Investment Income:-					
Bank Interest		3,395	-	3,395	7,010
Incoming resources from charitable activities					
Service level agreement	4	20,000	-	20,000	20,000
Household items supplied	5	166,831	1,740	168,571	123,232
Higher value furniture		5,314	-	5,314	3,483
Other incoming resources					-
Total Incoming Resources		<u>197,999</u>	<u>233,047</u>	<u>431,046</u>	<u>641,224</u>
Resources Expended					
Charitable activities					
Service provision	6	259,283	112,063	371,346	328,853
Development of people	6	19,223	42,011	61,234	21,818
Governance costs	6	<u>7,525</u>	<u>-</u>	<u>7,525</u>	<u>5,842</u>
Total Resources Expended		<u>286,031</u>	<u>154,074</u>	<u>440,105</u>	<u>356,513</u>
Net incoming/outgoing resources		(88,032)	78,973	(9,059)	284,711
Transfer between funds		10,156	(10,156)	-	-
Net movement in funds		(77,876)	68,817	(9,059)	284,711
Total funds brought forward from previous year		<u>116,720</u>	<u>304,768</u>	<u>421,488</u>	<u>136,777</u>
Total funds carried forward	17	<u>38,844</u>	<u>373,585</u>	<u>412,429</u>	<u>421,488</u>

The statement of financial activities includes all gains and losses in the year.
All incoming resources and resources expended derive from continuing activity.

The notes of pages 13 to 23 form part of the financial statements.


Valleys Furniture Recycling Limited
(Limited by Guarantee)

BALANCE SHEET AS AT 31 DECEMBER 2008

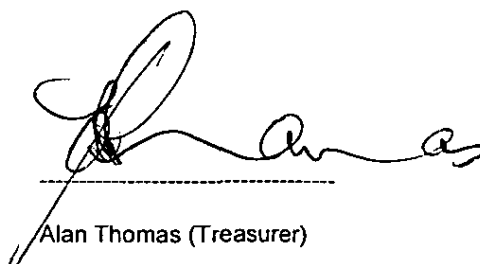
	Notes	2008	2007
		£	£
Fixed Assets			
Tangible Fixed Assets	10	330,839	299,462
Current Assets			
Debtors	11	39,211	45,923
Cash at Bank and in Hand		<u>100,035</u>	<u>240,640</u>
		139,246	286,563
Creditors: Amounts falling due within one year	12	<u>(57,656)</u>	<u>(164,537)</u>
Net Current Assets		<u>81,590</u>	<u>122,026</u>
Total Assets Less Current Liabilities		<u>412,429</u>	<u>421,488</u>
Funds			
Restricted Funds	13	373,585	304,768
Unrestricted Funds:			
Designated Funds	15	30,000	60,000
General Funds	16	<u>8,844</u>	<u>56,720</u>
Total Funds	17	<u>412,429</u>	<u>421,488</u>

These financial statements were approved by the Board of Trustees on 08/09/09.

Signed on behalf of the Trustees:



Martyn Birch (Chairman)



Alan Thomas (Treasurer)

The notes of pages 13 to 23 form part of the financial statements.

**Valleys Furniture Recycling Limited
(Limited by Guarantee)**

Notes to the Financial Statements

Year ended 31st December 2008

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 of Smaller entities (effective January 2007), the Companies Act 1985 and follow the recommendations in 'Accounting and Reporting by Charities: Statement of Recommended Practice' issued in October 2005.

Cash flow statement

The company qualifies as a small company under the Companies Act 1985. The trustees have elected to take advantage of the exemption under FRS1 not to prepare a cash flow statement.

Allocation of costs

Expenditure by the charity, in the year, has been split between unrestricted and restricted funds and analysed between charitable activities, governance costs and the cost of generating funds. Expenditure was allocated on the basis of staff time spent on the various activities.

Charitable Activities

This includes all expenditure directly related to the aims of the charity as follows:

- by helping to meet the furniture and household items 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 practices.
- by advancing the education and development of people, through providing opportunities to volunteer, train, develop work and social skills, gain work experience and encourage social integration.

Governance Costs

These costs include the costs of governance arrangements, which relate to the general running of Valleys Furniture Recycling as opposed to the direct management functions inherent in generating funds, service delivery and programme of project work. These include such items as external audit, legal advice for trustees and costs associated with constitutional and statutory requirements.

Income from furniture supplied

A minimum fixed price is required for each item of furniture supplied and is accounted for on a receipts basis.

**Valleys Furniture Recycling Limited
(Limited by Guarantee)**

Notes to the Financial Statements

Year ended 31st December 2008

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 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 a receipts basis.

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.

Fixed assets, depreciation and amortisation

Fixed assets purchased are included at cost. Assets donated to the company are included at market value. 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 in 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.

**Valleys Furniture Recycling Limited
(Limited by Guarantee)**

Notes to the Financial Statements

Year ended 31st December 2008

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.

Pensions

The company makes contributions to certain employee's 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 to the Financial Statements

Year ended 31st December 2008

	Unrestricted Funds £ 2008	Restricted Funds £ 2008	Total Funds £ 2008	Total Funds £ 2007
2. Grants				
Coal fields	-	13,688	13,688	-
Tudor Trust	-	40,000	40,000	-
Heads of the Valley	-	23,753	23,753	-
SRS – Capital	-	41,126	41,126	278,054
SRS – Revenue	-	42,117	42,117	169,024
SRS – Training & Development	-	43,817	43,817	18,978
WCVA	-	302	302	-
Rhondda Cynon Taff Economic Development	-	26,504	26,504	-
Employers Pledge (NAW)	1,800	-	1,800	-
BBC Children in Need	-	-	-	1,300
Lloyds TSB	-	-	-	9,518
GAP	-	-	-	8,075
	<u>1,800</u>	<u>231,307</u>	<u>233,107</u>	<u>484,949</u>
3. Donations				
Members' contributions	219	-	219	264
Other	440	-	440	2,286
	<u>659</u>	<u>-</u>	<u>659</u>	<u>2,550</u>
4. Service Level Agreement				
Rhondda Cynon Taf	20,000	-	20,000	20,000
	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
5. Household Items Supplied				
Showroom Sales	123,554	-	123,554	110,334
Roadshow donations	-	-	-	1,328
Electrical Sales	28,553	-	28,553	2,760
BBC Children in Need	-	1,740	1,740	5,660
Rhondda Housing Association	1,950	-	1,950	1,950
Newydd Housing Association	1,650	-	1,650	1,200
Delivery charges	11,124	-	11,124	-
	<u>166,831</u>	<u>1,740</u>	<u>168,571</u>	<u>123,232</u>

Valleys Furniture Recycling Limited
(Limited by Guarantee)

Notes to the Financial Statements

Year ended 31st December 2008

6. Resources Expended

	Service provision		Development of people		Governance		2008	2007
	Un-restricted	Restricted	Un-restricted	Restricted	Un-restricted	Restricted		
	£	£	£	£	£	£	£	£
Costs directly allocated to activities								
Cost of sales	10,930	369	-	-	-	-	11,299	-
Staff Costs	112,391	51,105	-	2,790	-	-	166,286	168,708
Other staff costs	2,152	3,826	-	-	-	-	5,978	8,029
Vehicle	12,842	1,375	-	3,390	-	-	17,607	14,762
Direct event cost	28,380	1,352	-	-	-	-	29,732	27,670
Training and Development	-	-	-	28,683	-	-	28,683	-
Advertising	1,876	8,303	-	465	-	-	10,644	5,294
Audit Fees	-	-	-	-	6,500	-	6,500	5,500
Committee	-	-	-	-	1,025	-	1,025	342
Premises	-	723	-	-	-	-	723	-
	168,571	67,053	-	35,328	7,525	-	278,477	230,305
Support costs allocated to activities								
Staff costs	-	-	10,246	6,683	-	-	16,929	14,343
Premises	53,741	8,075	5,438	-	-	-	67,254	62,857
Admin	29,891	8,580	3,439	-	-	-	41,910	26,955
Legal	5,730	495	-	-	-	-	6,225	2,710
Deprecation	204	27,860	-	-	-	-	28,064	18,425
Bank Charges	1,146	-	100	-	-	-	1,246	918
	90,712	45,010	19,223	6,683	-	-	161,628	126,208
	259,283	112,063	19,223	42,011	7,525	-	440,105	356,513

Valleys Furniture Recycling Limited
(Limited by Guarantee)

Notes to the Financial Statements

Year ended 31st December 2008

7. Staff costs

	2008 £	2007 £
Staff salaries and social security costs	183,215	183,050
Staff training and expenses	5,978	8,029
Volunteer training and expenses	53,677	23,358
	<u>242,870</u>	<u>214,437</u>

No employee earned £60,000 per annum or more during the current or previous year.

None of the members of the Management Committee received any remuneration or reimbursement of expenses for their involvement with the company in both 2008 and 2007.

The average number of employees, analysed by function was:

	2008	2007
Charitable Activities	9	10
Governance	<u>1</u>	<u>1</u>
	10	11
Volunteers & Placements	102	110
- No. of unpaid hours	30,837	18,949

8. Taxation

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

9. Net outgoing resources for the financial year

The operating deficit (2007 surplus) for the year is stated after charging:-

	2008 £	2007 £
Operating leases		
- Rental of properties	10,416	52,956
Depreciation of tangible fixed assets:		
- Owned assets	28,065	18,425
Pension costs	2,245	2,544
Auditors' remuneration – audit work	4,500	3,500
– non audit work	<u>2,000</u>	<u>2,000</u>

Valleys Furniture Recycling Limited
(Limited by Guarantee)

Notes to the Financial Statements

Year ended 31st December 2008

10. Tangible fixed assets

	Leasehold Property Improvements £	Motor Vehicles £	Tools and Equipment £	Computer Equipment £	Total £
Cost or valuation					
At 1 st January 2008	292,598	61,110	6,364	56,562	416,634
Additions	29,352	23,153	4,105	2,832	59,442
Disposals	-	(13,000)	-	-	(13,000)
	<u>321,950</u>	<u>71,263</u>	<u>10,469</u>	<u>59,394</u>	<u>463,076</u>
Depreciation					
At 1 st January 2008	14,544	59,173	6,364	37,091	117,172
Charge for year	16,945	2,902	1,145	7,073	28,065
Eliminated on Disposal	-	(13,000)	-	-	(13,000)
	<u>31,489</u>	<u>49,075</u>	<u>7,509</u>	<u>44,164</u>	<u>132,237</u>
Net book amount					
At 31st December 2008	<u>290,461</u>	<u>22,188</u>	<u>2,960</u>	<u>15,230</u>	<u>330,839</u>
At 31 st December 2007	<u>278,054</u>	<u>1,937</u>	<u>-</u>	<u>19,471</u>	<u>299,462</u>

All of the fixed assets are used in direct furtherance of the charity's objects.
Leasehold property improvements will be depreciated once the ongoing improvement works have been completed.

11. Debtors

	2008 £	2007 £
Trade debtors	2,230	4,223
Prepayments and accrued income	27,907	4,401
VAT	<u>9,074</u>	<u>37,299</u>
	<u>39,211</u>	<u>45,923</u>

12. Creditors: amounts falling due within one year

	2008 £	2007 £
Overdraft	169	16,125
Trade creditors	8,225	121,710
Accruals	45,503	24,935
Other creditors	<u>3,759</u>	<u>1,767</u>
	<u>57,656</u>	<u>164,537</u>

**Valleys Furniture Recycling Limited
(Limited by Guarantee)**

Notes to the Financial Statements

Year ended 31st December 2008

13. Restricted funds	At 1st January 2008	Incoming	Outgoing	Transfer	At 31st December 2008
	£	£	£	£	£
Awards for all – Capital	555	-	417	-	138
ERDF Objective 1 Priority 3	1,879	-	-	(1,879)	-
SRS – Capital- Spent	278,054	41,126	19,078	(15,577)	284,525
SRS – Revenue	-	42,117	42,117	-	-
SRS – Training & Development	-	43,817	43,817	-	-
Betterlife	-	-	392	10,000	9,608
Cleanstream – Capital	3,488	-	1,937	(1,551)	-
BBC Children in Need	2,910	1,740	4,650	-	-
GAP- Capital	11,537	-	3,463	(1,149)	6,925
Lloyds TSB	6,345	-	6,345	-	-
Tudor Trust	-	40,000	14,371	-	25,629
Coalfields	-	13,688	2,324	-	11,364
Rhondda Cynon Taff Economic Development	-	26,505	13,296	-	13,209
WCVA	-	302	302	-	-
Heads of the Valley	-	23,752	1,565	-	22,187
Total	304,768	233,047	154,074	(10,156)	373,585

The following funds represent **capital items** purchased that are being depreciated over their useful lives:

Awards for all – Heating system at Aberaman branch

SRS – Capital – Refurbishment of Industrial Unit Ynyshir

Better life and GAP funding – ICT equipment in Ynyshir

Coalfields – CCTV system and security fencing at Ynyshir

Heads of the Valley – Vehicle purchase in December 2008

OTHER FUNDS:

BBC Children In Need - This funding represents monies received to provide free home 'Start up Packages' to young people referred for assistance.

Lloyds TSB - This fund represents income received to assist with rental costs for year to August 2008. The unspent balance at 31 December 2007 represented the rental costs for the period 1 January 2008 to 31 August 2008.

Valleys Furniture Recycling Limited
(Limited by Guarantee)

Notes to the Financial Statements

Year ended 31st December 2008

Tudor Trust - This funding is to part-fund the cost of a General Manager over a 3 year period.

Rhondda Cynon Taff – This funding was provided for projects relating to ethical house clearances and ecommerce website, up to March 2009.

WCVA - This funding was provided for costs relating to the attending of conferences.

14. 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 2008, there were 51 members of the company (2007: 40).

15. 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 1st January 2008	Transfers	Balances 31st December 2008
	£	£	£
Premises acquisition reserve	40,000	(40,000)	-
Project closure costs	20,000	10,000	30,000
	<u>60,000</u>	<u>(30,000)</u>	<u>30,000</u>

The Board remains committed to building an asset base for the organisation when it has sufficient free reserves to do this.

The Board recognise the need to maintain a reserve to cover the closure costs arising from the termination of significant sources of income at the end of project lives. An annual transfer of £10,000 will be made to this fund with a maximum fund of £45,000 being retained in the future, the current balance for this reserve is £30,000 (shortfall of £15,000).

16. Movements in unrestricted funds

	Designated funds	General Funds	Total Funds
	£	£	£
At 1 st January 2008	60,000	56,720	116,720
Net incoming resources for year	-	(77,876)	(77,876)
Transfers	(30,000)	30,000	-
	<u>30,000</u>	<u>8,844</u>	<u>38,844</u>
At 31st December 2008	<u>30,000</u>	<u>8,844</u>	<u>38,844</u>

Valleys Furniture Recycling Limited
(Limited by Guarantee)

Notes to the Financial Statements

Year ended 31st December 2008

17. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total 2008 £
Fund balances at 31 st December 2008			
Tangible fixed assets	32,123	298,716	330,839
Net current assets	6,721	74,869	81,590
	<hr/>	<hr/>	<hr/>
Total net assets	38,844	373,585	412,429
	<hr/>	<hr/>	<hr/>

18. 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 £2,245 in the year (2007: £2,544). There were no outstanding or prepaid contributions at 31st December 2008.

19. Financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st December 2008:-

	2008 £	2007 £
Operating leases expiring:-		
Within one year	8,982	15,438
In two to five years	14,670	17,268
After five years	20,250	20,250
	<hr/>	<hr/>
	43,902	52,956
	<hr/>	<hr/>

20. 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.

**Valleys Furniture Recycling Limited
(Limited by Guarantee)**

Notes to the Financial Statements

Year ended 31st December 2008

21. Company Status

Valleys Furniture Recycling Limited is a company limited by guarantee. The guarantors are the trustees as set out on page 1. The liability is limited to an amount of £1 per member in accordance with the company's Memorandum of Association.

22. Related Party Transactions

No related party transactions occurred during the current or previous year which are required to be disclosed under Financial Reporting Standard for Smaller Entities (2007).