

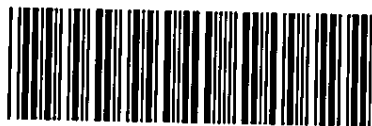
**Report of the Trustees and
Financial Statements
for the year ended 31st December 2007**

for

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

Trading as "Too Good to Waste"

TUESDAY



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COMPANIES HOUSE

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

**Index to the Financial Statements
For the year ended 31st December 2007**

CONTENTS

	Page
Legal and administrative information	1-2
Trustees' Report	3 - 8
Report of the Independent Auditors	9
Statement of Financial Activities	10
Balance Sheet	11
Notes on Financial Statements	12 - 22

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

Legal and Administrative Information

Year ended 31st December 2007

Registered Numbers:

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 and Trustees

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.

The trustees who served during the period under review and since the year end were as follows -

Victor Chambers, Chairman
David Lewis, Vice Chairman
Alan Thomas, Treasurer
Tony Croke
Sheila Rees
Adrian Thomas
Anthony O'Connell
Martyn Birch
Melinda Evans

Secretary & Chief Executive Officer

Lynda Davies

Registered Office & Principal address.

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

Additional Showroom:

Unit 3
Aberaman Industrial Park
Aberaman
Aberdare
CF44 6DA

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

Legal and Administrative Information

Year ended 31st December 2007

Auditors:

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

Bankers:

Barclays Bank plc
PO Box 32
Pontypridd
Rhondda Cynon Taf
CF37 4YA

Solicitors

Dolmans
17 –21 Windsor Place
Cardiff
CF10 3DS

Geldards
1 Dumfries House
Dumfries Place
Cardiff
CF10 3ZF

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

Report of the Trustees

Year ended 31st December 2007

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31st December 2007

Legal and administrative information set out on pages 1 and 2 forms part of this report

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

Company members

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

There were 40 members of the company at 31st December 2007

Objects and Principal Activities of the Charity

The charity exists to assist with the relief of poverty

- 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

Mission Statement

The charity is committed to helping those in need, community regeneration & reduction in waste to landfill and is proud of its role in providing an essential service to the community

Structure, Governance and Management

Governing document

Toogoodtowaste (Valleys Furniture Recycling Limited) is a company limited by Guarantee, governed by its Memorandum and Articles of Association adopted at the Annual General Meeting on 19th June 2000 and amended to accept the use of the trading name 'toogoodtowaste' on 25 03 2002. It is registered with the Charity Commission and Companies House. The business of the Company is managed and administered by a Board of Directors who are accountable to the members of the Company and who are regarded as the Directors of the Company.

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 admit to 'Associate Membership', employees of the Company or their immediate family.

There are currently 40 members, consisting of 24 individuals and 10 groups who hold full membership plus 6 associate members (50 in 2006). 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.

Appointment of Trustees

As set out in the Articles of Association, the Chair of the Trustees is elected by the Board in their first business meeting following the AGM. Trustees are nominated by FULL members of the Company. 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 will retire prior to the next AGM but may present themselves for election at the AGM.

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

Report of the Trustees (Continued)

Year ended 31st December 2007

Trustee recruitment, induction and training

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. An 'induction day' is organised to brief them on the content of the Memorandum and Articles of Association, the committee and decision making process, the business plan and recent financial performance of the Company. During the induction day they meet key employees and other personnel. Trustees are encouraged to attend appropriate external training events to support the undertaking of their role.

Organisation

The Board of Trustees can have up to 15 members to administer the Company. Board meetings are held bi-monthly with Finance sub-committee meetings held monthly and an Employment sub-committee convened as and when requested. A Chief Executive is appointed, who also serves as Company Secretary.

Related parties

The company has a referral agreement with various support organisations working within 18 Rhondda Cynon Taf and a memorandum of understanding with the Local Authority to deliver the SRS project.

Risk Management

During the refurbishment of the Ynyshir site there were a number of incidents of theft and vandalism. Following these attacks the trustees contracted with a Security company to provide regular night patrols. Guidance was also received from Cynon Crime Prevention service and funding sought to purchase a permanent CCTV and alarm system for this building. The Trustees have considered the financial risks to the Company resulting from the end of project funding and put in place a Fundraising strategy, which includes additional income generating services.

Objectives and Activities

The Company exists to assist with the relief of poverty

- by helping to meet the 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

The Company has a general aim of Social Enterprise and Community Regeneration through work based learning and reuse services. During 2007 grant funding of £462,465 was received as part of Strategic Recycling Scheme (SRS)-European Regional Development Fund No SRS 011, to undertake three major projects

- 1 Refurbishment of a dilapidated industrial unit at Ynyshir to create a central warehouse & distribution centre for reusable materials (Capital funding £278,054)
- 2 European Social Fund – training and work based learning (Revenue £18,978)
- 3 Implementation of central Warehousing, ICT Telephone, Stock and finance operating systems (Revenue £169,024)

PROJECTS

1 Refurbishing Ynyshir building – central distribution warehouse

This is the second year of the three-year project delivered in partnership with the Rhondda Cynon Taf Local Authority. The project aims to 'minimise waste and maximise social benefits'. The company has negotiated a twenty year lease on a 9,000 sq ft building with car park facility. It is located within the community of Ynyshir, adjacent to the new Porth bi-pass relief road. The lease includes a five year rent free period and the option to purchase (at the pre-refurbished value), within the first five years. The company aim to purchase this building to develop a secure asset base and further income streams, with a view to long-term sustainability. The building is owned by the Local Authority but was in a poor state of repair. Its size and location will provide a good base for the Company to set up a warehouse for reusable materials, where the sort, repair and quality control of items can be undertaken before being redistributed to its existing and new showroom outlets, thus increasing the volume and range of goods recycled and reused.

As reported in the 2006 accounts, this project had been severely delayed by unresolved issues between the European Funding Office and Wales Council for Voluntary Action. During the first quarter of 2007, further legal advice was required for the drafting of Heads of Terms and Memorandum of Understanding and the acquisition of a licence to undertake the additional dilapidation work, (including the removal of the asbestos roof). In February, tender documents were circulated for the whole contract but no tenders received. Regrettably, the Project Architect, Mr Peter Williams of GBW became ill and was unable to proceed. New Architects were appointed in April, (Buckle Chamberlain Partnership Limited) and following a redrafting of the project, tender documents were

Valleys Furniture Recycling Limited (Limited by Guarantee)

circulated, quotations received, and Messrs Wngsland Development Limited appointed as the main contractor in July 2007

Works commenced in August, but were frustrated by a series of attacks of vandalism and theft. In response, the Trustees contracted with a Security company for a mobile Security patrol guard. In November vandals broke in and set fire to boxes and packaging. Fortunately, thanks to the Security patrol guard raising the alarm and the attendance of fire brigade, damage was minimal. Despite these set backs, by the end of December the main construction work was completed and steel roller shutters fitted to all external doors and windows. Funding was sought to install a permanent CCTV and alarm system following recommendation from Cynon Crime Prevention Service.

- 2 **European Social Fund Project, to provide learning and training opportunities** for paid and non-paid staff and employ an additional member of Staff to provide HR and Admin support to update and monitor the effectiveness of the project. The learning and training provided transferable skills, improved confidence and offered a professional learning experience. Up to the end of December 2007, 10 volunteers had undergone Portable Appliance Testing training, 5 members of staff and one volunteer travelled to Bristol to be trained by Sage ACT experts on our new contact management system and Managers and Board Members received training on the governance and responsibilities of the Charity. Managers also received training on effective Project Management.

- 3 **Implementation of Central ICT/ Telephone/ Stock/ finance operating systems**

Historically the Company has operated two branches (Ferndale and Aberaman), with each site operating almost independently. In order to centralise our services throughout Rhondda Cynon Taf, (part of the Strategic Recycling Scheme project), there have been major changes in our processes and procedures. This has included a 'one-number' telephone call centre to handle all offers of items for collection. An ICT based, transport route systems will be added to maximise the number of collections made.

The installation of electronic tills, barcode readers, chip-n-pin machines - linked to the company finance system ensures the provision of up to date retail training for Staff, volunteers and work based learning.

The implementation of the bar-code system will enable monitoring and recording of incoming and outgoing stock and when fully functional, will provide the necessary tracking system, required for repair and testing of electrical appliances. Staff time has been invested in training, monitoring and developing services throughout the various changes.

CORE ACTIVITIES

Achievements and performance

The Company was proud to accept the first award for **Welsh Community Recycler of the year**, presented by Jane Davidson AM, in recognition of service development within the reuse sector of Wales.

Both showrooms at Ferndale and Aberaman were re-branded as 'Charity Shops' to encourage more beneficiaries to 'choose reuse'. Overall, the number of beneficiaries and income generated remained consistent with that of previous years (£110,334 income and 2,500 beneficiaries) however, customer activity at the Aberaman branch did increase over the previous year.

The company continued working with a number of referral agencies and housing associations, to identify and support individuals in greatest need. This included twenty five young people aged 16 – 18 years who were provided with full 'home start up packages' with funding from BBC CIN and fourteen individuals who had been provided with a property but had no furniture and no means of raising any finance to acquire even essential items.

The *European regional development funded Project* to 'increase reuse through community action' ended in December 2006. Expenditure on outreach work, including the provision of Roadshows was therefore restricted, with only 6 Roadshows delivered in 2007 compared with 18 in 2006, this resulted in a drop in income generation from £4,246 in 2006 to £1,328 in 2007. The Company continued to work in partnership with other groups and participated in 5 Community fun days, 3 Recycling events alongside the Local Authority SORT team and provided 20 information talks to various groups throughout the County Borough.

During 2007, 110 people supported the Charity in an unpaid capacity, providing 18,949 unpaid working hours - equivalent to £110,283. This included 14 School placements, 57 volunteers and 39 work experience placements.

The company linked effectively with Coleg Morgannwg to provide OCN qualifications on site. 17 OCN certificates were awarded, with one Volunteer also receiving 'Outstanding Student' Award. Two volunteers also received a City & Guilds qualification, 2 employees NVQ level 4 and ILM Management.

Valleys Furniture Recycling Limited (Limited by Guarantee)

Donations to the organisation increased by 9% over 2006, reflecting the growing support from the community and the desire by individuals to support 'reuse' rather than 'waste'. The organisation diverted 163 tons away from landfill, an increase of 8% on 2006.

Financial Review – Statement of Financial Activities

Incoming Resources

The company has six income streams, of which 75% is from the Strategic Recycling Scheme and includes both capital (£278,054) and revenue project costs (£188,002). The Company generated 20% of own income (£123,232) from its showroom activities.

Other grants included Lloyds TSB of £9,518 to cover the shortfall between income generated and the costs of operating services at Aberaman for a period of 12 months.

Continued funding from BBC Children in Need enabled the company to provide free home 'Start up packages' to young people referred for assistance.

Donations (Note 3) were received from individuals and organisations to cover the cost of free 'start up packages' for individuals in crisis, aged over 19 years.

The service level agreement with the Local Authority environmental services department, requires the company to provide a collection service within the County Borough for reusable household items. Despite the increase in turnover of 8% the value continued at £20,000 p a.

The Trustees recognise the necessity to increase the number of secured grants, to cover core charitable activities and sustain employed staff posts during 2008.

Own income generated increased slightly from £122,503 in 2006 to £123,232 in 2007. The number of goods supplied increased by 7% from 6,506 (2006) to 6,976 (2007). Given the objects of the company, it is difficult to maintain the balance between increasing income generation and providing an 'affordable service'. Requests for 'free start up packages' increased by 40% in 2007, resulting in the company working harder, being more charitable but generating less income.

Resources Expended

There was a slight reduction in revenue expenditure during the year £357,735 (2006) to £356,513 (2007).

Expenditure on delivery of Charitable activities – Service Provision is shown within the accounts under two headings "Costs directly allocated to activities" and "support costs". Following the end of the European Grant funded project in December 2006, the number of paid staff posts and roadshow events were reduced. Additional 'project' staff costs were incurred during 2007, as part of the European Social Fund Project (to provide training for staff and volunteers) and in premises cost. The increase in cost of 'premises', reflects a provisional charge for rental (£17k p a) of the Ynyshir building over the 20 year lease term.

The provision of charitable activities was financed by 68% from grants and 32% own income generation. With the end of the Strategic Recycling Scheme in March 2008, the Trustees recognise replacement funding will be necessary if existing levels of charitable activities are to be continued.

Expenditure on delivery of Charitable activities – Development of People Expenditure on staff/ volunteer training, in providing Direct Charitable Services increased during the year and is shown under 'staff costs'. Further training and staff development has been arranged for the first quarter of 2008, as part of ESF training grant.

Surplus for the year

The majority of this surplus reflects the unspent restricted capital funding received as part of the Strategic Recycling Scheme project to be spent on the renovation of the building at Ynyshir.

The unrestricted surplus of £36,586 has been allocated to the reserves of the company.

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees wish.

Valleys Furniture Recycling Limited (Limited by Guarantee)

The trustees, having regard to the liquidity requirements of operating and to the reserves policy, operate a policy of keeping available funds in an interest bearing deposit account and seek to achieve a rate of deposit interest which matches or exceeds inflation as measured by the retail prices index

The invested funds held on deposit achieved an average return of 3.2%

Reserves policy

The trustees have established the level of reserves (that is those funds that are freely available) that the charity ought to have. In 2006, the Trustees agreed an annual transfer of £10,000 (up to a maximum of £40,000) into a designated reserve to be held to cover costs associated with closure (in the event of cessation of grants or decrease in need for charitable services)

Reserves are also required to build a capital fund to enable the purchase of the Ynyshir building within the next four years at a cost of £140,000 plus inflation

The actual unrestricted reserves as at 31st December 2007 were £116,720 which is £63,280 short of a target figure of £180,000

The trustees have developed a fund raising strategy, concentrating on raising funds to cover core staff costs and with a view to increasing our reserves to the appropriate level

Plans for future periods

The major financial concern for the trustees and staff is the reduction in European funding that will not only affect this company but also many other not-for profit organisations throughout Wales, from March 2008. This will result in increased competition amongst groups for other Trust and grant funding and require increased management time for fundraising as well as the development of further income generating streams

With the completion of the Ynyshir refurbishment due early in 2008, the company will have the opportunity to open a further 'Charity shop' outlet and develop domestic electrical appliance reuse

At the close of year, the company await the outcome of three funding applications

Community Enterprise Wales, to undertake a feasibility study into potential to increase income generation through a 'high street – charity shop' presence

Coalfields Regeneration – capital funding, to install a permanent CCTV & alarm system into Ynyshir and security fencing around the perimeter. Replacement heating system at Ferndale and racking to increase storage

Tudor Trust – revenue funding to cover a core staff post for three years

Following an increase in fuel and transport costs, the company will implement a Delivery charge of £12 (30% discount for low income customers) from January 2008

To increase income generation, prices will be increased and a 'priority collection service' introduced, offering donors a collection within 24 hours for a payment of £25

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

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

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

In accordance with company law, as the company's directors, we certify that.

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware,
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves 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



Victor Chambers (Chairman)

Date 27 May 2008

**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 2007 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 2007 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

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

Date *27 May 2008*

Valleys Furniture Recycling Limited
(Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE
YEAR ENDED 31 DECEMBER 2007

	Note	Unrestricted Funds	Restricted Funds	2007 Total Funds	2006 Total Funds
		£	£	£	£
Incoming Resources					
Incoming resources from generated funds					
Voluntary Income					
Grants	2	-	484,949	484,949	260,515
Donations	3	2,550	-	2,550	273
Activities for Generating Funds:					
Ink cartridge recycling		-	-	-	26
Investment Income -					
Bank Interest		7,010	-	7,010	1,475
Incoming resources from charitable activities					
Service level agreement	4	20,000	-	20,000	20,000
Household items supplied	5	117,572	5,660	123,232	122,503
Higher value furniture		3,483	-	3,483	3,784
Other incoming resources		-	-	-	-
Total Incoming Resources		<u>150,615</u>	<u>490,609</u>	<u>641,224</u>	<u>408,576</u>
Resources Expended					
Charitable activities					
Service provision	6	100,712	228,141	328,853	327,217
Development of people	6	7,475	14,343	21,818	23,663
Governance costs	6	5,842	-	5,842	6,855
Total Resources Expended		<u>114,029</u>	<u>242,484</u>	<u>356,513</u>	<u>357,735</u>
Net movement on funds		36,586	248,125	284,711	50,841
Total funds brought forward from previous year		<u>80,134</u>	<u>56,643</u>	<u>136,777</u>	<u>85,936</u>
Total funds carried forward	17	<u>116,720</u>	<u>304,768</u>	<u>421,488</u>	<u>136,777</u>

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

Valleys Furniture Recycling Limited
(Limited by Guarantee)

BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007	2006
		£	£
Fixed Assets			
Tangible Fixed Assets	10	299,462	42,585
Current Assets			
Debtors	11	45,923	74,426
Cash at Bank and in Hand		<u>240,640</u>	<u>60,309</u>
		286,563	134,735
Creditors Amounts falling due within one year	12	<u>(164,537)</u>	<u>(40,543)</u>
Net Current Assets		<u>122,026</u>	<u>94,192</u>
Total Assets Less Current Liabilities		<u>421,488</u>	<u>136,777</u>
Funds			
Restricted Funds	13	304,768	56,643
Unrestricted Funds			
Designated Funds	15	60,000	50,000
General Funds	16	<u>56,720</u>	<u>30,134</u>
Total Funds	17	<u>421,488</u>	<u>136,777</u>

These financial statements were approved by the Board of Trustees on 27 May 2007

Signed on behalf of the Trustees

V. Chambers

Victor Chambers (Chairman)

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

Notes to the Financial Statements

Year ended 31st December 2007

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 donation 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 2007

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 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.

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

Notes to the Financial Statements

Year ended 31st December 2007

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 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 to the Financial Statements

Year ended 31st December 2007

	Unrestricted Funds £ 2007	Restricted Funds £ 2007	Total Funds £ 2007	Total Funds £ 2006
2 Grants				
Coal fields	-	-	-	5,280
Awards for all	-	-	-	3,750
ERDF	-	-	-	92,824
SRS – Capital	-	278,054	278,054	-
SRS – Revenue	-	188,002	188,002	139,206
Cleanstream	-	-	-	11,095
Barclays	-	-	-	135
BBC Children in Need	-	1,300	1,300	1,300
Lloyds TSB	-	9,518	9,518	-
GAP	-	8,075	8,075	6,925
	<u>-</u>	<u>484,949</u>	<u>484,949</u>	<u>260,515</u>
3 Donations				
Members' contributions	264	-	264	224
Other	2,286	-	2,286	49
	<u>2,550</u>	<u>-</u>	<u>2,550</u>	<u>273</u>
4 Service Level Agreement				
Rhondda Cynon Taf	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
5 Household Items Supplied				
Showroom donations	110,334	-	110,334	111,674
Roadshow donations	1,328	-	1,328	4,246
Electrical Sales	2,760	-	2,760	-
BBC Children in Need	-	5,660	5,660	4,800
Pontypridd & District Housing	-	-	-	150
Rhondda Housing Association	1,950	-	1,950	1,200
Newydd Housing Association	1,200	-	1,200	433
	<u>117,572</u>	<u>5,660</u>	<u>123,232</u>	<u>122,503</u>

Valleys Furniture Recycling Limited
(Limited by Guarantee)

Notes to the Financial Statements

Year ended 31st December 2007

6. Resources Expended

	Service provision		Development of people		Governance		2007	2006
	Un-restricted	Restricted	Un-restricted	Restricted	Un-restricted	Restricted		
	£	£	£	£	£	£	£	£
Costs directly allocated to activities								
Staff Costs	22,009	146,699	-	-	-	-	168,708	182,806
Other staff costs	1,365	6,664	-	-	-	-	8,029	3,822
Vehicle	9,927	4,835	-	-	-	-	14,762	17,289
Direct event cost	16,488	11,182	-	-	-	-	27,670	28,778
Advertising	1,935	3,359	-	-	-	-	5,294	10,183
Audit Fees	-	-	-	-	5,500	-	5,500	5,250
Committee	-	-	-	-	342	-	342	1,605
	51,724	172,739	-	-	5,842	-	230,305	249,733
Support costs allocated to activities								
Staff costs	-	-	-	14,343	-	-	14,343	17,244
Premises	25,208	32,620	5,029	-	-	-	62,857	45,821
Admin	20,311	4,488	2,156	-	-	-	26,955	23,514
Legal	2,493	-	217	-	-	-	2,710	2,038
Deprecation	131	18,294	-	-	-	-	18,425	18,803
Bank Charges	845	-	73	-	-	-	918	582
	48,988	55,402	7,475	14,343	-	-	126,208	108,002
	100,712	228,141	7,475	14,343	5,842	-	356,513	357,735

Valleys Furniture Recycling Limited
(Limited by Guarantee)

Notes to the Financial Statements

Year ended 31st December 2007

7 Staff costs

	2007	2006
	£	£
Staff salaries and social security costs	180,506	181,543
Pension scheme costs	2,544	2,973
Staff training and expenses	8,029	1,528
	<u>191,079</u>	<u>186,008</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 during the year (2006 – nil)

The average number of employees, analysed by function was

	2007	2006
Charitable Activities	10	10
Governance	1	1
	<u>11</u>	<u>11</u>

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

	2007	2006
	£	£
The operating surplus (2006 surplus) for the year is stated after charging -		
Operating leases		
- Rental of properties	52,956	29,277
Depreciation of tangible fixed assets		
- Owned assets	18,425	18,802
Pension costs	2,544	2,973
Auditors' remuneration – audit work	3,500	3,500
– non audit work	2,000	1,500
	<u>76,825</u>	<u>53,052</u>

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

Notes to the Financial Statements

Year ended 31st December 2007

10. Tangible fixed assets

	Leasehold Property Improvements £	Motor Vehicles £	Tools and Equipment £	Computer Equipment £	Total £
Cost or valuation					
At 1 st January 2007	24,606	61,110	6,364	49,252	141,332
Additions	267,992	-	-	7,310	275,302
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st December 2007	<u>292,598</u>	<u>61,110</u>	<u>6,364</u>	<u>56,562</u>	<u>416,634</u>
Depreciation					
At 1 st January 2007	14,544	47,143	5,941	31,119	98,747
Charge for year	-	12,030	423	5,972	18,425
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st December 2007	<u>14,544</u>	<u>59,173</u>	<u>6,364</u>	<u>37,091</u>	<u>117,172</u>
Net book amount					
At 31st December 2007	<u>278,054</u>	<u>1,937</u>	<u>-</u>	<u>19,471</u>	<u>299,462</u>
At 31 st December 2006	<u>10,062</u>	<u>13,967</u>	<u>423</u>	<u>18,133</u>	<u>42,585</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

	2007 £	2006 £
Trade debtors	4,223	33,537
Prepayments and accrued income	4,401	34,017
VAT	<u>37,299</u>	<u>6,872</u>
	<u>45,923</u>	<u>74,426</u>

12 Creditors. amounts falling due within one year

	2007 £	2006 £
Overdraft	16,125	10,194
Trade creditors	121,710	17,374
Accruals	24,935	11,058
Deferred income	<u>1,767</u>	<u>1,917</u>
	<u>164,537</u>	<u>40,543</u>

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

Notes to the Financial Statements

Year ended 31st December 2007

13. Restricted funds	At 1st January 2007	Incoming	Outgoing	Transfer	At 31st December 2007
	£	£	£	£	£
Awards for all – Capital	1,111	-	556	-	555
ERDF Objective 1 Priority 3	5,159	-	3,280	-	1,879
SRS – Capital- Spent	-	278,054	-	-	278,054
SRS – Revenue	31,210	169,024	200,234	-	-
SRS Training & Development	-	18,978	18,978	-	-
Cleanstream – Capital	12,238	-	8,750	-	3,488
BBC Children in Need	-	6,960	4,050	-	2,910
GAP- Capital	6,925	8,075	3,463	-	11,537
Lloyds TSB	-	9,518	3,173	-	6,345
Total	<u>56,643</u>	<u>490,609</u>	<u>242,484</u>	<u>-</u>	<u>304,768</u>

Awards for all

This fund represents capital items purchased which are being depreciated over their useful lives

ERDF Object 1 Priority 3

This fund represents capital items purchased which are being depreciated over their useful lives

SRS – Capital

During the year £278,054 was received to assist with the renovation of the Ynyshir property. The renovation works were completed in February 2008 and the capital fund will be depreciated in 2008 over the lifetime of the lease.

SRS – Revenue

This fund supports the running costs of the charity

SRS – Training & Development

This fund started in August 2007 the objective was to train and develop both staff and volunteers

Cleanstream

This fund represents capital items purchased which are being depreciated over their useful lives

Valleys Furniture Recycling Limited
(Limited by Guarantee)

BBC Children In Need

This funding represents monies received to provide free home 'Start up Packages' to young people referred for assistance

GAP

This fund represents capital items purchased which are being depreciated over their useful lives

Lloyds TSB

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

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 2007, there were 40 members of the company (2006: 50).

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 1 st January 2007	New Designations	Balances 31 st December 2007 £
	£	£	
Premises acquisition reserve	40,000	-	40,000
Project closure costs	10,000	10,000	20,000
	<u>50,000</u>	<u>10,000</u>	<u>60,000</u>

The Board remains committed to securing 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 Board recognises 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 £40,000 being retained in the future.

Valleys Furniture Recycling Limited
(Limited by Guarantee)

Notes to the Financial Statements

Year ended 31st December 2007

16 Movements in unrestricted funds

	Designated funds £	General Funds £	Total Funds £
At 1 st January 2007	50,000	30,134	80,134
Net incoming resources for year	10,000	26,586	36,586
	<hr/>	<hr/>	<hr/>
At 31 st December 2007	<u>60,000</u>	<u>56,720</u>	<u>116,720</u>

17. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total £
Fund balances at 31 st December 2007			
Tangible fixed assets	3,949	295,513	299,462
Net current assets	112,771	9,255	122,026
	<hr/>	<hr/>	<hr/>
Total net assets	<u>116,720</u>	<u>304,768</u>	<u>421,488</u>

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 £2,544 in the year (2006 £2,973). There were no outstanding or prepaid contributions at 31st December 2007.

19. Financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st December 2007 -

	2007 £	2006 £
Operating leases expiring -		
Within one year	15,438	-
In two to five years	17,268	15,257
After five years	20,250	15,666
	<hr/>	<hr/>
	<u>52,956</u>	<u>30,923</u>

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

Notes to the Financial Statements

Year ended 31st December 2007

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.

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).