

Company registration number: 3286173  
Charity registration number: 1064588

**Report of the Trustees and  
Financial Statements  
for the year ended 31 December 2011**

**for**

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

**Trading as toogoodtowaste**



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

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For the year ended 31 December 2011**

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## Report of the Trustees

**Year ended 31 December 2011**

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2011

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

<b>Charity Name</b>	Valleys Furniture Recycling Limited t/a toogoodtowaste	
<b>Registered Numbers</b>	Company Number 3286173	Charity Number 1064588
<b>Registered Office</b>	Unit 1 Standard Ind Estate, Ynyshir, Rhondda Cynon Taf CF39 0RF	
<b>Other Operating Premises</b>	Unit 3 Aberaman Ind Park, Aberaman, Aberdare, Rhondda Cynon Taf CF44 6DA	
<b>Board of Directors and Trustees</b>	<div style="display: flex; justify-content: space-between;"> <div> Martyn Birch David Lewis Alan Thomas Vic Chambers Sheila Rees Lyn Bond Dave Henderson Lynda Corre Frances Birt Dr Dafydd Davies Henry Enos Malcolm Gay Natasha McCarthy Angela Spiteri Neil Bryan Karen Jones </div> <div> (Chairman) (Vice Chairman) (Treasurer) - Resigned 16/06/11 - Resigned 16/06/11 - Resigned 16/06/11     Appointed 16/06/11 Appointed 16/06/11 Appointed 16/06/11 Appointed 16/06/11 Appointed 16/06/11  Appointed 16/06/11 Co-opted 13/12/11 (Treasurer) Awaiting appointment </div> </div>	
<b>Advisors</b>	<b>Auditors</b> Broomfield & Alexander Limited, Chartered Accountants & Auditors Ty Derw, Lime Tree Court, Cardiff Gate Business Park, Cardiff CF23 8AB  <b>Bankers</b> Barclays Bank Plc, Pontypridd, Rhondda Cynon Taf CF37 4YA  <b>Solicitors</b> Dolmans Solicitors, 17-21 Windsor Place, Cardiff CF20 3DS  Geldards Solicitors, 1 Dumfries House, Dumfries Place, Cardiff CF10 3ZF	
<b>Company Secretary and Chief Executive Officer</b>	Lynda Davies	
<b>General Manager</b>	Shaun England	

## Structure, Governance & Management

Valleys Furniture Recycling registered as a charity in September 1994 and incorporated on 2<sup>nd</sup> December 1996. On 19<sup>th</sup> June 2000 it registered as a company limited by Guarantee and adopted its Memorandum and Articles of Association. This was amended on 25<sup>th</sup> 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 are accountable to the members of the Company. The Board of Trustees can have up to 12 members. Full Board meetings and sub-committee meetings are held quarterly.

### 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 '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 31 December 2011, there were 62 paid up members of the company (50 members in 2010)

- 52 FULL MEMBERS (consisting of 29 individuals and 23 groups)
- 10 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.

<b>Vision Statement</b>	Maximise potential – minimise waste
<b>Mission Statement</b>	<b>toogoodtowaste</b> 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
<b>Organisational Structure</b>	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 Finance Officer. Customer services, volunteer supervision, transportation and domestic appliance testing are provided by 7 paid staff. Volunteers throughout the organisation undertake supervisory and operational duties.
<b>Related parties</b>	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 in need. There is a Memorandum of Understanding with the Local Authority (L A) Environmental Services Department.

## Objectives and activities

<b>Objects and Principal Activities of the Charity</b>	<p>The charity exists to assist with the relief of poverty</p> <ul style="list-style-type: none"> <li>• providing access to affordable household items</li> <li>• reducing waste to landfill through the recycling of items that would otherwise be thrown away and by advancing more sustainable waste management practices</li> <li>• through training and work based learning</li> </ul>
<b>Develop an asset base</b>	<p>Since 2005, an objective of the Board of Trustees has been to create a community owned asset base that could ensure the delivery of practical action within the community and capture the interest and commitment of individuals to provide economic, environmental and social benefits to the area</p> <p>In 2008, with funding under the Strategic Recycling Scheme (SRS) and in partnership with the Rhondda Cynon Taf County Borough Council (RCT CBC), the organisation refurbished an industrial unit of 9,000 sq ft in Ynyshtir, with the view to raising capital to purchase this building at a later date, and create a community owned, income generating asset</p> <p>Throughout 2011 the organisation worked with its supporters, the Local Authority and Buckle Chamberlain Architects, to complete a funding application with the Big Lottery / Welsh Assembly Government, Community Asset Transfer (CAT) Programme, to purchase and extend the site known as Unit 1, Standard Industrial Estate, Ynyshtir and increase paid employment</p> <p>In November 2011, the application was approved and the purchase process commenced with exchange of contracts due before March 2012</p>
<b>Helping people on low incomes</b>	<p>1 in 4 Children live in poverty within Rhondda Cynon Taf (RCT) The proposed changes to housing benefit and the 'credit crunch' has increased the number of people on a low income and increased the level of need to acquire affordable furniture and other household items The organisation has sought partnership agreements and additional funding to increase the number of people assisted The organisation has also participated in the RCT financial inclusion partnership, increased partnership working and linked with other organisation (e.g. <b>Llamau and Dragon Savers</b>) to target low income households</p> <p>Through partnership working, the organisation accepts referrals of individuals and families in need of assistance Beneficiaries are able to select items they need, from either showroom and delivery is available if required</p> <p>A delivery service is available to all customers However, there is a reduced charge for customers who are in receipt of a state benefit</p>

<p><b>Increase range and quality of furniture available</b></p>	<p><b>Ethical House Clearance service</b> – This service recommenced in November 2011 with funding from the South East Wales Community Economic Development programme. This service increases the range of items collected and offered for re-use to include musical items, fitness equipment, garden equipment, textiles and other household items.</p> <p><b>Domestic electrical appliances</b> – Partnership working with the local authority and Amgen Environmental Body has increased the supply of electrical items for re-use. The organisation is able to collect items from civic amenity sites and from a holding area, on the Bryn Pica Landfill site. This increase in collections has resulted in a further increase in the volume of appliances available for re-use.</p> <p><b>Mattresses</b> – To meet the increased demand from customers for children's bedroom furniture, it has been necessary to increase the volume of new mattresses and beds purchased for re-sale.</p>
<p><b>Increase quantity of items available for re-use</b></p>	<p><b>Building of Mezzanine floor</b> – To increase the quality and range of items available for re-use and with part funding from the Charity Bank (£9,990), additional floor space has been created over the workshop to provide a sort area for items collected through the Ethical House Clearance service and through increased donations. In addition to increasing the quantity and range of items available for re-use through the charity shops, this new facility has also increased volunteering opportunities within the organisation and partnership working with other charities that use items of re-use within their service.</p> <p><b>Replacement van to increase collections</b> – to improve the efficiency of our collection service, and with part funding from the Welsh Church Act (£5,500) one of the vans was replaced. This replacement vehicle will assist in increasing the quantity of items that can be collected and re-used.</p>
<p><b>Development of people</b></p>	<p>Toogoodtowaste is committed to 'maximising potential' of individuals, it does this by providing opportunities to gain work-based learning and training.</p> <p>In 2011 a number of training courses were arranged with different training providers, some of which were accredited.</p> <p>The planned extension of the building (under the BIG Lottery CAT grant) will provide a purpose built training room. This will increase opportunities for volunteers, staff and placements to gain training (not as a separate activity) but within the same building, as part of the volunteering experience and as an integral element of on-the-job training and citizen engagement. The creation of a new post of 'Trainer-Learning for Life', is also part of the BIG Lottery application that was approved in November 2011.</p>
<p><b>Reducing waste to landfill</b></p>	<p>To maximise re-use and reduce waste to landfill, both charity shops offer more free stock and are open to everyone five days a week (with the Ynyshir branch also open on Saturdays). The additional sort processes has provided new ways of working in partnership with other charities and organisations, with items such as tools, invalid aids, spectacles and bicycles, provided to other groups to support their projects and divert more items away from landfill.</p>

## Achievements and performance

<p><b>Own income generation</b></p>	<p>Income generated through the sale of household items increased by 20% in 2011, rising from £245,429 (2010) to £295,376 (2011)</p> <p>Around 70% of sales were achieved through the Ynyshtir charity shop with 30% generated through the Aberaman charity shop</p> <p>The income generated through the re-use of domestic electrical appliances, increased by 72% in 2011 from £40,056 (2010) to £69,032 in 2011</p> <p>Total income for 2011 was £450,874, of which 26% (£119,525) was from grants</p>
<p><b>Helping low income households</b></p>	<p><b>BBC Children in Need fund: Assisting children and young people.</b> The BBC CIN funding of £12,285 (to part fund 40 children's bedroom packages plus 25 furniture packages for young people, each year for the next three years), met with such a high demand in the first few months that match funding was sought and secured through a partnership agreement with Social Services and our own resources</p> <p>In 2011 we trialled a new partnership arrangement with <b>Women's' Aid</b> and <b>RCT Housing Advice Centre</b>, with part funding from a Domestic Abuse Budget. The aim of this project was to reduce the time women and families spend in temporary accommodation and to provide them with furniture and household items, to re-establish themselves in a new neighbourhood away from the abuse. Eighteen families (which included 10 children) were provided with furniture packages, bedding and essential goods</p> <p><b>Hardship budget</b> - An internal budget of £7,000 (from own income generation) was ring-fenced in 2011 to use as match funding towards the external grants received and to help individuals acquire furniture, where no other help was available. This package of match-funding enabled the organisation to accept referrals from 16 different organisations (14 in 2010) and increased the number of people provided with furniture packages to 190 in 2011 (94 in 2010). An increase of over 100%</p> <p>In 2011, 955 people in receipt of an income based benefit, received a discount on the delivery charge, (£7,162.50), this compared with 784 people in 2010 (£6,314)</p> <p>In an effort to combat the worries for low income households in preparing for Christmas whilst coping with the effects of the credit crunch, the organisation invited residents to donate stock including toys, Christmas decorations and bedding. These items were then provided free during a special 2 day event, at our Aberaman charity shop, targeted towards customers with evidence of an income based benefit. In addition to these free items all stock was reduced by 50%</p> <p>In 2011, 5,861 people used the Charity shops, compared with 5,243 in 2010, an increase of 12%</p>
<p><b>Diversion from landfill</b></p>	<p>The volume of waste diverted from landfill increased by over 21% from 240 tonnes (2010) to 291 tonnes (2011)</p> <p>The number of items selected for re-use rose from 22,841 (2010) to 26,057 (2011), an increase of 14%</p> <p>In 2011 the organisation participated with WRAP to raise awareness of the impact of community re-use organisations</p>

## Achievements and performance (continued)

<b>Development of people</b>	<p>Throughout 2011 the organisation has run two contracts as part of the Engagement Gateway programme. Both contracts (EG/01/0267/0474 and EG 01/0267/0170) target economically inactive people living in Rhondda Cynon Taf. Individuals are offered a work based placement of up to 6 months within the customer services or warehouse departments. To assist participating volunteers to gain confidence and become more work ready, 9 different courses have been provided, covering health &amp; safety, customer services, team building and ICT. 46 different participants attended these events.</p> <p>We received the Investors in Volunteering Award from Wales Council for Voluntary Action, in recognition of the excellent way we engage and support volunteers.</p>
<b>Volunteering and placements</b>	<p>The number of people who engage in volunteering within the sector is affected by changes in Government schemes. In 2010 many young people took advantage of the Future Job Fund to gain paid work experience and this reduced the number of young people engaged in voluntary work. This funding ended early in 2011. Volunteering increased from 65 (in 2010) to 80 (in 2011).</p> <p>The number of placements increased from 39 (in 2010) to 120 (in 2011).</p> <p>Throughout the year, 30 school children were provided with a one week work-based experience. This is an increase on the previous year (27 in 2010).</p>

### Social Enterprise projects

<b>RCT Economic Development Programme &amp; South East Wales Community Economic Development fund.</b>	<p><b>Ethical House Clearance pilot project (Nov 08– March 2010)</b></p> <p>Funding for this pilot project ended in March 2010. However during 2011, the organisation did continue to respond to any customer requests whilst awaiting further grant funding through the South East Wales Community Economic Development fund (£7,707 in 2011). The income generated in 2011 was £8,856 (compared to £12,650 in 2010).</p>
<b>Cleanstream Carpets</b>	<p><b>Cleanstream Carpets</b></p> <p>As a result of the support received from this organisation during its pilot stage in 2008/09, this project was able to re-locate into its own self-contained unit in July 2010.</p>



## Charity - Public Benefit

<p><b>Commissions guidance on public benefit</b></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><b>Significant activities undertaken to further its charitable purposes for the public benefit</b></p>	<p>Since 2006, all services, including buying from the Charity showrooms, are open to everyone, in order to maximise the volume of items re-used and income generated to support the charitable aims and objectives of this organisation.</p> <p>Low income households are provided with a discounted delivery charge and those people who are referred by a partner organisation as being 'in need' or those on an 'income based benefit' are offered discounted furniture packages 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 &amp; 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 repairs and cleaning is provided where necessary before being made available with the Charity Shops (Ynyshir 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>

## Financial Review

The successful application to the BIG Lottery / Welsh Assembly Government under the Capital Asset Transfer programme means the organisation will purchase and extend the building known as Unit 1 Standard Industrial Estate in 2012

### Risk Management

Throughout 2011 and as part of the BIG Lottery application process, the Board of Trustees undertook a review of risks associated with the purchase and extension of the building and the ability of the organisation to utilise and sustain the facility for the benefit of the community in the long term

**Governance risks** – In 2011 additional trustees were recruited to enhance the strategic planning and governance of the organisation. To mitigate the identified risk to the organisation resulting from the unavailability or changes to key staff, four new employment posts will be created in 2012 as part of the BIG Lottery Grant application. These include assistants to the General Manager and Finance Officer, also, a Trainer and Marketing co-ordinator. These new posts strengthen the core staff team.

**Operational risks** – During 2011 collections and deliveries were disrupted as one vehicle required numerous repairs. Whilst a replacement used vehicle was purchased with part funding from the Welsh Church Act of £5,500, to mitigate future risks, (unless capital funding is secured to purchase new vehicles), as existing vehicles approach their end of life they will be replaced through a rental contract. Whilst this will increase the annual vehicle revenue budget it will reduce the risk to operations.

The planned building alterations under the BIG Lottery CAT project will impact on the logistical functioning, staff facilities and customer services. The organisation will work with the contractors, architects and other professionals and put into place the necessary health & safety and planning required.

**ICT risks** – Throughout the organisation there is reliance upon ICT systems to communicate, record and evaluate its operations. Furthermore, as an objective of the charity is to provide work-based training, it is important that staff have access to up-to-date systems and equipment. As can be seen from the balance sheet the value of equipment is low as most of the equipment is more than 4 years old. There is a budget within the BIG Lottery grant, however, further match funding would be beneficial.

**Financial risks** – The successful CAT application reduces the financial burden of future annual rent of £18,300 and has released £76,076 of accumulated rent into the unrestricted fund. The CAT project also provides funding for an additional staff member as assistant to the Finance Officer will assist in the production of written fiscal policies and procedures.

**External risks** – The continued economic downturn will increase demand for affordable re-useable furniture whilst donations may decrease. Service level agreements and partnership funding through the Local Authority may be capped or discontinued. Through the funding received from the BIG Lottery, the organisation will appoint a marketing co-ordinator to raise awareness of its charitable activities, increase donations and meet the requirements of grant funders.

**Compliance with law & regulation** – A review of volunteering policies as part of the Investors in Volunteering has been completed. Steps have been taken to implement Green Dragon Environmental Award.

## Financial Review (Continued)

<b>Incoming Resources – from charitable activities</b>	<p>The value of incoming grants increased in 2011 to £119,525, this compares with £105,980 in 2010. This includes two tender contracts under the Engagement Gateway programme of (£41,893) and the BIG Lottery development stage grant of (£26,273) that was used to prepare the building drawings, costing and planning necessary for the Stage 2 application</p> <p>Capital funding from the Charity Bank to build a mezzanine floor</p> <p>Environment Wales grants provided training to volunteers</p> <p>The Service level agreement with RCT Environmental services was maintained at £20,000 for the year</p> <p>Income generated from the supply of household items increased by 20% to £295,376 and reflected the strategic aims of the company</p> <ul style="list-style-type: none"> <li>- Increase volume of goods supplied</li> <li>- Increase range of goods (domestic electrical appliances)</li> <li>- Increase income streams (delivery charge)</li> </ul>
<b>Resources expended</b>	<p>Strict budgeting control, the removal of a rent charge for the Ynyshir property (no longer required due to building purchase) and the end of Future Fund Job roles resulted in a drop of expenditure from £401,331 (2010) to £343,807 in 2011</p>
<b>Net incoming/ outgoing resources</b>	<p>Own income generation increased from £289,931 (2010) to £331,349 (2011). This increase, plus the release of deferred rent for the Ynyshir building, (£76,076) has resulted in a surplus of £135,172 in unrestricted funds. From this surplus, £50,000 will be designated as match funding towards the CAT project and a further £5,000 allocated to the designated fund, as a contingency against organisation closure</p> <p>The balance has been added to the General Fund (making a total of £104,482) and be used as working capital during the CAT project, to cover cash flow between expenditure and repayments from grant funder and HMRC VAT</p>

## Future plans - Sustainability

In preparing its financial budget for 2011, the Trustees have included a contingency budget of £7,500, to provide discounted furniture to individuals in need who have no financial support. Plans to open an additional Charity shop in another location within the area of benefit will be delayed until the organisation has sufficient resources to consider such an expansion.

<b>Big Lottery / Welsh Assembly community Asset Transfer</b>	<ul style="list-style-type: none"> <li>• Purchase of building</li> <li>• Extension of building to include training facility, canteen &amp; additional offices</li> <li>• Recruitment and induction of 4 new employees                             <ul style="list-style-type: none"> <li>a) Increase awareness through marketing &amp; publicity</li> <li>b) Increase efficiency through improved warehousing / transport / stock control</li> <li>c) Improve data collection and financial reporting</li> <li>d) Increase the capacity of the organisation to provide work based training</li> </ul> </li> <li>• Introduction of in-house training</li> </ul>
<b>Ethical House clearance</b>	<ul style="list-style-type: none"> <li>• Increase awareness of the service with professional organisations to generate commercial contracts</li> <li>• Increase the number of clearances undertaken</li> <li>• Develop new re-use markets and partnerships for goods collected</li> </ul>
<b>Jobs growth Wales &amp; Apprenticeships</b>	<ul style="list-style-type: none"> <li>• Create an apprenticeship opportunity within the organisation</li> <li>• Investigate opportunity to provide Job Fund placements</li> </ul>
<b>Operating costs reduction</b>	<b>Energy costs</b> Take opportunities under the Climate Change agenda to review and reduce energy costs and consider alternative energy providers, including renewables
<b>Fundraising</b>	<p><b>Capital expenditure – Match funding for BIG Lottery application</b> - Additional funding required to address soil contamination resulting from previous colliery workings</p> <p><b>Capital</b> - Replacement van CCTV system for Aberaman branch</p> <p><b>Core staff costs</b> – Seek funding for staff posts over 2 – 3 year period to retain the skills and expertise of key staff</p> <p><b>Volunteer costs</b> – Seek funding to support the costs of supervising and involving volunteers. Funding also required for corporate clothing and improved environment</p>
<b>Partnership working</b>	<p><b>Furniture packages victims of domestic violence</b> – Continued partnership working with Women's Aid and Housing Advice Centre to help support individuals and families re-establish themselves within the community. Additional funding will be sought to continue this valuable service</p>

## Trustees responsibilities in relation to the financial statements

The trustees (who are also directors of Valleys Furniture Recycling Ltd for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Auditors

The auditors, Broomfield & Alexander Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

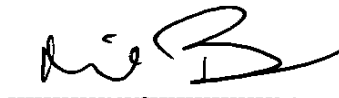
### Small company exemptions

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

By order of the Trustees



Martyn Birch (Chairman)



Neil Bryan (Treasurer)

Date 26/06/12

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALLEY'S FURNITURE RECYCLING LIMITED**

We have audited the financial statements of Valley's Furniture Recycling Ltd for the year ended 31 December 2011 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 145 of the Charities Act 2011 and the regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### ***Respective responsibilities of trustees and auditor***

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly, we have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### ***Scope of the audit of the financial statements***

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### ***Opinion on financial statements***

In our opinion the financial statements

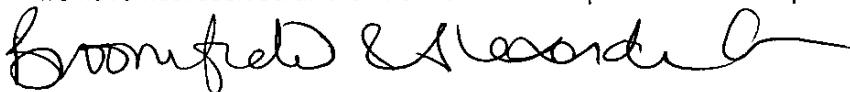
- give a true and fair view of the state of the charitable company's affairs as at 31 December 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
VALLEY'S FURNITURE RECYCLING LIMITED**

***Matters on which we are required to report by exception***

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements,
- the charitable company has not kept adequate accounting records,
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit



***Broomfield & Alexander Limited***  
**Chartered Accountants and Statutory Auditors**  
Waters Lane Chambers  
Waters Lane  
Newport  
Gwent  
NP20 1LA

Dated 26-6-12

Broomfield & Alexander Ltd is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**VALLEY'S FURNITURE RECYCLING LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES  
including the  
INCOME & EXPENDITURE ACCOUNT  
FOR THE  
YEAR ENDED 31 DECEMBER 2011**

	Note	Unrestricted Funds £	Restricted Funds £	2011 Total Funds £	2010 Total Funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary Income -					
Grants	2	-	119,525	119,525	105,980
Donations	3	1,262	-	1,262	1,017
<b>Incoming resources from charitable activities</b>					
Service level agreement	4	20,000	-	20,000	20,000
Household items supplied	5	295,376	-	295,376	245,429
Social enterprise projects	6	14,137	-	14,137	23,284
Other	7	574	-	574	201
<b>Total Incoming Resources</b>		<u>331,349</u>	<u>119,525</u>	<u>450,874</u>	<u>395,911</u>
<b>RESOURCES EXPENDED</b>					
<b>Charitable activities</b>					
Service provision	8	189,920	134,118	324,038	388,372
Development of people	8	-	13,512	13,512	6,487
<b>Governance costs</b>	8	<u>6,257</u>	<u>-</u>	<u>6,257</u>	<u>6,472</u>
<b>Total Resources Expended</b>		<u>196,177</u>	<u>147,630</u>	<u>343,807</u>	<u>401,331</u>
<b>Net income/(expenditure)</b>		<b>135,172</b>	<b>(28,105)</b>	<b>107,067</b>	<b>(5,420)</b>
<b>Total funds brought forward from previous year</b>		<u>64,310</u>	<u>307,356</u>	<u>371,666</u>	<u>377,086</u>
<b>Total funds carried forward</b>	19	<u>199,482</u>	<u>279,251</u>	<u>478,733</u>	<u>371,666</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 16 to 28 form part of the financial statements



**VALLEY'S FURNITURE RECYCLING LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 2011**

	Notes	2011	2010
		£	£
<b>Fixed Assets</b>			
Tangible Fixed Assets	12	281,703	286,602
<b>Current Assets</b>			
Stock		412	544
Debtors	13	22,486	24,684
Cash at Bank and in Hand		<u>205,224</u>	<u>158,172</u>
		228,122	183,400
<b>Creditors</b> Amounts falling due within one year	14	<u>(31,092)</u>	<u>(98,336)</u>
<b>Net Current Assets</b>		<u>197,030</u>	<u>85,064</u>
<b>Total Assets Less Current Liabilities</b>		<u>478,733</u>	<u>371,666</u>
<b>FUNDS</b>			
Restricted Funds	15	279,251	307,356
<b>Unrestricted Funds:</b>			
Designated Funds	17	95,000	40,000
General Funds	18	<u>104,482</u>	<u>24,310</u>
<b>Total Funds</b>	19	<u>478,733</u>	<u>371,666</u>

For the year in question, the charitable company was entitled to exemption from an audit under section 477 of the Companies Act 2006

The members have not required the charitable company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act

The trustees/directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts

These financial statements were approved by the Board of Trustees on 26/06/12

Signed on behalf of the Trustees

  
Martyn Birch (Chairman)

  
Neil Bryan (Treasurer)

The notes of pages 16 to 28 form part of the financial statements

# **VALLEY'S FURNITURE RECYCLING LIMITED**

## **Notes to the Financial Statements**

**Year ended 31 December 2011**

### **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 April 2008), the Companies Act 2006 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 2006. 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

# VALLEY'S FURNITURE RECYCLING LIMITED

## Notes to the Financial Statements

Year ended 31 December 2011

### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

#### 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.

#### 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.

#### 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.

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## **VALLEY'S FURNITURE RECYCLING LIMITED**

### **Notes to the Financial Statements**

**Year ended 31 December 2011**

#### **1. PRINCIPAL ACCOUNTING POLICIES (continued)**

##### **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.

# **VALLEY'S FURNITURE RECYCLING LIMITED**

## **Notes to the Financial Statements**

**Year ended 31 December 2011**

### **2. GRANTS**

	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Tudor Trust	-	-	-	20,000
Rhondda Cynon Taff Economic Development	-	-	-	6,665
BBC Children in Need	-	12,285	12,285	2,782
Lloyds TSB	-	-	-	4,000
Shaw Trust	-	-	-	2,512
Vision Products	-	-	-	1,500
Future Fund	-	10,304	10,304	46,465
GwirVol	-	-	-	9,407
Engagement Gateway	-	41,893	41,893	5,952
Interlink Capital Fund	-	-	-	3,224
WCVA Training Grant	-	-	-	400
WCVA Clothing Grant	-	-	-	1,000
Environment Wales	-	-	-	1,998
Miscellaneous	-	146	146	75
Charity Bank	-	9,990	9,990	-
Welsh Church Act	-	5,500	5,500	-
Domestic Violence	-	5,427	5,427	-
BIG Lottery	-	26,273	26,273	-
SEW House Clearance	-	7,707	7,707	-
	<u>-</u>	<u>119,525</u>	<u>119,525</u>	<u>105,980</u>

### **3. DONATIONS**

Members' contributions	390	-	390	247
Donations	872	-	872	770
	<u>1,262</u>	<u>-</u>	<u>1,262</u>	<u>1,017</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	196,286	-	196,286	170,273
Electrical Sales	69,032	-	69,032	40,056
BBC Children in Need	-	-	-	2,509
Delivery Charges	15,972	-	15,972	13,949
Bric a Brac Sales	18,490	-	18,490	18,642
Discounts Given	(4,404)	-	(4,404)	-
	<u>295,376</u>	<u>-</u>	<u>295,376</u>	<u>245,429</u>

**VALLEY'S FURNITURE RECYCLING LIMITED**

**Notes to the Financial Statements**

**Year ended 31 December 2011**

**6. SOCIAL ENTERPRISE PROJECTS**

	<b>Unrestricted Funds 2011 £</b>	<b>Restricted Funds 2011 £</b>	<b>Total Funds 2011 £</b>	<b>Total Funds 2010 £</b>
Carpet Tile	-	-	-	6,150
Recycling & Auction Income	3,659	-	3,659	1,308
House Clearance	8,856	-	8,856	12,650
Online	1,622	-	1,622	3,176
	<u>14,137</u>	<u>-</u>	<u>14,137</u>	<u>23,284</u>

**7. OTHER INCOME**

	<b>Unrestricted Funds 2011 £</b>	<b>Restricted Funds 2011 £</b>	<b>Total Funds 2011 £</b>	<b>Total Funds 2010 £</b>
Investment income – bank interest	374	-	374	201
Insurance money received	200	-	200	-
	<u>574</u>	<u>-</u>	<u>574</u>	<u>201</u>
 <b>TOTAL INCOMING RESOURCES</b>	 <u>331,349</u>	 <u>119,525</u>	 <u>450,874</u>	 <u>395,911</u>

**VALLEY'S FURNITURE RECYCLING LIMITED**

**Notes to the Financial Statements**

**Year ended 31 December 2011**

**8. RESOURCES EXPENDED**

	Service provision		Develop- ment of people	Governance		
	Un- restricted £	Restricted £	Restricted £	Un- restricted £	2011 £	2010 £
<b>Costs directly allocated to activities</b>						
Cost of sales	7,897	2,775	-	-	10,672	6,211
Staff Costs	133,123	44,308	13,512	-	190,943	220,378
Other staff costs	1,847	80	-	-	1,927	5,504
Vehicle Costs	15,901	5,500	-	-	21,401	16,729
Volunteer Training & Development	20,902	21,278	-	-	42,180	20,142
Advertising	2,944	3,065	-	-	6,009	4,113
Audit Fees	-	-	-	6,000	6,000	6,000
Committee	-	-	-	257	257	472
	<b>182,614</b>	<b>77,006</b>	<b>13,512</b>	<b>6,257</b>	<b>279,389</b>	<b>279,549</b>
<b>Support costs allocated to activities</b>						
Staff costs	8,707	-	-	-	8,707	7,904
Premises Costs	42,869	3,185	-	-	46,054	65,664
Administration	24,364	-	-	-	24,364	22,585
Legal & Professional Fees	180	-	-	-	180	1,080
Depreciation	6,419	27,654	-	-	34,073	34,154
Profit & Loss on Disposals	(610)	-	-	-	(610)	(10,987)
Bank Charges	1,309	-	-	-	1,309	1,382
Rent release	(76,076)	-	-	-	(76,076)	-
CAT Development	144	26,273	-	-	26,417	-
	<b>7,306</b>	<b>57,112</b>	<b>-</b>	<b>-</b>	<b>64,418</b>	<b>121,782</b>
<b>TOTAL RESOURCES EXPENDED</b>	<b>189,920</b>	<b>134,118</b>	<b>13,512</b>	<b>6,257</b>	<b>343,807</b>	<b>401,331</b>

# VALLEY'S FURNITURE RECYCLING LIMITED

## Notes to the Financial Statements

Year ended 31 December 2011

### 9. STAFF COSTS

	2011 £	2010 £
Staff salaries and social security costs	199,650	228,282
Staff training and expenses	1,927	5,504
Volunteer training and expenses	35,477	20,142
	<u>237,054</u>	<u>253,928</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 2011 and 2010

The average number of employees, analysed by function was

	2011	2010
Charitable Activities	10	13
Governance	<u>1</u>	<u>1</u>
	11	14
Volunteers & Placements	175	131
- No of unpaid hours	38,077	24,703

### 10. TAXATION

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

### 11. NET OUTGOING RESOURCES FOR THE FINANCIAL YEAR

The operating deficit for the year is stated after charging -

	2011 £	2010 £
<b>Operating leases</b>		
- Rental of properties	14,916	39,046
<b>Depreciation of tangible fixed assets</b>		
- Owned assets	34,073	34,154
Pension costs	-	2,319
Auditors' remuneration – audit work	4,500	4,500
– non audit work	<u>1,500</u>	<u>1,500</u>



**VALLEY'S FURNITURE RECYCLING LIMITED**

**Notes to the Financial Statements**

**Year ended 31 December 2011**

**12 TANGIBLE FIXED ASSETS**

	Leasehold Property Improvements £	Motor Vehicles £	Tools and Equipment £	Computer Equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2011	326,179	60,680	10,801	62,683	460,343
Additions	14,064	17,500	-	-	31,564
Disposals	-	(19,167)	-	-	(19,167)
At 31 December 2011	<u>340,243</u>	<u>59,013</u>	<u>10,801</u>	<u>62,683</u>	<u>472,740</u>
<b>Depreciation</b>					
At 1 January 2011	68,374	42,433	10,391	52,543	173,741
Charge for year	18,408	10,765	360	4,540	34,073
Elimination on Disposals	-	(16,777)	-	-	(16,777)
At 31 December 2011	<u>86,782</u>	<u>36,421</u>	<u>10,751</u>	<u>57,083</u>	<u>191,037</u>
<b>Net Book Value at</b>					
At 31 December 2011	<u>253,461</u>	<u>22,592</u>	<u>50</u>	<u>5,600</u>	<u>281,703</u>
At 31 December 2010	<u>257,805</u>	<u>18,247</u>	<u>410</u>	<u>10,140</u>	<u>286,602</u>

All of the fixed assets are used in direct furtherance of the charity's objects

**13. DEBTORS**

	2011 £	2010 £
Trade debtors	14,896	15,524
Prepayments and accrued income	5,628	6,930
VAT	1,962	2,230
	<u>22,486</u>	<u>24,684</u>

**14. CREDITORS' AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £	2010 £
Trade creditors	6,892	8,293
Accruals & deferred income	16,000	84,653
Other creditors	8,200	5,390
	<u>31,092</u>	<u>98,336</u>

# **VALLEY'S FURNITURE RECYCLING LIMITED**

## **Notes to the Financial Statements**

**Year ended 31 December 2011**

### **15. RESTRICTED FUNDS**

	At 1 January 2011 £	Incoming £	Outgoing £	Transfer £	At 31 December 2011 £
<b>Capital Funds</b>					
Awards for all – Capital	1,853	-	(793)	-	1,060
SRS – Capital - Spent	245,172	-	(17,203)	-	227,969
Better Life	8,659	-	(482)	-	8,177
Coalfields	5,873	-	(1,415)	-	4,458
Heads of the Valley	10,612	-	(5,788)	-	4,824
Charity Bank	-	9,990	(250)	-	9,740
Welsh Church Act	-	5,500	(1,146)	-	4,354
Miscellaneous	4,056	147	(723)	-	3,480
<b>Other Funds</b>					
BBC Children in Need	-	12,285	(12,285)	-	-
Lloyds TSB	4,000	-	(4,000)	-	-
Tudor Trust	16,667	-	(16,667)	-	-
Vision Products	565	-	(80)	-	485
Engagement Gateway C/Service	2,787	29,518	(26,661)	-	5,644
Engagement Gateway Warehouse	-	12,375	(9,022)	-	3,353
SEW House Clearance	-	7,707	(2,000)	-	5,707
Domestic Violence	-	5,427	(5,427)	-	-
BIG Lottery	-	26,273	(26,273)	-	-
Future Fund	736	10,304	(11,040)	-	-
GwirVol	6,376	-	(6,376)	-	-
<b>Total</b>	<u>307,356</u>	<u>119,526</u>	<u>(147,631)</u>	<u>-</u>	<u>279,251</u>

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

**Awards for all** – Network printer & PC's for Ynyshir call centre & administration

**SRS – Capital** – Refurbishment of Industrial Unit Ynyshir

**Better life and GAP funding** – ICT equipment in Ynyshir

**Coalfields** – CCTV system and security fencing at Ynyshir, Heating system at Aberaman Branch

**Heads of the Valley** – Vehicle purchase in December 2008

**Charity Bank** – Mezzanine floor in Ynyshir

**Welsh Church Act** – Vehicle purchase in May 2011

## **VALLEY'S FURNITURE RECYCLING LIMITED**

### **Notes to the Financial Statements**

**Year ended 31 December 2011**

#### **15 RESTRICTED FUNDS (continued)**

**Within Miscellaneous Grants** is funding from Interlink Capital Fund to buy partitioning to create an internal interview room, funding from WCVA Environment Wales to purchase TV screens for each showroom, to display marketing messages and raise awareness of climate change, and a grant from Environment Wales to help send a volunteer on a PAT testing course

#### **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 funding is part-funded the cost of a Volunteer Co-ordinator over a 2 year period

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

**Vision Products** – Funding provided on Workstep programme towards managerial staff development.

**Engagement Gateway** – Tender to provide work based learning & training to people furthest from the employment market

**SEW House Clearance** – This funding was towards the salary of House clearance coordinator and the costs associated with running the service

**Domestic Violence** – Contribution towards the salary costs for co-ordinating services to provide furniture packages to victims of domestic violence

**Big Lottery** – Development/ Stage 1 application to the Big Lottery Fund under a community Asset Transfer bid to purchase and extend the building in Ynyshir.

**Future Fund** – Funding to provide paid temporary employment to young people

**GwirVol** – Funding to increase the awareness of volunteering to young people

#### **16. 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 31 December 2011, there were 62 members of the company (2010 50)

# **VALLEY'S FURNITURE RECYCLING LIMITED**

## **Notes to the Financial Statements**

**Year ended 31 December 2011**

### **17. 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

	<b>Balances 1 January 2011 £</b>	<b>Transfers £</b>	<b>Balances 31 December 2011 £</b>
Match funding	-	50,000	50,000
Project closure costs	40,000	5,000	45,000
	<u>40,000</u>	<u>55,000</u>	<u>95,000</u>

*Premises Acquisition - The board has made a decision to designate £50,000 in respect of providing match funding to the funding received from BIG Lottery regarding the purchase and extension of the Ynyshir Building*

*Project closure - 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 this figure has been set at £45,000*

### **18. MOVEMENTS IN UNRESTRICTED FUND**

	<b>Designated funds £</b>	<b>General Funds £</b>	<b>Total Funds £</b>
At 1 January 2011	40,000	24,310	64,310
Net incoming resources for year	-	135,172	134,828
Transfers	55,000	(55,000)	-
<b>At 31 December 2011</b>	<u>95,000</u>	<u>104,482</u>	<u>199,138</u>

### **19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2011 £</b>
Fund balances at 31 December 2011			
Tangible fixed assets	18,229	263,474	281,703
Net current assets	181,253	15,777	197,030
<b>Total net assets</b>	<u>199,482</u>	<u>279,251</u>	<u>478,733</u>

## VALLEY'S FURNITURE RECYCLING LIMITED

### Notes to the Financial Statements

Year ended 31 December 2011

#### 20. 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 Nil in the year (2010 £2,319). There were no outstanding or prepaid contributions at 31 December 2011.

#### 21. FINANCIAL COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 December 2011 -

	2011 £	2010 £
<b>Operating leases expiring:-</b>		
Within one year	15,000	14,670
In two to five years	-	-
After five years	-	18,300
	<u>15,000</u>	<u>32,970</u>

#### 22. INDEMNITY INSURANCE

The Charity has purchased insurance to protect it 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.

#### 23. 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.

#### 24. RELATED PARTY TRANSACTIONS

No related party transactions occurred during the current or previous year which is required to be disclosed under Financial Reporting Standard for Smaller Entities (2008).

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## **VALLEY'S FURNITURE RECYCLING LIMITED**

### **Notes to the Financial Statements**

**Year ended 31 December 2011**

#### **25. CAPITAL COMMITMENTS**

As at the 31 December 2011 the Charity has commenced the purchase procedure to acquire Unit 1 Standard Industrial Estate. The contract to purchase and tender process for the refurbishment will be undertaken in 2012. The total project is estimated to be worth £523,727, this is being funded via grant monies applied for and agreed.

During the rent free period (2008-2011), as per recommended standards of accounting, the charity has made a charge within its accounts for the accrual of rent, (averaged over the term of the lease). However, with following the successful application to the BIG Lottery, this accrued sum has not been release to our general reserve (as seen in note 8).

#### **26. POST BALANCE SHEET EVENTS**

On 26 February 2012 the Charity purchased the Ynyshir building from the Local Authority at a price of £154,722. This is being funded with a grant from the BIG Lottery.