

LIGHTHOUSE FURNITURE PROJECT LIMITED
(A Company Limited by Guarantee)
UNAUDITED
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021



LIGHTHOUSE FURNITURE PROJECT LIMITED
(A Company Limited by Guarantee)

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LIGHTHOUSE FURNITURE PROJECT LIMITED
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 JANUARY 2021**

Trustees

M Briggs
S Farrow
J Gell
M Hallworth
J Hartland

Company registered number

05249004

Charity registered number

1120398

Registered office

Unit 27
Tallon Road
Hutton
Essex
CM13 1TE

Company secretary

J Gell

Chief executive officer

P Everett

Accountants

Venthams
Chartered Accountants
Millhouse
32 - 38 East Street
Rochford
Essex
SS4 1DB

LIGHTHOUSE FURNITURE PROJECT LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JANUARY 2021

The Trustees present their annual report together with the financial statements of the company for the 1 February 2020 to 31 January 2021. The Annual Report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the company qualifies as small under section 382 of the Companies Act 2006, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Policies and objectives

The objectives of the charity are:

The relief of poverty, particularly of homeless persons and those in other aspects of housing crisis through providing or assisting in the provision of practical support, regardless of faith, gender, age, race, lifestyle, disability or marital status, primarily in the South Essex area.

Advance public education about the circumstances of homeless people and others in housing crisis.

To bring awareness of the furniture project to all levels of the community throughout the whole of the districts served.

To encourage re-use as a way of life.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

Objectives and activities (continued)

b. Activities undertaken to achieve objectives

The activities adopted in furtherance of these objects are:

To collect useable second hand furniture, white goods and other items for free to be able to divert them from landfill.

Make saleable either through refurbishment, repair, cleaning and/or testing the collected second hand goods.

To sell at an affordable price the second hand goods to the general public, to be able to cover the majority of the operating costs to make the project self sustaining.

Pricing is designed to drive volume ahead of profitability to prioritize recycling.

To wherever possible donate directly or through referral from government agencies or other charities the second hand goods to those in need or being rehoused.

To employ staff who empathise with the charities objectives and are committed to the environmental and social objectives.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

More information on the charity can be found on our website www.lighthousefurniture.org

c. Volunteers

LFP recognises and continues to massively appreciate the hours/day and hard work generously given throughout the last year. We have been privileged to see how staff and volunteers gave over and above to ensure we could continue to help as many people as we could. We sadly lost a valued volunteer to COVID in early April 2020 and as a result of the threat to life of those in our community that were deemed more vulnerable, LFP's primary focus was to ensure no staff or volunteer was put at risk. One of the challenges we faced in doing this was the reduction of volunteer hours that we saw due to COVID-19. In 2019-20, 11,600 hours of volunteering enabled LFP to make an approximate saving of £100,000. In 2020-2021 we saw this number reduce to 4,500 hours. As a result of this, the CEO and Trustees recognised the need to employ more staff, particularly in sales and the workshop. This recruitment has ensured LFP remains well placed to provide a consistent service.

d. Main activities undertaken to further the company's purposes for the public benefit

The trustees are mindful of their duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit. The objectives and activities of the charity are undertaken to further our charitable purposes for the public benefit.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

Achievements and performance

a. Key performance indicators

As a result of the lockdowns in the year approximately a third of time operating normally was lost so as a general rule the metrics will be down in the range of 20%-35%. The period of activity between lockdowns was above normal but did fall in the normally busy period for LFP.

A key measure of environmental performance is the diversion of goods from landfill and during the past year of operating LFP enabled the reuse of 242 tonnes (2020, 365 tonnes) of furniture and white goods. This equates to a carbon saving of 349 tonnes (2020, 420 tonnes) using the most recent basis from Reuse.

Over the year we have made 2,208 collections (2020: 3,374), 1,405 deliveries (2020: 2,015) and collecting in total 21,658 items (2020: 21,211). With these items we have helped approximately 8,600 households (14,300 in 2020) saving them a total of £1,132,000 (£1,370,000 in 2020).

The membership of the Reuse Network (formerly known as Furniture Reuse Network Enterprises) allows us to take part in collecting manufacturer and retailer clearance lines, from hotels and other businesses and these continued during 2021. Partnerships with other reuse projects in Epping, Ilford, Rayleigh, Norwich, Thurrock, Stratford, Wisbech, Wivenhoe, Cambridge and Dereham have also evolved further to assist in the volume of goods recycled.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

Achievements and performance (continued)

b. Review of activities

The is no doubt that the years 2020 and 2021 have been unprecedented. The impact of COVID-19 has impacted LFP's ability to achieve our charitable purposes. This meant that we saw a reduction in items we could divert from landfill dropping from 365 in 2020 to 222 in 2021. This drop correlates with the months we were closed to the public. During the first Lockdown we furloughed staff bringing some of them back in May and June in order to prepare for reopening. Three staff worked throughout in order to help with emergency referrals to support the homeless who were given properties and needed furniture.

We worked closely with the local council and other community groups to distribute food to the different hubs across Brentwood. One example of this was to travel to Tilbury docks to collect 1000 litres of milk from a cruise ship and then re distribute it to the foodbanks and hubs in Brentwood and Billericay. As part of our preparation to reopen we looked at the layout of our buildings and considered how they might need to change to improve the customer experience whilst ensuring we could continue to function and be COVID secure.

The CEO used this opportunity to galvanise staff and enable them to review and develop aspects of practice whilst ensuring the values and mission of LFP remained paramount. We were able to get a local artist to produce a mural on the front of the building for our reopening in June 2020 and then a second artist produced a mural inside displaying the values we display to all. As we adapted our operations to be COVID secure, we slowly were able to build collections and deliveries up. New practices of quarantining items and cleaning processes resulted in a reduction of space and staff adapted well to ensure we operated as efficiently as we could maintaining the high standard customers and donors have come to expect from LFP. From reopening until our closure at the beginning of November 2020 we saw our sales increase resulting in our highest ever gross sales in any month ever in September 2020 and then surpassing it in October 2020.

The partnership started in February 2018 with Basildon Council involving the collection of small appliances from Barleylands recycling centre and Basildon, local libraries received a National Recycling Award for its promotion and subsequent success.

One reason for this was the steady increase of referrals through the Essential Living Fund (ELF). This increase in referrals and the need to ensure that in the subsequent lockdowns in November 2020 and then January through to April 2021 we remained operational keeping our logistics, our workshop and admin at partial capacity in order to maintain support for the most vulnerable during this time. This was done with the knowledge that LFP would be operating at a deficit for those periods. During this period, we saw a surge in referrals which has continued throughout 2021 to the point we anticipate LFP will have received twice the normal yearly amount which is due to funding from central government and is not sustainable, however it worth recognising that as the needs of those in poverty, who have impacted through the crisis and have seen their financial position become challenging is growing every month.

Throughout the last year we have been privileged to see how staff and volunteers gave over and above to ensure we could continue to help as many people as we could. We sadly lost a valued volunteer to COVID in early April 2020 and as a result of the threat to life of those in our community that were deemed more vulnerable, LFP's primary focus was to ensure no staff or volunteer was put at risk. One of the challenges we faced in doing this was the reduction of volunteer hours that we saw due to COVID-19. In 2019-20, 11,600 hours of volunteering enabled LFP to make an approximate saving of £100,000. In 2020-2021 we saw this number reduce to 4,500 hours. As a result of this, the CEO and Trustees recognised the need to employ more staff, particularly in sales and the workshop. This recruitment has ensured LFP remains well placed to provide a consistent service.

Despite these challenges the CEO and management team have risen to meet these head on and as a result have grown in both determination and ability to respond to the challenges faced on a day-to-day basis. The CEO has represented LFP throughout the year at Virtual Reuse Network meetings sharing learning, expertise, policy practice with other organisations where needed. We continue to support both Hopeworx in Rayleigh and Epping Forest Reuse (EFRU) with appliances whilst also developing new partnerships with the Benjamin Foundation

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FOR THE YEAR ENDED 31 JANUARY 2021

Achievements and performance (continued)

and Cambridge Community Outreach Resource Network (CCORRN) providing white goods to support the local assistance funds in Cambridgeshire and Norfolk. We also developed a new assistance fund with Chelmsford Housing Project, that they have set up for their more vulnerable tenants that LFP provides items for. In September 2020 the CEO was recommended to be part of a small business programme run by Goldman Sachs. After a rigorous application process Peter Everett was accepted onto the programme which he began February 2021.

c. Investment policy and performance

Reserves invested for one to twelve months will be placed in accounts or in a bond(s) yielding the market rate of return or better but also have sound ethical values.

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

b. Reserves policy

The trustees consider that it is appropriate to maintain free cash reserves at between three and six months of resources expended which equates to a range of between £100,000 and £300,000 in general funds. At this level, the trustees feel that they would be able to continue the current activities of the charity in the event of a significant drop in funding, allowing a period of time for funding to be replaced. At the balance sheet date, the unrestricted funds total was £200,309 (2020: 169,214) which represents approximately 4.0 (2020: 3.0) months of unrestricted expenditure.

We aim to maintain:

- £10,000 in cash or immediate access accounts
- £40,000 in accounts accessible within 1 month
- The remainder accessible within a year

Lighthouse Furniture Project Limited also notes the need to hold an amount in reserve in line with legislation to enable the minimum required payment of redundancy money, should the charity need to close its operations.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

c. Financial risk management objectives and policies

It is the policy of the charity to protect the organisation as far as possible as is reasonably practical from fraud by staff, service users and members of the general public.

In order to minimise its exposure to risk, the charity has specific risk policies in respect of the following areas:-

- Protection of credit card details
- Daily takings & petty cash
- Fraudulent use of internet banking
- Fraudulent use of company commercial cards
- Cash donations
- Theft of tools
- Client fraud

Structure, governance and management

a. Constitution

Lighthouse Furniture Project Limited is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 4th October 2004, amended to allow for charitable status on 1st August 2007.

b. Methods of appointment or election of Trustees

The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. There is no limit on the composition of the board of directors who are invited to join the board by the recommendation of the existing board members through their extensive local church and business contacts.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

c. Organisational structure and decision-making policies

The board meets monthly with a break in the summer with a chair appointed by rotation. The chief executive attends all meetings to update the board on activities and help discuss challenges facing the operations. The directors delegate the majority of the day to day activities and management to the chief executive whilst retaining overall financial control and responsibility for setting policy and maintaining accounting records.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

Structure, governance and management (continued)

d. Financial risk management

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

The trustees have a risk management strategy which comprises:

- a regular review of the risks the charity may face;
- the establishment of systems and procedures to mitigate those risks in the plan; and
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The review keeps a close eye on health and safety as it applies to both employees and customers. The mix of skills and competencies amongst staff of the charity are a key resource that must be continually developed and are considered periodically in the process. The rapid growth in the charity's operations has meant that the financial resources are key to being able to support the growth. A quarterly review of the performance and financial position of the company helps the directors to manage the position.

Plans for future periods

We are exploring the possibility of opening a shop in Basildon for re-use and exploring new partnerships. We will be renewing the lease on unit 31 Tallon Road where our workshop is located.

LIGHTHOUSE FURNITURE PROJECT LIMITED
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

Statement of Trustees' responsibilities

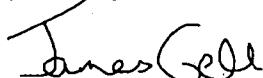
The Trustees (who are also the directors of the company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its incoming resources and application of resources, including its income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the board of Trustees and signed on their behalf by:



.....
J Gell

Date: 25 October 2021

LIGHTHOUSE FURNITURE PROJECT LIMITED
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INDEPENDENT EXAMINER'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2021

Independent examiner's report to the Trustees of Lighthouse Furniture Project Limited ('the company')

I report to the charity Trustees on my examination of the accounts of the company for the year ended 31 January 2021.

Responsibilities and basis of report

As the Trustees of the company (and its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the company's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of Institute of Chartered Accountants in England & Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



Dated: 25 October 2021

Stuart Harrison

FCA

Venthams
Chartered Accountants
Millhouse
32 - 38 East Street
Rochford
Essex
SS4 1DB

LIGHTHOUSE FURNITURE PROJECT LIMITED
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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JANUARY 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies	3	57,411	-	57,411	50,388
Charitable activities	4	474,219	-	474,219	609,096
Investments	5	104	-	104	440
Other income	6	157,787	-	157,787	-
		<u>689,521</u>	<u>-</u>	<u>689,521</u>	<u>659,924</u>
Total income					
Expenditure on:					
Raising funds	7	11,277	-	11,277	11,727
Charitable activities	8	679,853	-	679,853	649,579
		<u>691,130</u>	<u>-</u>	<u>691,130</u>	<u>661,306</u>
Total expenditure					
Net expenditure		<u>(1,609)</u>	<u>-</u>	<u>(1,609)</u>	<u>(1,382)</u>
Transfers between funds	18	32,704	(32,704)	-	-
		<u>31,095</u>	<u>(32,704)</u>	<u>(1,609)</u>	<u>(1,382)</u>
Net movement in funds					
Reconciliation of funds:					
Total funds brought forward		169,214	35,000	204,214	205,596
Net movement in funds		31,095	(32,704)	(1,609)	(1,382)
		<u>200,309</u>	<u>2,296</u>	<u>202,605</u>	<u>204,214</u>
Total funds carried forward					

LIGHTHOUSE FURNITURE PROJECT LIMITED
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BALANCE SHEET
FOR THE YEAR ENDED 31 JANUARY 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	341,801	321,937
		<u>341,801</u>	<u>321,937</u>
Current assets			
Stocks	14	12,302	4,465
Debtors	15	50,622	33,994
Cash at bank and in hand		68,286	112,979
		<u>131,210</u>	<u>151,438</u>
Creditors: amounts falling due within one year	16	(39,909)	(31,677)
Net current assets		<u>91,301</u>	<u>119,761</u>
Total assets less current liabilities		<u>433,102</u>	<u>441,698</u>
Creditors: amounts falling due after more than one year	17	(230,497)	(237,484)
Total net assets		<u><u>202,605</u></u>	<u><u>204,214</u></u>
Charity funds			
Restricted funds	18	2,296	35,000
Unrestricted funds	18	200,309	169,214
Total funds		<u><u>202,605</u></u>	<u><u>204,214</u></u>

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BALANCE SHEET (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

The company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



.....
J Gell

Date: 25 October 2021

LIGHTHOUSE FURNITURE PROJECT LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2021

	2021 £	2020 £
Cash flows from operating activities		
Net cash used in operating activities	(9,752)	5,714
Cash flows from investing activities		
Purchase of tangible fixed assets	(34,941)	(1,921)
Net cash used in investing activities	(34,941)	(1,921)
Cash flows from financing activities		
Net cash provided by financing activities	-	-
Change in cash and cash equivalents in the year	(44,693)	3,793
Cash and cash equivalents at the beginning of the year	112,979	109,186
Cash and cash equivalents at the end of the year	68,286	112,979

LIGHTHOUSE FURNITURE PROJECT LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

1. General information

Lighthouse Furniture Project Limited is a company limited by guarantee and registered in England and Wales number 1120398. The principal activity of the company is the refurbishment and sale of secondhand goods.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Lighthouse Furniture Project Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Going concern

The Directors are of the opinion that the company will not be significantly affected by the pandemic caused by the coronavirus (Covid-19) and believe that the company is a going concern. Accordingly, the Financial Statements have been prepared on that basis.

2.3 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the company to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

LIGHTHOUSE FURNITURE PROJECT LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

2. Accounting policies (continued)

2.4 Expenditure (continued)

Expenditure on charitable activities is incurred on directly undertaking the activities which further the company's objectives, as well as any associated support costs.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Tangible fixed assets and depreciation

Tangible fixed assets costing £200 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined to be the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Freehold property	- No depreciation
Improvements to leasehold property	- Straight line over the term of lease
Plant and machinery	- 25% straight line
Motor vehicles	- 20% straight line
Fixtures and fittings	- 25% and 33% straight line

2.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

2. Accounting policies (continued)

2.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of Financial Activities as a finance cost.

2.11 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2.13 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

3. Income from donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	15,411	-	15,411	13,501
Grants	42,000	-	42,000	36,887
Total 2021	57,411	-	57,411	50,388
<i>Total 2020</i>	<i>15,388</i>	<i>35,000</i>	<i>50,388</i>	

4. Income from charitable activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from charitable activities - Sale of recycled items	473,019	473,019	600,881
Income from charitable activities - Provision of repair and refurbishment services	1,200	1,200	8,215
Total 2021	474,219	474,219	609,096
<i>Total 2020</i>	<i>609,096</i>	<i>609,096</i>	

5. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Investment income - local cash	104	104	440
<i>Total 2020</i>	<i>440</i>	<i>440</i>	

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6. Other incoming resources

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Employee Retention Furlough Scheme	83,201	83,201	-
Local authority business COVID grants	74,586	74,586	-
	<u>157,787</u>	<u>157,787</u>	<u>-</u>

7. Expenditure on raising funds

Costs of raising voluntary income

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Costs of raising voluntary income - wages and salaries	9,830	9,830	10,263
Costs of raising voluntary income - NI	1,054	1,054	1,095
Costs of raising voluntary income - pension costs	393	393	369
Total 2021	<u>11,277</u>	<u>11,277</u>	<u>11,727</u>
<i>Total 2020</i>	<u>11,727</u>	<u>11,727</u>	

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8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Sale of recycled items	679,853	679,853	649,579
Total 2021	<u>679,853</u>	<u>679,853</u>	<u>649,579</u>
<i>Total 2020</i>	<u>649,579</u>	<u>649,579</u>	

9. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Sale of recycled items	605,618	74,235	679,853	649,579
<i>Total 2020</i>	<u>579,139</u>	<u>70,440</u>	<u>649,579</u>	

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9. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Sale of recycled items 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	346,531	346,531	333,252
Cost of goods provided free of charge	12,346	12,346	22,260
Cost of goods sold	114,906	114,906	71,532
Premises expenses	14,922	14,922	23,951
Insurance	7,527	7,527	7,534
Light and heat	11,044	11,044	11,844
Office expenses	5,352	5,352	3,921
Marketing	4,228	4,228	2,551
Telephone	3,575	3,575	3,113
Rent	48,609	48,609	46,036
Motor running expenses	22,574	22,574	26,363
Travelling expenses	3,100	3,100	9,094
Clothing	1,702	1,702	1,770
Subscriptions	2,957	2,957	3,376
Training	1,042	1,042	1,820
Staff welfare	3,821	3,821	6,598
Sundry expenses	-	-	19
Legal and professional fees	(1,118)	(1,118)	4,105
Bad debts	2,500	2,500	-
Total 2021	<u>605,618</u>	<u>605,618</u>	<u>579,139</u>
<i>Total 2020</i>	<u>579,139</u>	<u>579,139</u>	

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9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Sale of recycled items 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	33,829	33,829	35,183
Depreciation	15,077	15,077	8,696
Bank charges	2,736	2,736	2,616
Loan interest paid	14,411	14,411	17,151
Governance costs	8,182	8,182	6,794
Total 2021	<u>74,235</u>	<u>74,235</u>	<u>70,440</u>
<i>Total 2020</i>	<u>70,440</u>	<u>70,440</u>	

10. Independent examiner's remuneration

The independent examiner's remuneration amounts to an independent examiner fee of £3,500 (2020 - £3,500).

11. Staff costs

	2021 £	2020 £
Wages and salaries	360,423	348,338
Social security costs	19,233	20,312
Contribution to defined contribution pension schemes	11,981	11,512
	<u>391,637</u>	<u>380,162</u>

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11. Staff costs (continued)

The average number of persons employed by the company during the year was as follows:

	2021	<i>2020</i>
	No.	<i>No.</i>
Management	1	<i>1</i>
Administration	9	<i>8</i>
Logistics	6	<i>6</i>
Refurbishment	7	<i>7</i>
	<hr/> 23 <hr/>	<hr/> <i>22</i> <hr/>

No employee received remuneration amounting to more than £60,000 in either year.

12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (*2020 - £NIL*).

During the year ended 31 January 2021, no Trustee expenses have been incurred (*2020 - £NIL*).

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13. Tangible fixed assets

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation						
At 1 February 2020	308,212	25,599	14,311	69,562	22,234	439,918
Additions	-	-	363	32,704	1,874	34,941
At 31 January 2021	308,212	25,599	14,674	102,266	24,108	474,859
Depreciation						
At 1 February 2020	-	25,139	10,902	61,065	20,875	117,981
Charge for the year	-	264	1,438	12,036	1,339	15,077
At 31 January 2021	-	25,403	12,340	73,101	22,214	133,058
Net book value						
At 31 January 2021	308,212	196	2,334	29,165	1,894	341,801
At 31 January 2020	308,212	460	3,409	8,497	1,359	321,937

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14. Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>12,302</u>	<u>4,465</u>

15. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	15,419	4,133
Other debtors	4,467	14,150
Prepayments and accrued income	30,736	15,711
	<u>50,622</u>	<u>33,994</u>

16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Other loans	6,915	6,039
Trade creditors	12,962	4,602
Other taxation and social security	7,139	8,435
Other creditors	1,785	1,895
Accruals and deferred income	11,108	10,706
	<u>39,909</u>	<u>31,677</u>

17. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Other loans	<u>230,497</u>	<u>237,484</u>

The company has fixed and floating charges covering the property of the company in favour of Big Issue Invest Limited and The Charity Bank Limited dated 23 June 2016.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds

Statement of funds - current year

	Balance at 1 February 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 January 2021 £
Unrestricted funds					
General Fund	169,214	689,521	(691,130)	32,704	200,309
Restricted funds					
New van funding	35,000	-	-	(32,704)	2,296
Total of funds	204,214	689,521	(691,130)	-	202,605

The transfer from the restricted fund is in respect of fixed assets acquired from the general fund for which funding was provided by the restricted fund grant.

Statement of funds - prior year

	Balance at 1 February 2019 £	Income £	Expenditure £	Balance at 31 January 2020 £
Unrestricted funds				
General Fund	205,596	624,924	(661,306)	169,214
Restricted funds				
New van funding	-	35,000	-	35,000
Total of funds	205,596	35,000	(661,306)	204,214

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Summary of funds

Summary of funds - current year

	Balance at 1 February 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 January 2021 £
General funds	169,214	689,521	(691,130)	32,704	200,309
Restricted funds	35,000	-	-	(32,704)	2,296
	<u>204,214</u>	<u>689,521</u>	<u>(691,130)</u>	<u>-</u>	<u>202,605</u>

Summary of funds - prior year

	Balance at 1 February 2019 £	Income £	Expenditure £	Balance at 31 January 2020 £
General funds	205,596	624,924	(661,306)	169,214
Restricted funds	-	35,000	-	35,000
	<u>205,596</u>	<u>659,924</u>	<u>(661,306)</u>	<u>204,214</u>

20. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	339,505	2,296	341,801
Current assets	131,210	-	131,210
Creditors due within one year	(39,909)	-	(39,909)
Creditors due in more than one year	(230,497)	-	(230,497)
Total	<u>200,309</u>	<u>2,296</u>	<u>202,605</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	321,937	-	321,937
Current assets	116,438	35,000	151,438
Creditors due within one year	(31,677)	-	(31,677)
Creditors due in more than one year	(237,484)	-	(237,484)
Total	<u>169,214</u>	<u>35,000</u>	<u>204,214</u>

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net expenditure for the period (as per Statement of Financial Activities)	(1,609)	(1,382)
Adjustments for:		
Depreciation charges	15,077	8,680
Loss on the sale of fixed assets	-	17
Decrease/(increase) in stocks	(7,837)	2,458
Decrease/(increase) in debtors	(16,628)	6,160
Increase/(decrease) in creditors	1,245	(10,219)
Net cash provided by/(used in) operating activities	<u>(9,752)</u>	<u>5,714</u>

22. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	68,286	112,979
Total cash and cash equivalents	<u>68,286</u>	<u>112,979</u>

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23. Analysis of changes in net debt

	At 1 February 2020 £	Cash flows £	At 31 January 2021 £
Cash at bank and in hand	112,979	(44,693)	68,286
Debt due within 1 year	(6,039)	(876)	(6,915)
Debt due after 1 year	(237,484)	6,987	(230,497)
	<u>(130,544)</u>	<u>(38,582)</u>	<u>(169,126)</u>

24. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £11,981 (2020 : £11,512). Contributions totalling £1,785 (2020: £1,895) were payable to the fund at the balance sheet date and are included in creditors.

25. Operating lease commitments

At 31 January 2021 the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	<u>44,200</u>	<u>44,200</u>

26. Related party transactions

During the year key management personnel received remuneration of £39,318 and pension contributions of £1,573 were made on their behalf.