

ADUR FURNITURE NETWORK LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Adur Furniture Network Limited is a company registered under the Industrial and Provident Societies Act 1965.

**Members of the
Management Committee:**

J. Carr-Martindale (Chairperson)
M. Protheroe (Treasurer)
Mrs R. Durrant (Secretary)
B. Hyrjak
J. Mitchell
Ms A. Hodgson

Bankers:

Barclays Bank Plc
South Coast Group
P. O. Box 358
Brighton
East Sussex
BN1 1SF

Solicitors:

Fitzhugh Gates
23 - 25 High Street
Shoreham by Sea
West Sussex
BN43 5EE

Reporting Accountants:

Spofforths LLP
A2 Yeoman Gate
Yeoman Way
Worthing
West Sussex
BN13 3QZ

Registered Office:

378/380 Brighton Road
Shoreham by Sea
West Sussex
BN43 6RE

Registration Number:

28163 R

ADUR FURNITURE NETWORK LIMITED
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2008

The management committee presents its report and unaudited financial statements for the year ended 31 December 2008.

The financial statements have been prepared in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005.

Reference and Administrative Details of the Charity

These details are set out on page 1 of the financial statements.

For the purpose of charity law, the committee members are also the company's directors/trustees.

Structure, Governance and Management

Adur Furniture Network Limited is a company registered under the Industrial and Provident Societies Act 1965 with the Financial Services Authority under company number 28163R and is recognised as a charity, according to its governing document: trust deed, within the provisions of section 506 Income and Corporation Taxes act 1988.

Any person who is interested in taking an active part in the running of the company, including employees, may become a member at the absolute discretion of the Management Committee.

The company is administered by a Management Committee consisting of not more than seven and not less than three members who must be over 18 years old. The members of the Management Committee are elected at the Annual General Meeting.

The members who served during the year were:

J. Carr-Martindale (Chairperson)	
M. Protheroe (Treasurer)	(Appointed 8 September 2008)
Mrs R. Durrant (Secretary)	(Appointed 8 September 2008)
B. Hyrjak	
J. Mitchell	
Ms A. Hodgson	
B. Paterson	(Resigned 1 August 2008)
B. Pickering	(Resigned 1 August 2008)

The committee meets every 2 months with the project manager to monitor the activities of the company and the achievement of its objectives.

Two members of the committee intend to retire at the Annual General Meeting. The policy is to recruit new members from amongst those who are involved in the work of the company.

Induction for new trustees has previously been carried out on an informal basis. It is now planned to have a more formal procedure, targeted at specific needs of the new trustees that will be appointed.

Objectives and Activities

The object of the company as laid down in its constitution is to relieve the poverty of persons living in the District of Adur and its environs and in particular, but not so as to limit the generality of the foregoing, through the provision of a furniture recycling service, whereby redundant furniture is reclaimed and passed onto those in need.

The company has 3 specific objectives:

- the recycling of furniture
- the provision of recycled furniture for people on low and fixed income
- the provision of supported voluntary work for vulnerable people including those suffering from mental illness, in long term unemployment and coming out of care

ADUR FURNITURE NETWORK LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2008

The beginning of 2008 saw many challenges and changes for our company, changes in both personnel and location accompanied by the inevitable financial challenges. Challenges that restrict and limit progress in our core objectives of supporting voluntary work for vulnerable people and in addition, funding the recycling of reclaimed furniture for local people on low and fixed incomes.

After considerable delay, the sale of the old workshop at 401a Brighton Road provided the wherewithal for the acquisition of a mortgage on our new retail outlet at 378/380 Brighton Road and although this created more financial commitment, it represents a long term investment that already has had a stabilising effect on all personnel. I think that after initial doubts about the wisdom of the move, everyone agrees that the day-to-day operating, particularly the movement of furniture is much easier and certainly, from my perspective, we are running a happier ship. Happier, due mainly, to the unflinching efforts of Julia Gill and the splendid support she enjoys from a new member of staff, Ron Kellie, who has taken to our organisation like a duck to water and has made immense improvements in the systems in the back room. Mark Protheroe, our new Treasurer, has also transformed the financial reporting and controls and by early Autumn in 2008, the organisation had settled into its new premises and was singing from the same hymn sheet.

The acquisition of our new van has been received like a breath of fresh air and Dale now has, a smartly, signed vehicle, that makes his vital role much less stressful and I hope, Dale no longer waits with curiosity and dread, for the next thing to drop off.

In 2008 we served over 4,000 customers and saved over 96 Metric tonnes that otherwise would have gone to landfill. In 2009 we look forward, not only, to increased prosperity, but also to becoming a registered charity governed by the Charity Commission and to that end, we have begun the registration process to achieve full charity status in the coming year. A year that will be tough for all sectors of our community, but perhaps we can turn this terrible downturn in world economy to our advantage, and by doing so, help and assist even more people, less fortunate than ourselves.

I would like to congratulate everybody that has contributed to the success of Adur Furniture Network in 2008 and I feel confident that, as we start the beginning of our sixteenth year, under the stewardship of Julia Gill and her team, we will achieve even greater heights in what will be a very tough year.

Achievements and Performance

In 2008 Adur Furniture Network (AFN) celebrated 15 years of service. This is a major achievement and a testament to the staff and volunteers that keep AFN going. Throughout the 15 years there has been many economic swings and AFN has always met these challenges. That said the current economic downturn presents a new set of challenges and the management committee have reviewed the financial and operational structure of the organisation and are confident that we face 2009 in a strong position to meet them.

The main function of AFN is to serve the community, to provide affordable goods and to reduce the amount of material that goes to landfill. In 2008 we achieved these goals, serving over four thousand customers and saving over 96 Metric tonnes of goods from going to landfill. In addition we have provided a service to a number of vulnerable groups by providing an environment that they can use as a stepping stone to full time employment. In order to achieve these remarkable goals we rely on generated income from the sale of goods through our two outlets and on generous donations from organisations, trusts and charities. In 2008 generated income was just over £148K which was used to cover the operational costs of staff salaries, van operation, volunteer expenses and building expenses. Our generated income exceeded operational expenditure and we were able to make a contribution to our reserve funds of just over £15K. This is in line with our status as an Industrial & Provident Society governed by the Financial Services Authority (FSA).

Operating as an Industrial & Provident Society has served us well, however the management committee are aware that further benefits would be derived from a change in status from a not for profit organisation to a registered charity as governed by the Charity Commission. To this end we started the registration process and expect to achieve charity status during 2009. As a charity there are additional financial requirements that we must adhere to. The management committee are aware of the new requirements and responsibilities and have put in place the necessary procedures and policies to assure our position as a charity. This year's contribution to our reserve fund is in line with these policies.

In 2008 the management committee undertook a review of our property and made changes to the properties that we own and rent. The main changes were the sale of one owned property, 401a Brighton Road, and the purchase of 378/380 Brighton Road which we were renting. The sale of 401a Brighton Road provided additional funds of just over £48k to AFN which was used to cover the purchase of 378/380 Brighton Road and other exceptional items. The purchase of 378/380 Brighton Road through a commercial mortgage provides AFN with a long term investment. Our rental commitments are significantly reduced and we are currently benefiting from the lower interest rates. As owners of 378/380 Brighton Road, AFN are also the lessor of the two flats which form part of the building. The management committee has set up an AFN wholly owned registered company AFN Property Limited to undertake our property management commitments. AFN Property Limited will be self funding and represents no cost commitments for AFN. Indeed over time we expect AFN Property Limited to make a small contribution to AFN funds.

ADUR FURNITURE NETWORK LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2008

A main part of the service we provide is the collection and delivery of furniture and goods. The van is therefore an important element in everything that we do. The cost of repairs and maintenance of the old van were increasing and off the road time was hindering the smooth operation of AFN. In 2008 the management committee took the decision to replace the van. The cost of replacement was covered by the additional funds provided by the sale of property. The cost of sign writing of the new van was covered by a grant from the Derek & Irene Dodgson Foundation, a local trust based in Portslade.

Financial Review

The management committee have conducted a thorough review of all operations and have sought to reduce all costs. To this end in 2008 we made several changes to the operation and have introduced new practices such as the collection of Gift Aid on donations, Council Tax refunds and changes to utility providers. These reductions on our cost base place us in a sound position for 2009 and beyond. The management committee have an agreed budget for the coming year and will be continually monitoring costs against our budget.

As treasurer I am pleased to say that AFN is in a sound financial position and while the economic situation will be a testing time for all AFN is in a good position to weather the recession. We look forward to a prosperous year and thank the staff and volunteers in advance for their commitment and contribution to AFN and the communities that we serve.

The Management Committee is required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its results for that period. In preparing those financial statements the Management Committee is required to:-

- (a) select suitable accounting policies and apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) prepare the financial statements on a going concern basis unless it is inappropriate to assume the company will continue in business.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that those financial statements comply with the Friendly, Industrial and Provident Societies Act 1965-2002. 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.

Approval

This report was approved by the Management Committee on

and signed on their behalf by

J Carr-Martindale

M Protheroe

Ms R Durrant

ADUR FURNITURE NETWORK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2008

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
FIXED ASSETS					
Tangible fixed assets	2	319,166	-	319,166	136,205
Investment	3	100	-	100	-
		<u>319,266</u>	<u>-</u>	<u>319,266</u>	<u>-</u>
CURRENT ASSETS					
Debtors	4	3,186	-	3,186	1,806
Cash at bank and in hand		21,361	320	21,681	10,448
		<u>24,547</u>	<u>320</u>	<u>24,867</u>	<u>12,254</u>
CREDITORS: Amounts falling due within one year	5	<u>13,919</u>	<u>-</u>	<u>13,919</u>	<u>10,557</u>
NET CURRENT ASSETS		<u>10,628</u>	<u>320</u>	<u>10,948</u>	<u>1,697</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		329,894	320	330,214	137,902
CREDITORS: Amounts falling due after one year	6	<u>194,488</u>	<u>-</u>	<u>194,488</u>	<u>18,125</u>
		<u>135,406</u>	<u>320</u>	<u>135,726</u>	<u>119,777</u>
CAPITAL & RESERVES					
Called-up Non-equity Share Capital	11	6	-	6	7
Restricted Funds	13	-	320	320	-
Unrestricted Funds		<u>135,400</u>	<u>-</u>	<u>135,400</u>	<u>119,770</u>
Total Funds		<u>135,406</u>	<u>320</u>	<u>135,726</u>	<u>119,777</u>

The Management Committee is of the opinion that the company is entitled to exemption from audit.

The Management Committee confirms that they are responsible for:

ensuring that the company keeps accounting records which comply with the requirements of the Act, and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its results for the financial year in accordance with the requirements of the Act, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions relating to small companies within the Friendly Industrial and Provident Societies Act 1965-2002.

The financial statements were approved by the Management Committee and authorised for issue on and signed on their behalf by

J Carr-Martindale

M Protheroe

Ms R Durrant

ADUR FURNITURE NETWORK LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
Incoming Resources					
Incoming resources from generated funds					
Voluntary income	7 (a)	9,968	7,130	17,098	-
Investment income		710	-	710	641
Incoming resources from charitable activities					
Retail sales		124,752	-	124,752	149,276
Other incoming resources	7 (b)	5,594	-	5,594	-
Total Incoming Resources		141,024	7,130	148,154	149,917
Resources Expended					
Charitable activities					
Cost of operating a furniture recycling service	8 (a)	114,226	6,810	121,036	155,978
Governance costs	8 (b)	11,169	-	11,169	10,569
Total Resources Expended		125,395	6,810	132,205	166,547
Net Movement of Funds in year		15,629	320	15,949	(16,630)
Cancelled Share Capital		1	-	1	-
Reconciliation of funds					
Total funds brought forward		119,770	-	119,770	136,400
Total funds carried forward		<u>135,400</u>	<u>320</u>	<u>135,720</u>	<u>119,770</u>

All of the above balances are derived from continuing activities. There were no recognised gains or losses for the year which are not included in the Statement of Financial Activities.

ADUR FURNITURE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

1. PRINCIPAL ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in 2005 and applicable accounting standards.

Depreciation of Tangible Fixed Assets

Depreciation is calculated so as to write down the cost of fixed assets to their estimated residual values over the period of their estimated useful lives.

The rates used are as follows:-

Equipment	25% straight line
Motor vehicles	25% reducing balance
Freehold buildings	2% straight line

Investments

Investment is stated at cost.

Incoming Resources

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Incoming resources from charitable activities arises mainly from the sale of donated goods and is recognised in the accounting period in which the goods are sold.

Grants receivable and investment income are brought into account on an accruals basis.

Resources expended

All expenditure is brought into account on an accruals basis.

The project manager time is allocated 75:25 between cost of charitable activities and governance costs accordingly.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Operating leases

Rentals payable under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

ADUR FURNITURE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

2. TANGIBLE FIXED ASSETS	Freehold Properties £	Equipment £	Motor Vehicles £	Total £
Cost:				
At 1 January 2008	137,165	28,629	29,525	195,319
Additions	242,349	-	7,619	249,968
Disposals	(65,165)	-	-	(65,165)
At 31 December 2008	<u>314,349</u>	<u>28,629</u>	<u>37,144</u>	<u>380,122</u>
Depreciation:				
At 1 January 2008	8,230	24,117	26,767	59,114
Charge for the year	3,069	1,518	1,165	5,752
On disposals	(3,910)	-	-	(3,910)
At 31 December 2008	<u>7,389</u>	<u>25,635</u>	<u>27,932</u>	<u>60,956</u>
Net Book Value				
At 31 December 2008	<u>306,960</u>	<u>2,994</u>	<u>9,212</u>	<u>319,166</u>
<i>At 31 December 2007</i>	<i><u>128,935</u></i>	<i><u>4,512</u></i>	<i><u>2,758</u></i>	<i><u>136,205</u></i>

3. Investments	Subsidiary undertaking £
Cost	
Additions	100
At end of year	<u>100</u>

The investment in subsidiary undertaking comprises a holding of 100% of the issued ordinary share capital of AFN Property Limited, a company incorporated in England and Wales on 23 October 2008. The issued ordinary share capital is made up of 100 Ordinary shares of £1 each. Three of the £1 ordinary shares are held as nominee of the company, by J Carr-Martindale, M Protheroe and Ms J Gill.

4. DEBTORS	2008 £	2007 £
Other debtor	<u>3,186</u>	<u>1,806</u>

5. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	2008 £	2007 £
Other creditors	1,759	2,468
Accruals	-	200
Secured bank loan	7,950	1,426
Other taxes and social security	4,210	6,463
	<u>13,919</u>	<u>10,557</u>

The secured bank loan was taken out on the workshop in Brighton Road during 2004. The property was sold and the loan repaid in April 2008. A further secured bank loan was taken out on the shop premises at 378/380 Brighton Road during 2008, secured by a fixed charge over the property and repayable by instalments over 20 years.

ADUR FURNITURE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

6.	CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			2008 £	2007 £	
	Secured bank loan			<u>194,488</u>	<u>18,125</u>	
	Creditors include: Amounts falling due after five years			<u>148,790</u>	<u>-</u>	
7.	INCOMING RESOURCES	Notes	Unrestricted Funds	Restricted Funds	Total 2008	Total 2007
(a)	Incoming resources from generated funds		£	£	£	£
	Voluntary income:					
	<u>Grants</u>					
	Dodgson Foundation	13	-	2,130	2,130	-
	Adur Wellbeing Grant	13	-	5,000	5,000	-
			-	-	-	-
	Donations		3,597	-	3,597	-
	Gift aid tax recoverable		6,371	-	6,371	-
			<u>9,968</u>	<u>7,130</u>	<u>17,098</u>	<u>-</u>
(b)	Incoming resources from charitable activities					
	Other incoming resources:					
	Profit on sale of fixed assets		5,594	-	5,594	-
			<u>5,594</u>	<u>-</u>	<u>5,594</u>	<u>-</u>
8.	RESOURCES EXPENDED				2008	2007
(a)	Charitable activities				£	£
	Cost of operating a furniture recycling service:					
	Support Costs					
	Wages		66,330	-	66,330	78,592
	Volunteers' expenses	13	669	6,810	7,479	5,699
	Establishment Expenses					
	Rates & water		(946)	-	(946)	6,008
	Rent		12,068	-	12,068	28,417
	Light & heat		2,871	-	2,871	2,370
	Repairs & maintenance		7,228	-	7,228	5,498
	Insurance		3,984	-	3,984	4,589
	Mortgage interest		3,552	-	3,552	1,835
	Depreciation		5,752	-	5,752	5,189
	Other Expenses					
	Motor expenses		5,652	-	5,652	5,145
	Travel & subsistence		1,183	-	1,183	2,106
	Subscriptions		218	-	218	155
	Printing & stationery		374	-	374	374
	Telephone		1,731	-	1,731	1,627
	Advertising		1,900	-	1,900	3,702
	Training expenses		249	-	249	1,036
	Bank charges		20	-	20	30
	Muggeridge expenses		558	-	558	1,637
	Overprovision for grant		-	-	-	500
	Sundry		174	-	174	1,469
	Management company service charge		659	-	659	-
			<u>114,226</u>	<u>6,810</u>	<u>121,036</u>	<u>155,978</u>

ADUR FURNITURE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

8. RESOURCES EXPENDED (continued)	Unrestricted Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
(b) Governance costs				
Wages	6,980	-	6,980	6,731
Accountancy fees	1,655	-	1,655	1,352
Professional fees	2,534	-	2,534	2,486
	<u>11,169</u>	<u>-</u>	<u>11,169</u>	<u>10,569</u>
9. STAFF COSTS			2008 £	2007 £
Wages and salaries			67,211	78,169
Pension cost			1,074	1,074
Social security costs			5,025	7,207
			<u>73,310</u>	<u>86,450</u>

No members of the management committee, nor any persons connected with them, received any remuneration for their services. No expenses were reimbursed to any committee members. None of the employees received £60,000 or more in the year.

The average number of employees during the year was 4 (2007 - 4).

10. OPERATING LEASE COMMITMENTS

At the year end the company had annual commitments under non-cancellable operating leases as set out below.

	2008 £	2007 £
Operating leases which expire : in over 5 years	<u>10,000</u>	<u>10,000</u>

The lease relates to the shop at 22 Brunswick Road, Shoreham-By-Sea.

11. CALLED-UP NON-EQUITY SHARE CAPITAL

Shares of the nominal value of one pound each shall be issued to persons upon admission to membership of the Society. The shares shall be neither withdrawn nor transferable, shall carry no right to interest, dividends nor bonus, and shall be forfeited and cancelled on cessation of membership from whatever cause; and the amount paid-up thereon shall become the property of the Society. A member shall hold one share only in the Society.

The liability of any member is limited to any amount unpaid on that member's single one pound share, issued upon admission to membership of the Society.

During the year there were 6 members (2007 - 7).

Authorised, allotted, issued, fully paid shares of £1 each	£
At 1 January 2008	7
Cancelled during the year	(1)
Issued during the year	-
At 31 December 2008	<u>6</u>

ADUR FURNITURE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

12. RELATED PARTY TRANSACTIONS

Included in other debtors at the year end is a loan of £1,034 made to AFN Property Limited, at an interest rate of 10%. This is due to be paid back in September 2009. During the year the company also paid £659 management charges to AFN Property Limited.

13. RESTRICTED FUNDS

	Balance at 01-Jan-08	Incoming Resources	Resources Expended	Balance at 31-Dec-08
	£	£	£	£
Dodgson Foundation Float	-	2,130	1,810	320
Adur Wellbeing Grant	-	5,000	5,000	-
	<u>-</u>	<u>7,130</u>	<u>6,810</u>	<u>320</u>

The Dodgson Foundation Float relates to a grant provided to fund a particular persons requirements.
The Adur Wellbeing Grant is provided to help fund volunteers expenses.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Non equity share capital	Tangible Fixed Assets	Net Current Assets	Creditors over one year	Total
	£	£	£	£	£
Unrestricted fund		319,266	10,622	194,488	135,400
Restricted fund		-	320	-	320
Called up non equity share capital		-	6	-	6
		<u>319,266</u>	<u>10,948</u>	<u>194,488</u>	<u>135,726</u>

**ACCOUNTANTS' REPORT TO THE MEMBERS ON THE UNAUDITED FINANCIAL STATEMENTS OF
ADUR FURNITURE NETWORK LIMITED**

FOR THE YEAR ENDED 31 DECEMBER 2008

We report on the financial statements for the year ended 31 December 2008 set out on pages 5 to 11.

RESPECTIVE RESPONSIBILITIES OF COMMITTEE OF MANAGEMENT AND REPORTING ACCOUNTANT

The society's Committee of Management is responsible for the preparation of the financial statements, and they consider that the society is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

BASIS OF OPINION

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants and so our procedures consisted of comparing the financial statements with the accounting records kept by the society and making such limited enquiries of the officers of the society as we considered necessary for the purpose of this report. These procedures provide only the assurance expressed in our opinion.

OPINION

In our opinion the financial statements for the year ended 31 December 2008 are in agreement with the books of account kept by the society and, on the basis of the information contained in the books of account, they comply with the requirements of the Friendly Industrial and Provident Societies Act 1965 and the Industrial and Provident Societies Act 1968.

In our opinion the society has satisfied the conditions for exemption from an audit of the financial statements for the year ended 31 December 2008 as set out in the Friendly Industrial and Provident Societies Act 1965 and the Industrial and Provident Societies Act 1968 and did not at any time within the year fall within any of the categories of society not entitled to such exemption.

Spofforths LLP
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Reporting Accountants and Registered Auditor
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