

County Durham Furniture Help Scheme
Financial Statements
For the year ending
31 March 2021

JANE ASCROFT ACCOUNTANCY LIMITED

Chartered Accountants
Enterprise House
Harmire Enterprise Park
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County Durham Furniture Help Scheme

Financial Statements

Year ended 31 March 2021

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County Durham Furniture Help Scheme

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 March 2021

The trustees, who are also the directors for the purposes of company law, present their report and the unaudited financial statements of the charity for the year ended 31 March 2021.

Objectives

The objectives of the charity are to relieve poverty in particular by the provision of a furniture and household goods recycling services to those people resident in County Durham who are necessitous circumstances.

Activities and financial review

CDFHS entered the financial year 2020-2021 within a country in the early grip of the COVID 19 Pandemic, all normal behaviours had stopped following the Government decision to enact a draconian level of enforced lockdown and an increasing amount of new legislation that had direct bearing on our operations, people and charitable ethic.

By the middle of April 2020 we saw Government confusion and Durham County Council initial slowness leaving us perilously exposed as we effectively could not generate income. Any expected revenue streams appeared to be collapsing. That is our income comes in from 2 main streams. Cash sales (by way of negotiated donation) and Service Level Agreements with DCC in Welfare Assistance and Stronger Family work. 50/50 in split approximately and up to £30K per month turnover sometimes with Humanitarian work from DCC and other "regular" clients occasionally taking us over £40K monthly.

However, for the financial year we are very pleased to be able to report a better financial performance than we could ever have expected. We turned over in trading of goods from stock and our core re-used items over £380K with support from other grants and the government furlough scheme adding £80K, bringing a respectable £460K. Which in the circumstances prevailing is an absolutely tremendous performance. For reference our original budget set prior to any knowledge of COVID and the year to come was for a total of £550K. The overall surplus funds generated has left us with a respectable bank balance. Also taking in to account a predicted insurance claim that has been signed off and approved for Business Interruption we have provided a further £25,000 surplus funds being made available from the insurers to our bank account.

Therefore our retained funds/surplus position will leave CDFHS with its bank balance in the best position it has ever achieved. This then leaves us able to make choices with such as dealing with our outstanding loans, to replace vehicles that now need replacing or equipment that we would need to purchase for future operations or improvements to our service. Directors loans will be dealt with in separate conversations but amounts outstanding are actually reduced significantly. This year also saw us dispose by obtaining national press attention a spurious £15K of HMRC Liability that had not been accepted as such by HMRC. This last year was a debt we owed. This has been resolved and we are now totally up to date with PAYE. CDFHS will be supporting the agenda that the national finances have been damaged and that we need to be part of the national recovery by keeping PAYE and VAT up to date. VAT has a deferment of £4.5K that will be settled in the next financial year by agreement with HMRC.

From previous reporting and the numbers generated it should be understood that the CDFHS main client is the Local Authority (LA) Durham County Council (DCC). We pay £5K per month rent to the LA and are a "strategic tenant" and a trusted and now much better valued service provider. Note we had offered to us a temporary payment holiday via a repayable deferment of three months put to us very quickly at the start of the pandemic, this supported us significantly at the difficult time of the start of the pandemic to the tune of deferring £15K of rental costs. We have repaid the majority of this within the current year trading.

County Durham Furniture Help Scheme

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2021

Activities and financial review *(continued)*

Our previously acquired loans outstanding to Keyfund, Northstar and Bounceback Facility are listed within a separate portion of our accounts for separate viewing. Again as stated the current financial position of the CDFHS enables us to make future decisions in respect of these and our position to act can and has been enabled by the Bounceback facility and the cheapness of its interest rate compared to the two previously undertaken loans.

For our information requirements and understanding of where we were placed in terms of gaining support and emergency help, we found that the main DCC outlets of information were by their website and the government by Gov.UK. We learned from DCC business officers such as Joanne Urquhart-Arnold, how matters actually were proceeding and what the meanings of the slowly appearing information meant for the CDFHS. Being a Registered Charity we were virtually the last in the "Queue" of information and particularly so in respect of support being made available. CEO time was devoted to networking (virtually) and getting to understand policy, anticipate matters and manage a collapsing sales order book. Then there had to be effort made to defer debt and negotiate HMRC abeyance, rental issues as stated and so on. Not least suppliers becoming very nervous in respect of offering credit - basically a national meltdown was looming.

Importantly our people were all affected by this Pandemic situation, personal and an individual or family threat in respect of health not least worries over their employment, risks growing from COVID and an overall sense of dread and uncertainty. Steve spent some time I believe keeping in touch with the staff and reassuring them, that all it would take to keep CDFHS going would be done. It also turned out that this assurance had to be extended to staff in other organisations trading with or working with us. Credit ratings with suppliers collapsed and life was generally made business intolerable. Other organisations increasingly looked to CDFHS for supply of goods (when not being open was the law). Lee and Steve worked hard together to form a "behind closed doors operation from the very start. Our stock levels actually being quite buoyant.

There were some initial areas of support handed down and being made open to us such as Units Rental deferral of 3 months, saving us £15K expenditure April to June and various PAYE and VAT Deferrals. These being £4.5K for the VAT owed from last Quarter of 19-20 and some various PAYE Incentives and an increase in the PAYE grant to £4.0K. These whilst welcome and keeping us afloat were increasing amounts of debt added to what we owed to Key Fund and to Northstar Ventures.

Despite our organisation in the past not wanting to declare itself as a retail operation (for fear of attracting a ratings liability). In fact, was not the case at all - we needed to extend the evidence of our retail credentials quite obviously, cash handling, tills, credit card machines, price lists and all the typical retail accoutrements to the LA. We acquired the full £25K Retail Grant quite rapidly. We also noted that Welfare Assistance continued at a lower level than previous but it was there and kept turnover in new electrical items, beds and furniture up and added to the work starting to be needed to be done behind closed doors.

Our business and accountancy practices were amended quite rapidly to cope with the evolving situation, more council officers and individuals from business and voluntary bodies came out looking for ways of getting our low cost goods, to people needing them despite all the restrictions. Steve saw to it that fairly early on we were written to by the LA and formally given permissions to move about legitimately in the lockdown and to with certain restrictions carry out "doorstep deliveries" often this involved the referrer or support worker getting the family involved or neighbours/friends to the point of delivery and our people leaving the goods in a safe (Covid secure) manner.

County Durham Furniture Help Scheme

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2021

Activities and financial review *(continued)*

This situation meant we had work to do but reduced in scope and physical volume - not necessarily in cash invoice terms as higher values of a more compact nature were being shipped. This was by virtue of being boxed or bagged new goods, emergency furniture packs, Welfare Assistance whitegoods and furniture/bed packs. We utilised volunteers who were willing to support this work. What we perceived from the initial impact of the pandemic, the deferments and concerns such as potential income stream collapse meant we furloughed all our "Back office" function, Steve took on billing, buying stock and accounting (In conjunction with Jane Ascroft and Julian Haynes. Lee took on making appointments, arranging and carrying out deliveries, taking in goods, coordinating with Steve and so on - major workloads.

We paid some volunteer allowance thus supporting volunteers whilst keeping our workforce intact with the newly emerging government Job Retention Scheme (JRS). We have claimed and have seen regular amounts coming in. These have been accurate and genuine reflections of the workforce /volunteer split. Lee was furloughed a little more, then less due to his workload, Steve initially not really by much but when flexible furlough came in this was very useful and the variable support was used.

Organisations like Believe Housing, Red Supported Living, Salvation Army all came looking for goods in addition to the LA. One Government policy that added to our turnover that had started to appear. "All in" the homeless agenda of getting all homeless people off the streets, living and sleeping rough and those fleeing the increasing level of domestic violence or indeed coming out of hospital following illness or breakdown. There is a case study available as an example of how refined the working method and policy became.

Basically Rebecca Angus from the LA contacted Lee and Steve from previously being helped by Lee and his "can do" attitude. Steve and Lee worked up a stock range, beds, microwave, bedding and essential items and food boxes as stored with us by Housing Solutions and Humanitarian Project.

Referrals for goods for named individuals would be issued to approx. £250.00 each and we would act on this instruction, in conjunction the client, his worker, the renter/tenancy provider and we often had people awaiting at the property or on occasion set the bed up, made the bed put the food in the cupboards and so on. Really just helping our fellow man. This process started adding £2K-£4K per month to our turnover and vastly improved our standing and perception with the LA, workers and other parties. We had to encourage suppliers to join up with this activity. In particular, getting Dreamode Beds of Heckmondwike involved was key in getting this project running effectively, along with a simple arrangement made with the local TESCO stores for which we thank very much all their staff involved in getting goods ready and available and when double numbers of microwaves or beds being needed - depleting their stores to help.

Tesco also made a big donation of bedding, miscellaneous items, washing powders, pillows, duvets and various pot noodle/crisp/snack and such goods. Essential provisions for some people and sadly in 2020 UK hot meals by way of a kettle and "Pot Noodle" being a regular occurrence.

As the "All in" effort was getting underway it became more urgent and expensive to obtain PPE, sanitiser, masks, gloves and so on. We did not understand the COVID illness and are not by nature infection control specialists. We took increasing advice, spent increasing sums of money on making the business as Covid secure as we could. Amidst a plethora of often conflicting instructions and guidance we got through the spring in to the summer unaffected. We also worked a system involving the newly appeared HMRC Job Retention scheme (Furlough) and split the staff up and if we were affected by Covid it would not stop operations. We have not ever had individuals been affected by COVID.

County Durham Furniture Help Scheme

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2021

Activities and financial review *(continued)*

As referred to we were deferring debt, both Northstar and Key fund being supportive in this regard, more importantly as stated Third Sector was well down funding "pecking order". However, something had to happen. The LA via the local Area Action Partnerships (AAPs) of Spennymoor AAP and 4Together AAP of Ferryhill area worked through a mechanism of supporting and dialoguing with the local charity groups tailored support. This being in part to help offset PPE costs, extra vehicle costs and overheads involved in staying open behind closed doors. This netted grants from Spennymoor AAP and Ferryhill AAP - 4Together. That supported us directly at times when we needed every £ for cash flow and buying goods via the various suppliers who virtually needed paying virtually net cash.

Steve worked with his contacts and managed to get £10K from The National Lottery, this would involve prepaying the coming Mini Fleet insurance (Royal Victoria and QBE/BD Elite) and Charity Care cover with Victor due in the Autumn - more on that later in relation to Business Interruption).

We have been very ably supported by Martin Smith and Phil Smith of Mayfield insurance. Particularly keeping us regularly updated on the position of our various insurances, the negative side such as a fraudulent/spurious claim against us or an accident where all costs were initially not going to be met - but it being another party fault it has been agreed costs will be recovered in the coming policy year. Initially we also were advised our Business Interruption Cover would not be actionable. Because the law changed and the method by which the LA told us to close was exactly in accordance the policy wording and agreed and accepted by the insurers our case strengthened as the year wore on. We got to a position where as March came about in 2021 we could look to taking a viewpoint and financial provision in our accounts.

The vehicle fleet we had of a 15 plate and a 13 plate would in normal circumstances see project or grant funding supporting replacements. No such funding was ever going to appear but still working the vans saw repair costs increasing and regular bills of £1000 were coming in. Happily, some grants allowed repairs and maintenance and this could be general as say roller shutter doors needed fixing so general repairs were in effect covered by grants. Latter part of the year for example the County Durham Community Foundation sent us £5,000 and that being restricted to repairs, fuel costs (which will be £10K for the year.

The main cost of Lockdown being white vans are in demand, we started to charge for our collection services due our increased maintenance costs and loss of revenue. In some cases, we were reimbursed by some full house collections, by and large people paying happily enough when in lockdown. We may well review this going forward in to 21-22 as we detect resistance to this "ask".

The cost of PPE and producing appropriate risk assessments and the various levels of alert left us on three occasions revising/changing our assessments and briefing our workforce on several occasions as to the latest risks (at the time). The availability of PPE eased somewhat and all staff became used to adaptation and change. WE can see things never being the same again. CDFHS has signage up, policy in place and once lockdown ends in 2021 we will see what business remains.

As I said in the early stages of this report and the various lockdowns referred to we note the usage of our re-usable stock over the year was cleaning us out of items and towards December we had only partially replaced our reused stock items. Our purchasing of beds hitting over 1000, whitegoods from Domestic Appliance Distributors over the financial year to 31.3.2021 of £130,000. Then there is somewhat of an accounting challenge. Due to not using our inventory and tracking system continuously, because of staff time/availability of the system, the lockdowns and various stock conditions/vermin and weather generated breakdowns. Decided that we will write our second hand stock down in line with the physical reduction, and the fact that over the winter some of it was contaminated/vermin infested. We reckon on a stock value at year end below £16K. We note though difficulties in the supply of new goods. We have had to opportunity buy often in batches of a size bigger than we would have liked and at year end we will post a valuation on that at over £20,000. In the year to come it will be similarly "bumpy" we have been advised to keep a close eye on our purchasing.

County Durham Furniture Help Scheme

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2021

Activities and financial review *(continued)*

We had a fairly large lean on our stock with the Humanitarian project for the resettlement of Syrian Refugees. This was involving us in painting and decorating 6 houses. Again this was a manual intervention of just lifting and delivering urgently. The Humanitarian project was stopped in February 2020 and restarted at the end of December 2020. This saw the houses reduced to 4. We were fully reimbursed for abortive time on one property that was cancelled. We had to revisit two and improve them due to the passage of time and changes in Council requirements. We fully supplied four complete full houses worth and the revenue for this came to over £20K mainly received December to end February 2021 again helping our figures. We completed full house fit out, blinds, curtains, all cleaning. We also worked closely with LA staff to add all home embellishments, curtains, towels, cleaning items, food and decorative items such as mirrors, mats and children's toys and clothes. Full and complete home set up and supply. On time and within budget working closely with the LA at all levels - enhancing our profile further.

Over the course of the year we supplied many small orders for a multitude of smaller charities and statutory bodies, this was adding via a drip feed type situation to our turnover and some spends have been quite significant. We supported many organisations via telephone calls pointing them in direction of funding. What was a struggle in common for all of these was accessing funding and they may have had to use increasing amounts of their own funds? If we did similarly I would expect if we gave furniture away, we would be very popular. As long as the stock lasted, then we would be out of business. We still have a dread of someone turning up at our door with nothing but the clothes that they stand up in. The Police being of a regular nature turning up with someone, often they have a station collection and what is collected may be added to what little the client has. This leaves us looking to explain to people where to go and who to see/apply to. Regular calls from Citizens advice for people declined by Welfare Assistance as qualifying for Welfare does not involve having a broken domestic appliance - that is hard luck. In the current Pandemic this is not good enough.

Or as we found with County Durham Community Foundation - Donor Directed Grant funding was awarded to us. This was £3,000 to use for cases that have fallen through the cracks of statutory provision or for whatever reason have no access to any funds whatsoever. This was sent to us with strict criteria of spend allowed (narrow range of goods, max value £300.00, exceptional circumstances). This was awarded basically by Sherburn House Trust, for relief of poverty by the CDFHS carrying out its articles of supplying those residents of County Durham in necessitous circumstances. There is a level of administration like all grants but some very difficult cases were helped. We have expended this and are going to reapply in the next coming year. Our thanks to the County Durham Community Foundation for this.

Because of a case in the above grant we came to the attention of the Adult Social Care Service and reminded to Tina Shaw of Stronger Families, the LA operation that supplies families with vulnerabilities and mainly have small/young children.

As stated previously we were classed as essential workers by the LA, this extended via the Welfare Assistance team, Housing Solutions and others to get us to take some risk on in carrying out their physical delivery requirements. After some pressure applied by Steve the Service lead arranged for our frontline people to be vaccinated in January/February, easing our concerns somewhat. However, as the Third Lockdown has proved to be longer, tougher and something to be endured we were always still short of a confident funds level, see the financial review separately referred to by CEO.

Government money gets to the LA and the initial mechanism to deliver government support was via grant directly, or to transit monies via existing systems such as Welfare Assistance.

County Durham Furniture Help Scheme

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2021

Activities and financial review *(continued)*

Winter Support Fund was of this ILK and upon being alerted to this we had to revise our stock purchasing and Steve worked with the suppliers such as DAD and GFW to keep the stock level of new goods up, in flow and available to Lee to deliver. This manifested in creating a system, and agreeing rapidly to a pricing regime, invoicing parameters, payment, a stock range of goods that could be bought. This was a direct result of work with some of the services adults and vulnerable families over the course of the Pandemic. This fund is listed in our financial analysis and again thanks go out to those who set this up with us.

Pricing for any new goods stocked by the CDFHS has been subject to variations in supply issues mainly pertaining to manufacturing delays and shipping issues. Manufacturing delays have been down to slow start up from previously "Furloughed" workforce affected factories ramping up production and associated delays due to not getting all personnel back in to work. The world supply of "Semi-Conductors" has also impacted supply of the working brains of domestic appliances, automobiles and other electronic goods. This has had some debate raising effects on price. However, at times this impacted availability as our regular items did actually dry up and become difficult to source. This was end 2020 in to early 2021.

International shipping is priced by a "cube", which translates to a price each on every single item or boxed good, once some complicated maths is done, component price increases feed through as unit price each increases. On aggregate terms we can be assured the price each increases are accurate. We at CDFHS worked with our suppliers and pleasingly not really had an issue in supplying the council, welfare clients and others apart from some short time scare. CDFHS has had to be committing higher amounts of working capital and buying larger lots of goods than we would normally buy.

There have been nominal supply pricing issues. On occasion we have deliberately bought items at sometimes higher pricing to maintain supply. This would not have been permitted to continue but we were assured of matters going back to normal by mid this year. The situation therefore eased somewhat in March. We have asked for some level of retrospective refunds in this area.

As above shipping prices had risen, but were starting to fall. The Suez Canal incident in March has upturned this and shipping prices have risen significantly. Our suppliers wording is "an utter bloodbath" this has also incorporated the new bedroom wardrobe / drawer sets we supply and suppliers are facing some massive price hikes. These are being passed on and inflating goods pricing somewhat again. Something we cannot resist without damaging our business, we must have some dialog in this area and requested this with the LA.

I have alluded to pricing issues earlier this year but happily we dealt with other projects within Durham County Council and we used volume we had that we supplied to keep prices at a standstill or on an ad-hoc basis varied or occasionally we did supply alternative items. This had the net effect of Welfare Assistance being left alone. What we have to address is the permanency of the price impacts and possibly a temporary hike that part of the price may come back down end 2020 and some shaving of shipping rates could see some goods prices falling back.

The tone of the report is work, hard work, a preparedness to adapt, an ability to be patient and in the face of real life endangering, not alone the business destroying climate I can express total pride right the way through all levels the organisation.

County Durham Furniture Help Scheme

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2021

Activities and financial review *(continued)*

In fairness where credit and praise is due to those who help our cause it is actually too much to enumerate. Key Fund and Northstar are worthy of mention in particular as Steve being open and honest with them about our situation (not predicament - because managing the issues is Steve's forte,) plus Steve willingly has and does seek support, advice and guidance. Likewise, he has been called upon similarly from and by others and feedback here has been plenty and positive - especially as there have been so many unknowns for everyone. A big nod to Durham County Council likewise for some real organisational shifts in position and culture. I could go on but in fairness any omission could be viewed negatively and certain expressions are not applicable in this kind of report.

Our website will give due credit connected with the issuance of our formal accounts, this MD report is longer than common due to the nature of the last year's events and reflects truthfully the decision making taken at all turns was dictated (particularly) by events then. Hindsight is a difficult judge so is certainly not appropriate. However simply put, CDFHS is still here, yes it has debt, positively though unlike on many occasions it has choices which IT can make which is different to the preceding situations where events led us and we had to bow to pressure or these events.

Our way forward after Covid is still potentially fraught but this overall commentary should give a flavour to what we have done, some of the decisions and decision making processes, circumstances and responses. Then changes that have been driven or willingly undertaken. A financial and number crunching review is also within this general review unapologetically as the numbers drive us (or do not if they are not right). This report has also been blended with appropriate commentary from Lee from the operational side of CDFHS.

County Durham Furniture Help Scheme

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2021

Further to comments regarding people. There is still our employability and training side that dovetails work experience and general skills training in our large warehouses to our employability efforts. Last year was a very poor year for engaging with volunteers and we spent the full year on some fruitless and unproductive grant applications. To be honest the enthusiasm for hard work and enterprise seems to be lacking around the area. The CDFHS will re-examine this scheme to assess the very attractiveness of our work experience offering and to see what is potentially the way forward, partnership working again perhaps.

We feel now that as our workforce has been with us some time that a culture of maybe expectation and reduced enthusiasm is settling in and that some efficiencies and incentives need to be introduced. Perhaps examining accountability, discipline and formalising certain time and attendance matters may be desirable. Bonuses can be useful but only if deserved and worked for. This section sounds negative but we must make sure the people who work for us get the best treatment out of the CDFHS possible. We can, therefore, see better staff and worker input coming through.

We had however some very gratifying achievements in what employability work we did particularly with a trio of young people, all Autistic. They all found their stay with us to be exceptionally rewarding and the feedback from their sponsor organisation - Project Choice was phenomenal.

The year saw 70 candidates come through however and over 30% we are aware of were either employed by us or went out to be employed, undertaking long term training or volunteering that can be identified. A grant win and a new but semi-formal and defined employability project or scheme may be a better draw to candidates as referrals may be pointed to us.

Health and Safety is a key indicator and our Duty of Care is absolute, this being re-emphasised and with work done to up our policy commitments and to re-run risk assessments afresh. This combined with a drive to achieve a living wage as opposed to all things minimal may well be desirable and achievable.

CDFHS has had no "near miss" in Health and Safety over this year. Again with Coronavirus, we see a root and branch review of Health and Safety as more than possible - it will be appropriate or demanded.

I wish to thank all our staff, my volunteer colleagues, Lee my Operational Manager for his input and support, to Steve for his enduring hard work support. We note with pride the partners that we did not let down, the continuing commercial rapport and mutually supporting network Steve has developed. Then to our suppliers who must note these positive results in the forthcoming hard year that is facing us all, that we can trust to their support.

Finally, those organisations and people who work with us and know us by coming in to meet with us. Or, who in a priceless way make those referrals of people in necessitous circumstances directly and with faith to us.

County Durham Furniture Help Scheme

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2021

Structure, governance and management

County Durham Furniture Help Scheme is a charitable company governed by its Memorandum and Articles of Association. It was incorporated on 9th September 2005 with company number 05559147 and was registered with the Charity Commission on 30th November 2005 with charity number 1112344.

The charity comprises 3 trustees as a minimum and is managed on a day to day basis by a small but dedicated management team who defer to this board.

The trustees have had regard to the Charity Commission's guidance on public benefit throughout the year when deciding on the activities of the charity.

Reference and administrative details

Registered charity name County Durham Furniture Help Scheme

Charity registration number 1112344

Company registration number 05559147

Principal office and registered office Unit 20, Avenue 3
Chilton Industrial Estate
Ferryhill
County Durham
DL16 0PB

The trustees

Diane Brown
Glynn Hanratty
Christopher Trotter

Company secretary Steve Mitton

Independent examiner Jane Ascroft FCA MA (Cantab)
Enterprise House
Harmire Enterprise Park
Barnard Castle
County Durham
DL12 8XP

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

County Durham Furniture Help Scheme

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2021

The trustees' annual report was approved on and signed on behalf of the board of trustees by:

Steve Mitton
Charity Secretary

County Durham Furniture Help Scheme

Independent Examiner's Report to the Trustees of County Durham Furniture Help Scheme

Year ended 31 March 2021

I report to the trustees on my examination of the financial statements of County Durham Furniture Help Scheme ('the charity') for the year ended 31 March 2021.

Responsibilities and basis of report

As the trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements 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 charity's accounts as 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 charity'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 the Institute of Chartered Accountants in England and Wales (ICAEW), 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 charity as required by section 386 of the 2006 Act; or
2. the financial statements do not accord with those records; or
3. the financial statements 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 financial statements 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.

Jane Ascroft FCA MA (Cantab)
Independent Examiner

Enterprise House
Harmire Enterprise Park
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County Durham Furniture Help Scheme

Statement of Financial Activities (including income and expenditure account)

Year ended 31 March 2021

		Unrestricted funds £	2021 Restricted funds £	Total funds £	2020 Total funds £
	Note				
Income and endowments					
Donations and legacies	5	13,184	18,000	31,184	8,628
Charitable activities	6	330,905	–	330,905	450,384
Other income	7	104,647	–	104,647	–
Total income		<u>448,736</u>	<u>18,000</u>	<u>466,736</u>	<u>459,012</u>
Expenditure					
Expenditure on charitable activities	8,9	424,580	15,000	439,580	453,205
Total expenditure		<u>424,580</u>	<u>15,000</u>	<u>439,580</u>	<u>453,205</u>
Net income and net movement in funds		<u>24,156</u>	<u>3,000</u>	<u>27,156</u>	<u>5,807</u>
Reconciliation of funds					
Total funds brought forward		(31,668)	–	(31,668)	(37,475)
Total funds carried forward		<u>(7,512)</u>	<u>3,000</u>	<u>(4,512)</u>	<u>(31,668)</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 14 to 22 form part of these financial statements.

County Durham Furniture Help Scheme

Statement of Financial Position

31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets	14	28,166	35,658
Current assets			
Stocks	15	35,744	28,454
Debtors	16	36,049	17,032
Cash at bank and in hand		39,878	2,534
		111,671	48,020
Creditors: amounts falling due within one year	17	28,806	35,118
Net current assets		82,865	12,902
Total assets less current liabilities		111,031	48,560
Creditors: amounts falling due after more than one year	18	115,543	80,228
Net liabilities		(4,512)	(31,668)
Funds of the charity			
Restricted funds		3,000	—
Unrestricted funds		(7,512)	(31,668)
Total charity funds	20	(4,512)	(31,668)

For the year ending 31 March 2021 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

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

These financial statements were approved by the board of trustees and authorised for issue on, and are signed on behalf of the board by:

Diane Brown
Trustee

The notes on pages 14 to 22 form part of these financial statements.

County Durham Furniture Help Scheme

Notes to the Financial Statements

Year ended 31 March 2021

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is Unit 20, Avenue 3, Chilton Industrial Estate, Ferryhill, County Durham, DL16 0PB.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The accounts have been prepared on a going concern basis however attention is drawn to the comments made in the financial review section of the trustees' annual report.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The trustees consider that there are no significant estimates or judgements affecting these financial statements.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

County Durham Furniture Help Scheme

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Income

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

County Durham Furniture Help Scheme

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 15% reducing balance
Motor vehicles	- 25% reducing balance
IT Equipment	- 25% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

The charity only has financial assets and 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.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

County Durham Furniture Help Scheme

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

Debtors

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

Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

Cash at Bank and in Hand

Cash at bank and cash 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.

Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

4. Limited by guarantee

The company is limited by guarantee. At 31st March 2021 there were 3 members each of whom had undertaken to contribute an amount not exceeding £1 in the event of a winding up.

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Donations	3,182	—	3,182

County Durham Furniture Help Scheme

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

5. Donations and legacies *(continued)*

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Grants			
National Lottery	–	10,000	10,000
County Durham Community Foundation	–	8,000	8,000
4Together AAP	2,500	–	2,500
Spennymoor AAP	7,002	–	7,002
Co-operative Society	500	–	500
	<u>13,184</u>	<u>18,000</u>	<u>31,184</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Donations			
Donations	3,514	–	3,514
Gift aid recovered	2,544	–	2,544
Grants			
Grants receivable	2,570	–	2,570
	<u>8,628</u>	<u>–</u>	<u>8,628</u>

6. Charitable activities

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Furniture scheme and related services	<u>330,905</u>	<u>330,905</u>	<u>450,384</u>	<u>450,384</u>

7. Other income

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Covid support grants	39,500	39,500	–	–
Job Retention Scheme	65,147	65,147	–	–
	<u>104,647</u>	<u>104,647</u>	<u>–</u>	<u>–</u>

County Durham Furniture Help Scheme

Notes to the Financial Statements (continued)

Year ended 31 March 2021

8. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Furniture scheme and related services	<u>424,580</u>	<u>15,000</u>	<u>439,580</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Furniture scheme and related services	<u>453,205</u>	<u>—</u>	<u>453,205</u>

9. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Total funds 2021 £	Total fund 2020 £
Furniture scheme and related services	<u>439,580</u>	<u>439,580</u>	<u>453,205</u>

10. Net income

Net income is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible fixed assets	<u>7,931</u>	<u>9,466</u>

11. Independent examination fees

	2021 £	2020 £
Fees payable to the independent examiner for:		
Independent examination of the financial statements	400	400
Other financial services	<u>5,329</u>	<u>4,954</u>
	<u>5,729</u>	<u>5,354</u>

12. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2021 £	2020 £
Wages and salaries	145,342	152,622
Employer contributions to pension plans	<u>1,976</u>	<u>987</u>
	<u>147,318</u>	<u>153,609</u>

County Durham Furniture Help Scheme

Notes to the Financial Statements (continued)

Year ended 31 March 2021

12. Staff costs (continued)

The average head count of employees during the year was 9 (2020: 9). The average number of full-time equivalent employees during the year is analysed as follows:

	2021 No.	2020 No.
Number of management staff	2	2
Number of project staff	7	7
	<u>9</u>	<u>9</u>

No employee received employee benefits of more than £60,000 during the year (2020: Nil).

13. Trustee remuneration and expenses

No trustees received remuneration or expenses during the current or previous year.

14. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	IT Equipment £	Total £
Cost				
At 1 April 2020	21,369	27,000	8,713	57,082
Additions	—	—	439	439
At 31 March 2021	<u>21,369</u>	<u>27,000</u>	<u>9,152</u>	<u>57,521</u>
Depreciation				
At 1 April 2020	5,930	11,813	3,681	21,424
Charge for the year	2,724	3,796	1,411	7,931
At 31 March 2021	<u>8,654</u>	<u>15,609</u>	<u>5,092</u>	<u>29,355</u>
Carrying amount				
At 31 March 2021	<u>12,715</u>	<u>11,391</u>	<u>4,060</u>	<u>28,166</u>
At 31 March 2020	<u>15,439</u>	<u>15,187</u>	<u>5,032</u>	<u>35,658</u>

15. Stocks

	2021 £	2020 £
Furniture stock for resale	<u>35,744</u>	<u>28,454</u>

16. Debtors

	2021 £	2020 £
Trade debtors	<u>36,049</u>	<u>17,032</u>

County Durham Furniture Help Scheme

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

17. Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans and overdrafts	—	1,852
Trade creditors	11,898	19,849
Accruals and deferred income	900	900
Social security and other taxes	15,398	12,254
Other creditors	610	263
	<u>28,806</u>	<u>35,118</u>

18. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Bounce Back Loan	47,500	—
Director loan accounts	—	2,500
NE Social Fund loan	41,399	40,859
Key Fund loan	19,132	20,810
Other creditors	7,512	16,059
	<u>115,543</u>	<u>80,228</u>

19. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £1,976 (2020: £987).

20. Analysis of charitable funds

Unrestricted funds

	At 1 April 2020 £	Income £	Expenditure £	At 31 March 2021 £
General funds	<u>(31,668)</u>	<u>448,736</u>	<u>(424,580)</u>	<u>(7,512)</u>

	At 1 April 2019 £	Income £	Expenditure £	At 31 March 2020 £
General funds	<u>(37,475)</u>	<u>459,012</u>	<u>(453,205)</u>	<u>(31,668)</u>

County Durham Furniture Help Scheme

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

20. Analysis of charitable funds *(continued)*

Restricted funds

	At 1 April 2020 £	Income £	Expenditure £	At 31 March 2021 £
National Lottery	–	10,000	(10,000)	–
County Durham Community Foundation	–	8,000	(5,000)	3,000
	–	18,000	(15,000)	3,000

21. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Tangible fixed assets	28,166	–	28,166
Current assets	108,671	3,000	111,671
Creditors less than 1 year	(28,806)	–	(28,806)
Creditors greater than 1 year	(115,543)	–	(115,543)
Net liabilities	(7,512)	3,000	(4,512)

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Tangible fixed assets	35,658	–	35,658
Current assets	48,020	–	48,020
Creditors less than 1 year	(35,118)	–	(35,118)
Creditors greater than 1 year	(80,228)	–	(80,228)
Net liabilities	(31,668)	–	(31,668)

County Durham Furniture Help Scheme

Management Information

Year ended 31 March 2021

The following pages do not form part of the financial statements.

County Durham Furniture Help Scheme

Detailed Statement of Financial Activities

Year ended 31 March 2021

	2021 £	2020 £
Income and endowments		
Donations and legacies		
Donations	3,182	3,514
Gift aid recovered	—	2,544
Grants receivable	—	2,570
National Lottery	10,000	—
County Durham Community Foundation	8,000	—
4Together AAP	2,500	—
Spennymoor AAP	7,002	—
Co-operative Society	500	—
	<u>31,184</u>	<u>8,628</u>
Charitable activities		
Furniture scheme and related services	330,905	450,384
Other income		
Covid support grants	39,500	—
Job Retention Scheme	65,147	—
	<u>104,647</u>	<u>—</u>
Total income	<u>466,736</u>	<u>459,012</u>
Expenditure		
Furniture scheme purchases	169,859	156,072
Wages	145,342	152,622
Pension costs	1,976	987
Rent and rates	50,348	52,583
Light and heat	8,464	12,282
Insurance	9,549	11,874
Other premises costs	7,686	1,982
Motor vehicle costs	16,088	18,330
Staff and volunteer expenses	8,031	21,717
Accountancy fees	5,729	5,354
Telephone	2,892	3,082
Office costs	1,768	520
Depreciation	7,931	9,466
Interest payable	2,826	3,123
Other expenses	1,091	3,211
Total expenditure	<u>439,580</u>	<u>453,205</u>
Net income	<u>27,156</u>	<u>5,807</u>