Charity registration number 1192660

Company registration number 03523786 (England and Wales)

BRIGHTON & HOVE WOOD RECYCLING PROJECT

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

BRIGHTON & HOVE WOOD RECYCLING PROJECT

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr P R W West Mr D C V Nobbs Mr P M Smithson Mr J P McNulty
Charity number	1192660
Company number	03523786
Registered office	104 Westfield Crescent Brighton East Sussex BN1 8JA
Independent examiner	Knill James LLP One Bell Lane Lewes East Sussex BN7 1JU

BRIGHTON & HOVE WOOD RECYCLING PROJECT

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BRIGHTON & HOVE WOOD RECYCLING PROJECT

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2023

The Directors have the pleasure of presenting the trustees report for Brighton & Hove Wood Recycling Project ("BHWRP" or "the project"), a charity (as registered in England and Wales) for the year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's [governing document], the Companies Act 2006 and "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 2019).

Objectives and activities
BHWRP operates under the following objects:

To promote for the benefit of the public the conservation protection and improvement of the physical and natural environment by:

- Diverting re-usable timber away from landfill and incineration, and promoting recycling of waste wood in East and West Sussex, in line with national waste policy seeking to establish a circular economy
- Raising public awareness of environmental matters related to re-use and recycling of household and industrial waste and the place of wood recycling in the circular economy

Achievements and performance
Company activities
During 2022/23, BHWRP continued to operate from its main premises on the Ground Floor of Oakley House in Edward Street, Brighton BN2 0BA and has been doing so since May 2021. This is now known as "The Wood Store Brighton."

The Project has seen good sales growth from this premises during the year and revenue streams are returning to pre-Covid levels. Income during 2022/23: £444,743 (£367,357, 2021/22). This location is highly visible and is the best that the Project has occupied during its 25 years of operation with space for offices, a showroom and plentiful space for timber storage and display. The premises also boasts a well equipped carpentry workshop where most of the manufacturing and wood preparation work is undertaken. The building was formerly a showroom for marine outboard engines and boasts glass frontage, parking and is on a main road with a bus stop nearby. The project has entered into a lease with Brighton & Hove City Council until May 2025 which allows the Project to fully recover to its pre-Covid position and expand and develop its services.

To this end, BHWRP has been able to enter into a new lease at its Ringmer site, switching from a non-retail storage and yard to a new building which now hosts "The Wood Store Lewes", a fully accessible retail facility facing onto the Lewes to Uckfield Road. The building also hosts a second workshop and encompasses yard space for sorting, grading wood, de-nailing and facilities for recycling timber that is not suitable for retail. This excellent location has opened up retailing opportunities to a new customer base, both for raw timber but also for manufactured product such as garden benches constructed entirely from re-used pallets that have been a local favourite over the summer months.

During the accounting year, the charity has operated a number of market and traders artistic events, some of which will be reported on in the Annual Report that will be published in January 2024. The Project has also welcomed the Mayor to the premises to see the work undertaken by the charity with volunteers and trainees and to learn more of how the enterprise fits into the Council's plans to develop the circular economy in the city.

Public Benefit Reporting
The directors of the company are trustees of the charitable company. They confirm that they have given due regard to the Charity Commission guidance on public benefit while setting objectives and activities of the project and these are in line with both the existing and future objects of the company, the latter of which have been deemed charitable by the Charity Commission.

Environmental Benefit Reporting
BHWRP has diverted 720.0 (2021/22: 497.4) tonnes of timber from the waste stream during the accounting year, a very significant increase on 2021/22 which reflects the charitable business recovering its operations post Covid. Of this, 320.8 (2021/22: 126.6) tonnes have been re-used in DIY projects and manufactured furniture products and a further 399.2 (2021/22: 370.9) tonnes have been sent for recycling as particle board, animal bedding and carbon neutral fuels. This has saved 359.0 tonnes of carbon dioxide from entering the atmosphere. This should continue to grow in 2023/24 as trading increases at both the Brighton, and now the Lewes, premises.

Social Benefit Reporting
The Project continues to raise public awareness of re-use and recycling. During the accounting year, the project has created or sustained 10.8 (2021/22: 10.4) full time equivalent paid jobs and has worked with 90 (2021/22: 66) volunteers/ trainees. These numbers will continue to grow in 2022/23.

The Project provides social benefit by making timber available at excellent prices both to the trade (a maximum of three quarters of the cost of virgin timber) and to the public for DIY and other projects. Most notable, however, is the work undertaken with volunteers and trainees, most of whom are both socially and financially excluded before starting work at the Project. More on volunteering can be found below.

Operational Activities
BHWRP has now been a registered charity since December 2020 which has allowed the organisation to seek grants to aid with its volunteering programme and to help fund its expansion into Lewes District.

Workshop and Furniture Production
During the year ended 31st March 2023, the workshop operated from the Brighton premises. As has been previously reported, this has completely transformed the organisations outputs and afforded the Project the opportunity to re-grow its trainee programme post Covid and increase trading output with manufactured items for both the commercial and domestic premises.

Examples of the high quality furniture range produced can be seen on the charity's website and includes tables, shelving and bookshelves constructed from post industrial use scaffold boards and reclaimed joists "live" edge timber designs and a large range of finishes from various painting techniques to high quality waxed or polished finishes. Tables remained a very popular constructed retail item and their construction provides an ideal learning item for trainees in carpentry as do shelves and finished timbers which are the most requested items.

Commercial Work
BHWRP undertakes commercial work when requested and wishes to develop this area of work significantly in the coming years both to grow the number of opportunities for trainees to learn carpentry skills but also to provide a new income stream to the charity as it seeks to become financially sustainable.

Commercial work undertaken includes the construction of a board room table for SwimTrek, 25 tables for Trading Post Coffee for their cafeterias, 116 planter kits for Footprint Brighton and a re-fill dispensers for Harriet's of Hove.

Training Workshops
The project has re-started its popular workshops again, teaching people how to use power tools, basic carpentry skills and "how to make a bookshelf".

Ancillary trading income rose to £116,086, (2021/22: £44,969) for the accounting year.

Collections
Commercial wood collections from construction sites remains the largest income driver for the project providing raw materials for manufacturing products and for retail earning £152,184 during 2022/23, (2021/22: £180,346). As with previous years, most collections come from large national construction companies and are brokered via the national Community Wood Recycling organisation of which BHWRP is a member. The Project also enjoys good relations with smaller more local construction firms. This year, BHWRP has increased its local collections, seeking out new customers to ensure good and regular supplies of timber. The Project will refocus on smaller local collections during 2023/24 as the cost of living crisis is negatively affecting both the number and quality of nationally brokered collections of waste timber thereby diversifying the number of organisations from which it collects waste wood. All collections staff hold CSCS certification in order to access these sites.

The Yard
Wood returning from collections goes directly to “the yard” which is the Ringmer site where it is prepared and sorted prior to it being sent to the retail outlet in Brighton.

During the accounting year, the Project moved building on the site to a much better facility that not only allows for sorting but has also allowed the Project to open, the Lewes Woodstore, serving the whole district. The site faces the main A26 Uckfield Road and attracts passing trade and offers excellent visibility. Volunteers are being actively recruited to work in the store and a new workshop has been developed.

The project also continues to develop good recycling options for wood that cannot be re-used and this is sold commercially for animal bedding, heat and power production, chipping and wood pulp.

Retail
Shop retail activity involves selling reclaimed and salvaged timber and generic product lines as well as organising the interface with the public. The shop takes orders for bespoke items to be constructed and covers the telephone, e-mail, social media and WhatsApp orders and other correspondence.

Sales follow a yearly cycle with the summer months often showing a slowdown. However, sales have been growing steadily from opening in June 2021 (£15,000) to £35,000 some months in 2021/22 and now approaching £45,000 in some months during 2022/23. The Project has therefore made a small surplus in 2022/23.

Changes to Staffing
The project re-opened after the Covid pandemic with just twelve staff due to natural wastage. During accounting year 2022/23, the number of staff under contract rose to 15. Staff are a mixture of full and part time and as at March 2023 there is a 10.8 full time equivalent (FTE) staffing compliment working across retail, collections, the workshop and wood preparation. The Project employed a dedicated Business Development Manager during the accounting period with the role to end in September 2023. The Business Development Manager was tasked with restructuring and redeveloping the operation post pandemic and ensuring the workshop was working well and bringing in more domestic and commercial jobs. To this end two Workshop Supervisors were employed (both parttime) to take charge of the workshop environment and work alongside trainees. With the departure of the Business Development Manager, the Supervisors are now operating as Workshop Managers working both in the workshops and quoting for new business as well as reaching new audiences, both commercial and domestic.

During the year 2023/24, the Project is planning to recruit a Marketing Co-ordinator who will work to promote the brand, especially focusing on the circular economy and the environmental “good” when one buys from the Project. Additionally, there will be new retail opportunities at the Lewes premises and the deployment of a dedicated Retail Manager is planned. At present the Collections Manager is also undertaking the role of Retail Manager while the project reconfigures its management team. This will be strongly advantageous allowing the Collections Manager to focus exclusively on building the collections income from local construction companies.

Volunteering
During 2022/23 the volunteering/ trainee programme has been significantly expanded at the Brighton premises with the Lewes retail facility opening in March 2023. Some volunteers have already been recruited for this secondary venture in Lewes.

During the accounting year 2022/23, the project worked with 90 volunteers (81 at the Brighton Woodstore and 9 at the newly opened Lewes Woodstore). These volunteers donated 8,335 hours of their time to the project, learning new skills and working alongside paid staff allowing the charity to fulfil its charitable objects for the public benefit (2021/22: 117 volunteers, 7,220 hours).

All volunteers are trainees within the project. Most volunteers work in the workshop and produce many different types of furniture, once the necessary training has been delivered. Volunteers receive detailed health & safety training as well as instruction on how to use the tools and machines suited to their abilities. The most popular items remain simple coffee tables, bookshelves and bespoke tables. Some trainees have also been able to work on commercial construction jobs at the clients’ premises.

Volunteers will continue to be drawn from various backgrounds which includes those who have been socially isolated, long-term unemployed, have long-term physical or mental health problems, ex-offenders, people who are autistic/ Asperger’s syndrome, LGBTQ+, learning difficulties, recovering from drug and alcohol dependency. The project also works with young people and students helping them start vocational training as a carpenter.

The Project continues to seek out new referral agencies and organisations widening its ability to work with beneficiaries who are experiencing social and financial exclusion. At present the project works with Community Works, St John's College, MET, self-referrals, Brighton & Hove City Council Supported Employment, Grace Eyre, referrals from staff and volunteers, Brighton Table Tennis Club, St Thomas Fund, Employment Advisor, Job Centre Plus, BHCC Specialist Community Disability Service, Skills Training UK, Whitehead-Ross Education & Consulting Ltd, Plumpton College, the Probation Service and others.

Volunteering/ trainee opportunities also exist in administration, as well as retail and collections, providing opportunities to learn different skillsets. The Project works closely with trainees, trying to ensure they make a positive progression to paid work, further training or another volunteer placement with another organisation as part of its commitment to social value. BHWRP remains committed to employing former volunteers when roles become vacant at the Project. During the accounting year, two former trainees have become carpenters in their own businesses.

Financial review

Financial Outturns

During 2022/23, income has increased to £444,743 (2021/22: £367,357) helped by sales recovering and the opening of the Lewes branch. However, the cost-of-living crisis has noticeably affected not only the regularity and quality of waste wood collected but also the willingness of the public to buy wood for projects. It is hoped as prices stabilise and even fall slightly and the rate of inflation/ mortgage rates fall, that the stores will see increased footfall. Expenditure was £443,886 (2021/22: £393,414), again an increase in line with increased activity. This generated a small surplus for the first time in several years 2022/23: £857, (2021/22: £(26,057)); (2020/21: £(45,009)). The surplus needs to grow in the years ahead allowing the charity to re-grow its reserves and seriously consider buying a premises guaranteeing its future.

Most notably, there was very high expenditure on motor vehicles, 2022/23: £22,474, (2021/22: £8,571) which reflects large repair bills for a vehicle reaching end of life and the increased cost of fuel, tax and insurance. Some of the increase is due to increased milage as the Project returns to full operation.

Current Assets

As the charity has returned to full trading from new premises during the accounting year, the amount of funds held as stock has grown significantly, £45,228 (2021/22: £22,297).

Trade debtors have been managed in an improved way with £42,694 (2021/22: £45,048) owing at year end.

Fixed Assets

At present the charity is carrying £54,112 as fixed assets (2021/22: £63,824). The depreciation reflects computers, vehicles and leasehold improvement dilapidation and depreciation.

Cash at bank and in hand

The charity held £48,344 cash on March 31st 2023 (2021/22: £52,067) which is sufficient to cashflow the charitable company but not sufficient to make strategic investments, therefore funding will be sought from charitable trusts and other grant making bodies. The charity will work to improve this situation during 2023/24.

Funding Designations

Trustees have reviewed and made substantial changes to funding designations for the accounting year 2022/23. Trustees have designated £25,000 as an emergency vehicle fund to support growth or to replace a vehicle were there to be a write off situation. This fund could support the acquisition of a new vehicle if fundraising does not result in sufficient funds to buy an appropriate new tipper truck. The redundancy fund has been increased to £54,752 to reflect the cost of closing the business and ensuring all staff were paid their notice and redundancy entitlements with a further £5,000 set aside for final accountancy bills and other wind up costs.

It should be noted that since the charity is relatively cash poor and that much of the unrestricted reserves are locked up in stock, if the charitable business had to close, the sale of stock and vehicles would be needed to meet the charity's legal obligations. The charity is at pains to make this clear to potential funders as cashflow can present some challenges from month to month.

Restricted Funding
During the accounting year, BHWRP has received grant money as follows.

- £5,000 from the Chalk Cliff Trust for tooling the Lewes premises. These funds were donated in March 2023 and therefore the fund balance is £5,000 as at March 31st 2023.
- Other fundraising has been undertaken with the expectation that funds will be realised in 2023/24.

Unrestricted Funds
Unrestricted funds stand at £74,698 which is exclusively fixed assets at £54,112 and a proportion of current assets of £20,586.

Financial Policy and Financial Outlook
It is the policy of the directors to cover all operational expenses with a combination of sales, grants, fees, investments and fundraising income. To this end, a budget for operating during 2023/24 has been published which has undergone significant scrutiny at both a managerial and board level.

The Project sought to return sales to a minimum of £35,000 per month during the accounting year 2022/23 and then improve on this figure. This has just been achieved which is a considerable milestone. During 2023/24, it is planned to return the Project to pre-Covid levels of income, £475,000 per annum, which will be a significant increase of income on 2022/23 but not unrealistic.

Financial reserves remain significantly depleted as of March 2023 and trustees will be seeking to grow unrestricted reserves to ensure the on-going viability of the project and ultimately to buy a premises (on mortgage) where BHWRP and other projects can operate. At present, this remains an aspiration.

Fundraising Objectives
During accounting year 2023/24, trustees have set the following targets for fundraising:

- £10,000 to support the acquisition of a new caged tipper vehicle as already described.
- £10,000 to support the volunteering/ trainee programme, with a focus on Lewes
- £10,000 to support salaries and other costs while the charity continues to re-build its business.

Investment policy and objectives
The Directors are responsible for the financial stewardship of the charitable company. At present, the company holds all financial assets as liquid assets in bank accounts. To ensure the security of the funds, these are held at levels equal to or below the current FSCS thresholds.

During accounting year 2022/23, Directors chose to move into new premises in Lewes which incurred an increase in rent of £10,000 per annum but with the attendant benefit of being able to retail from site, not only defraying the cost of increase rent but also improving income to the project as a whole. At time of writing, this move has been of benefit to the charity and there will be reporting on income from the Lewes branch in 2023/24.

Financial sustainability has been reached in accounting year 2022/23 moving to surplus in 2023/24 allowing trustees to again seek to build a designated reserve to acquire a premises to house the project and other key local businesses and charities in the circular economy. This will increase the public benefit of the operation.

In the interim, the directors will consider making longer term investments to safeguard the charity's financial reserves. The directors will continue to maintain bank accounts with sufficient funds in liquid form to meet any cashflow or other financial needs in an appropriate timeframe.

Reserves policy
The board of directors, understanding their obligations to the health of the business, their statutory duty to staff in the case of redundancies and their new responsibilities as trustees of a charitable company, have put a policy in place relating to reserves and agreed to make the following designations of funds:

- A redundancy fund against the need to close the business: £54,752
- Business wind up costs: £5,000
- Replacement vehicle fund: £25,000

These designations total £84,752. There is enough liquidity to ensure cashflow for on-going operational activities for a minimum period of a three months.

Risk Assessment and Management
The directors are aware of their responsibility to ensure that significant risks to which the company is exposed are identified and to establish systems to manage those risks. The directors review the major risks to which the Charity is exposed on a regular basis and systems are implemented wherever possible to mitigate these risks. The Trustees believe that there is a satisfactory system of internal controls, which are also reviewed on a regular basis. The highest risk at present is the need to address the on-going deficit and progress is being made to reduce this as explained elsewhere in the report.

Plans for future periods
BHWRP has set ambitious targets to grow its operation in 2023/24 and beyond.

Targets were set to reach financial breakeven in 2022/23 which has been achieved with the accounts showing a small surplus of £857.

The target for 2023/24 is for the Project to return to the pre-Covid income level of £475,000 which, at the time of writing, is entirely realistic and necessary with increased costs for fuel, insurance, staffing and services.

The Project has benefitted from having a Business Development Manager who has been building the workshop, readying it for more commercial work. This role will come to an end in 2023/24 with responsibility for growing the income from commercial work passing to the Workshop Manager.

The Project has identified several opportunities to increase the growth of orders from the public, especially in popular items such as tables, sets of smaller tables, shelving and some other bespoke lines. During 2023/24, the Project started to construct beds which have proved very popular.

Additionally, the Project will pursue commercial contracts such as soft fit outs of reception areas, offices, retail spaces, outdoor areas and cafes and restaurants. This will increase earned revenue from the private and public sectors and offer significantly more diverse learning opportunities for trainees.

The Marketing Co-ordinator will be tasked with improving the Project's on-line presence, managing the brand, print media and overhauling customer data management. The e-portal remains largely dormant at present and product lines will be promoted on LinkedIn and other commercially minded platforms.

Other planned developments include increased fundraising from charitable trusts, foundations and via other mechanisms to improve and expand the volunteering/ trainee offer thereby increasing the social value of the Project and transforming more lives.

There will be a wider range of stock available at the Woodstore (trading name) including bought in items that compliment BHWRP's signature range. These will include paint consumables, compost, low carbon cement, paints and finishes as well as fixings and ironmongery with an emphasis on being as environmentally benign as possible. The Woodstore seeks to become a destination for the environmentally conscious DIY enthusiast and a one stop shop for material needed for projects.

BHWRP will continue its group sessions in both bench joinery and the use of power tools which are offered to the public at a fair commercial rate as group sessions (one day course) at the weekend. Sessions in 2022/23 included both a course branded as "An Introduction to the Circular Economy" funded by the EU Blueprint to a Circular Economy Scheme and a Men in Sheds course for Fabrica who run the local group. In 2023/24, there will be a number of courses both hosted and facilitated by the Project for Fabrica focusing on refurbishment skills and working with socially isolated older people. Fabrica have been able to identify some funding for this initiative.

In 2023/24, the Project will conduct a Crowd Funder and fundraising drive to raise funds to buy a new vehicle, allowing for one vehicle at end of life to be replaced and another vehicle that is not used sufficiently to be sold before its value depreciates. Funds from these activities will be sufficient to acquire a new caged tipper that will serve the new service in Lewes District.

It is likely that the Lewes branch will have to relocate from its current site just outside Ringmer during 2024/25 as the site has been earmarked for development. The Project is working closely with local councillors in Lewes District to either retain the site or find a suitable other site within the district. The timeframes remain unclear at present as the planning application has not been finalised.

Structure, governance and management
The company is controlled by its governing document and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:
Mr P R W West
Mr D C V Nobbs
Mr P M Smithson
Mr J P McNulty

Organisational Structure
Brighton & Hove Wood Recycling Project is operated by the board of trustees who employ a Managing Director who is also a trustee. This role has grown during the accounting year and is now four days a week with re-organisation of other existing staff to keep costs under control.

The business also employs a Business Development Manager (workshop and business development) and Collections Manager (collections and retail) who oversee their respective sides of the business. The Project also employs supervisors and operational staff to ensure the proper functioning of the business.

Risk Assessment and Management
The directors are aware of their responsibility to ensure that significant risks to which the company is exposed are identified and to establish systems to manage those risks. The directors review the major risks to which the Charity is exposed on a regular basis and systems are implemented wherever possible to mitigate these risks. The Trustees believe that there is a satisfactory system of internal controls, which are also reviewed on a regular basis. The highest risk at present is the need to address the on-going financial situation. Fortunately, the charity is no longer posting a deficit and is at breakeven at present. Plans are in place to grow both earned and fundraising income.

Due Diligence
The directors regularly review the terms and conditions of external service providers. During the next accounts period the directors will ensure that significant fundraising is undertaken to allow the Project to grow and to aid with the likely move of the Lewes premises as well as to continue to bolster and support the volunteering/ trainee programme.

Recruitment and Appointment of Directors
BHWRP is administered by a Board of Directors. Directors are appointed by the Board. There is a set period of three years as a tenure of office. New Board members are provided with a pack of information containing details of the constitution of the Company, budgets, minutes of recent Board meetings and papers dealing with key current issues, which can then be discussed in detail with other Board members. Directors meet at least three times a year. During the accounting year 2023/24, the Project will seek to recruit several trustees and expand the board considerably ensuring that trustees are drawn from a diverse background and bring skills and competencies needed by a successful local charity.

Trustee induction and training
The company is developing an induction programme for new directors and has regard to the ongoing need for director training as the organisation transitions to becoming a charity. This includes the provision of up to date information on charity governance together providing trustees with a copy of the Charity commission publication: “The Essential Trustee”. Trustees are invited to attend training provided by the local voluntary sector infrastructure organisation, Community Works. The Project is a member of this organisation and benefits greatly from its services.

The trustees' report was approved by the Board of Trustees.

Mr P R W West
Trustee

13 December 2023

BRIGHTON & HOVE WOOD RECYCLING PROJECT

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF BRIGHTON & HOVE WOOD RECYCLING PROJECT

I report to the trustees on my examination of the financial statements of Brighton & Hove Wood Recycling Project (the charitable company) for the year ended 31 March 2023.

Responsibilities and basis of report

As the trustees of the charitable 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 financial statements of the charitable 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 charitable company's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the charitable 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 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 that in any material respect:

1 accounting records were not kept in respect of the charitable company 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 financial statements to be reached.



M A Filsell FCA, on behalf of

Knill James LLP
One Bell Lane
Lewes
East Sussex
BN7 1JU

Dated: 14 December 2023

BRIGHTON & HOVE WOOD RECYCLING PROJECT

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

Current financial year

	Notes	Unrestricted funds general 2023 £	Unrestricted funds designated 2023 £	Restricted funds 2023 £	Total 2023 £	Total 2022 £
Income and endowments from:						
Donations and legacies	**2**	7,487	-	5,000	12,487	16,530
Charitable activities	**3**	423,648	-	-	423,648	323,065
Investments	**4**	1	-	-	1	186
Other income	**5**	8,607	-	-	8,607	27,576
Total income		439,743	-	5,000	444,743	367,357
Expenditure on:						
Raising funds	**6**	2,000	-	-	2,000	3,945
Charitable activities	**7**	441,058	-	828	441,886	389,469
Total expenditure		443,058	-	828	443,886	393,414
Net (outgoing)/incoming resources before transfers		(3,315)	-	4,172	857	(26,057)
Gross transfers between funds		(19,118)	19,118	-	-	-
Net (expenditure)/income for the year/ Net movement in funds		(22,433)	19,118	4,172	857	(26,057)
Fund balances at 1 April 2022		97,131	65,634	828	163,593	189,650
Fund balances at 31 March 2023		74,698	84,752	5,000	164,450	163,593

The statement of financial activities includes all gains and losses recognised in the year.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

BRIGHTON & HOVE WOOD RECYCLING PROJECT

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

Prior financial year

	Notes	Unrestricted funds general 2022 £	Unrestricted funds designated 2022 £	Restricted funds 2022 £	Total 2022 £
Income and endowments from:					
Donations and legacies	**2**	-	-	16,530	16,530
Charitable activities	**3**	323,065	-	-	323,065
Investments	**4**	186	-	-	186
Other income	**5**	27,576	-	-	27,576
Total income		350,827	-	16,530	367,357
Expenditure on:					
Raising funds	**6**	3,717	-	228	3,945
Charitable activities	**7**	364,378	23,000	2,091	389,469
Total expenditure		368,095	23,000	2,319	393,414
Net (outgoing)/incoming resources before transfers		(17,268)	(23,000)	14,211	(26,057)
Gross transfers between funds		74,749	(61,366)	(13,383)	-
Net (expenditure)/income for the year/ Net movement in funds		57,481	(84,366)	828	(26,057)
Fund balances at 1 April 2021		39,650	150,000	-	189,650
Fund balances at 31 March 2022		97,131	65,634	828	163,593

BRIGHTON & HOVE WOOD RECYCLING PROJECT

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	**12**		54,112		63,824
Current assets					
Stocks	**13**	45,228		22,297	
Debtors	**14**	42,694		45,048	
Cash at bank and in hand		48,344		52,067	
		136,266		119,412	
Creditors: amounts falling due within one year	**15**	(25,928)		(19,643)	
Net current assets			110,338		99,769
Total assets less current liabilities			164,450		163,593
Income funds					
Restricted funds	**17**		5,000		828
Unrestricted funds					
Designated funds	**18**	84,752		65,634	
General unrestricted funds		74,698		97,131	
			159,450		162,765
			164,450		163,593

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2023.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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.

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

The financial statements were approved by the Trustees on 13 December 2023

Mr P R W West
Trustee

Company registration number 03523786

1 Accounting policies

Charity information

Brighton & Hove Wood Recycling Project is a private company limited by guarantee incorporated in England and Wales. The registered office is 104 Westfield Crescent, Brighton, East Sussex, BN1 8JA.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charitable company's Memorandum and Articles of Association, the Companies Act 2006 and "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 2019)". The charitable company is a Public Benefit Entity as defined by FRS 102.

The charitable company has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Material funds are income funds of the charity which have been set aside out of general unrestricted funds by the trustees for specific purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.3 Income

Income is recognised when the charitable company is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charitable company has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charitable company has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1 Accounting policies **(Continued)**

1.4 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.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them, including allocated governance costs.

Governance costs includes those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on estimated usage as a proportion of directly attributable expenditure.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10% straight line basis
Plant and equipment	15% reducing balance basis
Computers	20% straight line basis
Motor vehicles	25% reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.6 Impairment of fixed assets

At each reporting end date, the charitable company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.9 Financial instruments

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charitable company's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Donations and legacies

	Unrestricted funds general 2023	Restricted funds 2023	Total 2023	Restricted funds 2022
	£	£	£	£
Donations and gifts	1,479	-	1,479	11,030
Performance related grants	6,008	5,000	11,008	5,500
	7,487	5,000	12,487	16,530

3 Charitable activities

	Waste wood	Workshop and education	Total 2023	Waste wood	Workshop and education	Total 2022
	2023	2023		2022	2022	
	£	£	£	£	£	£
Income from charitable activities	155,378	152,184	307,562	97,750	180,346	278,096
Ancillary trading income	116,086	-	116,086	44,969	-	44,969
	271,464	152,184	423,648	142,719	180,346	323,065

4 Investments

	Unrestricted funds general 2023	Unrestricted funds general 2022
	£	£
Interest receivable	1	186

5 Other income

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £
Coronavirus job retention scheme	-	6,415
Other income	8,607	21,161
	8,607	27,576

6 Raising funds

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £	Restricted funds 2022 £	Total 2022 £
Fundraising and publicity				
Staging fundraising events	2,000	880	-	880
Other fundraising costs	-	-	228	228
Staff costs	-	2,837	-	2,837
Fundraising and publicity	2,000	3,717	228	3,945
	2,000	3,717	228	3,945

7 Charitable activities

	Waste wood & ancillary trading 2023	Workshop and education 2023	Total 2023	Waste wood & ancillary trading 2022	Workshop and education 2022	Total 2022
	£	£	£	£	£	£
Staff costs	212,155	44,422	256,577	177,999	45,343	223,342
Depreciation and impairment	11,563	-	11,563	13,477	-	13,477
Wood purchase	21,416	9,180	30,596	24,583	7,322	31,905
Firewood	8,434	3,260	11,694	12,958	1,845	14,803
Chipping & disposal	16,937	7,723	24,660	23,205	6,346	29,551
Giftware & incidentals	-	-	-	539	-	539
Couriers	759	325	1,084	1,375	589	1,964
Workshop expenses	350	17,832	18,182	-	26,442	26,442
	271,614	82,742	354,356	254,136	87,887	342,023
Share of support costs (see note 8)	56,544	24,586	81,130	26,247	11,248	37,495
Share of governance costs (see note 8)	5,880	520	6,400	6,966	2,985	9,951
	334,038	107,848	441,886	287,349	102,120	389,469
Analysis by fund						
Unrestricted funds - general	333,210	107,848	441,058	262,258	102,120	364,378
Unrestricted funds - designated	-	-	-	23,000	-	23,000
Restricted funds	828	-	828	2,091	-	2,091
	334,038	107,848	441,886	287,349	102,120	389,469

8 Support costs

	Support costs	**Governance costs**	**2023**	Support costs	Governance costs	2022
	£	**£**	**£**	£	£	£
Rates	-	-	-	3,792	-	3,792
Rent	11,213	-	11,213	3,778	-	3,778
Travel	1,331	-	1,331	1,180	-	1,180
Motor expenses	22,474	-	22,474	8,571	-	8,571
Staff training and welfare	1,803	-	1,803	1,508	-	1,508
Telephone and IT	3,303	-	3,303	2,196	-	2,196
Light and heat	9,399	-	9,399	951	-	951
Insurance	9,260	-	9,260	889	-	889
Repairs and maintenance	1,736	-	1,736	5,697	-	5,697
Marketing	9,040	-	9,040	531	-	531
Printing, postage & stationery	664	-	664	270	-	270
Subscriptions	1,391	-	1,391	1,140	-	1,140
Bank Charges	6,695	-	6,695	5,845	-	5,845
Sundry Expenses	2,821	-	2,821	1,147	-	1,147
Accountancy fees	-	2,625	2,625	-	2,100	2,100
Legal and professional	-	3,195	3,195	-	5,292	5,292
Bookkeeping fees	-	580	580	-	2,559	2,559
	81,130	6,400	87,530	37,495	9,951	47,446
Analysed to Charitable activities	81,130	6,400	87,530	37,495	9,951	47,446

Governance costs includes payments to the independent examiner of £2,240 (2022 - £1,650) for examination fees.

9 Trustees

One of the trustees received remuneration of £36,245 (2022 - £27,268) from the charitable company during the year for the role of Chief Executive Officer.

10 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Employees under contract	15	14

Employment costs	2023 £	2022 £
Wages and salaries	241,249	213,729
Social security costs	10,901	9,150
Other pension costs	4,427	3,300
	256,577	226,179

There were no employees whose annual remuneration was £60,000 or more.

11 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxationof Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

12 Tangible fixed assets

	Leasehold improvements	Plant and equipment	Computers	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2022	37,218	3,539	5,495	48,655	94,907
Additions	-	1,239	612	-	1,851
At 31 March 2023	37,218	4,778	6,107	48,655	96,758
Depreciation and impairment					
At 1 April 2022	3,722	876	2,545	23,940	31,083
Depreciation charged in the year	3,722	585	1,077	6,179	11,563
At 31 March 2023	7,444	1,461	3,622	30,119	42,646
Carrying amount					
At 31 March 2023	29,774	3,317	2,485	18,536	54,112
At 31 March 2022	33,496	2,663	2,950	24,715	63,824

13 Stocks

	2023	2022
	£	£
Finished goods and goods for resale	45,228	22,297

14 Debtors

	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	37,803	36,271
Other debtors	-	4,500
Prepayments and accrued income	4,891	4,277
	42,694	45,048

15 Creditors: amounts falling due within one year

	2023	2022
	£	£
Other taxation and social security	8,607	9,948
Trade creditors	12,335	5,032
Other creditors	2,746	-
Accruals and deferred income	2,240	4,663
	25,928	19,643

16 Retirement benefit schemes

Defined contribution schemes

The charitable company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charitable company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £4,427 (2022 - £3,300).

17 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Movement in funds		
	Incoming resources	Resources expended	Transfers	Balance at 1 April 2022	Incoming resources	Resources expended	Balance at 31 March 2023
	£	£	£	£	£	£	£
Arnold Clark Foundation	500	(500)	-	-	-	-	-
Sussex Community Foundation	5,000	(1,052)	(3,120)	828	-	(828)	-
Leasehold Improvement Donations	11,030	(767)	(10,263)	-	-	-	-
Chalk Cliff Trust	-	-	-	-	5,000	-	5,000
	16,530	(2,319)	(13,383)	828	5,000	(828)	5,000

£5,000 received from Chalk Cliff Trust in the year for expenditure on tooling for the Lewes premises.

18 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2021	Resources expended	Transfers	Balance at 1 April 2022	Transfers	Balance at 31 March 2023
	£	£	£	£	£	£
Premises improvement fund	50,000	(23,000)	(27,000)	-	-	-
Deposit for new premises	50,000	-	(50,000)	-	-	-
Business wind-up fund	30,000	-	15,634	45,634	9,118	54,752
Replacement vehicle fund	15,000	-	-	15,000	10,000	25,000
Wind-up redundancy fund	5,000	-	-	5,000	-	5,000
	150,000	(23,000)	(61,366)	65,634	19,118	84,752

Designated funds are held for redundancy fund (business closure), replacement vehicle fund and business wind up costs.

19 Analysis of net assets between funds

	Unrestricted funds 2023 £	Designated funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Total 2022 £
Fund balances at 31 March 2023 are represented by:								
Tangible assets	54,112	-	-	54,112	63,824	-	-	63,824
Current assets/(liabilities)	20,586	84,752	5,000	110,338	33,307	65,634	828	99,769
	74,698	84,752	5,000	164,450	97,131	65,634	828	163,593

20 Related party transactions

There were no disclosable related party transactions during the year (2022 - none).