

**Association of Charity Shops**  
(Company limited by guarantee no. 03709512)

Report and Financial Statements

Year ended 31 March 2010

# **ASSOCIATION OF CHARITY SHOPS (Company limited by guarantee no. 03709512)**

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## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010**

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### **LEGAL AND ADMINISTRATIVE DETAILS**

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Association of Charity Shops was incorporated as a company limited by guaranteed (without share capital) no. 03709512 on February 8, 1999; its governing instrument is its memorandum and articles of association. Every member of the Association undertakes to contribute to its assets in the event of it being wound up while she/he is a member such amount as may be required not exceeding £1.

<b>DIRECTORS</b>	See page 7
<b>SECRETARY</b>	Lekha Klouda until November 2009 Warren Alexander since November 2009
<b>REGISTERED OFFICE</b>	Central House 14 Upper Woburn Place London WC1H 0AE
<b>ACCOUNTANTS</b>	Gotham Erskine LLP Friendly House 52 - 58 Tabernacle Street London EC2A 4NJ
<b>BANKERS</b>	Barclays Bank plc 128 Moorgate London EC2M 6SX

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**CHAIR'S INTRODUCTION**

**For the year ending 31 March 2010**

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The year under review has been one of change for the Association. Lekha Klouda, the founding Director of the Association, retired after 10 years in the role. We all wish Lekha a long and happy retirement. Her place was taken by Warren Alexander who comes from a background in marketing, fundraising and managing charities. Warren has made a great start in his time with the Association.

The staff and Board of the Association have continued to work toward achieving the goals set out in the 2009-12 Strategic Plan and on widening the range of services available to members. The Association continues to provide support and information to the charity retail sector. Attendance at meetings of Special Interest Groups, Members' Meetings and networking events confirms the value of the Association to its members in being a source of expertise as well as an efficient means of exchanging ideas and information. The Association therefore plays a significant role in helping members to increase the profitability and cost effectiveness of their retail operations.

The Association is seen by Government as the authoritative voice of charity retail and our views have been regularly sought by the UK Government, the Scottish Government and the Welsh Assembly. The Association contributes to all consultations that affect the interests of charity retailing.

With a new Chief Executive in place, the coming years should be exciting ones for the Association. A number of changes will take place during the coming years that will strengthen the role of the Association, increase its effectiveness as the voice of charity retail and improve yet further its ability to support its members.

**David Cryer**  
**Chair**

# ASSOCIATION OF CHARITY SHOPS

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## DIRECTORS' REPORT

For the year ending 31 March 2010

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The directors present their report and financial statements for the year ended 31 March 2010.

### OBJECTS

The objects of the Association are to assist charities in making better use of their assets and resources by promoting the efficiency and effectiveness of charity shops; and to advance education and training.

The Association of Charity Shops' vision is a successful charity retail sector in the UK, actively promoted and supported by the Association. The Association's mission is to provide leadership and support for charity retailing in the UK. The Association's aims in achieving its mission and vision are to:

1. Monitor policy and legislative changes affecting charity retailing and lobby governments to achieve and maintain a supportive regulatory environment.
2. Promote all aspects of charity retailing to the public and policy makers including its reuse/recycling/sustainability contributions, as well as its vital role in raising funds for charity.
3. Respond to developments in charity retailing and the differing needs of members through provision of appropriate services and activities.
4. Be a major source of expertise and up to date information on issues affecting the sector.
5. Promote good practice, efficiency and self-regulation in charity retailing through sharing of information and standards.
6. Work closely with other relevant organisations to further support the sector.

The Association's values are to be:

Independent  
Enabling  
Responsive  
Innovative  
Fair

### REVIEW OF ACTIVITIES AND ACHIEVEMENTS

#### Charity Membership

Membership stood at 297 charities operating 6,851 (305 and 6,780 in 2008/9) shops.

Our members represented all the national chains of charity shops. The table below illustrates the breakdown of our membership by number of charity members in each size category as well as the breakdown by the number of shops run and the contribution made to subscription income.

Although the large majority of our members run fairly small charity shop operations, a relatively small number of large national charities run 64% of the total number of shops and contribute 53% of our membership subscription income.

## ASSOCIATION OF CHARITY SHOPS

### DIRECTORS' REPORT

For the year ending 31 March 2010

(2008/2009 figures shown in brackets)	No. of charities	% of total no.	No. of shops	% of total shops	Member-ship fees paid (net) £	% total membership income
Charities with over 100 shops	14 (14)	4.7 (4.6)	4,376 (4,382)	64 (64.6)	135,837 (152,787)	53 (59.7)
Charities with 21 – 100 shops	20 (20)	6.7 (6.6)	951 (903)	14 (13.2)	35,890 (33,283)	14 (13)
Charities with 11 – 20 shops	45 (42)	15.1 (13.8)	633 (583)	9 (8.5)	28,956 (21,560)	11.3 (8.4)
Charities with 5 – 10 shops	92 (89)	31 (29.2)	661 (645)	9.5 (9.4)	30,885 (24,278)	12.1 (9.5)
Charities with less than 5 shops	114 (128)	38.4 (42)	230 (267)	3.5 (4)	21,800 (21,876)	8.5 (8.6)
Charities with no shops	12 (12)	4 (3.9)	0	0	2,100 (2,013)	0.8 (0.8)
<b>TOTALS</b>	<b>297</b>		<b>6,851</b>		<b>255,468</b>	

#### Corporate Membership

We increased the number of Associate Members from 33 to 40 and eight Affiliate Members. There was increased support from our commercial partners which resulted in the highest attended exhibition with 47 stands sold, an increase of three from the previous year.

The 2009 Conference was sponsored by 11 companies including main sponsors eBay for Charity, 1st Waste Management Consultants, Wilcox and Award sponsors Corporate Derby College.

Our Directory of Suppliers and Services continued to be popular with both commercial and charity members and expanded for the second year running.

We increased advertising space and, for the first time, offered advertising opportunities to non-members. In the pre-Conference flier and Conference Programme we introduced quarter page adverts which increased overall revenue.

The over-all advertising in our Bulletin newsletter by commercial members dropped due to the recession.

Our John Tough handbook on setting up and running charity shops sold 58 copies, total revenue £1,050.64 and our volunteer and health and safety booklets generated revenue totalling £737.50.

## DIRECTORS' REPORT

For the year ending 31 March 2010

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### Strategic Plan 2009-12

The principal aims of the Plan are:

To recognise the different needs of our members, enable small and large members to gain maximum benefit from their membership

Increase our ability to lobby and influence

Demonstrate the leading role charity retail plays in environmental matters through re-use and recycling

Strengthen the Code of Charity Retailing stock collection provisions to protect our members interests

Explore new income streams for the Association

Collaborate with other organisations where the unique expertise of the Association can benefit our members

### Lobbying and responses to government consultations

In Whitehall, we are contributing to implementing DEFRA's Waste Strategy, through our involvement in the Sustainable Clothing Action Plan, and we worked with the Office of the Third Sector on a campaign against bogus collectors - "Give with Care" - and on the Cabinet Office "Donate, Don't Dump" day in October. We had a meeting with Stephen Timms MP, the Treasury Minister, on Gift Aid, and had a number of meetings with the Third Sector Minister, Angela Smith, on music licensing and other issues.

During the year, we responded to consultations on:

Performing Rights Society's proposed code of conduct

Charges for carrier bags in Wales

Waste strategy for Wales

Implementation of the Waste Framework Directive in England & Wales

Proposals for fairer environmental enforcement in England & Wales

The Business Rates Supplement in London (to part-fund Crossrail)

Zero waste in Scotland, and

Amendments to the Price Marking Order 2004 (covering arrangements for the return of VAT to 17.5% in 2010)

We continue to meet and work with officials on the range of issues, and have established good relations with civil servants at the Intellectual Property Office.

As a result of our campaign on music licensing (reported below), we have made some new friendships with MPs, which we will build on in the coming year.

### Press and Public Relations

We secured a good deal of press coverage over the year, helped by the publicity of the "Mary Queen of Charity Shops" series on BBC2. Our PR efforts focused, though, on house to house collections and other issues about raising stock. We gave a large number of interviews for the print media, radio and television, including a lengthy piece for the American CBS station. Our collaborations with the Office of the Third Sector and others helped secure wider reporting of all the issues.

## DIRECTORS' REPORT

For the year ending 31 March 2010

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### House to house collections

During the summer, we had lengthy discussions with the Institute of Fundraising (IoF) about developing a charity sector-wide code on house to house collections, to include "partnership" collections by textile merchants. In the autumn, we proposed a draft code, based on the Code of Charity Retailing, to be used alongside other IoF fundraising codes of practice. The IoF uses working parties to work up their own codes, and, despite our concerns about the time lag, they insisted on a working party to consider our draft code. The working party, on which we are represented, first met at the start of 2010 and had met twice by end-March.

We are continuing to explore ways to increase quality donations, via H2H collections.

### Research

Our quarterly and monthly market analysis reports have continued to provide key market data to members not available elsewhere. We are grateful to all those members who contribute their information to these reports. In addition to the turnover analysis, our quarterly special reports covered rag prices including commercial house to house collections, sources of stock, salaries, shops rents, lease and property costs, selling online and sales of bought-in goods including Christmas cards.

We have also continued to commission consumer research from nfpSynergy covering the following areas: donation preferences and awareness of different house-to-house collections, frequency of donations, motivations for donating to and buying from charity shops, awareness of Gift Aid on donated goods, awareness and impact of Mary Queen of Charity Shops programme, awareness of the environmental benefits of charity shops, impact of charity shops on engagement with charities, new goods including Christmas cards, attitudes towards charity shops and buying behavior.

### Collaboration with other organisations

We have continued to establish and enhance our relations with other bodies with similar interests, including our first significant contacts with the Wales Council for Voluntary Action. In addition, we continued our good contacts with other reuse organisations, such as FRN and CRNS, and - in November - gave our first presentation on the sector at a Cylch conference.

### Music in charity shops - PPL Licensing

In November, the Government announced its intention to remove charity exemptions from music licensing by PPL. This could have cost charity shops upwards of £900,000 per annum.

Regulations were to come into force in April 2010. However, following intense lobbying by the Association - of Ministers, officials, MPs and Peers - the Government concluded that opposition was too strong for it to win a vote in the House of Commons, and Regulations were not made. We lobbied more than 400 MPs and 250 Peers, to make our case, and gained active support from many.

### Reserves

The Association's Board has approved a policy to maintain minimum reserves based on an allowance for the cost of dilapidations when the lease on the Association's offices comes to an end and about six months' expenditure.

### Thanks

Our thanks go to all members who have contributed their time and expertise in supporting the Association including all those who contribute their input, advice time and expertise to our interest groups and Development and Finance Committee.

# ASSOCIATION OF CHARITY SHOPS

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## DIRECTORS' REPORT

For the year ending 31 March 2010

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### DIRECTORS

#### Category A organisations (less than 20 shops):

Karen Britton, Head of Retail, St Luke's Hospice, Sheffield (appointed to 2012)

Vicki Burnett, Senior Fundraiser, St Gemma's Hospice (from Nov 2007; appointed to 2010)

Dawn Charlesworth, Retail Services Manager, Barnsley Hospice (appointed to 2011)

#### Category B organisations (21-100 shops):

David Cryer (Chair from November 2009), Retail Manager, Helen and Douglas House (from Nov 2007; appointed to 2010)

Ken Dunning, Head of Retail, Arthritis Research Campaign (from Nov 2007; appointed to 2010)

Nick Mason, Retail Director, Shaw Trust Retail (appointed to 2012)

#### Category C organisations (over 100 shops):

Sue Azzopardi (Chair from December 2008), Head of Trading, British Red Cross (appointed to 2011, resigned November 2009)

Simon Ledsham, Retail Director, Cancer Research UK (appointed to 2010)

Colin Sandford, Executive Consultant, British Heart Foundation Shops Division (appointed to 2011)

Andrew Vale, Head of Retail, Age Concern England (from Nov 2009; appointed to Nov 2012)

#### Co-opted Directors:

Jayne Cartwright, Head of Community Fundraising, Save the Children UK (appointed from November 2009)

Dr Richard Cuthbertson, Senior Research Fellow, Oxford Institute of Retail Management (appointed from December 2008)

Barney Tallack, Deputy Trading Director, Oxfam GB (appointed to 2009, replaced by Anne Webb from November 2009)

The Association has no issued share capital or debentures, hence there are no directors' interests requiring disclosure.

### SMALL COMPANY SPECIAL PROVISIONS

The report of the Board has been prepared taking advantage of the small companies exemption of section 415A of the Companies Act 2006 It was approved, and authorised for issue, by the Board on 23 September 2010 and signed on its behalf by:

**Warren Alexander**

Secretary

## **ACCOUNTANTS' REPORT TO THE DIRECTORS OF ASSOCIATION OF CHARITY SHOPS ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2010**

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In accordance with the engagement letter dated 13 October 2009, and in order to assist you to fulfil your duties under the Companies Act 2006, we have compiled the financial statements of the Association which comprise the Income and Expenditure Account, the Balance Sheet, and the related notes, from the accounting records and information and explanations you have given to us.

This report is made to the Association's Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Association's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's Board of Directors, as a body, for our work, or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 March 2010 your duty to ensure that the Association has kept adequate accounting records and to prepare financial statements that give a true and fair view under the Companies Act 2006. You consider that the Association is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

**Gotham Erskine LLP**  
Chartered Accountants  
Friendly House  
52 - 58 Tabernacle Street  
London EC2A 4NJ

Date:

## ASSOCIATION OF CHARITY SHOPS

### INCOME AND EXPENDITURE ACCOUNT For the year ending 31 March 2010

	2010	2009
	£	£
<b>INCOME</b>		
Membership subscriptions	328,517	302,695
Conferences, seminars and meetings	131,070	150,757
Health & Safety, security & other workshops	2,933	9,009
Other grant income	1,310	310
Other commercial income	19,246	16,747
<b>TOTAL INCOME</b>	<b>483,076</b>	<b>479,518</b>
<b>EXPENDITURE</b>		
<b>Staff costs (see Note 2)</b>	<b>262,450</b>	<b>221,427</b>
<b>Other operating charges:</b>		
Conferences, seminars and meetings	81,158	86,291
Publications and subscriptions	15,327	17,483
Marketing materials	-	365
Direct project costs:		
Health & Safety, security & other workshops	358	9,346
Environmental Action Fund grant spending	-	527
Other commercial costs	5,510	2,504
Rent, rates and utilities	24,169	24,586
Lobbying	12,000	12,000
Research	2,638	23,240
Website development and computer costs	5,969	5,729
Code of Charity Retailing	1,050	992
Printing and stationery	2,259	2,053
Accountancy fees	9,600	8,400
Other legal and professional fees	4,125	10,411
Telephone and postage	5,812	5,466
Depreciation	1,592	2,003
Travel	3,368	1,873
Insurance	2,460	955
Repairs and maintenance	-	48
Sundry expenses	1,289	1,042
	<b>178,684</b>	<b>215,314</b>
<b>TOTAL EXPENDITURE</b>	<b>441,134</b>	<b>436,741</b>
<b>OPERATING SURPLUS</b>	<b>41,942</b>	<b>42,777</b>
Bank interest receivable	4,482	17,289
<b>SURPLUS BEFORE TAXATION</b>	<b>46,424</b>	<b>60,066</b>
<b>TAXATION (see Note 3)</b>	<b>(941)</b>	<b>(3,631)</b>
<b>RETAINED SURPLUS FOR THE YEAR (see Note 7)</b>	<b>45,483</b>	<b>56,435</b>
<b>ACCUMULATED SURPLUS B/F</b>	<b>317,711</b>	<b>261,276</b>
<b>ACCUMULATED SURPLUS C/F</b>	<b>£ 363,194</b>	<b>£ 317,711</b>

The annexed notes form part of these financial statements

**ASSOCIATION OF CHARITY SHOPS (Limited by guarantee - reg. co. no 03709512)**

**BALANCE SHEET**  
As at 31 March 2010

	Notes	£	2010 £	£	2009 £
<b>FIXED ASSETS</b>					
Tangible assets	4		2,252		3,724
<b>CURRENT ASSETS</b>					
Stocks		2,476		2,670	
Debtors	5	24,919		16,638	
Cash at bank and in hand		456,836		478,899	
		<u>484,231</u>		<u>498,207</u>	
<b>CREDITORS:</b> amounts falling due within one year	6	(123,289)		(184,220)	
<b>NET CURRENT ASSETS</b>			<u>360,942</u>		<u>313,987</u>
<b>NET ASSETS/TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>£ 363,194</u>		<u>£ 317,711</u>
<b>CAPITAL AND RESERVES</b>					
Reserve for dilapidations	7		12,500		12,500
Accumulated surplus	7		350,694		305,211
			<u>£ 363,194</u>		<u>£ 317,711</u>

For the year ended 31 March 2010 the Association was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- (i) The members have not required the Association to obtain an audit of its accounts for the year in question in accordance with section 476;
- (ii) The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). They were approved, and authorised for issue, by the directors on 23 September 2010 and signed on their behalf by:-

**DAVID CRYER**  
Director

The annexed notes form part of these financial statements

# ASSOCIATION OF CHARITY SHOPS

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## NOTES TO THE FINANCIAL STATEMENTS For the year ending 31 March 2010

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### 1 ACCOUNTING POLICIES

#### ***Basis of preparation of financial statements***

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and include the results of the Association's operations which are described in the Directors' report.

#### ***Income***

Income from membership subscriptions are accounted for, net of VAT, over the subscription year which runs to 31 March each year. Subscriptions received before each year-end for the following year are carried forward as deferred subscription income.

#### ***Tangible fixed assets and depreciation***

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives of 5 years.

#### ***Stocks***

Stocks are valued at the lower of cost and net realisable value.

#### ***Pensions***

The Association pays 10% of the salary of participating employees into their personal pension schemes annually in arrears. At the end of the year there were outstanding contributions amounting to £21,151 (2009 - £16,221).

### 2 STAFF COSTS AND DIRECTORS

	2010 £	2009 £
Salaries	204,534	180,738
National insurance	20,356	17,319
Recruitment	18,451	5,620
Training	547	290
Pension contributions	18,471	17,460
Agency staff	91	-
	<u>£ 262,450</u>	<u>£ 221,427</u>

During the year, no director received any emoluments (2009 - £Nil).

### 3 TAXATION

	2010 £	2009 £
UK corporation tax	<u>£ 941</u>	<u>£ 3,631</u>

Corporation tax was payable on investment income for the year at 21% (2009 - 20%).

## ASSOCIATION OF CHARITY SHOPS

### NOTES TO THE FINANCIAL STATEMENTS For the year ending 31 March 2010

#### 4 TANGIBLE FIXED ASSETS

	Furniture, fittings and equipment £
<b>Cost</b>	
At 1 April 2009	16,105
Additions	120
Disposals	<u>(2,865)</u>
At 31 March 2010	<u>13,360</u>
<b>Depreciation</b>	
At 1 April 2009	12,381
Charge for the year	1,592
On disposals	<u>(2,865)</u>
At 31 March 2010	<u>11,108</u>
<b>Net book value</b>	
At 31 March 2009	£ 3,724
At 31 March 2010	<u>£ 2,252</u>

#### 5 DEBTORS

	2010 £	2009 £
Trade debtors	1,008	-
Interest receivable	2,032	2,960
Prepayments	<u>21,879</u>	<u>13,678</u>
	<u>£ 24,919</u>	<u>£ 16,638</u>

#### 6 CREDITORS

	2010 £	2009 £
<b>Amounts falling due within one year</b>		
Trade creditors	6,522	10,966
VAT	9,572	17,398
Social security and other payroll taxes	5,541	5,037
Accruals	23,378	18,621
Deferred subscription income	68,058	108,622
Other deferred income	9,277	19,945
Corporation tax	941	3,631
	<u>£ 123,289</u>	<u>£ 184,220</u>

## ASSOCIATION OF CHARITY SHOPS

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### NOTES TO THE FINANCIAL STATEMENTS For the year ending 31 March 2010

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<b>7 MOVEMENTS IN FUNDS</b>	<b>Brought forward £</b>	<b>Surplus £</b>	<b>Transfers £</b>	<b>Carried forward £</b>
Accumulated surplus	305,211	45,483	-	350,694
Reserve for dilapidations	12,500	-	-	12,500
	<u>£ 317,711</u>	<u>£ 45,483</u>	<u>£ Nil</u>	<u>£ 363,194</u>

The Association has established the Reserve for dilapidations in anticipation of costs likely to be incurred at the end of the current lease.