

Tools

**FOR SELF
RELIANCE**
practical help for
practical people

Report of the Trustees and Financial Statements

for the year ended 31 December 2006

Founding patrons: Julius K Nyerere, Most Rev. Trevor Huddleston CR, KCMG

Patrons: Archbishop Desmond Tutu, Susan George, Archbishop of York – John Sentamu

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Company information for year ended 31 December 2006

Background

Tools for Self Reliance (TFSR) registered as charity number 280437 on 10 October 1980 and was established as a company limited by guarantee, number 1487630, on 26 March 1980. Tools for Self Reliance is an independent charity and is not affiliated to any other organisation.

Organisational structure

The charitable company is administered by a Board of Trustees. In company law, they are the Directors. They are elected from and by the Members of Tools for Self Reliance at their Annual General Meeting. There is a process in place for induction of new trustees. In addition to four full board meetings each year, there are sub-committees of trustees and staff to consider employment and finance. New members are nominated and ratified by the trustees.

Charitable objectives

The charity is established *to relieve poverty amongst the people of the under-developed areas in the world by the provision of hand and other tools and equipment*. The principal activities undertaken to further this object form the basis of this report. The charity's guiding document is its Memorandum and Articles of Association.

Mission statement

Tools for Self Reliance aims to empower artisans working in developing countries so that they can better participate in the development of themselves and their communities. To achieve this we work with partner organisations to provide tools and training, and we raise awareness of the causes of poverty.

Patrons

Archbishop Desmond Tutu
Dr Susan George
Archbishop John Sentamu

Trustees

- Ms R Burbidge
- Mr Alastair Christie
- Dr C Dolbear

- Mr Ben Fawcett
- Ms A Fender-Brown
- Mr David Harries (Chair)
- Dr Anthony Tyrrell (Vice Chair)

Secretary

Dr Eddie Grimble

Financial advisor

Mr John Dolbear

Staff

- | | |
|------------------|-------------------------|
| • Jan Kidd | Chief Executive |
| • Ash Abili | Project Development |
| • Larry Boyd | Fundraising |
| • Jon Dunkley | Workshop & Volunteers |
| • Sarah Ingleby | Partnership Development |
| • Polly Read | Administration |
| • Lydia Stallard | Finance |
| • Rob Westcott | Group Support |
| • Bob White | Group Support |

Bankers

- CafBank, a subsidiary of Charities Aid Foundation
- COIF Charities Deposit Fund, London
- HSBC, Totton, Hampshire

Solicitors

Eric Robinson & Co., Hythe

Auditors

Stone Osmond Limited
Accountants & Registered Auditors
75 Bournemouth Road
Chandlers Ford SO53 3AP

The company's auditors are willing to continue in office.

Registered office

Netley Marsh Workshops
Ringwood Road
Netley Marsh, Southampton
Hampshire SO40 7GY
Tel: 023 8086 9697
Fax: 023 8086 8544
Email: info@tfsr.org
Web: www.tfsr.org
Registered company number: 1487630
(England and Wales)

Report of the trustees

In 2006, Tools for Self Reliance worked with twelve local partner organisations in four countries in Africa. We shipped ten containers of refurbished tools to benefit thousands of artisans across the continent. We helped our partners organise and fund training in business and technical skills to insure that the tools were used successfully by the recipients.

Tools for Self Reliance celebrated 25 years of helping African artisans in 2006. We recognised the long service of hundreds of Tools for Self Reliance volunteers and the hard work of African artisans in building their communities. We now have more volunteers in the UK and are helping more artisans than ever before.

In 2006, the trustees approved a new Organisational Strategy as a guide for our work through to 2011.

In 2007 and in coming years, we will work more closely with our partners – anti-poverty agencies in the countries where we work – to develop comprehensive projects to enable artisans to learn new skills, grow their businesses and play a greater role in community affairs. We will increase our outreach in the UK to gain new volunteers, new donors and raise the quality of donated tools.

This report is structured by the objectives of the Organisational Strategy and demonstrates how Tools for Self Reliance trustees and staff use the Strategy to measure the organisation's performance.

Strategic objectives

One – Working in partnership

The heart of Tools for Self Reliance work is to empower artisans in Africa. Tools for Self Reliance will continue to deliver high-quality programmes to facilitate this development according to local needs and priorities in Africa.

Ghana

Tools for Self Reliance continued to fund the project liaison officer at the Centre for the Development of People (CEDEP) and completed a Tools and Skills Training for Improved Livelihoods project with 40 artisan groups. Participants said that increased income enabled them to pay school fees and improve their homes. In 2007 CEDEP and Tools for Self Reliance will supply 40 people with sewing machines and train them in sewing machine refurbishing.

Vincent Subbey, Director of TRAX Ghana, visited the UK in June 2006 to finalise plans for a community blacksmith project, and to foster better links with TRAX and Tools for Self Reliance. The project provides vocational skills and business training for blacksmiths enabling them to produce tools and equipment needed by rural farmers. The blacksmiths have established workshops in their communities and are training seven apprentices. Local farmers praised the quality and value for money of the tools made and said local production saved time and money spent travelling to buy or repair tools.

We worked with Pro-Link on a vocational training project for street children that included building a workshop and providing skills training. In September 2006 Carol Swift (Tools for Self Reliance volunteer) visited to train students on sewing machine refurbishment. Currently 33 female and 19 male students are enrolled on one year training courses in tailoring, masonry, electrical repair and hairdressing, as well as taking part in a comprehensive life skills programme, including education about HIV/AIDS.

Tools for Self Reliance funded research about the social and economic position of artisans in Northern Ghana with the Development Alternatives Services Foundation (DASF). The comprehensive

report will help Tools for Self Reliance and our partners to plan our Ghana programme.

In 2007 we intend to continue working with CEDEP, Pro-Link, and TRAX. With CEDEP, Tools for Self Reliance will run a second Improved Livelihoods project as well as sewing machine refurbishing and maintenance training workshops. We will continue to support the Pro-Link project with tools and funds. We will develop a Sustainable Livelihoods project with TRAX. In addition we are expanding our support to Girls Development (GIGDEV) to train the girls in sewing and also to offer HIV/AIDS education.

Tanzania

The Small Industries Development Organisation (SIDO) remains our longest-standing partners and we have projects in several regions of Tanzania. Sarah Ingleby and Jon Dunkley (Tools For Self Reliance staff) visited in March 2006. Tools for Self Reliance and SIDO conducted a tools and skills training project with around 120 groups in Kilimanjaro, Arusha, and Tabora region. We have further tools and skills training programmes underway in Ruvuma, Mbeya, Iringa and Rukwa region, involving around 160 groups. In the Rukwa region we completed a blacksmith training project. Over 90 blacksmiths studied marketing and product improvement. Participants made significant improvements to the quality and diversity of their products and are recapturing the local market from foreign competitors. New skills are being passed on to workshop apprentices. The participants have formed a blacksmith association to promote sales and to purchase supplies. The association intends to lobby local and regional authorities for more support for blacksmiths as the driving force for industrialisation.

In 2007 we will supply sewing machines and fund sewing machine training courses for 120 people from 5 regions. We intend to develop more projects in the Rukwa region, and to bring one of the master blacksmiths to the UK to demonstrate his skills and learn new techniques.

Uganda

Tools for Self Reliance continued working with the Uganda Rural Development and Training Centre (URDT). Tools for Self Reliance funded a project liaison officer to facilitate the artisan development projects, and made a loan of £1,000 to pay customs clearance and transport costs. This is a revolving fund repaid by the artisans who pay a nominal fee for the tools they receive.

In 2006, 337 artisans from 119 groups were trained in subjects ranging from entrepreneurship and business management to gender and leadership management. The monitoring report entitled, 'Tools Changing Lives' noted that significant numbers had improved their businesses and quality of living. Many had built houses, bought vehicles and 50% had invested in their children's education. The report highlighted the enhanced status of artisans who are more active in their local communities with at least three being elected as representatives in local government.

Another Improved Livelihoods project involving 80 groups supported by partners the Uganda Rural development and Training Centre (URDT) and the Network of Local Artisans (NOLA) was started later in the year.

Adnan Laeeq and Larry Boyd visited in March to develop a new initiative with URDT to set up a refurbishing centre in Uganda where unrefurbished tools will be sent for refurbishment by Ugandans. To this end two URDT employees Everest Kabaru and Victor Turyamureba spent two months in the autumn at the Tools for Self Reliance workshops learning refurbishing skills.

Zimbabwe

Due to the political and economic crisis, we have struggled to maintain a programme in Zimbabwe. However we embarked on a pilot project with new partner the Organisation of Collective Co-operatives in Zimbabwe (OCCZIM) sending refurbished tools for artisan groups to loan from a tool bank. These tools have been received and the loan scheme has started to operate.

Sierra Leone

Due to staff and programme changes with our partners in Sierra Leone, our projects there have come to an end. A final shipment which was held up in customs for over a year was cleared in 2006 and distributed to artisans. As part of our support for other organisations we supplied 424 tools to a Rotary Club project in Sierra Leone. We plan to visit the country in 2007 and to initiate new partnerships.

New partners and new countries

Tools for Self Reliance continues to look for new partners in Africa where our speciality of productive micro-enterprise development could make a difference. Staff and volunteers surveyed social and economic conditions across the continent and we decided to focus on Zambia and Malawi. Jan Kidd and Sarah Ingleby visited Zambia in November to meet potential partners. We will continue exploring possible projects in 2007. For Malawi, we collaborated with Global Concerns, a UK charity, to submit a project proposal for funding to the Scottish Executive. We are continuing our partner research and have scheduled a visit for August 2007.

Other initiatives were supported with tools through our links in the UK. These included supplying tools to Mercy Ships, Re-Cycle and a school project in Uganda, as well as a Robinhood Ministries' project in Romania and a gardening project in Southampton.

As part of our artisan support projects we sent a total of ten shipments: four to Uganda, three to Tanzania, two to Ghana and one to Zimbabwe. These contained 1,114 kits comprising 593,343 tools, valued at £860,494. This value is based on the average new purchase price of tools. It reflects the work of Tools for Self Reliance volunteers in refurbishing good-quality used tools to a high standard.

Two – Active participation

One of the strengths of Tools for Self Reliance is the active involvement of the diverse group of people who make up the membership, volunteers and individual

supporters. We will reach out to new groups and communities and increase the number of Tools for Self Reliance supporters. We intend to strengthen their role within Tools for Self Reliance and to develop systems of support and feedback to enable them to participate more fully and effectively in the work of the organisation.

We celebrated our birthday by acknowledging the commitment of volunteers who have been with us more than 10 years. Our records show that we have 5 volunteers with more than 25 years service, 31 with more than 20 years, 32 with more than 15 years, and a further 60 with more than 10 years service, which adds up to an impressive 1,825 volunteer years! This figure does not include all our tool collectors and hundreds more who have volunteered for less than 10 years. We are very proud to have such a committed group of people working to help artisans in Africa.

The number of Tools for Self Reliance volunteer groups rose to 61 with about 700 volunteers collecting and refurbishing tools. The members of eight groups are mainly people with special needs. The largest group of volunteers is at the Netley Marsh workshop at Tools for Self Reliance headquarters. Over 150 people contribute some 40,000 hours per year at Netley Marsh. This is an increase of 25% over the year. Whilst most of our volunteers refurbish and pack tools, volunteers also work in fundraising, administrative support, research, database development, event organising and publicity. We continued to develop the Netley Marsh Training Workshop for people with special needs in conjunction with City Limits, Southampton. This allows for one-on-one training for people with special needs whilst retaining the social interaction of volunteers of all abilities.

Group workers visited more than twenty groups to offer support and seek their views on Tools for Self Reliance operations and strategy. We also had numerous visits from volunteer groups to Netley Marsh. Our new email volunteer bulletin supplements the printed *Groups Bulletin*.

We launched our 2007–2011 Organisational Strategy after a comprehensive consultation with volunteers, staff and partners. We held six regional meetings in the UK to discuss strategy with volunteers.

Three – Linking and learning

Tools for Self Reliance will use the principles of capacity building to strengthen our organisation and in support of our partners and the artisans they work with.

We support partners URDT and CEDEP with funding to support their project liaison officers. In addition, we funded NOLA in preparing their strategic plan.

In 2007 we will be supporting a Training of Trainers workshop to improve skills for SIDO Regional Technical Officers in Tanzania.

Partnership in the UK

We have collaborated with other organisations over the year to make better use of our resources. We worked with Tools for Solidarity in Northern Ireland and Tools for Self Reliance Cymru shipping their toolkits to Tanzania.

Tools for Self Reliance also embarked on joint projects with UK charities working in Africa. We worked with The Kenya Widows and Orphans Trust to build a training centre for orphans in south-west Kenya. The centre offers young people the chance to earn an income and will be used for other community activities such as AIDS awareness training and women's self-help group meetings. We collaborated with Feed the Minds to successfully submit two proposals to the Jersey Overseas Aid Commission. Long Term Volunteer Carmen Hoepfing visited Tanzania to teach sewing machine repair funded by students and teachers at Cranbrook School in Kent.

Staff and volunteer development

We held training events for volunteers on health & safety and on the use of grinding machines. We developed a comprehensive sewing machine training manual and held three sewing machine training days in the UK. This has resulted in better quality refurbishment of these items. Staff

undertook fundraising, First Aid refresher, and development management courses.

Four – Awareness raising

Tools for Self Reliance strives to raise awareness in the UK of the causes of poverty in developing countries. We intend to increase the impact of this work.

We are continuing to expand our website. We are posting human interest stories as well as full length evaluations of the impact of our work in order to show our transparency.

We continued to work with other agencies to campaign for change. This includes British Overseas NGOs for Development (BOND), the Trade Justice Movement, the Fairtrade Foundation and the Jubilee Debt Campaign.

We collaborate with Hampshire Development Education Centre and have fostered links with many Southampton-based charities.

We participated at the Diversity Week at Totton College, the West Africa Day at Portsmouth Cathedral and the Ghana Day at Mottisfont Abbey. We have also had a permanent display at Furzey Gardens in the New Forest. We held an Open Day, Ghana Evening, and Uganda Evening at our Netley Marsh site.

Five – Profile raising

Tools for Self Reliance will seek to maintain its reputation as one of the main British International development organisations supporting artisans in Africa by improving fundraising and profile raising activities.

We continued to celebrate our 25th birthday, holding events in Netley Marsh, Didsbury and York.

Our patron Archbishop Desmond Tutu videoed a statement of support for our birthday celebrations. We have worked to increase the number of patrons and hope to have at least one more by the end of 2007.

We have developed a new outreach strategy to recruit new volunteers and supporters. We are renewing our publications with the help of a designer, Peter Gardner who is a

founder member of Tools for Self Reliance. We will monitor our progress in this area and are seeking a secondment from a local business to help with these efforts.

Our Netley Marsh workshop continues to be a showcase for our work, demonstrating our volunteers' effort, our inclusiveness and the skill of African artisans. We hosted many visitors, in particular Rotary Clubs.

We continued with our publications of *Forging Links* and the *Annual Review*, and participated at local shows including The New Forest Show, the Netley Marsh Steam Rally, and Exbury Scarecrow festival, and for the first time, the London 10K run.

Recognising the need to spend money in order to raise money our investment in fundraising (£37,762) enabled us to exceed our fundraising targets. In addition to effort from our paid staff this was made possible by the generous donations from our supporters and help of fundraising volunteers. This has enabled us to expand our projects in Africa especially in funding the training artisans need to put the tools to good use.

All our overheads, apart from staff costs, are covered by income that we generate ourselves from our craftshop rents and sales of unwanted tools and scrap.

Finances

The financial period for 2006 is a 12 month period which we are comparing with the previous financial period, the 16 month period ending in December 2005.

The organisation remained on a firm footing financially. At the end of the financial year we had income of £493,110 and expenditure of £429,401 resulting in a surplus of income over expenditure of £63,709. This excludes the value of tools donated, refurbished and shipped.

The increases in income and spending (on a pro rata basis) reflects the increase in costs of activities in furtherance of the charity's objects (£362,940 in 2006 compared with £358,978 for the 16 month period ending 2005) and in particular the support for

partners and the activities carried out in Africa.

The value of tools shipped (donations in kind) was £860,494, again a pro rata rise.

Net current assets for this year amount to £238,945, including restricted funds of £120,553 which are committed for specific activities. This falls within the reserves policy of maintaining unrestricted free reserves at the level of between four and six months direct running costs. Total reserves amount to £658,872 including fixed assets of £419,927. The fixed assets of Tools for Self Reliance are the Netley Marsh workshop site, including that used as investment property (craftshop rentals) and the value of workshop, warehouse and office equipment.

The future

Our future work will be guided by our new Organisational Strategy. In particular we hope to expand the countries in which we work, to diversify our partnerships and to continue offering support, via a number of differing projects, to artisans in Africa.

Over the coming year we will engage with more partners, increase our UK volunteer support base by at least 10% and launch a new range of publicity materials to help raise our profile.

The Annual Review 2006, Organisational Strategy 2007–2011 and this Annual Report for 2006 are available free from Tools for Self Reliance.

Company information for the year ended 31 December 2006 (continued)

Tools for Self Reliance organisation

The Tools for Self Reliance Board of Trustees has remained constant for the period with David Harries remaining as Chair. David is Head of Organisational Effectiveness at *Skillshare International*.

Tools for Self Reliance local volunteer groups in the UK are linked to the national organisation but are not legally accountable to or by Tools for Self Reliance. Tools for Self Reliance groups are not required to submit accounts for consolidation.

Three Tools for Self Reliance local groups are registered charities working closely with the national organisation. These are Tools for Self Reliance Cymru, Tools for Self Reliance Milton Keynes and Tools for Self Reliance Northampton. They are solely responsible for their finances and activities.

Constitution

The company has no share capital and is precluded by its Memorandum and Articles of Association from distributing any portion of its profits to the members.

Investment powers

Under the memorandum and articles of association, the charity has the power to make any investment, which the trustees see fit. However any funds will be invested with careful consideration to risk and reflecting the ethical and environmental policies of the charity.

Exemptions

The trustees have taken advantage, in the preparation of the report, of the exemptions applicable to small companies.

Reserves and risk management

It is Tools for Self Reliance policy to manage the organisation such that unrestricted free reserves are held at the level of between four and six months direct running costs.

The trustees and staff also examined the major strategic, business and operational risks which the charity faces and confirmed that systems had been established to mitigate these risks. Risks were grouped under the following categories: strategic, compliance, financial and operational. In each case the likelihood, impact and consequence of the risk was considered. A system of ongoing risk assessment is in place.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare financial statements in accordance with United Kingdom Generally Accepted

Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each trustee has taken all the steps that he or she ought to have taken as a trustee in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The auditors, Stone Osmond Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On Behalf Of the Board of Trustees:



Dr E Grimble – Secretary 19 March 2007

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2006

	Unrestricted Funds £	Restricted Funds £	2006 12 mth Total £	2005 16 mth Total £
INCOME AND EXPENDITURE				
Incoming Resources				
Donations and grants	241,531	183,532	425,063	419,313
Donations in kind – tools sent (see note 1)	860,494		860,494	1,022,484
Rents receivable	40,902		40,902	52,282
Investment income	7,961		7,961	5,983
Other income	19,184		19,184	19,727
TOTAL INCOMING RESOURCES	1,170,072	183,532	1,353,604	1,519,789
Resources Expended				
Costs of activities in furtherance of the charity's objects	235,632	127,308	362,940	358,978
Donations in kind – tools sent (see note 1)	860,494		860,494	1,022,484
Fundraising and publicity	37,762		37,762	44,954
Governance costs	28,699		28,699	34,228
TOTAL RESOURCES EXPENDED	1,162,587	127,308	1,289,895	1,460,645
Net Incoming/(Outgoing) Resources Before Transfers	7,485	56,224	63,709	59,144
Transfers between funds				
Net Incoming/(Outgoing) Resources For The Year	7,485	56,224	63,709	59,144
Gains/(Losses) on Investments				
NET MOVEMENT IN FUNDS	7,485	56,224	63,709	59,144
Balances brought forward as at 1 January 2006	530,834	64,329	595,163	536,019
BALANCES CARRIED FORWARD AS AT 31 DECEMBER 2006	538,319	120,553	658,872	595,163

Notes to the Statement of Financial Activities:

1. Donations in kind – tools sent

It is the policy of the charity to account only for the value of tools physically despatched overseas.

The notes form part of these financial statements

SUMMARY INCOME AND EXPENDITURE (including special projects)

For the year ended 31 December 2006

		2006	16 months to 31 Dec 2005
INCOME	£	£	£
Voluntary income			
Donations in kind		860,494	1,022,484
Grants and donations		235,299	215,346
Legacies		6,232	48,800
Special projects and National Lottery grants		183,532	155,167
		<u>1,285,557</u>	<u>1,441,797</u>
Activities for generating funds			
Rent from craftshops		40,902	52,282
Sales of tools and scrap		17,825	18,313
Sales of development education resources		1,359	1,414
		<u>60,086</u>	<u>72,009</u>
Investment income			
Bank interest		7,961	5,983
TOTAL INCOME		<u>1,353,604</u>	<u>1,519,789</u>
EXPENDITURE			
Charitable activities			
Refurbished tools despatched	860,494		1,022,484
Tool refurbishment	48,335		57,542
Development education	37,762		44,954
Partnership development	49,845		59,340
Artisan support	45,314		53,945
Special projects	127,308		78,463
Groups support	39,272		46,753
Site refurbishment and maintenance	15,105		17,982
	<u>1,223,434</u>		<u>1,381,462</u>
Costs of generating funds			
Fundraising	37,762		44,954
Governance costs			
Administration	28,699		34,228
TOTAL EXPENDITURE		<u>1,289,895</u>	<u>1,460,645</u>
SURPLUS FOR THE YEAR		<u>63,709</u>	<u>59,144</u>

All recognised gains and losses are included in the Income and Expenditure account

BALANCE SHEET

At 31 December 2006

		2006		2005	
FIXED ASSETS:	Notes	£	£	£	£
Tangible assets	5		219,927		215,279
Investments	6		<u>200,000</u>		<u>200,000</u>
			419,927		415,279
CURRENT ASSETS:					
Stocks		2,180		2,840	
Debtors	7	11,354		9,150	
Cash at bank		<u>242,804</u>		<u>184,050</u>	
		256,338		196,040	
CREDITORS:					
Amounts falling due within one year	8	<u>17,393</u>		<u>16,156</u>	
NET CURRENT ASSETS:			238,945		179,884
TOTAL ASSETS LESS CURRENT LIABILITIES:			658,872		595,163
RESERVES:					
Revaluation reserve	9		200,000		200,000
Restricted funds			120,553		64,329
Retained reserves			<u>338,319</u>		<u>330,834</u>
			658,872		595,163

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

On Behalf of the Board of Trustees:



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Mr D Harries – Director

Approved by the Board on 19 March 2007

NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 December 2006

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 1985.

Incoming resources

Grants and donations

Income from donations and grants is included in incoming resources when these are receivable, except as follows:

- When donors specify that grants and donations given to the charity must be used in future accounting periods, the income is deferred until these periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants, are for particular purposes which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis. Certain expenditure is directly attributable to specific activities and has been included in these cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff upon those activities.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Land and buildings	-2% on cost
Plant and machinery, etc	-33% on cost and 25% on reducing balance

Stock: Stock comprises development education resources, T-shirts and greetings cards and are valued at the lower of cost and net realisable value.

Pensions: The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the income and expenditure account.

The assets of the scheme are held separately from those of the charity by the Pensions Trust. The employer's contributions made to the scheme during the year were £15,709 with an employer's contribution of 10% of salary.

Investment properties

In accordance with Statement of Standard Accounting Practice No.19, some of the charitable company's property is held for long-term investment and is included in the balance sheet at its open market value. The surplus on revaluation is transferred to the investment property revaluation reserve. Depreciation is not provided in respect of freehold investment property. This represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The Trustees consider that this policy is necessary in order that the financial statements may have a true and fair view because current values and changes in these are of a prime importance rather than the calculation of systematic annual depreciation.

2. OPERATING SURPLUS

The operating surplus is stated after charging/(crediting):

	Year ended 31 Dec 2006	Period 1 Sep 2004 to 31 Dec 2005
	£	£
Depreciation – owned assets	11,790	11,020
Surplus on disposal of fixed assets	(200)	-
Auditors' remuneration	3,740	3,676
Pension costs	15,709	19,494

Trustees' emoluments and other benefits were nil in the year and prior year.

During the year the trustees were paid travel expenses amounting to £1,357 (2005 – £1,097).

3. TAXATION: Analysis of the tax charge – No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2006 nor for the for the period ended 31 December 2005, as the company is a registered charity.

4. INCOMING RESOURCES AND RESOURCES EXPENDED

Income and expenditure for the year is analysed upon the Income and Expenditure Account on page 12.

5. TANGIBLE FIXED ASSETS

	Freehold property	Long leasehold	Improvements to property	Plant and machinery	Computer equipment	Totals
COST:	£	£	£	£	£	
At 1 January 2006	106,091	3,617	130,813	28,229	11,492	280,242
Additions				16,438	-	16,438
At 31 December 2006	106,091	3,617	130,813	44,667	11,492	296,680
DEPRECIATION:						
At 1 January 2006	15,554	2,600	12,985	25,804	8,020	64,963
Charge for period	2,122	254	2,616	4,716	2,082	11,790
At 31 December 2006	17,676	2,854	15,601	30,520	10,102	76,753
NET BOOK VALUE:						
At 31 December 2006	88,415	763	115,212	14,147	1,390	219,927
At 31 December 2005	90,537	1,017	117,828	2,425	3,472	215,279

6. FIXED ASSET INVESTMENTS

Investments (neither listed nor unlisted) were as follows:

	2006	2005
	£	£
Netley Marsh craftshops	200,000	200,000

The craftshops were valued at open market value, by the trustees, on 31 December 2006. It is the policy of the charity to revalue the asset every 5 years.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Other debtors – VAT recoverable	4,746	3,567
Other debtors – Prepayments	6,608	5,243
Total	11,354	9,150

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Trade creditors	4,738	3,720
Taxation & Social security	5,307	6,225
Other creditors – Pensions contributions	2,398	2,411
Other creditors – accrued expenses	4,950	5,253
Total	17,393	17,609

9. RESERVES

	Retained reserve	Revaluation reserve	Totals
	£	£	£
At 1 January 2006	330,834	200,000	530,834
Surplus for year	7,485		7,485
At 31 December 2006	338,319	200,000	538,319

This represents the total assets of the charity, including the value of the charity's investment property, after taking account of current liabilities, but excluding Restricted Funds.

10. STAFF NUMBERS

The average number of full time equivalent employees (including part time staff) during the year was as follows.

	2006	2005
Direct charitable activities	7.5	7.5

11. STAFF COSTS

	2006	2005
	£	£
Salaries	187,018	210,284
Social security costs	17,959	20,193
Pension contributions	15,709	19,494
Total	220,686	249,971

The highest paid employee fell in the band between £30,000 to £40,000.

Thank you to all of our volunteers, supporters, TFSR groups and donors for your generous donations of tools, time and money. These are only a few of those who helped:

Andrew Bonar Charitable Trust	Mr GH Gilmour-White
A S Charitable Trust	Mr Jim Wood
Aim Foundation	Mr John R Johnson
ARSP	Mr Michael Combes
Beatrice Laing Trust	Mr RW Hill
Bisgood Charitable Trust	Mr Ron O'Connor
CB & HH Taylor 1984 Trust	Mrs Betty Nias
Captain Robert Andrew Hewison	Mrs Julia Jolly
Card Aid: Charities Advisory Trust	Ms Heidi Proctor
Christadelphian Meal A Day Fund	N Smith Charitable Settlement
Churches Together in Chislehurst	Oliver Morland CharitableTrust
City Limits Employment	Open Gate
Dorfred Charitable Trust	P&W Webster CharitableTrust
Dr Eddie Grimble	PDS Nicholls Charitable Trust
Dr Richard Solomons' Charitable Trust	Patrick Frost Foundation
Dulverton Trust	Paul Foundation
EIL	RH Scholls CharitableTrust
Eleanor Rathbone Charitable Trust	Rainford Trust
Ericson Trust	Richard Kirkman Trust
Europe – Third World	Robert Kiln Charitable Trust
Evelyn May Trust	Roger and Sarah Bancroft Clark Charitable Trust
Fair Trade Shop	Romsey Methodist Circuit
Ferguson Benevolent Fund Ltd	Rotary Club of Bognor Regis
Findhorn Foundation	Rotary Club of Buxton
Fordingbridge Co-op	Rotary Club of Chadderton & Failsworth
Frays Charitable Trust	Rotary Club of Southampton
Fulmer Charitable Trust	Rothera Charitable Settlement
Furlongs Fund	Rowan Charitable Trust
Gifford & Partners	Ryklow Charitable Trust
Goldsmiths' Company	SC & ME Morlands Charitable Trust
Gordian Strapping Ltd	Segalula
Hinton Trust	SLG Charitable Trust
HT & LB Cadbury Charitable Trust	Southampton Voluntary Services
Inner Wheel Club of Farnham	St Mary's Charity
Isle of Man Overseas Aid Committee	Starkie Bence Charitable Trust
Jane Hodge Foundation	Stephen Clark Charitable Trust
Jersey Overseas Aid Commission	Sydney E Franklin Deceased's New Second Charity
Joffe Charitable Trust	The Rev Gerry Bishton
John Younger Trust	Thomas J Horne Memorial Trust
King Johns Morris	Tibden Trust
Langdale Trust	Timbco Ltd
Loke Wan Tho Memorial Foundation	Treganna Trust
Mageni Trust	TW Metals Ltd
Martin Lewis – MoneySavingExpert	W F Southall Trust
Mary Webb Trust	Westcroft Trust
Meetings Industry Meeting Needs	Westward Trust
Mel and Ian Calder	William A Cadbury Charitable Trust
Mr Adam D Thomas	Zurich Cares

