

THE GROUNDWORK TRUST LIMITED
REPORT OF THE BOARD OF MANAGEMENT
AND CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED
31 MARCH 2005

100 24 10



THE GROUNDWORK TRUST LIMITED
INDEX TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2005

	PAGE
Company information	1
Report of the board of management	2-5
Report of the auditors	6-7
Consolidated statement of financial activities	8
Consolidated income and expenditure account	9
Consolidated balance sheet	10
Charity balance sheet	11
Consolidated cash flow statement	12
Notes to the consolidated accounts	13-22

THE GROUNDWORK TRUST LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2005

Board of Management	As detailed on Page 2
Chairman	Cllr T Hargreaves
Executive Director	Michael Molyneux
Company Secretary	Kevin W Pritchard
Registered Office	19-27 Shaw Street St Helens Merseyside WA10 1DF
Company Number	1604493
Charity Number	512528
Auditors	Livesey Spottiswood Chartered Accountants and Registered Auditors 17 George Street St Helens Merseyside WA10 1DB
Bankers	National Westminster Bank Plc 5 Ormskirk Street St Helens Merseyside WA10 1DR
Solicitors	Barrow & Cook Victoria Square St Helens Merseyside WA10 1HH

THE GROUNDWORK TRUST LIMITED

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management present their report, together with the audited accounts of the group for the year ended 31st March 2005.

Governing Instrument

The company is governed by its memorandum and Articles of Association.

The company is limited by guarantee whereby every member of the company undertakes to contribute to the assets of the company, in the event of winding up, while they are a member or within one year after ceasing to be a member, such amount as may be required not exceeding ten pounds. At 31 March 2004 there were five members, Groundwork UK, St Helens MBC, Knowsley MBC, Sefton MBC and Liverpool City Council.

Board of Management

Details of the members of the Board of Management of the company who have served during the year are as follows:-

Cllr T Hargreaves	(Chair)	St Helens Borough Council
Cllr R Roberts		Liverpool City Council
Prof. AD Bradshaw		Co-opted
Mr G Slater		Groundwork UK
Mr P Bramhall		Co-opted
Mr R Roberts		Sefton Borough Council
Cllr A Scoggins	(Resigned 23.7.04)	Knowsley Borough Council
Dr N Kirkwood		Co-opted
Mr E Connor	(Appointed 23.7.04)	Knowsley Borough Council

In accordance with the Articles of Association each of the members of the company may appoint one board member. The members of the company are St Helens Metropolitan Borough Council, Knowsley Metropolitan Borough Council, Sefton Borough Council & Liverpool City Council and Groundwork UK. The nominated board members have the power of co-option and termination of any co-option.

THE GROUNDWORK TRUST LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

Responsibilities of The Board of Management

Company law requires the Board of Management to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those accounts, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable it to ensure that the accounts comply with the Companies Act 1985. It is also responsible for safeguarding the assets for the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Objects and Activities

The objects of the company are to promote firstly the conservation, protection and improvement of the physical and social environment in the Merseyside area. Secondly, to provide facilities in the interest of social welfare and recreation and leisure time occupation, with the objective of improving the condition of life for the inhabitants of Merseyside and thirdly, to advance public education in environmental matters and of ways of better conserving, protecting and improving the same wheresoever.

The principal activity of the subsidiary company, GSH Commercial Limited, is to provide environmental business services, this is done via a joint venture with GWW Commercial Limited.

There have been no material changes in policy or objectives throughout the year.

Investment Policy

The board of trustees has considered the most appropriate policy for the investment of surplus funds and has decided that a Treasury Deposit with the charity's bankers, National Westminster Bank, meets their requirements to generate income with security of capital. The board of trustees considers the return on this investment to be satisfactory.

Reserves Policy

The Board of Management has reviewed the charity's needs for reserves in line with the guidance issued by the Charity Commission and have issued a detailed reserves policy.

The Board of Management will seek to develop reserves equivalent to 25% of annual budgeted spending on staff and fixed costs. Based on budgets for 2005/2006, this 25% would amount to £300,000.

This figure will represent unrestricted funds and will exclude any funds designated for long term management of certain projects. These reserves at 31 March 2005 amounted to £149,237.

The strategy of the charity is to achieve an appropriate level of reserves by the end of 2006.

THE GROUNDWORK TRUST LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

Organisation

Members of the board of trustees, who are directors for the purpose of company law and trustees for the purpose of charity law who served during the year, are set out on page 2. The trustees meet monthly and receive reports from management in order to manage the charity's affairs.

Risk Management

The Board of Management considers the major strategic, business and operational risks that the charity faces each year when considering budgets and the business plan. Systems have been developed to maintain and control these risks to mitigate any impact that they may have in the future.

Developments, Activities and Achievements

Overall the year was a positive one in terms of developing new work. There was a need recognised for the trust to start on a change process to enable it to function more effectively and efficiently.

The year saw a number of changes and improvements in the management and running of the Trust. The development function was enhanced by the appointment of a Research and Development Manager with the specific remit to work closely with partners and potential partners in order to generate new business for the Trust. Key processes were set in place to ensure that the Trust had a robust management reporting system ensuring that work was carried out efficiently and effectively.

Discussions started with the new academy school in Kensington Liverpool, which has an environmental theme around Groundwork involvement. These discussions have led to the Trust being involved in both curriculum delivery and grounds maintenance at the academy when it opens in 2005.

The Trust also started to develop relationships with private sector developers particularly with regard to being the social partner in tenders for public sector contracts. This has been promoted through Groundwork UK and this Trust has seized the opportunity to develop new ways of working and expects that it will become more significant in the future.

During the year the Trust took office space in the Vanilla Factory in Liverpool City Centre re-establishing a presence in the City and confirming its commitment to Liverpool. Also during the year it was involved in the World in Princes Park event, which included carrying out consultation with local residents on the future of the park. The trust was asked by the City Council to carry out some benchmarking of its activities with similar organisations operating in the City. This established that the Trust was broadly delivering value for money through its operations. As a result of that work the Trust has established methods of monitoring progress on projects it is delivering.

The Trust established working partnerships with St Helens Chamber ILM team to deliver work on sites throughout St Helens, primarily Colliers Moss and with Operation Raleigh to give young people who are going on expedition hands on training in the practical skills they require.

In Knowsley work proceeded on developing two Youthworks programmes for implementation from the 2005-2006 financial year onwards and a working relationship was established with Knowsley Housing Trust to provide a number of services including the development and delivery of a school programme and educational pack around citizenship and the environment. Work commenced elsewhere to position the Trust with registered social landlords and housing associations particularly in connection with the Housing Market Renewal Initiative on Merseyside. The Trust has also been working on the national Groundwork HMRI working group.

THE GROUNDWORK TRUST LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

Developments, Activities and Achievements (continued)

In May 2004, the Trust was involved with the BBC in producing a programme in conjunction with the Groundforce team. The programme focused on a site at Antonio Street in Bootle and involved working with the local community to redevelop a derelict site as a community garden. This was an opportunity not just for the Trust but for Groundwork nationally to show an example of the kind of work it does on national prime time television.

Internally the Trust started a number of initiatives to improve its operations. Prime amongst these have been internal working groups to implement ISO 14001 and to monitor health and safety within the Trust and its operations. The Trust also increased its activities in relation delivering to BETA + quality standards.

Results for the Year

The results for the year are set out in the accounts.

Tangible Fixed Assets

Movements in Tangible Fixed Assets are shown in Note 6 to the accounts.

Auditors

The Auditors, Livesey Spottiswood will be proposed for re-appointment at the forthcoming Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

By Order of The Board


Director

29 November 2005

THE GROUNDWORK TRUST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE GROUNDWORK TRUST LIMITED

We have audited the accounts on pages 8 to 22 which have been prepared under the historical cost convention and the accounting policies set out on pages 13 and 14.

This report is made solely to the charitable company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

The responsibilities of the charity trustees who also act as company directors for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the accounts, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read the Trustees' Report and consider the implications for our report, if we become aware of any apparent misstatements within it.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes the examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the accounts.

THE GROUNDWORK TRUST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE GROUNDWORK TRUST LIMITED (continued)

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the charitable company and of the group as at 31 March 2005 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, reading "Livesey Spottiswood".

Livesey Spottiswood
Chartered Accountants and Registered Auditors
17 George Street
St Helens
Merseyside
WA10 1DB

29 November 2005

THE GROUNDWORK TRUST LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2005

		Unrestricted & Designated Funds	Restricted Funds	Total 2005	Total 2004
Incoming Resources	Notes	£	£	£	£
Donations		-	-	-	1,522
<i>Activities in furtherance of the Charity's objects:</i>					
Operational Programmes		-	1,483,479	1,483,479	1,606,556
<i>Activities for generating funds:</i>					
Car park rental and mailings		14,192	-	14,192	5,157
Interest received		4,701	13,631	18,332	18,373
Gross incoming resources from Joint Venture		475,959	-	475,959	707,720
Less share of gross incoming resources from Joint Venture		(475,959)	-	(475,959)	(707,720)
Total Incoming Resources	2	<u>18,893</u>	<u>1,497,110</u>	<u>1,516,003</u>	<u>1,631,608</u>
Cost of Generating Funds:					
Fundraising and publicity		-	5,287	5,287	3,902
Expenditure of subsidiary company		-	-	-	-
		-	5,287	5,287	3,902
Net Incoming Resources Available for Charitable Application		<u>18,893</u>	<u>1,491,823</u>	<u>1,510,716</u>	<u>1,627,706</u>
Charitable Expenditure:					
Expenditure on projects	3	-	1,103,642	1,103,642	1,380,437
Support costs	3	-	253,708	253,708	88,177
Management and administration	3	-	171,037	171,037	143,478
Total Charitable Expenditure	4	-	<u>1,528,387</u>	<u>1,528,387</u>	<u>1,612,092</u>
Total Resources Expended	7	-	<u>1,533,674</u>	<u>1,533,674</u>	<u>1,615,994</u>
Net Incoming Resources Before Transfers	5	18,893	(36,564)	(17,671)	15,614
Transfers between funds		(36,564)	36,564	-	-
Net interest in results of Joint Venture	14	-	-	-	73,089
Net (Outgoing)/Incoming Resources		<u>(17,671)</u>	-	<u>(17,671)</u>	<u>88,703</u>
Net Movement in Funds		<u>(17,671)</u>	-	<u>(17,671)</u>	<u>88,703</u>
Fund Balances at 1 April 2004		<u>566,908</u>	-	<u>566,908</u>	<u>478,205</u>
Fund Balances at 31 March 2005		<u>549,237</u>	-	<u>549,237</u>	<u>566,908</u>

The Group had no recognised gains or losses in either of the above years other than those stated above.

The notes on pages 13 to 22 form part of these accounts.

THE GROUNDWORK TRUST LIMITED
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 Total	2004 Total
		£	£
Income			
Gross income		1,516,003	1,631,608
Expenditure			
Total expenditure		<u>(1,533,674)</u>	<u>(1,615,994)</u>
Net Expenditure/Income for the year before taxation	5	(17,671)	15,614
Net interest in results of Joint Venture		-	73,089
Taxation		<u>-</u>	<u>-</u>
RETAINED (EXPENDITURE)/INCOME FOR THE YEAR		<u>(17,671)</u>	<u>88,703</u>

The group had no recognised gains or losses in either of the above years other than those stated above.

The summary Income and Expenditure Account is presented in order to ensure compliance with the Companies Act 1985.

The notes on pages 13 to 22 form part of these accounts.

THE GROUNDWORK TRUST LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2005

		2005		2004	
	Notes	£	£	£	£
Tangible Fixed Assets	6		196,094		202,499
Fixed Asset Investment	7		<u>5,000</u>		<u>5,000</u>
			<u>201,094</u>		<u>207,499</u>
Current Assets					
Debtors	8	380,137		623,248	
Cash at bank and in hand		<u>375,495</u>		<u>417,080</u>	
		<u>755,632</u>		<u>1,040,328</u>	
Creditors: Amounts falling due within one year					
Income in advance less work in progress	9	179,580		326,468	
Sundry creditors	10	<u>227,909</u>		<u>354,451</u>	
		<u>407,489</u>		<u>680,919</u>	
Net Current Assets			<u>348,143</u>		<u>359,409</u>
Net Assets			<u>549,237</u>		<u>566,908</u>
Represented by:					
Restricted Funds	12		-		-
Designated Funds	12		400,000		400,000
Unrestricted Funds	12		<u>149,237</u>		<u>166,908</u>
			<u>549,237</u>		<u>566,908</u>

These accounts were approved by the Board of Management and signed on its behalf by:-


Member of The Board of Management

The notes on pages 13 to 22 form part of these accounts.

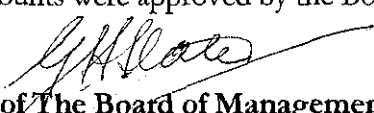
THE GROUNDWORK TRUST LIMITED

CHARITY BALANCE SHEET

AS AT 31 MARCH 2005

		2005		2004	
	Notes	£	£	£	£
Tangible Fixed Assets	6		196,094		202,499
Fixed Asset Investment	7		<u>1</u>		<u>1</u>
			196,095		202,500
Current Assets					
Debtors	8	380,137		623,248	
Cash at bank and in hand		<u>375,495</u>		<u>417,080</u>	
		<u>755,632</u>		<u>1,040,328</u>	
Creditors: Amounts falling due within one year					
Income in advance less work in progress	9	179,580		326,468	
Sundry creditors	10	<u>227,910</u>		<u>354,452</u>	
		<u>407,490</u>		<u>680,920</u>	
Net Current Assets			<u>348,142</u>		<u>359,408</u>
Net Assets			<u>544,237</u>		<u>561,908</u>
Represented by:					
Restricted Funds	12		-		-
Designated Funds	12		400,000		400,000
Unrestricted Funds	12		<u>144,237</u>		<u>161,908</u>
			<u>544,237</u>		<u>561,908</u>

These accounts were approved by the Board of Management and signed on its behalf by:-


Member of The Board of Management

The notes on pages 13 to 22 form part of these accounts.

THE GROUNDWORK TRUST LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2005**

	Notes	2005		2004	
		£	£	£	£
Net cash (outflow)/inflow from operating activities	1		(41,585)		(461,264)
Investing Activities:-					
Purchase of tangible fixed assets		-		-	
Sale of tangible fixed assets		-		-	
Net cash outflow from investing activities			-		-
Acquisitions and Disposals					
Net cash outflow from disposal of interest in subsidiary company			-		-
(Decrease)/Increase in cash and cash equivalents	2		(41,585)		(461,264)
Cash and cash equivalents at 31 March 2004			<u>417,080</u>		<u>878,344</u>
Cash and cash equivalents at 31 March 2005			<u>375,495</u>		<u>417,080</u>

NOTES TO THE CASH FLOW STATEMENT

1	Reconciliation of changes in resources to net cash (outflow)/inflow from operating activities	2005		2004	
		£		£	
	Changes in resources before transfers	(17,671)		88,703	
	Depreciation of fixed assets	6,405		8,437	
	Operating profit from Joint Venture	-		(73,089)	
	(Decrease) /Increase in creditors: current liabilities	(126,542)		(29,274)	
	Decrease in income in advance less work in progress	(146,888)		(301,942)	
	Decrease/(Increase) in debtors	<u>243,111</u>		<u>(154,099)</u>	
		<u>(41,585)</u>		<u>(461,264)</u>	
2	Analysis of changes in cash and cash equivalents	2005		2004	
		£		£	
	Short term deposits	200,000	300,000	(100,000)	
	Cash at bank and in hand	<u>175,495</u>	<u>117,080</u>	<u>58,415</u>	
		<u>375,495</u>	<u>417,080</u>	<u>(41,585)</u>	
				Change in year	
				£	

The notes on pages 13 to 22 form part of these accounts.

THE GROUNDWORK TRUST LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2005

1 Accounting Policies

Basis of Accounting

The accounts have been prepared in accordance with applicable accounting standards under the historical cost convention as modified by the revaluation of Freehold Land and Buildings and in accordance with the Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2000) and the Companies Act 1985.

Basis of Consolidation

The accounts have been prepared for the company for the whole year and its subsidiary. A profit and loss account for the company has not been presented as permitted by Section 230 of the Companies Act 1985.

Tangible Fixed Assets And Depreciation

Fixed assets are capitalised at cost, where acquired or market value as determined by the Board of Management where donated.

Depreciation is calculated to write off the cost or valuation of fixed assets, over their estimated useful lives as follows:-

Freehold land and buildings	2% Straight Line
Leasehold Property Improvements	33% Straight Line
Motor vehicles	25% Straight Line
Office equipment	25% Straight Line
Computers	33% Straight Line

Stock And Work In Progress

Stocks are not carried as all materials are specifically allocated to projects. Work in progress includes, via a calculated formula for Labour and Overheads, an appropriate proportion of overheads incurred in the normal course of business in bringing projects to their present condition. Provision is made for any potential losses on projects.

THE GROUNDWORK TRUST LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

FOR THE YEAR ENDED 31 MARCH 2005

Fund Accounting

Unrestricted funds are available for use at the discretion of the Board of Management in furtherance of the general objectives of the company.

Designated funds are funds designated by the Board of Management for specific purposes.

Restricted funds are funds subject to specific restrictive conditions imposed by funders or by the purpose of the grant. The purpose and use of the restricted funds is set out in note 12 to the accounts.

Income

Income or grants received in advance are held in deferred income, as part of restricted funds, and carried forward to future accounting periods to be released when the measurable stages of work have been completed, approved or certified. Any grants restricted to future accounting periods are deferred and recognised in those accounting periods.

Allocation of Costs

The cost headings comprise expenditure, including staff costs, directly attributable to the activity.

Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources.

Central overheads are allocated on the basis of their use with the aim of ensuring that those costs remaining within the administration relate to the management of the company's assets, organisational administration and compliance with constitutional and statutory requirements.

Pension Costs

The company is an admitted body to the Merseyside Pension Fund and pays contributions at a prescribed percentage rate determined by an Actuary, who every three years determines the solvency of the Fund, having regard to existing and prospective liabilities and assets. Contributions payable in the year are charged to the Statement of Financial Activities.

THE GROUNDWORK TRUST LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

FOR THE YEAR ENDED 31 MARCH 2005

	2005 £	2004 £
2 Total Incoming Resources		
Government Agencies	556,368	551,202
Landfill	61,067	41,106
Local Government (including SRB)	480,867	842,504
European Union	23,841	35,487
Private Sector	<u>361,336</u>	<u>136,257</u>
	1,483,479	1,606,556
Donations	-	1,522
Car Park Rental and mailings	14,192	5,157
Interest Received	18,332	18,373
Share of profit in Joint Venture	<u>-</u>	<u>73,089</u>
	<u>1,516,003</u>	<u>1,704,697</u>

3 Analysis of Total Charitable Expenditure	Staff Costs £	Other Direct Costs £	Overheads £	Total 2005 £	Total 2004 £
Direct project costs	547,751	404,091	151,800	1,103,642	1,380,437
Support costs	208,789	-	44,919	253,708	88,177
Management and administration costs	<u>118,784</u>	<u>-</u>	<u>52,253</u>	<u>171,037</u>	<u>143,478</u>
	<u>875,324</u>	<u>404,091</u>	<u>248,972</u>	<u>1,528,387</u>	<u>1,612,092</u>

	2005 £	2004 £
4 Expenditure on Projects		
<i>The company operates a full absorption costing system hence all resources are charged to projects.</i>		
St Helens	643,688	824,788
Knowsley	164,974	86,231
Sefton	146,635	119,900
Liverpool	383,841	250,888
Joint	<u>189,249</u>	<u>330,285</u>
	<u>1,528,387</u>	<u>1,612,092</u>

THE GROUNDWORK TRUST LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

FOR THE YEAR ENDED 31 MARCH 2005

	2005	2004
Staff Costs – Company:	£	£
Wages and salaries	776,208	757,728
Social security	55,548	52,534
Superannuation	<u>83,967</u>	<u>83,338</u>
	915,723	893,600
Less recharged to Groundwork EBS	<u>(40,399)</u>	<u>(47,809)</u>
	<u>875,324</u>	<u>845,791</u>

The members of the Board of Management neither received nor waived any emoluments or expenses during the year (2004 - Nil). No employee received remuneration of more than £50,000.

Indemnity insurance for the members of the Board of Management in their capacity as trustees is covered at no extra cost to the charity.

	2005	2004
The average number of employees of the company analysed by function was:-		
Direct charitable expenditure	25	30
Project support	6	2
Management and administration of the charity	<u>7</u>	<u>5</u>
	<u>38</u>	<u>37</u>

Analysis of Overheads

	Projects	Support Costs	Management & Admin	Total 2005	Total 2004
	£	£	£	£	£
Staff costs	21,155	-	-	21,155	14,705
Premises	56,071	22,693	12,911	91,675	42,099
Transport and travel	19,657	-	-	19,657	22,322
Office costs	25,890	10,478	26,253	62,621	84,466
Communications	14,759	5,973	3,398	24,130	17,459
Other	<u>14,268</u>	<u>5,775</u>	<u>9,691</u>	<u>29,734</u>	<u>29,652</u>
	<u>151,800</u>	<u>44,919</u>	<u>52,253</u>	<u>248,972</u>	<u>210,703</u>

	2005	2004
5 Net Incoming Resources Before Transfers	£	£
Is stated after charging:-		
Depreciation of tangible fixed assets	6,405	8,436
Auditors' remuneration:-		
Audit fees	6,000	5,500
Accounting, grant claims and other services	<u>7,970</u>	<u>10,072</u>

THE GROUNDWORK TRUST LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2005

6 Tangible Fixed Assets

	Freehold Land and Buildings £	Motor Vehicles £	Furniture and Equipment £	Computers £	Total £
Cost or Valuation					
At 1 April 2004 and at 31 March 2005	<u>216,000</u>	<u>26,221</u>	<u>78,876</u>	<u>122,162</u>	<u>443,259</u>
Depreciation					
At 1 April 2004	15,586	26,217	76,878	122,079	240,760
Charge for year	<u>4,320</u>	<u>4</u>	<u>1,998</u>	<u>83</u>	<u>6,405</u>
At 31 March 2004	<u>19,906</u>	<u>26,221</u>	<u>78,876</u>	<u>122,162</u>	<u>247,165</u>
Net Book Value					
At 31 March 2005	<u>196,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,094</u>
At 31 March 2004	<u>200,414</u>	<u>4</u>	<u>1,998</u>	<u>83</u>	<u>202,499</u>

All fixed assets of the charity are used in direct furtherance of its objects.

The Freehold Land and Buildings occupied as offices by the charity were professionally valued by Lewis and Rigby, Estate Agents and Valuers in September 2001 at £250,000. On the advice of the estates department of St Helens Metropolitan Borough Council the Board of Management decided to reduce this valuation to £200,000 based on open market value on a capitalisation of current rental value. The directors are of the opinion that there has been no material change in value since that date and that an interim valuation under FRS15 is not necessary.

The historical cost of the freehold land and buildings included at valuation amounted to £189,464 (2004 £189,464) and the accumulated depreciation thereon amounts to £52,069 (2004 - £50,069).

The remaining Land and Buildings consisting of two small parcels of land with a net book value at 31 March 2005 of £12,410 have not been revalued on the basis that they are not material.

THE GROUNDWORK TRUST LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

FOR THE YEAR ENDED 31 MARCH 2005

7 Fixed asset investment

	Group		Charity	
	2005	2004	2005	2004
	£	£	£	£
Shares in subsidiary companies:-				
GSH Commercial Limited	—	—	<u>1</u>	<u>1</u>
Fixed asset investment	<u>—</u>	<u>—</u>	<u>1</u>	<u>1</u>

A wholly owned trading subsidiary company, GSH Commercial Limited was formed on 31 January 2003. This company did not trade in its own right in the period to 31 March 2005, however it held a 50% share in GWK EBS Limited, a joint venture with Groundwork Wirral.

The group's interest in the joint venture, GWK EBS Limited, at 31 March 2005 is as follows:

Share of Gross assets	242,537
Share of Gross liabilities	<u>(237,537)</u>
	<u>5,000</u>

8 Debtors

	Group		Charity	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	333,240	452,359	333,240	452,359
Prepayments and accrued income	23,117	25,008	23,117	25,008
Amount due from Joint Venture Company	<u>23,780</u>	<u>145,881</u>	<u>23,780</u>	<u>145,881</u>
	<u>380,137</u>	<u>623,248</u>	<u>380,137</u>	<u>623,248</u>

9 Income in advance less work in progress

	Group		Charity	
	2005	2004	2005	2004
	£	£	£	£
Income in advance	322,543	449,845	322,543	449,845
Work in progress	<u>(142,963)</u>	<u>(123,377)</u>	<u>(142,963)</u>	<u>(123,377)</u>
	<u>179,580</u>	<u>326,468</u>	<u>179,580</u>	<u>326,468</u>

10 Sundry Creditors

	Group		Charity	
	2005	2004	2005	2004
	£	£	£	£
Trade creditors	120,588	243,967	120,588	243,967
Social security and other taxes	95,314	97,020	95,315	97,020
Amount due to Joint Venture Company	-	120	-	120
Accruals	<u>12,007</u>	<u>13,344</u>	<u>12,007</u>	<u>13,345</u>
	<u>227,909</u>	<u>354,451</u>	<u>227,910</u>	<u>354,452</u>

THE GROUNDWORK TRUST LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

FOR THE YEAR ENDED 31 MARCH 2005

11 Analysis of Group Net Assets

By Fund	Unrestricted Funds	Designated Fund	Total 2005	Total 2004
	£	£	£	£
Fixed assets	201,094	-	201,094	207,499
Cash	-	375,495	375,495	417,080
Debtors	355,632	24,505	380,137	623,248
Creditors and income in advance	(407,489)	-	(407,489)	(680,919)
	<u>149,237</u>	<u>400,000</u>	<u>549,237</u>	<u>566,908</u>

12 Group Funds

	Unrestricted Funds	Designated Fund	Restricted Funds	Total 2005	Total 2004
	£	£	£	£	£
Balance at 1 April 2004	166,908	400,000	-	566,908	478,205
(Outgoing)/Incoming resources	<u>(17,671)</u>	<u>-</u>	<u>-</u>	<u>(17,671)</u>	<u>88,703</u>
Balance at 31 March 2005	<u>149,237</u>	<u>400,000</u>	<u>-</u>	<u>549,237</u>	<u>566,908</u>
Charity	144,237	400,000	-	544,237	561,908
Joint Venture	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
	<u>149,237</u>	<u>400,000</u>	<u>-</u>	<u>549,237</u>	<u>566,908</u>

Funds raised and given for specific purposes and projects are output related. These outputs incorporate fees, consultancies, project spend and implementation work. The conditions governing the income on grants restrict these funds and when these conditions are met, the surplus or deficit, becomes unrestricted and is transferred to the company's unrestricted funds.

In 1990 the company acquired the Bold Moss site from British Coal for a nominal consideration of £1. British Coal also provided £500,000 towards projects for a comprehensive restoration, management and development framework for the site. These projects attracted other grants and the works were completed by 1998. In 1995 British Coal formally relinquished all involvement in the site and the remaining surplus of £400,000, although available for transfer to unrestricted funds, has been designated by the Board of Management as a separate fund to produce income for the ongoing and future maintenance of the site.

NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

FOR THE YEAR ENDED 31 MARCH 2005

13 Pension Costs

The company is an admitted body to the Merseyside Pension Fund providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the charity. Contributions to the scheme are charged to the statement of financial activities so as to spread the cost of pensions over employees' working lives with the charity.

The pension cost is determined on the advice of independent qualified actuaries. The pension cost for the year is based on the results of the actuarial valuation of the scheme as at 31 March 2001 using the projected unit method.

The actuaries have carried out an interim valuation on the whole scheme as at 31 March 2005. This valuation was based on the following assumptions:-

Rate of return on investments	between 4% and 7.5% pa
Rate of earnings increases	4.15% pa
Rate of pension increases	2.9% pa
Rate of inflation	2.9% pa

The market value of the scheme's assets attributable to the company at 31 March 2005 was £1,938,000.

On the assumptions used to calculate the pension cost, the actuarial value of the scheme assets at that date represented 71% of the value of the members' accrued benefits. These accrued benefits include all benefits for pensioners and other former members as well as benefits based on service completed to date for active members allowing for future pay rises.

The pension charge for the year was £83,967 (2004 £83,338).

The contributions of the charity and employees during the year were 10.6% and 6% of earnings respectively.

THE GROUNDWORK TRUST LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

FOR THE YEAR ENDED 31 MARCH 2005

14 Subsidiary Company

The company's wholly owned subsidiary, GSH Commercial Limited, is incorporated in the UK and did not trade in its own right during the year to 31 March 2005. However it owns 50% of the share capital of GWK EBS Limited, a joint venture with GWW Commercial Limited. The joint venture company is committed to transfer its surplus equally to The Groundwork Trust and Groundwork Wirral for their charitable purposes.

Summary of the trading results of the Joint Venture for the period ended 31 March 2005.

Profit and Loss Account

	Year Ended 31 March 2005	1 January 2003 to 31 March 2004 £
Turnover	951,918	1,415,440
Cost of sales	<u>(893,007)</u>	<u>(1,169,376)</u>
Gross profit	58,911	246,064
Administrative expenses	<u>(30,549)</u>	<u>(13,155)</u>
	28,362	232,909
Overheads re charged to GWW Commercial Ltd and The Groundwork Trust	(28,362)	(76,731)
Profits Gift aided to GWW Commercial Ltd and The Groundwork Trust	<u>-</u>	<u>(146,178)</u>
	-	10,000
Taxation	<u>-</u>	<u>-</u>
Net Profit retained in Joint Venture	<u>-</u>	<u>10,000</u>

THE GROUNDWORK TRUST LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS (continued) FOR THE YEAR ENDED 31 MARCH 2005

15 Related Parties

During the year the company traded with its members and with its subsidiary and associated companies.

A summary of these transactions is as follows:-

	Services Provided		Services Received	
	2005 £	2004 £	2005 £	2004 £
St Helens MBC	176,075	253,439	37,162	17,350
Knowsley MBC	54,144	46,292	220	2,120
Sefton MBC	81,699	82,527	8,650	7,040
Liverpool CC	68,112	54,405	1,205	8,053
Groundwork UK	430,539	252,852	6,690	6,745
GWK EBS Limited	25,163	61,018	3,000	281

	Debtors at 31 March		Creditors at 31 March	
	2005 £	2004 £	2005 £	2004 £
St Helens MBC	82,850	105,133	7,326	6,949
Knowsley MBC	-	3,150	-	2,120
Sefton MBC	-	11,820	-	-
Liverpool CC	9,168	247	30	8,927
Groundwork UK	84,386	36,743	4,638	1,660
GWK EBS Limited	23,780	77,792	-	120

- 16 At 31 March 2005, the group had annual commitments under non-cancellable operating leases as set out below:-

	Group		Charity	
	2005 £	2004 £	2005 £	2004 £
Land and buildings				
Operating leases which expire between two and five years	<u>10,194</u>	<u>-</u>	<u>10,194</u>	<u>-</u>
Other				
Between two and five years	<u>8,455</u>	<u>-</u>	<u>8,455</u>	<u>-</u>