



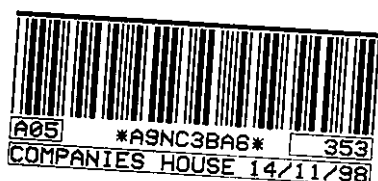
COMMUNITY TRUST
MILTON KEYNES

The Milton Keynes Community Trust Limited
(a company limited by guarantee)

Trustee's report and financial statements of the group

31 March 1998

Registered company number 2032715
Registered charity number 295107



The Milton Keynes Community Trust Limited
(a company limited by guarantee)

**Trustees' report and financial statements of
the Group**

31 March 1998

Registered company number 2032715

Registered charity number 295107

Trustees' report and financial statements of the Group

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Principal Advisers

Auditors and Tax Advisers

Grant Thornton
202 Silbury Boulevard
Central Milton Keynes
MK9 1LW

Solicitors

Fennemores
200 Silbury Boulevard
Central Milton Keynes
MK9 1LL

Investment Manager

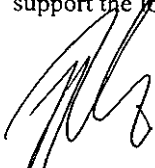
The Charities Official Investment Fund
St Alphage House
2 Fore Street
London
EC2Y 5AQ

Chairman's Report

The Trust has continued to develop a strategic approach to strengthening it's corporate membership whilst ensuring existing corporate companies and individuals continue to support the Trust in the future. At the end of the Trust's tenth year the grant making programme had increased on previous years, supporting a large number of applications from local groups and charities.

The Property Company recognises that it is supporting the voluntary sector by providing a range of property at a base rent, in central locations. The Trust has decided to carry out a review in the new financial year, in order to make an assessment as to what extent it's contribution is, in supporting the voluntary sector, and how it might develop in the future.

Having celebrated it's tenth birthday, the Trust is looking forward to developing further the strategic approach to gaining new members in the business community. The Property Company will have an important role in the Trust's Five Year Plan which is being evolved, looking at how we can best support the local community in ensuring the highest quality of life for all local people.



Stephen Norrish
Chairman

Trustees' report

The trustees have pleasure in presenting their annual report and audited financial statements for the year ended 31 March 1998.

Principal activities and review of the year

The Milton Keynes Community Trust Limited ("the Trust" or "The Milton Keynes Community Trust") is a company limited by guarantee and a registered charity. It is governed by its Memorandum and Articles of Association. The Articles of Association define those who sit on the Board of the Trust as trustees. New trustees are appointed by the Board during the year and are eligible for re-election at the next Annual General Meeting. Although under Company Law such trustees are treated as if they were company directors they have been referred to throughout these financial statements as trustees.

The Milton Keynes Community Trust is principally engaged in the promotion of any charitable purpose for the benefit of the community in the Borough of Milton Keynes.

Format of the financial statements

The financial statements comprise group accounts of The Milton Keynes Community Trust and its wholly owned subsidiary company, Milton Keynes Community Trust Properties Limited. The subsidiary company is a property ownership and management company whose aim is to support the voluntary sector in Milton Keynes either through providing accommodation or indirectly through its surplus income from commercially let properties.

The accounts on pages 9 to 28 incorporate all the various funds within the Trust. An analysis of the income and expenditure between the various funds is provided in note 15.8 and an analysis of their net assets is provided in note 15.9.

Review of the year

Robert de Grey and Robert Hill resigned as Trustees during the year, due to heavy work commitments elsewhere. Their contribution to the Trust during their time as Trustees is very much appreciated. Philippa Eccles and Richard Hall were appointed as new Trustees.

Grants

A total of 105 grants amounting to £271,038 were made by the Trust during 1997/98 in the following areas:

Physical disability	9	Physical health	3
Special needs	6	Ethnic minority	4
Community development	28	Arts	36
Youth	8	Mental health	3
Housing/homeless	4	Education	1
Sport	3		

Forty-seven grants totalling £168,051 were made from the Community Fund and two totalling £822 from a number of other sources such as the Anglo-Japanese Fund and Rotary Club of Bletchley Fund.

Thirty-six grants totalling £59,693 were made from the Margaret Powell (Grants) Fund. Eighteen totalling £40,970 were made from the Arts Fund and two grants totalling £1,502 from the Sports Fund.

Trustees' report *(continued)*

Review of the year *(continued)*

Marketing and Fundraising

Effective marketing and fundraising are central to the success of the Trust and directly influence the level of grant making that is possible. Following the appointment of the Business Development Manager, the Trust's income generating activities have intensified and are being put on a more systematic basis. The level of competition for funds remains intense, and it is unlikely that dramatic increases in income will be achieved in the short-term. However, the steady building up of the Trust's marketing and fundraising capacity, the reinforcement of links with existing donors, and a more proactive approach to attracting new donors is expected to result in steady income gains. In addition, there will be detailed consideration of what other sources of income might be sought, for example through collaboration with major national trusts.

Financial review

The Trust's income for the year totals £446,474 (1997: £459,940) including corporate donations of £230,495, and individual donations of £13,231.

The net income from the property company is £43,337 (1997: £55,398) before a covenant of £24,080 (1997: £86,877) from the property company to the Trust.

The Trust has made grants during the year of £271,038 (1997: £255,098). The costs attributable to administering the grants programme were £23,895 which increased by £1,107 over 1997. Fundraising and publicity costs have reduced from £52,570 to £49,128 partly because of reduced staff costs during the year.

The trustees are satisfied that the charity's assets attributable to each of its individual funds are available and adequate to fulfil its obligations in relation to those funds.

Investments

The Trustees have the power to invest as they shall in their absolute discretion think fit. The investments held by the Trust have been acquired in accordance with these powers. The group's investments were valued at the year end at £2,579,363 (1997: £2,026,817). The majority (95% of year end value) of these investments are unit trust type funds managed by the Charities Official Investment Fund (COIF). They comprise Common Investment Funds and include both investment income shares and fixed interest shares. The remainder are equities (5%). The purpose of holding the investments is to use the income for making grants and to increase the value of the Trust's funds by benefiting from any capital gains. Details of individual funds and the grant making policy adopted are set out in note 15 to the financial statements.

Trustees' report (continued)

Review of the year (continued)

Freehold and leasehold property

The freehold and leasehold properties were valued at the year end to £2,277,500 as shown in note 9 to the financial statements.

The freehold and leasehold properties are all held by the subsidiary property ownership and management company. They were transferred to the Trust and thence to Milton Keynes Community Trust Properties Limited from the Commission for the New Towns in 1992 following the winding up of the Milton Keynes Development Corporation with the intention that they would be self-financing. A proportion of the properties are let to the voluntary sector with the remainder let commercially. There are certain restrictions in existence if certain properties were to be sold at open market value. These are explained in note 14 to the financial statements.

The freehold and leasehold properties are revalued every year by independent valuers on the basis of continuing existing use (see note 9 to the financial statements). Depreciation is not provided. No split between the properties let directly to the voluntary sector on these terms and those let on a commercial basis is given since the aim of the Trust is met either through letting directly to the voluntary sector or using monies received from commercially let properties to further the objectives to the charity indirectly. The proportion of properties let on preferential terms may change from year to year.

Trustees and trustees' interests

The trustees who held office during the year were as follows:

		Sub-committee
Stephen Norrish	(Chairman since 6 November 1997)	a,d,e,g
Michael Murray	(Deputy Chairman since 6 November 1997)	a,b,g
Philippa Eccles	(appointed 21 January 1998)	e
Naomi Eisenstadt		d,e
Robert Gifford		a,d,e
Robert de Grey	(resigned 22 October 1997)	d,e,f
Richard Hall	(appointed 11 September 1997)	d,f
Robert Hill	(resigned 29 August 1997)	g
Brian Hocken		a,b
Christopher Hopkinson	(Company Secretary)	a, d, f
Simon Ingram	(Chairman until 6 November 1997)	c,g
Andrew Jones		a, b
Peter Kara		b, e
Juliet Murray		c, f
Francesca Skelton		f
Lady Tudor Price		c, d, e
Dr Anthony Walton		a, c

- a) member of The Management sub-committee
- b) member of The Finance sub-committee
- c) member of The Marketing and Fundraising sub-committee
- d) member of Grants policy sub-committee
- e) member of General Fund Grants sub-committee
- f) member of Arts Fund Grants sub-committee
- g) member of the MKCT Property Company Board

The Chief Executive is Tim Hill.

Trustees' report *(continued)*

Trustees and trustees' interests *(continued)*

The administration office of the Trust is located at:

Acorn House
381 Midsummer Boulevard
Central Milton Keynes
MK9 3HP

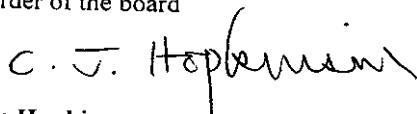
Year 2000

In response to the predicted inability of certain computer programs and data files to distinguish the appropriate year at the start of year 2000 the Group is undertaking a review of its computer systems and other equipment and processes controlled by computer technology. Where necessary these computer systems and equipment will be upgraded or replaced. The estimated cost is expected to be insignificant in relation to the Group's assets although such costs have not yet been completely quantified.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Grant Thornton as auditors of the Trust is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Chris Hopkinson
Secretary

Registered office:
198 Silbury Boulevard
Central Milton Keynes
MK9 1LL

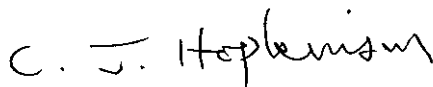
Statement of trustees' responsibilities

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of financial activities of the charitable company and its subsidiary during the year and of their financial position at the end of the year. In preparing those financial statements, the trustees should follow best practice and:

- 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 charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and its subsidiary and which enables them to ascertain their financial position and to ensure that the financial statements comply with the Companies Act 1985, the Charities Act 1993 and regulations thereunder. They are also responsible for safeguarding the assets of the charitable company and its subsidiary and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



Chris Hopkinson
Secretary

Registered office:

198 Silbury Boulevard
Central Milton Keynes
MK9 1LL

Report of the Auditors to the members of The Milton Keynes Community Trust Limited

We have audited the financial statements on pages 9 to 28 which have been prepared under the accounting policies set out on pages 12 and 13.

Respective responsibilities of directors/trustees and auditors

As described on page 7 the trustees, who are also directors of the Trust for the purposes of company law are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and its subsidiary as at 31 March 1998 and of their incoming resources and application of resources, including their income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Grant Thornton
Registered Auditors
Chartered Accountants
Central Milton Keynes

Dated: 28 September 1998.

Group Statement of Financial Activities
(incorporating Income and Expenditure Account and Statement of Total
Recognised Gains and Losses)
for the year ended 31 March 1998

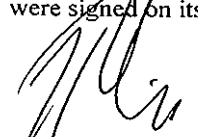
	Notes	Unrestricted Funds £	Restricted Funds £	Total 1998 £	Total 1997 £
Income and expenditure					
Incoming resources					
Donations	2	136,115	107,611	243,726	259,690
Income from events	3	11,624	-	11,624	11,133
Investment income	4	92,181	35,619	127,800	122,219
Grant received for administration costs		19,987	-	19,987	11,500
Net income of property company	5	43,337	-	43,337	55,398
Total incoming resources		303,244	143,230	446,474	459,940
Resources expended					
Direct charitable expenditure					
- Grants made	7	169,553	101,485	271,038	255,098
- Grant support costs	8	23,895	-	23,895	22,788
		193,448	101,485	294,933	277,886
Fundraising and publicity	8	49,128	-	49,128	52,570
Management and administration of the charity	8	25,582	-	25,582	25,292
Total resources expended		268,158	101,485	369,643	355,748
Net incoming resources for the year					
Gains/(losses) on disposal of investments	6 10	35,086 537	41,745 3,590	76,831 4,127	104,192 10,369
Surplus of income over expenditure	6	35,623	45,335	80,958	114,561
Other recognised gains and losses					
Gains/(losses) on market value of investments	10	308,940	87,442	396,382	49,378
Revaluation of freehold and leasehold properties	9	492,487	-	492,487	93,660
Net movement in funds					
Fund balances brought forward at 1 April 1997		837,050 3,502,606	132,777 618,393	969,827 4,120,999	257,599 3,863,400
Fund balances carried forward at 31 March 1998		4,339,656	751,170	5,090,826	4,120,999

The notes on pages 12 to 28 form part of these accounts.

Group balance sheet
at 31 March 1998

	<i>Note</i>	1998 £	1997 £
Fixed assets			
Tangible assets	9	2,298,363	1,791,422
Investments	10	2,579,363	2,026,817
		<hr/>	<hr/>
		4,877,726	3,818,239
Current assets			
Debtors	11	67,890	77,808
Cash at bank and in hand		340,338	360,456
		<hr/>	<hr/>
		408,228	438,264
Creditors: Amount falling due within one year	12	(195,128)	(135,504)
		<hr/>	<hr/>
Net current assets		213,100	302,760
		<hr/>	<hr/>
Net assets		5,090,826	4,120,999
		<hr/>	<hr/>
Income funds			
Unrestricted - Designated (Sports Fund)	15	132,933	109,521
- Other	15	4,206,723	3,393,085
		<hr/>	<hr/>
		4,339,656	3,502,606
Restricted	15	751,170	618,393
		<hr/>	<hr/>
		5,090,826	4,120,999
		<hr/>	<hr/>

These financial statements were approved by the Board of Trustees on 10 Sept-emb-1998 and were signed on its behalf by:


Stephen Norrish
Chairman

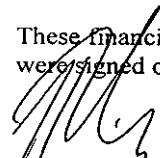

Andrew Jones
Trustee

The notes on pages 12 to 28 form part of these accounts.

Company balance sheet
at 31 March 1998

	<i>Notes</i>	1998 £	1997 £
Fixed assets			
Investments	<i>10</i>	2,579,363	2,026,817
Investments in subsidiary undertaking	<i>10</i>	400,000	400,000
		<hr/>	<hr/>
		2,979,363	2,426,817
Current assets			
Debtors	<i>11</i>	41,251	34,335
Cash at bank and in hand		257,592	357,724
		<hr/>	<hr/>
Creditors: Amount falling due within one year	<i>12</i>	298,843 (25,434)	392,059 (24,187)
		<hr/>	<hr/>
Net current assets		273,409	367,872
		<hr/>	<hr/>
Net assets		3,252,772	2,794,689
		<hr/> <hr/>	<hr/> <hr/>
Income funds			
Unrestricted			
- Designated (Sports Fund)	<i>6</i>	132,933	109,521
- Other	<i>6</i>	2,368,669	2,066,775
		<hr/>	<hr/>
Restricted	<i>6</i>	2,501,602 751,170	2,176,296 618,393
		<hr/>	<hr/>
		3,252,772	2,794,689
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the Board of Trustees on 10 September 1998 and were signed on its behalf by:


Stephen Norrish
Chairman


Andrew Jones
Trustee

The notes on pages 12 to 28 form part of these accounts.

Notes

(forming part of the financial statements)

1 Accounting policies

The principal accounting policies of the group are set out below and remained unchanged from the previous year.

Basis of accounting

The financial statements have been prepared under the historical cost convention except that investments are revalued annually.

Basis of consolidation

The consolidated accounts incorporate those of The Milton Keynes Community Trust Limited and its subsidiary Milton Keynes Community Trust Properties Limited. The results of this trading subsidiary have been incorporated on the basis of the net profit before transfers to the charity.

Donations

Donations relating to a specific period and donations by deed of covenant, where the full amount has been deposited in advance are taken into income over the period to which they relate. Where possible gifts in kind have been quantified and included in these accounts.

Rents and grants receivable by the subsidiary

Turnover of the property company represents rents which are included on a receivable basis and grants of a revenue nature which are credited to the profit and loss account in the same period as related expenditure.

Grants payable

Grants payable are accounted for when they are paid.

Depreciation

Fixed assets are capitalised and written off over their estimated useful lives by depreciation charged through the income and expenditure account.

Depreciation is calculated to write down the cost of all tangible fixed assets other than freehold properties by equal annual instalments over their expected useful economic lives. The rates applicable for equipment are 25%, 33.33% or 50% depending on the nature of the asset.

Investment income

Interest and investment income on fixed interest securities is accounted for on a receivable basis and all other investment income is accounted for when received. Investment income includes the associated tax credits.

Freehold and leasehold properties

The freehold and leasehold properties are included in the group balance sheet at their open market values assuming that existing tenancies on preferential terms to voluntary organisations will continue.

The surpluses or deficits on annual revaluation of such properties are transferred to the freehold property revaluation reserve. Depreciation is not provided in respect of freehold or leasehold properties.

Notes (continued)

1 Accounting policies (continued)

Investments

Investments are stated at their market valuation at 31 March. Both realised and unrealised gains or losses are reflected in the Statement of Financial Activities.

Fund accounting

The funds of the charity have been reformatted to include restricted funds and unrestricted funds. Whilst all funds are included as restricted or unrestricted totals within the financial statements the results for the year and an analysis of net assets at the end of the year are analysed between the various funds in note 15.

Taxation

No provision for corporation tax has been made in these accounts because the Trust, a registered charity, is exempt from taxation.

2 Donations received

	Unrestricted	Restricted	Total 1998	Total 1997
	£	£	£	£
Membership				
- Corporate	126,160	104,335	230,495	250,109
- Individual	9,955	3,276	13,231	9,581
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations received	136,115	107,611	243,726	259,690
	<hr/>	<hr/>	<hr/>	<hr/>

3 Net surplus on events

	50/50 Raffle £	London Marathon £	Total £
1998			
Gross income	31,263	1,736	32,999
Less amounts paid to participating groups	(15,691)	-	(15,691)
	<hr/>	<hr/>	<hr/>
Net income	15,572	1,736	17,308
Costs	(4,273)	(1,411)	(5,684)
	<hr/>	<hr/>	<hr/>
Net	11,299	325	11,624
	<hr/>	<hr/>	<hr/>
1997			
Gross income	30,456	-	30,456
Less amounts paid to participating groups	(14,937)	-	(14,937)
	<hr/>	<hr/>	<hr/>
Net income	15,519	-	15,519
Costs	(4,386)	-	(4,386)
	<hr/>	<hr/>	<hr/>
Net	11,133	-	11,133
	<hr/>	<hr/>	<hr/>

Notes (continued)

4 Investment income

Investment income comprises income from:

	Unrestricted Funds £	Restricted Funds £	Total 1998 £	Total 1997 £
Listed investments	134	-	134	5,669
Investments in collective investment schemes	75,199	32,312	107,511	99,962
Bank and Building Society deposits	16,848	3,307	20,155	16,588
	<u>92,181</u>	<u>35,619</u>	<u>127,800</u>	<u>122,219</u>

5 Net income from trading activities of subsidiary

The charity's wholly-owned trading subsidiary incorporated in the UK, Milton Keynes Community Trust Properties Limited owns and manages property, aiming to support the Voluntary Sector in Milton Keynes, either directly through accommodation or indirectly through surplus income which is covenanted to The Milton Keynes Community Trust. Rents received on its commercially let properties are used to support the Voluntary Sector through the operations of the property company. A summary of its trading results is shown below.

Profit and loss account

	1998 £	1997 £
Turnover	404,393	382,900
Cost of sales	(271,564)	(201,200)
Gross profit	<u>132,829</u>	<u>181,700</u>
Administration expenses	(91,015)	(127,963)
Trading profit	<u>41,814</u>	<u>53,737</u>
Net interest	1,523	1,661
Net income	<u>43,337</u>	<u>55,398</u>
Amount covenanted to MKCT	(24,080)	(86,877)
Retained in subsidiary	<u>19,257</u>	<u>(31,479)</u>

Notes (continued)

6 Excess of income over expenditure

The charity has taken advantage of Section 230 of the Companies Act 1985 and has not included its own income and expenditure account in these financial statements. The excess of income over expenditure for the year includes £57,574 (1997: £135,671) which is dealt with in the financial statements of the charity.

An analysis of the differences in movements in resources between the group and charity is set out below:

	Unrestricted Funds £	Restricted Funds £	Total 1998 £	Total 1997 £
Incoming resources per consolidated financial activities	303,244	143,230	446,474	459,940
Deduct: net income of trading subsidiary	(43,337)	-	(43,337)	(55,398)
Add: covenanted payments from trading subsidiary	24,080	-	24,080	86,877
	<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended for consolidated financial activities	283,987	143,230	427,217	491,419
	<hr/>	<hr/>	<hr/>	<hr/>
	(268,158)	(101,485)	(369,643)	(355,748)
	<hr/>	<hr/>	<hr/>	<hr/>
Net incoming resources	15,829	41,745	57,574	135,671
Gains/(losses) on disposal of investments	537	3,590	4,127	10,369
	<hr/>	<hr/>	<hr/>	<hr/>
Surplus of income over expenditure	16,366	45,335	61,701	146,040
	<hr/>	<hr/>	<hr/>	<hr/>
Gains/(losses) on market value of investments	308,940	87,442	396,382	49,378
Accumulated funds brought forward	2,176,296	618,393	2,794,689	2,599,271
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated funds carried forward	2,501,602	751,170	3,252,772	2,794,689
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

7 Grants made

Grants made are analysed by fund in note 15.8. Grants paid during the year were as follows:

	Unrestricted Funds £	Restricted Funds £	Total 1998 £
A Word in Edgeways Festival	-	3,100	3,100
AD/HD Family Support Group	-	665	665
Arts Association MK	1,400	7,500	8,900
Arts Education Forum MK	-	2,500	2,500
British Disabled Waterski Assoc	-	400	400
Brook Advisory Centre MK	5,425	-	5,425
Bucks RDC/LAP	-	3,023	3,023
Bushfield Activities Club	500	-	500
CAB MK (Mowle)	-	122	122
Campbell Park Global Festival	1,000	-	1,000
Catapult Theatre Company	-	1,000	1,000
Centre for Integrated Living MK	-	1,000	1,000
Chinese School & Community Centre MK	3,890	-	3,890
CHOOSP	400	-	400
City Discovery Centre	525	-	525
Co-operative Cafe on Netherfield	5,000	-	5,000
Cornelius & Jones	-	4,000	4,000
Coronation Hall Committee	2,500	-	2,500
Craft Guild MK	-	3,550	3,550
Cross & Stables Church & Community	-	170	170
CVO MK	22,666	-	22,666
Drug & Alcohol Support MK	15,000	2,000	17,000
Eco-Life	-	2,597	2,597
Family Medication Service MK	4,450	-	4,450
Fremantle Trust	-	1,000	1,000
Global Centre Project	1,000	-	1,000
Hanslope & District Historical	-	820	820
Hope MK	482	-	482
InterAction (MK) Limited	-	19,342	19,342
International Folk Art Festival MK	-	1,500	1,500
Loughton School FC	312	-	312
Madcap Trust Limited	8,068	(206)	7,862
Messy Days Opportunity Pre-school	780	-	780
Midsummer Art Show	-	5,000	5,000
Mind MK	-	9,000	9,000
Motor Neurone MK & District	-	1,200	1,200
Multiple Sclerosis Therapy Group MK	-	1,200	1,200
National Autistic Society MK	-	500	500
NCH Action for Children	16,500	-	16,500
Neighbour Dispute Mediation MK	4,610	-	4,610
Nicholas Breeze	-	400	400
P.E.A.C.E.	10,000	-	10,000
Play Association MK	2,000	4,250	6,250
Pre-school Learning Alliance MK	2,000	-	2,000
Printmakers MK	-	2,000	2,000
	108,508	77,633	186,141

Notes (continued)

7 Grants made (continued)

	Unrestricted Funds £	Restricted Funds £	Total 1998 £
Brought forward	108,508	77,633	186,141
Racial Equality Council MK	1,280	-	1,280
Reader Service MK	-	2,994	2,994
Referees Association MK	1,190	-	1,190
Resources Centre MK	-	1,640	1,640
Rotary Club of Bletchley	-	700	700
Safety Centre (MK) Limited	940	-	940
Sally Annett	-	1,000	1,000
Shelter Housing Aid Centre	2,314	1,840	4,154
Sports Council MK	1,375	-	1,375
The Redway School	-	3,000	3,000
The Silbury Group of Artists	-	3,800	3,800
The Stables	-	2,207	2,207
Tuesday Creative Art Workshop	-	3,380	3,380
Upstart Press	-	1,000	1,000
Volunteer Bureau MK	2,665	-	2,665
Water Eaton Church Centre	1,000	-	1,000
Watling Valley District Scout MK	-	991	991
West Bletchley Community Assoc	900	-	900
Westcroft Training Centre	4,200	-	4,200
Whaddon Way Centre Services	-	300	300
Woburn Sands Allotments Assoc	2,500	-	2,500
Women's Aid MK	15,832	-	15,832
Woolstones Community Centre	4,000	-	4,000
YMCA MK	4,000	1,000	5,000
Young People's Cornerstone	4,080	-	4,080
Youth Council MK	1,200	-	1,200
Youth Forum MK	570	-	570
Youth Information Service MK	13,000	-	13,000
	<hr/> 169,553 <hr/>	<hr/> 101,485 <hr/>	<hr/> 271,038 <hr/>

The two grants of £7,500 and £1,400 paid to the Milton Keynes Arts Association are part of the Umbrella Grants programme and are passed on by the Association to smaller arts groups and projects.

Notes (continued)

8 Operating costs

	Staff costs £	Fundraising & publicity £	Admin costs £	Total 1998 £	Total 1997 £
Grants support costs	13,977	-	9,918	23,895	22,788
Fundraising and publicity	23,985	17,077	8,066	49,128	52,570
Management and administration of the charity	16,150	-	9,432	25,582	25,292
	<u>54,112</u>	<u>17,077</u>	<u>27,416</u>	<u>98,605</u>	<u>100,650</u>

	1998 £	1997 £
Staff costs		
Wages and salaries	84,403	83,021
Social security costs	7,683	7,211
Pension contributions	5,938	5,106
	<u>98,024</u>	<u>95,338</u>
Less amount re-charged to: - Powell Foundation	(11,330)	(11,000)
	<u>86,694</u>	<u>84,338</u>
Included in accounts of the Trust	<u>54,112</u>	<u>52,611</u>
Included in accounts of subsidiary company	<u>32,582</u>	<u>31,727</u>
No employee earned more than £40,000.		
Management and administration costs include:		
Auditors' remuneration:		
Audit fee	6,000	6,000
Non-audit services	1,100	1,000
Depreciation	11,388	6,799
	<u>18,488</u>	<u>13,800</u>

The average number of employees was 5.6 (1997: 5.6), excluding trustees. No trustee received any remuneration or expenses from the company during the year (1997: £Nil).

Mr S Ingram, a Trustee, is a partner in Fennemores, the Company's solicitors. During the year Fennemores charged the trust and its subsidiary £6,717 for legal services and were owed £5,500 at the year end.

Notes (continued)

9 Tangible assets

The Group	Freehold and leasehold properties £	Equipment £	Total £
Cost or valuation			
At 1 April 1997	1,769,500	44,244	1,813,744
Additions during the year	15,513	10,329	25,842
Revaluation	492,487	-	492,487
	<hr/>	<hr/>	<hr/>
At 31 March 1998	2,277,500	54,573	2,332,073
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 April 1997	-	22,322	22,322
Provided in the year	-	11,388	11,388
	<hr/>	<hr/>	<hr/>
At 31 March 1998	-	33,710	33,710
	<hr/>	<hr/>	<hr/>
<i>Net book amount</i>			
At 31 March 1998	2,277,500	20,863	2,298,363
	<hr/>	<hr/>	<hr/>
At 1 April 1997	1,769,500	21,922	1,791,422
	<hr/>	<hr/>	<hr/>

The freehold and leasehold properties were valued by external valuers, Downer Duff, Chartered Surveyors at 31 March 1998, on the basis of existing use value in accordance with the appraisal and valuation manual of The Royal Institution of Chartered Surveyors. The historical cost of the properties is £388,572 (1997: £373,059). No provision has been made for deferred tax or any potential liability under the clawback arrangements described in Note 14 if the properties were to be sold at open market existing use value, as the trustees do not foresee any circumstances under which disposals of the relevant properties would be made such as to give rise to either a tax or a clawback liability. The maximum potential tax liability if the properties were to be sold for the amount at which they are stated in the balance sheet is £229,967 (1997: £120,332). The potential clawback liability is described in note 14.

The freehold and leasehold property values above include some properties which are let on preferential terms to voluntary organisations, and the valuation assumes that these will continue. However in the opinion of the trustees, based on independent advice, the value of the freehold and leasehold properties at 31 March 1998 assuming open market commercial transactions would be £5,643,500 (1997: £5,482,500).

No depreciation has been provided on these properties. If depreciation was provided at a rate of two per cent, assuming that one third of the property value was land and two thirds buildings, then the depreciation charge on the revalued properties would be approximately £30,400 which the trustees do not consider to be material.

Included in the above freehold and leasehold properties are premises which are occupied by the company. The trustees do not consider their value to be material in the context of the overall property portfolio.

Notes (continued)

10 Investments at valuation

The Group and Company

The only funds holding investments are the Community Fund, the Sports Fund and the Arts Fund. These investments are analysed as follows:

	<i>Unrestricted</i>		<i>Restricted</i>		
	Community Fund	Sports Fund	Arts Fund	1998 Total	1997 Total
	£	£	£	£	£
Equities	114,899	8,250	12,375	135,524	195,531
COIF Common Investment Funds	1,739,246	113,670	590,923	2,443,839	1,831,286
	<u>1,854,145</u>	<u>121,920</u>	<u>603,298</u>	<u>2,579,363</u>	<u>2,026,817</u>

All investments are quoted investments.

Equities include 795,000 (1997: 795,000) 5p shares in DRS Data and Research Services PLC with an open market value of £131,175 (1997: £190,800) at 31 March 1998.

	<i>Unrestricted</i>		<i>Restricted</i>	
	Community Fund	Sports Fund	Arts Fund	Total
	£	£	£	£
Valuation at 1 April 1997	1,445,199	97,357	484,261	2,026,817
Additions	115,462	10,004	31,595	157,061
Disposals	(1,434)	-	(3,590)	(5,024)
Gains/(loss) on disposals	537	-	3,590	4,127
Gain/(loss) in market value during the year	294,381	14,559	87,442	396,382
	<u>1,854,145</u>	<u>121,920</u>	<u>603,298</u>	<u>2,579,363</u>

The historical cost of investments held at 31 March 1998 was £2,003,597 (1997: £1,847,492).

Notes (continued)

10 Investments at valuation (continued)

The Company

Investment in subsidiary undertaking

Cost at 1 April 1997 and 31 March 1998 £400,000

The company owns 100% of the ordinary share capital, comprising 400,000 £1 ordinary shares in Milton Keynes Community Trust Properties Limited which is registered in England and Wales. It traded throughout the year to 31 March 1998 as a property ownership and management company.

11 Debtors

	<i>Group</i>		<i>Company</i>	
	1998	1997	1998	1997
	£	£	£	£
Trade debtors	11,285	11,104	-	-
Interest receivable	1,934	1,612	1,934	1,612
Other debtors	31,793	33,665	6,159	5,977
Inland Revenue	22,878	31,427	14,257	26,746
Due from subsidiary company	-	-	18,901	-
	<u>67,890</u>	<u>77,808</u>	<u>41,251</u>	<u>34,335</u>

12 Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	1998	1997	1998	1997
	£	£		
Bank overdraft	-	4,117	-	-
Social Security and other taxes	2,585	1,974	2,585	1,974
Other creditors	91,231	27,154	10,153	21,613
Deferred income	26,186	50,102	4,075	600
Income tax deducted on covenant	22,421	24,000	8,621	-
Accruals	52,705	28,157	-	-
	<u>195,128</u>	<u>135,504</u>	<u>25,434</u>	<u>24,187</u>

Notes (continued)

13 Commitments

At 31 March 1998 grants payable of £112,534 (1997: £181,169) had been approved by the Trust but not yet paid. Such grants are included in the financial statements when paid. These amounts have been designated by the trustees to be paid from the following funds:

	1998 £	1997 £
Unrestricted funds		
Community fund - Development grants 1997/98	-	86,336
- Development grants 1998/99	65,560	40,560
- Development grants 1999/00	25,000	-
- General grants	7,874	19,500
Restricted funds		
Margaret Powell (Grants) Fund	10,600	23,497
Arts fund	3,500	11,276
	<hr/> 112,534 <hr/>	<hr/> 181,169 <hr/>

The group had the following capital commitments (1997: £Nil):

	1998 £	1997 £
Authorised but not contracted for	10,000	-
	<hr/> 10,000 <hr/>	<hr/> - <hr/>

Notes (continued)

14 Contingent liabilities

Under the arrangements surrounding the transfer of certain properties from the Commission for the New Towns on 27 November 1992 the subsidiary company is under a contractual obligation to repay amounts to the Commission for the New Towns (clawback) in respect of the net capital value arising on any disposal or change of use in relation to either Community Related Assets (certain industrial units at Kiln Farm and Stacey Bushes and Number 56 Buckingham Street Wolverton) or Community Reserved Sites (33 underdeveloped sites) and is 100% during the first year after transfer, reducing by 2% per annum.

The thirty three Community Reserve Sites are included in the open market existing use valuation at a nil value and the three Community Related Assets have been valued at 31 March 1998 at £1,238,000 (1997: £1,085,000); a disposal of all three properties at that valuation could therefore produce a clawback liability of £1,114,200 (1997: £998,200).

Limited clawback provisions also apply to the net capital value arising on any disposal or change of use of five freehold properties at Westcroft. These units have been valued (assuming open market existing use transactions) at 31 March 1998 at £35,000 (1997: £35,000); a disposal of these units at that valuation could therefore produce a clawback liability of £32,900 (1997: £33,600).

At 1997, there was a contingent clawback liability in respect of rents, which ended during the year. The Commission for the New Towns confirmed that no rental clawback liability crystallised.

15 Accumulated funds

The Milton Keynes Community Trust maintains a number of separate funds, the movement on which is detailed in note 15.8 below and the net assets of which are analysed in note 15.9 below. Details of the funds are as follows:

Unrestricted funds

15.1 Community Fund £4,206,723

This fund is the main fund of the Trust into which the majority of donations are made. Most grants are paid out of this fund and the net administration costs are borne by this fund. Interest and investment income is added to this fund as earned. The community fund includes the reserves of the subsidiary company detailed at the end of note 15.9.

15.2 Sports Fund £132,933

This designated fund was set up to receive a proportion of a substantial gift of shares from a major donor. The fund will receive donations made for sports education and disabled sports projects. Grants will be made from the interest earned on the investments held.

As unrestricted funds the above funds are expendable at the discretion of the Trustees. Part of the funds may be earmarked for a particular use and may be designated as a separate fund, but this designation is for administrative purpose only and does not legally restrict the Trustees' discretion to apply the funds.

Notes (continued)

15 Accumulated funds (continued)

Restricted funds

15.3 Arts Fund £617,897

This fund was set up to receive the assets transferred to The Milton Keynes Community Trust from the Milton Keynes Foundation pursuant to an Agreement dated 18 November 1993. The fund receives donations made for the arts. Grants are made from the interest earned on the investments held.

15.4 Anglo-Japanese Fund £16,339

This fund is available for distribution to suitable beneficiaries for any project which contributes to and extends relationships between the Japanese and local communities in Milton Keynes. Beneficiaries may be individuals or local groups whose activities are intended to enhance the understanding of either Japanese or English including music, literature, education and sporting activities.

15.5 Rotary Club of Bletchley £13,098

Donated by the Rotary Club of Bletchley, this fund has been allowed to accumulate interest and be added to with further donations. Grants will be made from the interest earned on the investments held.

15.6 Margaret Powell (Grants) Fund £102,664

Donations by the Trustees of the Powell Foundation are received by this fund to enable The Milton Keynes Community Trust to make grants for the benefit of the elderly and people with mental or physical disabilities within the Borough of Milton Keynes. Interest earned is allocated direct to the Community Fund.

15.7 Other restricted funds

None of the other restricted funds are significant in size and accordingly have not been separately disclosed.

Notes (continued)

15 Accumulated funds (continued)

15.8 Accumulated funds - Group income and Expenditure

	Balance at 1/4/97	Donations received	Surplus on events	Investment income	Net income from property company	Loss/gain on disposal and movement in market value of investments	Administration Grants received	Operating costs	Grants made	Net appropriation from income and expenditure account	Revaluation of freehold and leasehold properties	Balance at 31/3/98
Unrestricted Funds												
Community	3,393,085	132,419	11,624	85,522	43,337	294,918	19,987	(98,605)	(168,051)	321,151	492,487	4,206,723
Sports	109,521	3,696	-	6,659	-	14,559	-	-	(1,502)	23,412	-	132,933
Total												
unrestricted funds	3,502,606	136,115	11,624	92,181	43,337	309,477	19,987	(98,605)	(169,553)	344,563	492,487	4,339,656
Restricted funds												
Arts	526,544	7,561	-	33,730	-	91,032	-	-	(40,970)	91,353	-	617,897
Anglo-Japanese Liaison Group	15,298	-	-	1,041	-	-	-	-	-	1,041	-	16,339
Rotary Club of Blechley	12,950	-	-	848	-	-	-	-	(700)	148	-	13,098
Margaret Powell (Grants) Other	62,357 1,244	100,000 50	- -	- -	- -	- -	- -	- -	(59,693) (122)	40,307 (72)	- -	102,644 1,172
Total restricted funds	618,393	107,611	-	35,619	-	91,032	-	-	(101,485)	132,777	-	751,170
Total funds	4,120,999	243,726	11,624	127,800	43,337	400,509	19,987	(98,605)	(271,038)	477,340	492,487	5,090,826
Accounts note		2	3	4	5	10		8	7		9	

Notes (continued)

15 Accumulated funds (continued)

15.9 Accumulated funds - Analysis of group net assets at 31 March 1998

	Fixed assets £	Investments £	Debtors £	Cash £	Inter fund £	Creditors £	Total £
Unrestricted funds							
Community	2,298,363	1,854,145	67,890	182,453	(1,000)	(195,128)	4,206,723
Sports	-	121,920	-	11,013	-	-	132,933
Total unrestricted funds	<u>2,298,363</u>	<u>1,976,065</u>	<u>67,890</u>	<u>193,466</u>	<u>(1,000)</u>	<u>(195,128)</u>	<u>4,339,656</u>
Restricted funds							
Arts	-	603,298	-	14,599	-	-	617,897
Anglo Japanese Liaison Group	-	-	-	16,339	-	-	16,339
Rotary Club of Bletchley	-	-	-	13,098	-	-	13,098
Margaret Powell (Grants)	-	-	-	102,664	-	-	102,664
Other	-	-	-	172	1,000	-	1,172
Total restricted funds	<u>-</u>	<u>603,298</u>	<u>-</u>	<u>146,872</u>	<u>1,000</u>	<u>-</u>	<u>751,170</u>
Total funds	<u>2,298,363</u>	<u>2,579,363</u>	<u>67,890</u>	<u>340,338</u>	<u>-</u>	<u>(195,128)</u>	<u>5,090,826</u>
Accounts Notes	9	10	11			12	

Notes (continued)

15 Accumulated funds (continued)

15.9 Accumulated funds - Analysis of group net assets at 31 March 1998 (continued)

	Unrestricted funds £	Restricted funds £	Total £
Unrealised gains included above			
- on tangible fixed assets	1,888,928	-	1,888,928
- on investment assets (see reconciliation below)	449,934	125,832	575,766
Total unrealised gains at 31 March 1998	2,338,862	125,832	2,464,694
Reconciliation of movements in unrealised gains on investment assets			
Unrestricted funds	£	£	Total £
Unrealised gains/(losses) at 1 April 1997	140,936	38,390	179,326
Addition in respect of disposals in year	58	-	58
	140,994	38,390	179,384
Add: net gains arising on revaluations in year	308,940	87,442	396,382
Unrealised gains at 31 March 1998	449,934	125,832	575,766

Notes (continued)

15 Accumulated funds (continued)

15.9 Accumulated funds - Analysis of group net assets at 31 March 1998 (continued)

The community fund includes reserves of the subsidiary company

	Freehold and leasehold property revaluation reserve £	Profit and loss account £
At 1 April 1997	1,396,441	(70,131)
Retained result in year	-	19,257
Surplus on revaluation of assets in respect of properties held at beginning of year (after cost of improvements in year)	492,487	-
	<hr/>	<hr/>
At 31 March 1998	1,888,928	(50,874)
	<hr/>	<hr/>