

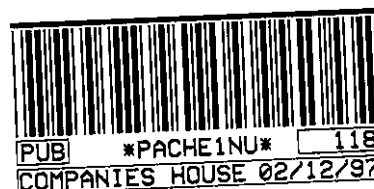
The Merthyr and Rhondda Cynon Taff Groundwork Trust
Annual Report for the year ended 31st March 1997

THE MERTHYR & RHONDDA CYNON TAFF GROUNDWORK TRUST
(A company limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 1997.

Registered Number 2087537
Charity Registration Number 518632



CONTENTS

	PAGE
Administrative and legal information	1
Report of the Directors	2 - 8
Report of the Auditors	9
Statement of Financial Activities	10
Balance Sheet	11
Notes to the Financial Statements	12 - 19

COMPANY MEMBERS

Merthyr Tydfil County Borough Council
Rhondda Cynon Taff County Borough Council
Groundwork Foundation
Countryside Council for Wales

PRESIDENT

Sir Richard Lloyd Jones KCB

CHAIRMAN

Cllr P Saunders MBE

EXECUTIVE DIRECTOR

Susan Price

COMPANY SECRETARY

Sandra Cathcart Greig

REGISTERED OFFICE

Fedw Hir
Llwydcoed
Aberdare
CF44 0DX

REGISTERED NUMBER

2087537, Wales

AUDITORS

Coopers & Lybrand
Churchill House
Churchill Way
Cardiff
CF1 4XQ

BANKERS

National Westminster Bank Plc
High Street
Merthyr Tydfil

The directors submit their annual report and the audited financial statements for the year ended 31 March 1997. The directors who served during the year were:-

DIRECTORS

Sir Richard Lloyd Jones	- President
Cllr P Saunders (Chairman)	- Merthyr Tydfil Borough Council
P Walters (Vice Chairman)	- Graeme John & Partners
Cllr D Games	- Merthyr Tydfil County Borough Council
Cllr R Thomas	- Merthyr Tydfil County Borough Council
Cllr M Williams	- Rhondda Cynon Taff County Borough Council
Cllr W Myring	- Rhondda Cynon Taff County Borough Council
Cllr J Lintern	- Rhondda Cynon Taff County Borough Council
F Workman	- The Prince's Trust - Bro
I Bonnar	- Hoover PLC
C Dovey	- Merthyr Tydfil Heritage Trust
R Jones	- Merthyr Tydfil Business Centre
P Roberts	- Cynon Valley Business Partnership Team
B Evans	- Consultant

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 financial statements, the directors have:-

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

The directors 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.

PRINCIPAL ACTIVITIES

The Trust is a registered charity and a company limited by guarantee and is governed by its memorandum and articles of association.

Its mission is to bring about sustainable improvements, through partnerships, to the local environment, and contribute to economic and social regeneration.

The Trust is part of a national network of independent Trusts which has grown to over 40, co-ordinated by the Groundwork Foundation and the Trust continues to play a leading role in the expansion of Groundwork in Wales and the UK. For its part it is benefiting from being within what is now a national network (with overseas links) through the Foundation's abilities to fundraise, to market Groundwork, to train staff and to develop operational systems.

The Trust's Principal Activities are now focused within 6 Programme Teams with specific programme missions:

- | | |
|--|--|
| 1. Community Involvement | To work with and empower communities strategically and to improve the environment. |
| 2. Raising Environmental Awareness | To raise environmental awareness across communities through training and campaigns. |
| 3. Integrating the Economy and the Environment | To promote economic regeneration through environmental improvement. |
| 4. Strategic Landscape Improvements | To provide design, implementation and maintenance services for strategic landscape improvements. |

with the support, resourcing and specialist skills from

- | | |
|--|---|
| 5a Central Support Services and | To resource and overall manage the Trust as a sustainable and total quality organisation and to provide support services across the Trust, to promote a culture of empowerment, team working and continuous development of all staff, for the furtherance of the Trust's aims and objectives. |
| 5b Business Management and Development | |

The Trust achieved full accreditation as an Investors in People organisation in February 1997.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Results for the year

The operating surplus for the year amounted to £72,542 [1996: £91,490] and was a surplus on restricted funds which has been transferred to unrestricted funds because the restrictions of the funders had been met.

The results for the year are set out on page 10 of the Financial Statements.

Incoming resources recognised for the 1996/97 financial year increased by 74% or £1,263,904 compared to the previous year, mainly due to the spend by partners in the Trust's major partnership strategies. The surplus generated for the year of £72,540 is a 21% decrease on the previous year.

The Trust has consolidated its strategic role in working in partnership with the Local Authorities, public agencies and the communities of Merthyr and Cynon to bring about community revival strategies, and the involvement of local business and to obtain the additionality from ERDF and the Millennium Commission. This partnership approach has secured the commitment of significant funds from ERDF ISW for expenditure up to December 1998. Through the Groundwork Foundation and in partnership with the WDA, Merthyr Tydfil Borough Council and the Taff Bargoed Development Trust, the Trust has secured £3,500,000 from the Millennium Commission for expenditure from 1995/96 to the year 2001.

In the planning process of the forward three years, the Trust's Board of Management resolved to increase the unrestricted fund or cashflow position of the Trust, to reassess how the Trust would meet the changes it faces and to develop a resourcing strategy which was sustainable. This together with the Investors in People process and the support of the Groundwork Network working through the SORP 2 guidelines from the Charities Commission has brought clarification to the whole question of the sustainability of charities. Sustainability requires detailed management of cash flow, future commitments and a strategic focus to the work of the Trust.

Review of business

The key strategies achieved in 1996/97 and included within Principal Activities Programmes were:

- | | |
|---------------------------------|---|
| Community Involvement | <ul style="list-style-type: none">- Community Regeneration Strategies.- Community development and strategic improvements on key housing estates in both County Boroughs.- Community empowerment, Local Agenda 21 through FORT, Greencare programme.- Partnership with other voluntary sector agencies and groups to bring a holistic and strategic approach to working with communities. |
| Raising Environmental Awareness | <ul style="list-style-type: none">- Training, development and empowerment of young people through volunteer strategies via the development of a programme focused on young people, via specific housing estates with the support of NatWest Charitable Foundation, Mid Week and Long Term Volunteers, the Outdoor Activities Initiative and the Greenwood project.- Raising environmental awareness with school children and teachers through INSET and Young Energy Savers Campaign and the International Volunteers Project.- Schedule of seasonal campaigns and events to engage and promote awareness and enjoyment of the local environment. |

The Merthyr and Rhondda Cynon Taff Groundwork Trust
Directors Report for the year ended 31st March 1997

- | | |
|---|--|
| Integrating the Economy and the Environment | <ul style="list-style-type: none">- Promoting economic regeneration through environmental improvements with local businesses through the Brightsite strategy and environmental review and business support.- Developing and enhancing the potential of the local area for tourism and sustainable transport through the Taff Trail project, access strategies for Merthyr and the Cynon Valley.- Working with landowners to manage their land with nature conservation techniques and encouraging community support and volunteering for this work. |
| Strategic Landscape Improvements | <ul style="list-style-type: none">- Development, design and management of the key strategic landscape projects, Cynon Green Street Phase V and elements of the Merthyr Joint Venture Strategy.- Support to the Executive Director's co-ordination role for the Merthyr Tydfil Joint Venture strategy.- Design and implementation of community led projects in and around housing estates through the FORT, Merthyr Wards and Wasteland to Woodland projects.- Maintenance management and implementation services for the Trust's design and build projects.- Working with the Business Management and Development Team on the Trust's Changing Places Millennium Project, which focused on the international standard Climbing Wall with the Taff Bargoed Development Trust and investigations for the potential for the rest of the site. |
| Central Support Services | <ul style="list-style-type: none">- Support to the Finance and Business Manager's co-ordination role in the Investors in People process and taking a lead role in the development, implementation and evaluation of the staff development and training IIP programme.- Support to the changes worked through the IIP process taking the Trust's structure from technical skills grouping to multi disciplinary Programme Teams which reflect the Trust's strategic focus to projects.- Working with the Finance Manager on the management accounting functions for the Trusts overheads, project accounts, payroll and maintaining the day to day service, and the central management services of personnel, administration, information technology and the Trust's base of operation. |
| Business Management and Development | <ul style="list-style-type: none">- Development of a role for the Trust in both County Boroughs which is strategic and complimentary to the Local Authorities and the other partner organisations. This process is ongoing.- Working through the Welsh Office changes to the process of bidding for strategic funding from individual project bids to 3 year composite work programme bids for each County Borough.- Working with the Local Authorities and other partners to develop mechanisms and a strategy for the Landfill Tax. |

- Negotiations with the Welsh Office regarding their relationship of support and sponsorship for Groundwork in Wales and the sensitivity to requirement of this key support platform from which Groundwork raises large sums of additionality and has developed its strategic role.
- Strategic project development and resources for implementation secured from the Millennium Commission, ERDF, Strategic Development Scheme,
- The strategic co-ordination role in the major Merthyr Tydfil Joint Venture project undertaken and interim Programme Management role undertaken to support the Community Team.
- The corporate role in working with the Board developing and building partnership and network relationships and projects and the overall management, sustainability and statutory requirements of the Trust as an organisation.
- Overall co-ordination of project management of the Taff Bargoed Community Park and the Gurnos Regeneration project.

Employee Involvement

The Trust registered as an Investors in People Organisation in 1994/95 and has been working through the practical process and changes to working practices over the past few years on a staff led and fully participative process. The objectives were to address issues raised in the previous years, by the staff through the appraisal process, by the Board, through the annual review process, and to meet the needs of the Trust as a developing and effective organisation fulfilling the objectives and aims of the business plan.

The Investors in People process involved full commitment and a considerable period of time to work through, achieve consensus and effect the key structural and management culture changes. All staff are aware that this is an ongoing commitment to ensure that the efforts translate into cost effective, quality and sustainable outputs, which benefit the local communities we serve and to achieve the goals and targets of our Business Plan. The Trust achieved full IIP accreditation in Spring 1997.

Investors in People is seen as an ongoing commitment to the management and development of the most valuable resource of any organisation - the staff.

The Trust has in place a number of detailed, Board approved policies in relation to specific areas of personnel matters, including:-

- Human Resources Management
- Equal opportunity
- Volunteers
- Health and Safety
- COSHH
- Environment

The personnel pack incorporating the practical processes of recruitment, appointment, induction, training and support management is being reviewed for update.

Budget 1997/98

The changes in structure, management of people and projects and financial accounting SORP 2, as set out in the review of business, were fully operational over the 1996/97 year.

The budget for 1997/98 has been approved by the Board and includes a target of £3,133,175 for incoming resources to be recognised to 1997/98. This is an increase of 9% over the achievement of the previous year and demonstrates the continuance of the major partnership strategies started in the previous year and additionality funding secured from ERDF, the Millennium Commission and Smith's Charities. These will benefit key strategies in all principal activity programmes. The budget also addressed the resourcing strategy of delivering the work programme through a mix of the Trust's own staff, bought in specialists, other partner organisations and a commitment to use local companies and resources wherever possible. Staff costs of £618,000 were approved and the office running costs, which were approved at a level of £182,000, target a 8% reduction on the 1996/97 level.

Partners

The Trust's major partners in the year were the Welsh Office, the Borough Councils of Merthyr and Rhondda Cynon Taff, Mid Glamorgan County Council, the Welsh Development Agency, NatWest Charitable Group, the Countryside Council for Wales, Environment Wales, the Sports Council for Wales, the Prince's Trust - Bro, Mid Glamorgan TEC, Employment Services, Prince's Trust Volunteers, the Millennium Commission, the Groundwork Foundation and the local groups, volunteers and communities of Merthyr and Rhondda Cynon Taff.

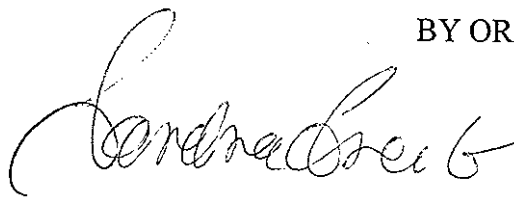
Directors and members

The present members are as set out on page 1. Following the local government reorganisation Cllr A Davies and Cllr E Morgan who represented Cynon Valley Borough Council were replaced by Cllr M Williams and Cllr J Lintern as Rhondda Cynon Taff representatives, however the two former Mid Glamorgan County Council representatives Cllr G Davies and Cllr B Fitzgerald were not replaced. C Dovey is the only Merthyr Tydfil Heritage Trust representative and CCW resigned their directorship with their representative L Thornhill remaining as an advisor.

AUDITORS

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



Fedw Hir
Llwydcoed
Aberdare

SANDRA GREIG
COMPANY SECRETARY

17 November 1997

REPORT OF THE AUDITORS TO THE MEMBERS OF MERTHYR AND RHONDDA CYNON TAFF GROUNDWORK TRUST

We have audited the financial statements on pages 10 to 19.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors 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.

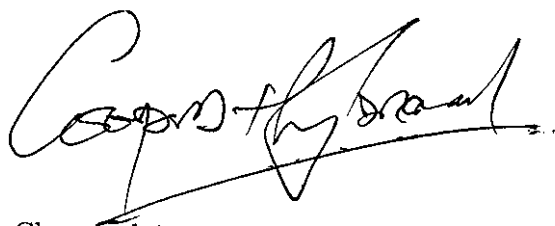
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 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 the company's affairs at 31st March 1997 and of its net income and net movement in funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

Cardiff

17 November 1997

The Merthyr and Rhondda Cynon Taff Groundwork Trust
Statement of Financial Activities for the year ended 31st March 1997

	Notes	Unrestricted Funds £	Restricted Funds £	Totals 1997	Totals 1996 £
INCOMING RESOURCES					
Core funding		-	195,500	195,500	194,700
Project funding		-	2,403,519	2,403,519	2,004,319
Movement in deferred income		-	374,703	374,703	(493,495)
Interest received		-	67,299	67,299	44,350
Other income		-	179	179	5,154
Total Income	2	-	3,041,200	3,041,200	1,755,028
RESOURCES EXPENDED					
Direct Charitable Expenditure:-					
Community involvement		-	943,219	943,219	582,471
Raising Environmental Awareness		-	194,944	194,944	170,441
Investing in the Environment		-	364,050	364,050	320,051
Strategic Landscape and Physical Improvements		-	1,270,955	1,270,955	394,144
			2,773,168	2,773,168	1,467,107
Other Expenditure:-					
Fundraising and Publicity		-	-	-	-
Management and Administration of the charity		-	195,490	195,490	196,431
Total Resources Expended	4	-	2,968,658	2,968,658	1,663,538
Net Incoming Resources before transfers.		-	72,542	72,542	91,490
Transfers between funds		72,542	(72,542)	-	-
Net Incoming Resources for the year		72,542	-	72,542	91,490
Fund balances brought forward at 1 April 1996		326,292	-	326,292	234,802
Fund balances carried forward at 31 March 1997		398,834	-	398,834	326,292
REPRESENTED BY:					
Fixed Assets		263,739	-	263,739	271,399
Cash		198,101	1,333,625	1,531,726	1,363,657
Debtors		88,100	566,058	654,158	570,736
Creditors		(151,106)	(1,899,683)	(2,050,789)	(1,879,500)
		398,834	-	398,834	326,292

All of the above results are derived from continuing activities.

The company has no other recognised gains and losses other than those stated above.

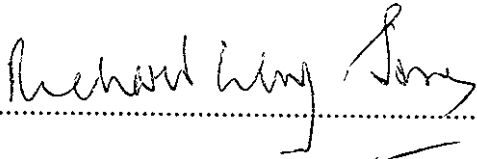
Note of historical cost surpluses and deficits

	1997 £	1996 £
Reported net incoming resources	72,542	91,490
Difference between historical cost depreciation and the actual depreciation charge for the year calculated on the revalued amount	1,976	1,976
Historical cost net incoming resources	74,518	93,466

The Merthyr and Rhondda Cynon Taff Groundwork Trust
Balance Sheet as at 31st March 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	5	263,739	271,399
CURRENT ASSETS			
Debtors	6	654,158	570,736
Cash at bank in hand		1,531,726	1,363,657
CREDITORS: amounts falling due within one year	7	2,185,884 1,915,945	1,934,393 1,748,572
Net current assets		269,939	185,821
Total assets less current liabilities		533,678	457,220
CREDITORS: amounts falling due after more than one year	8	134,844	130,928
Net assets		398,834	326,292
FUNDS			
Income Funds			
Unrestricted funds:			
General funds	10	319,892	243,918
Funds arising from Revaluation	10	78,942	82,374
Restricted funds	10	-	-
Total funds		398,834	326,292

The financial statements on pages 10 to 19 were approved by the directors on 17 December 1997 and signed on their behalf by:

 Director

The notes on pages 10 to 19 form part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and, except for the format of the Statement of Financial Activities and Balance Sheet, in accordance with the Companies Act 1985. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets. The recommendations of the SORP "Accounting by Charities" have been followed in the preparation of these financial statements. The company is a registered charity and so achievements cannot be measured by normal commercial criteria. Accordingly, the directors consider that it would be inappropriate to present the financial statements in either of the formats set out by the Companies Act 1985. Therefore, as permitted by the Companies Act, in order to reflect the special nature of the company's activities, the directors are of the opinion that it would be more appropriate to present a Statement of Financial Activities (rather than a Profit and Loss Account and a Statement of Recognised Gains and Losses) and a modified Balance Sheet.

Company status

Groundwork Merthyr & Rhondda Cynon Taff is incorporated as Merthyr and Rhondda Cynon Taff Groundwork Trust and is a company limited by guarantee. The guarantors are the Groundwork Foundation and the Borough Councils of Merthyr and Rhondda Cynon Taff. The liability in respect of the guarantee, as set out in the memorandum, is limited to £1 per member of the company. The Trust has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the company's activities.

Fund accounting

General funds are available for use at the discretion of the directors in furtherance of the general objective of the Trust.

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 10 to the financial statements.

All income and expenditure is shown in the Statement of Financial Activities.

Resources arising

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.

Gifts in Kind

Gifts in kind are not valued in the accounts.

Resources expended

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.

Support costs comprise all services supplied centrally identifiable as wholly or mainly in support of charitable expenditure and include an appropriate proportion of general overheads.

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 Trust's assets, organisational administration and compliance with constitutional and statutory requirements.

Tangible fixed assets and depreciation

Freehold land and buildings were valued at 31 March 1995 by professionally qualified valuers. This valuation was used as the basis for the revaluation of the freehold land and buildings in 1995. Other tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected economic lives as follows:

Freehold land	-	nil
Freehold buildings	-	over 25 years
Office equipment	-	over 5 years
Motor vehicles	-	over 4 years
Computer equipment	-	over 3 years

Capital Grants

Grants that relate to specific capital expenditure are treated as deferred income which is released to the credit of the income and expenditure account over the related asset's useful life.

Pension Costs

The Trust contributes to employees' own personal pension schemes. This pension cost charge represents contributions payable by the Trust to the individual schemes.

Finance and Operating Leases

Assets purchased under finance lease are capitalised in fixed assets. Obligations under such agreements are included in creditors. The difference between the capitalised cost and the total obligation under the lease represents the finance charges.

Finance charges are written off to the income and expenditure account over the period of the lease so as to produce a constant periodic rate of charge on fixed interest contracts.

Cash Flow

The company qualifies as a small company under the terms of Section 247 of the Companies Act. As a consequence it is exempt from the requirement to publish a cash flow statement.

2.	TOTAL INCOMING RESOURCES	1997 £	1996 £
	Central government	108,000	108,000
	Regional offices	0	0
	Public agencies	145,965	297,778
	Local government	717,869	929,240
	European Union	923,341	172,549
	Private Sector	1,078,726	203,111
		2,973,901	1,710,678
	Interest Received	67,299	44,350
		3,041,200	1,755,028
3.	NET INCOMING RESOURCES BEFORE TRANSFERS is stated after charging:	1997 £	1996 £
	Staff costs (see Note 4)	658,245	576,214
	Depreciation on tangible owned fixed assets	23,980	23,687
	Depreciation on tangible fixed assets held under hire purchase	6,920	2,457
	Auditors' remuneration:		
	- Audit fee	5,000	5,500
	- Accountancy, taxation and other services	7,350	5,253
	Hire of plant and machinery	-	20,386

The Merthyr and Rhondda Cynon Taff Groundwork Trust
Notes to the Financial Statements for the year ended 31st March 1997

4.	TOTAL RESOURCES EXPENDED	Staff costs £	Other direct costs £	Other allocated costs £	Total 1997 £	Total 1996 £
	Community Involvement	100,980	799,031	43,208	943,219	582,471
	Raising Environmental Awareness	95,693	57,371	41,880	194,944	170,441
	Investing in the Environment	128,575	178,145	57,330	364,050	320,051
	Strategic Landscape Improvements	163,949	1,042,188	64,818	1,270,955	394,144
	Management and administration of the charity	169,048	233,678	(207,236)	195,490	196,431
		658,245	2,310,413	-	2,968,658	1,633,538

Staff costs:	1997 £	1996 £
Wages and salaries	582,300	508,393
Social security costs	54,136	47,319
Pension costs	21,809	20,502
	658,245	576,214

No employee earned £40,000 pa or more.

The directors neither received nor waived any emoluments during the year (1996: £ Nil)

The average number of employees, analysed by function was:-	1997	1996
Direct charitable expenditure	38	35
Management and administration of the charity	4	4

Allocated costs	1997 £	1996 £
Premises	39,246	22,615
Centralised Services	87,905	73,405
Travel	18,150	14,030
Other operating costs	61,935	59,344
	207,236	169,394

The Merthyr and Rhondda Cynon Taff Groundwork Trust
Notes to the Financial Statements for the year ended 31st March 1997

5.	TANGIBLE FIXED ASSETS	Freehold land and buildings £	Project equipment £	Motor vehicles £	Office and computer equipment £	Total £
	Cost or valuation					
	1 April 1996	250,000	1,544	69,814	32,958	354,316
	Additions	0	0	19,490	7,646	27,136
	Disposal	0	0	(8,500)	0	(8,500)
	31 March 1997	250,000	1,544	80,804	40,604	372,952
	Depreciation					
	1 April 1996	10,000	1,544	48,473	22,900	82,917
	Charge for year	10,000	0	13,493	7,407	30,900
	Disposals	0	0	(4,604)	0	(4,604)
	31 March 1997	20,000	1,544	57,362	30,307	109,213
	Net book value					
	31 March 1997	230,000	0	23,442	10,297	263,739
	31 March 1996	240,000	0	21,341	10,058	271,399

Cost or valuation at 31 March 1997 is represented by

Valuation in 1996	250,000	-	-	-	250,000
Cost	-	1,544	80,804	40,604	122,952
	250,000	1,544	80,804	40,604	372,952

The freehold land and buildings were valued at 31st March 1995 at open market value for existing use by Keith Batten Associates, a firm of independent chartered surveyors.

If freehold land and buildings had not been revalued they would have been included at the following amounts:-

	1997 £	1996 £
Cost	200,590	200,590
Aggregate Depreciation based on cost	(52,444)	(44,420)
Net Book Value based on cost	148,146	156,170

The net book value at 31 March 1997 represents fixed assets which are held as unrestricted for the furtherance of the Trust's general charitable objectives and costed to project activity through depreciation charges.

Motor vehicles include assets with a net book value of £20,122 held under finance leases (1996:£7,543)

At 31 March 1997 the directors had authorised capital expenditure of £30,000 (1996:£10,000)

The Merthyr and Rhondda Cynon Taff Groundwork Trust
Notes to the Financial Statements for the year ended 31st March 1997

	1997 £	1996 £
6. DEBTORS		
Trade debtors	652,071	570,736
Other debtors	2,087	-
	<u>654,158</u>	<u>570,736</u>

7. CREDITORS amounts falling due within one year	1997 £	1996 £
Bank Mortgage and Loans	10,332	4,088
Trade creditors	686,438	84,289
Taxation and social security costs	0	69,663
Accruals and deferred income	1,213,245	1,583,441
Other creditors	0	300
Obligations under finance leases	2,276	2,277
Deferred capital grant	3,654	4,514
	<u>1,915,945</u>	<u>1,748,572</u>

Included in deferred income is an amount of approximately £465,000 for contract and other maintenance work in respect of the ten year Taff Trail maintenance and Merthyr Tydfil Joint Venture projects which are funded by ERDF funds and will be incurred from 1998/99 onwards. The Trust is performing a co-ordinating role on behalf of various statutory authorities in respect of these ERDF funds which are repayable upon demand if certain conditions are not met.

8. CREDITORS: amounts falling due after more than one year.	1997 £	1996 £
Bank Mortgage loan	103,286	93,549
Obligations under finance leases	1,618	3,795
Deferred capital grant	29,940	33,584
	<u>134,844</u>	<u>130,928</u>

An analysis of the loans by due date of repayment is set out below:	1997 £	1996 £
Bank mortgage and loans		
Repayable between two and five years	28,754	16,352
Repayable after five years by instalments	74,532	77,197
	<u>103,286</u>	<u>93,549</u>

The total value of loans repayable by instalments, any part of which falls due after more than five years.	96,192	97,637
--	--------	--------

The bank mortgage loan amounting to £96,192 (1996: £97,637) is secured by a first legal charge on the company's freehold buildings. Interest on the loan is charged at 15% per annum and repayments of £4,332 are made quarterly.

The Merthyr and Rhondda Cynon Taff Groundwork Trust
Notes to the Financial Statements for the year ended 31st March 1997

9.	OBLIGATIONS UNDER FINANCE LEASES	1997 £	1996 £
	The amounts fall due as follows:		
	Within one year	2,276	2,277
	Between one and two years	1,618	2,277
	Between two and five years	-	1,518
		3,894	6,072

10.	FUNDS	Balance at 31 March 1996 £	Movement in year £	Transfer re depreciation £	Balance at 31 March 1997 £
	Unrestricted Funds:				
	General Funds	243,918	72,542	3,432	319,892
	Funds arising from Revaluation	82,374	-	(3,432)	78,942
	Restricted Funds	-	-	-	-
		326,292	72,542	-	398,834

All funds are raised and given for specific purposes and projects and are output related. These outputs incorporate both internal and external fees, consultancies, project spend and implementation work. The conditions governing the income or grants restrict these funds and when these conditions have been met the earned income becomes unrestricted and used as a contribution to the Trust's unrestricted funds. The Trust's unrestricted funds are used to provide the necessary cashflow for projects funded on a retrospective basis and to cover running costs until earned income is certified from measurable stages of work and can be used, with the approval of the Trust's Board, to fund any expenditure relating to projects or general running costs which fall within the Trust's general aims and objectives.

11. **PENSION COSTS**

The Trust contributes to employees' own personal pension schemes. The pension cost charge represents contributions paid by the Trust to the individual schemes and amounted to £21,809 (1996 £20,502).

12. **GRANT INCOME**

The following have provided grant income for support costs and direct charitable expenditure in excess of £2,000 to the Groundwork Trust which has been recognised in the year 1996/97.

Name of Authority	Amount awarded £	Purpose of grant
Welsh Office	108,000	Sponsorship
Rhondda Cynon Taff County Borough Council	48,000	Sponsorship
Merthyr Tydfil County Borough Council	40,000	Sponsorship
Rhondda Cynon Taff County Borough Council	209,147	Direct project expenditure
Merthyr Tydfil County Borough Council	390,668	Direct project expenditure
Mid Glamorgan County Council	30,054	Direct project expenditure
ERDF	923,341	Direct project expenditure
Millennium	593,990	Direct project expenditure
Countryside Council for Wales	67,512	Direct project expenditure
Environment Wales	28,542	Direct project expenditure
Groundwork Foundation	18,373	Direct project expenditure
Sports Council for Wales	10,000	Direct project expenditure
Mid Glamorgan TEC	13,184	Direct project expenditure
Welsh Development Agency	8,354	Direct project expenditure
Henry Smith Charities via The South East Wales Community Development Foundation	151,611	Direct project expenditure