

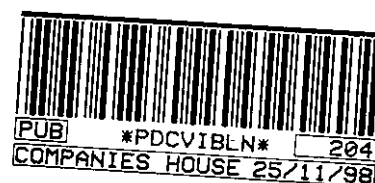
Groundwork Merthyr & Rhondda Cynon Taff
Annual Report for the year ended 31 March 1998

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

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 1998

Registered Number 2087537
Charity Registration Number 518632



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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 (Resigned 5 August 1998)

COMPANY SECRETARY

Sandra Cathcart Greig

REGISTERED OFFICE

Fedw Hir
Llwydcoed
Aberdare
CF44 0DX

REGISTERED NUMBER

2087537, Wales

AUDITORS

Pricewaterhouse Coopers
Churchill House
Churchill Way
Cardiff
CF1 4XQ

BANKERS

National Westminster Bank Plc
High Street
Merthyr Tydfil

Directors' Report for the year ended 31st March 1998

The directors submit their annual report and the audited financial statements for the year ended 31 March 1998. 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
R Jones	- Merthyr Tydfil Business Centre
P Roberts	- Cynon Valley Business Partnership Team
B Evans	- Consultant
P Lee	- Tubex Ltd
B Williams	- Crownford Training and Consultants
R Baldwin	- Long Term Volunteer

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. Countryside & Access | To foster and develop proactive partnerships for conserving, protecting and improving the natural environment |
| 4. Strategic Landscape Improvements and Business Support Programme | To provide design, implementation and maintenance services for strategic landscape improvements and to enhance the efficiency and competitiveness of SME's through environmental improvements, advice and support and to engage them in wider regeneration strategies |

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 and to our strategic partners and 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 net incoming resources for the year amounted to £3,124 [1997: £72,542] 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 14 of the Financial Statements.

Incoming resources recognised for the 1997/98 financial year decreased by 13% or £397,000 compared to the previous year, mainly due to delays in the securement and start of a number of Brightsite Projects which also affected levels of fee earned income. The surplus generated for the year of £3,124 is a 96% 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 Rhondda Cynon Taff 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 1999. 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.

Notwithstanding the delays and difficulties in securing some of the Brightsite work 1997/98 has been a successful year. Set objectives, both financial and physical have been achieved and the Trust has undertaken development work, trailing new initiatives and submitting bids for funding which have substantially secured our work programme for the next two years. Conversely, the changing nature of the Trust work and the increasing complexities of managing and resourcing the work programme create uncertainties and stresses. The Trust is mindful of the need to adapt to and to anticipate change and has built in prudence into the 3 Year Forward Plans.

Review of business

The key strategies achieved in 1997/98 and included within Principal Activities Programmes were:

Community Programme Team - *Community Involvement*

The flagship New Gurnos Estate programme with its emphasis on developing and sustaining a proactive community based partnership is the key project in this area, setting the scene for similar major future regeneration programmes. In Merthyr and Rhondda Cynon Taff six community participatory appraisals set out the prioritised community objectives for the Trust with the aim of bringing in wider Trust and partner resources for targeted initiatives. Community led programmes were headed up by Greencare and Friends of the River Taff, where local neighbourhood groups were given support and funding to take on and sustain individual local projects within a 60-strong network of groups.

The Climbing Wall at Taff Bargoed, which is the first phase of the Millennium Changing Places Project, is a major community involvement project where the Business Management and Development Team, together with a Cross Team of the Trust's Officers, have supported the Taff Bargoed Development Trust to achieve this major tourist facility.

Raising Environmental Awareness - *Environmental Education and Promoting Awareness of the Environment*

An emphasis on developing and promoting the Trust Volunteer Programme led to the production of a Volunteer Strategy. Wide-ranging practical projects led by the Mid Week Volunteer Group achieved over 2,000 days work with support from International Youth Volunteers. Training linked to personal achievement and community benefit was a particular outcome and the Trust is taking forward these principles into the approach to New Deal. Work with schools focused on Inset Training for teachers and work placements, generating the enthusiasm and skills to enable a more self-help approach for schools taking on practical environmental improvement projects in school grounds. This is likely to remain our approach with schools.

In 1997/98 the Trust has accessed some Landfill Tax funding for schools in the Cynon Valley for specific assistance for school grounds improvements and this successful partnership will be promoted and built on in the future.

In youth work the 'Depend' Project targeted a difficult new area for the Trust. Tackling social exclusion has raised questions on the management, assessment and particularly on long-term investment and support mechanisms for this challenging work.

Countryside and Access - *Conserving Natural Resources*

The Taff Trail is now listed as National Cycle Route 8 by the Sustrans Millennium Project and the Trust dedicates an Officer to the management and continued development of the project. EAGGF support to extending the routeway toward Brecon has developed the economic and social potential of a major tourism resource for local isolated communities and the Trust plans to take this approach to routes linked to the Taff Trail - notably the Cynon Valley Green Corridor. Public Rights of Way improvements both in Merthyr Tydfil and Rhondda Cynon Taff are being taken forward with the creation of working groups comprising key stakeholders and the adoption of shared strategies linked to Local Authority Countryside Strategies. A significant new area of work for the Trust has been an extensive scientific survey of ponds in Merthyr Tydfil County Borough to establish baseline data for better management and conservation. It is planned to extend this work into Rhondda Cynon Taff in 1998/99 and to adopt a similar approach to mammal conservation in woodlands.

Strategic Landscape Improvements - *Physical Environmental Improvements*

Key projects in 1997/98 have been working with the BMD Team on the preliminary developments of Phase 2 of the Taff Bargoed Millennium Community Park Project, Housing Estates, practical improvements and work with the business sector in addition to design and contract supervision support to other Programme Teams. The project management input to the Millennium Park has been led by the Development Manager but the main thrust of supervising the preparation of plans and feasibility studies has been taken forward by SLI. Housing Estates improvements in response to public consultation and partnership direction on Gurnos and on other Estates in major area of work leading to a team approach with shared specialists. Industrial Estates improvements and individual SME environmental improvements initiatives have drawn in both SLI design, expertise and our partnership fundraising capacity. As the major landscape improvement programmes in the Valleys come to completion the role for Groundwork is changing, not least in the capacity for landscaping design and contract supervision work to generate income to redistribute to more 'community' orientated activity. Conversely, our level of professional expertise and capacity in managing major practical improvement programmes is a transferable attribute which will be sought after in future partnership initiatives.

Business Support Service

The joint service approach to business has addressed local competitiveness issues through improved business image and guidance on the legislative framework, waste minimisation and energy conservation. Working in partnership with key Welsh organisations - Arena Network, Welsh Development Agency and with Local Authorities the Trust has prepared strategies for improving Industrial Estates and local businesses through the Brightsite Programme in each of the former Boroughs of Cynon, Taff Ely and Rhondda. Through this approach the Trust is well placed to support the 1998/2000 Groundwork Wales Business Services Programme and the creation of a new post of Business Programme Manager for 1998/99 reflects the Trust's commitment to this area.

Central Support Services

Support to BMD role in the ongoing commitment to the staff development process. Taking a lead role in the development, implementation and evaluation of the staff development and training and the Investors in People 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 Trust's 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. Support to the Business Management and Development Team Project co-ordination and Financial Management.

Business Management and Development - *Development Researching and Implementation of Overall Programme*

An assessment of the management and development of the Trust in planning for 1997/98, led to the creation of two new posts - 'Development Manager' and 'Operations Manager' to allow an increased focus on, on the one hand, building and financing existing new areas of work, and on the other, effectively managing and delivering the work programme. As a major change in the Trust structure and coupled with other changes in personnel this restructuring to a certain extent dominated the central management of the Trust during the year. However, these changes are beginning to pay off in terms of a more strategic and more effective approach to the key programmes and to long term planning. Alongside this the Trust is aware that the central management/development function is increasingly itself taking on a 'Project' role in providing essential advice, support and capacity to partners and projects. The Trust's ability to manage its own work risks impairment if too much central and senior management capacity is fed out to key projects like Gurnos Regeneration. Conversely, BMD's income generating capability is essential to sustain the Trust at this time.

In 1997/98 the BMD Project roles included the co-ordination and financial management of the major strategic partnership community involvement projects, the Phase 1 Millennium Climbing Wall facility at Taff Bargoed and the Gurnos and Galon Uchaf 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.

As a part of the commitment to continuous improvement in staff development and development of the organisation the Trust began working through the Prospect Programme in early 1998. The process is taken forward through a Business Development Team and a Business Improvement Team and a Team which will focus on Job Evaluation and the development of a Staff Council.

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 1998/99

The budget for 1998/99 has been approved by the Board as a part of the rolling three year Business Plan and includes a target of £2,816,000 for incoming resources to be recognised to 1998/99. This is an increase of 10% 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, Smith's Charities and the Nat West Charitable Group. 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 including the newly formed Groundwork Wales and a commitment to use local companies and resources wherever possible. Staff costs of £588,729 were approved and the office running costs, which were approved at a level of £202,000, target a 10% reduction on the 1997/98 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, Henry Smith Charities, NatWest Charitable Group, the Countryside Council for Wales, Environment Wales, Landfill Tax credits from the Cynon Valley Landfill Co Ltd, 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. Resignations in the year came from I Bonnar of Hoovers PLC and C Dovey of Merthyr Heritage Trust, due to re-organisation in these companies. The resignation of F Workman from PT-Bro will require discussion on a replacement representative. Members appointed in the year were P Lee of Tubex Ltd, B Williams of Crownford Training to represent local business in Merthyr area and in the Rhondda Cynon Taff area and R Baldwin a Long Term Volunteer to represent the much valued commitment from the volunteers and the local groups involved with the Trust.

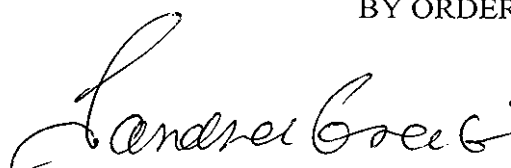
AUDITORS

Our Auditors, Coopers & Lybrand merged with Price Waterhouse on 1 July 1998 following which Coopers & Lybrand resigned and the Directors appointed the new firm, PricewaterhouseCoopers, as Auditors. A resolution to reappoint PricewaterhouseCoopers as Auditors to the Company will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

16th November 1998

Fedw Hir
Llwydcoed
Aberdare



SANDRA GREIG
COMPANY SECRETARY

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

We have audited the financial statements on pages 14 to 23.

Respective responsibilities of directors and auditors

As described on page 4 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.

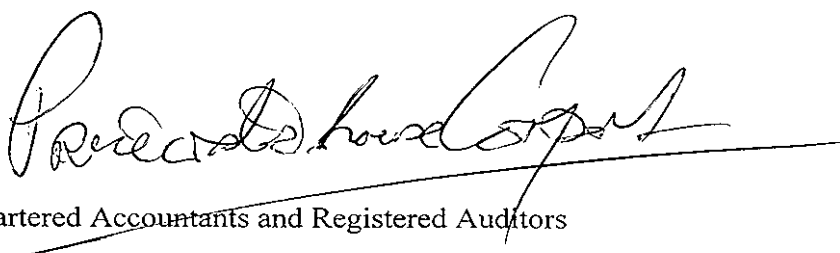
Basis of opinion

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 1998 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

19 November 1998.

Groundwork Merthyr & Rhondda Cynon Taff

Statement of Financial Activities for the year ended 31st March 1998

	Notes	Unrestricted Funds	Restricted Funds	Totals 1998	Totals 1997
		£	£	£	£
INCOMING RESOURCES					
Core funding		-	189,154	189,154	195,300
Project funding		-	2,173,458	2,173,458	2,403,519
Movement in deferred income		-	212,497	212,497	374,703
Interest received		-	68,688	68,688	67,299
Other income		-	456	456	179
Total Income	2	-	2,644,253	2,644,253	3,041,200
RESOURCES EXPENDED					
Direct Charitable Expenditure:-					
Community involvement		-	1,337,548	1,337,548	943,219
Raising Environmental Awareness		-	274,293	274,293	194,944
Countryside and Access		-	193,653	193,653	364,050
Strategic Landscape and Physical Improvements		-	635,572	635,572	1,270,955
			2,441,066	2,441,066	2,773,168
Other Expenditure:-					
Fundraising and Publicity		-	-	-	-
Management and Administration of the charity		-	200,063	200,063	195,490
Total Resources Expended	4	-	2,641,129	2,641,129	2,968,658
Net Incoming Resources before transfers.		-	3,124	3,124	72,542
Transfers between funds		3,124	(3,124)	-	-
Net Incoming Resources for the year		3,124	-	3,124	72,542
Fund balances brought forward at 1 April 1997		398,834	-	398,834	326,292
Fund balances carried forward at 31 March 1998		401,958	-	401,958	398,834
REPRESENTED BY:					
Fixed Assets		250,342	-	250,342	263,739
Cash		256,762	857,551	1,114,313	1,531,726
Debtors		44,530	207,733	252,263	654,158
Creditors		(149,676)	(1,065,284)	(1,214,960)	(2,050,789)
		401,958	-	401,958	398,834

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

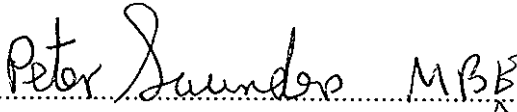
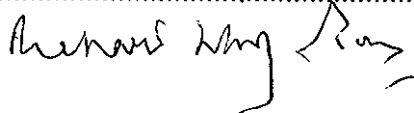
	1998	1997
	£	£
Reported net incoming resources	3,124	72,542
Difference between historical cost depreciation and the actual depreciation charge for the year calculated on the revalued amount	1,976	1,976
Historical cost net incoming resources	5,100	74,518

Groundwork Merthyr & Rhondda Cynon Taff

Balance Sheet as at 31st March 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	5	250,342	263,739
CURRENT ASSETS			
Debtors	6	252,523	654,158
Cash at bank in hand		1,114,313	1,531,726
		1,366,836	2,185,884
CREDITORS: amounts falling due within one year	7	1,083,374	1,915,945
Net current assets		283,462	269,939
Total assets less current liabilities		533,804	533,678
CREDITORS: amounts falling due after more than one year	8	131,846	134,844
Net assets		401,958	398,834
FUNDS			
Income Funds			
Unrestricted funds:			
General funds	10	326,448	319,892
Funds arising from Revaluation	10	75,510	78,942
Restricted funds	10	-	-
Total funds		401,958	398,834

The financial statements on pages 14 to 23 were approved by the directors on and signed on their behalf by:

 MBE Director 

16-11-98
16-11-98

The notes on pages 14 to 23 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.

Notes to the Financial Statements for the year ended 31st March 1998

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	1998	1997
		£	£
	Central government	130,000	108,000
	Regional offices	0	0
	Public agencies	106,261	145,965
	Local government	274,853	717,869
	European Union	924,994	923,341
	Private Sector	1,139,457	1,078,726
		2,575,565	2,973,901
	Interest Received	68,688	67,299
		2,644,253	3,041,200
3.	NET INCOMING RESOURCES BEFORE TRANSFERS	1998	1997
	is stated after charging:	£	£
	Staff costs (see Note 4)	544,533	658,245
	Depreciation on tangible owned fixed assets	18,652	23,980
	Depreciation on tangible fixed assets held under hire purchase	8,010	6,920
	Auditors' remuneration:		
	- Audit fee	5,000	5,000
	- Accountancy, taxation and other services	8,442	7,350
	And after crediting:		
	- Ammortisation of grant	3,644	4,514

Groundwork Merthyr & Rhondda Cynon Taff

Notes to the Financial Statements for the year ended 31st March 1998

4.	TOTAL RESOURCES EXPENDED	Staff costs £	Other direct costs £	Other allocated costs £	Total 1998 £	Total 1997 £
	Community Involvement	71,860	1,227,573	38,115	1,337,548	943,219
	Raising Environmental Awareness	100,669	110,099	63,525	274,293	194,944
	Countryside and Access	65,731	89,807	38,115	193,653	364,050
	Strategic Landscape Improvements	100,630	479,886	55,056	631,057	1,270,955
	Management and administration of the charity	205,643	189,231	(194,811)	200,063	195,490
		544,533	2,096,596	-	2,641,129	2,968,658
	Staff costs:				1998 £	1997 £
	Wages and salaries				489,133	582,300
	Social security costs				38,160	54,136
	Pension costs				17,240	21,809
					544,533	658,245

No employee earned £40,000 pa or more.

The directors neither received nor waived any emoluments during the year (1997: £ Nil)

The average number of employees, analysed by function was:-	1998	1997
Direct charitable expenditure	29	38
Management and administration of the charity	4	4

Allocated costs	1998 £	1997 £
Premises	26,221	39,246
Centralised Services	127,499	87,905
Travel	9,379	18,150
Other operating costs	31,712	61,935
	194,811	207,236

Notes to the Financial Statements for the year ended 31st March 1998

5.	TANGIBLE FIXED ASSETS	Freehold land and buildings	Project equipment	Motor vehicles	Office and computer equipment	Total
		£	£	£	£	£
	Cost or valuation					
	1 April 1997	250,000	1,544	80,804	40,604	372,952
	Additions	0	0	0	22,402	22,402
	Disposal	0	0	(24,095)	0	(24,095)
	31 March 1998	250,000	1,544	56,709	63,006	371,259
	Depreciation					
	1 April 1997	20,000	1,544	57,362	30,307	109,213
	Charge for year	10,000	0	6,668	9,994	26,662
	Disposals	0	0	(14,958)	0	(14,958)
	31 March 1998	30,000	1,544	49,072	40,301	120,917
	Net book value					
	31 March 1998	220,000	0	7,637	22,705	250,342
	31 March 1997	230,000	0	23,442	10,297	263,739

Cost or valuation at 31 March 1998 is represented by

Valuation in 1995	250,000	-	-	-	250,000
Cost	-	1,544	56,709	63,006	121,259
	250,000	1,544	56,709	63,006	371,259

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:-

	1998	1997
	£	£
Cost	200,590	200,590
Aggregate Depreciation based on cost	(60,468)	(52,444)
Net Book Value based on cost	140,122	148,146

The net book value at 31 March 1998 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 £7,465 held under finance leases (1997:£20,122)

Computer equipment includes assets with a net book value of £18,947 held under finance leases (1997:Nil)

At 31 March 1998 the directors had authorised capital expenditure of £83,000 (1997:£30,000)

Groundwork Merthyr & Rhondda Cynon Taff

Notes to the Financial Statements for the year ended 31st March 1998

	1998 £	1997 £
6. DEBTORS		
Trade debtors	245,081	652,071
Other debtors	7,442	2,087
	<u>252,523</u>	<u>654,158</u>
7. CREDITORS amounts falling due within one year	1998 £	1997 £
Bank Mortgage and Loans	7,418	10,332
Trade creditors	116,023	686,438
Taxation and social security costs	0	0
Accruals and deferred income	949,521	1,213,245
Obligations under finance leases	8,662	2,276
Deferred capital grant	1,750	3,654
	<u>1,083,374</u>	<u>1,915,945</u>

Included in deferred income is an amount of approximately £430,000 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 1999/00 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.	1998 £	1997 £
Bank Mortgage loan	92,655	103,286
Obligations under finance leases	11,001	1,618
Deferred capital grant	28,190	29,940
	<u>131,846</u>	<u>134,844</u>

An analysis of the loans by due date of repayment is set out below:	1998 £	1997 £
Bank mortgage and loans		
Repayable between two and five years	18,400	28,754
Repayable after five years by instalments	74,255	74,532
	<u>92,655</u>	<u>103,286</u>

The total value of loans repayable by instalments, any part of which falls due after more than five years.	94,695	96,192
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The bank mortgage loan amounting to £94,695 (1997: £96,192) is secured by a first legal charge on the company's freehold buildings. Interest on the loan is charged at 11.25% per annum and repayments of £4,088 are made quarterly.

Notes to the Financial Statements for the year ended 31st March 1998

9.	OBLIGATIONS UNDER FINANCE LEASES	1998	1997		
		£	£		
	The amounts fall due as follows:				
	Within one year	8,662	2,276		
	Between one and two years	11,001	1,618		
	Between two and five years	-	-		
		19,663	3,894		
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10.	FUNDS				
		Balance at	Movement	Transfer re	Balance at
		31 March	in year	depreciation	31 March
		1997	£	£	1998
		£			£
	Unrestricted Funds:				
	General Funds	319,892	3,124	3,432	326,448
	Funds arising from Revaluation	78,942	-	(3,432)	75,510
	Restricted Funds	-	-	-	-
		398,834	3,124	-	401,958

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 £17,240 (1997 £21,809).

Notes to the Financial Statements for the year ended 31st March 1998

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 1997/98.

Name of Authority	Amount awarded £	Purpose of grant
Welsh Office	130,000	Sponsorship
Merthyr Tydfil County Borough Council	31,000	Sponsorship
Rhondda Cynon Taff County Borough Council	24,750	Sponsorship
Merthyr Tydfil County Borough Council	114,538	Direct project expenditure
Rhondda Cynon Taff County Borough Council	93,065	Direct project expenditure
Mid Glamorgan County Council	11,500	Direct project expenditure
ERDF	924,994	Direct project expenditure
Millennium	727,860	Direct project expenditure
Henry Smith Charities via The South East Wales Community Development Foundation	155,282	Direct project expenditure
Countryside Council for Wales	55,836	Direct project expenditure
Nat West Charitable Group	52,442	Direct Project Expenditure
Groundwork Foundation	52,298	Direct project expenditure
Environment Wales	27,895	Direct project expenditure
Sustrans	23,211	Direct Project Expenditure
Cynon Valley Waste Disposal Co Ltd	20,000	Landfill Tax Credit Grants to Direct Project Expenditure
Welsh Development Agency	16,530	Direct project expenditure
Keep Wales Tidy Group	13,700	Direct Project Expenditure
Mid Glamorgan TEC	6,000	Direct project expenditure
Prince's Trust - Bro	4,543	Direct Project Expenditure