

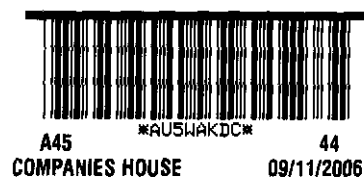
**GROUNDWORK CAERPHILLY
ANNUAL REPORT
FOR THE YEAR ENDED 31ST MARCH 2006**

**Groundwork Caerphilly
(A Company Limited by Guarantee –
Registered Number 2501792)**

Charity Registration Number 1006811

**Annual Report
For the year ended 31 March 2006**

Broomfield & Alexander Limited
Professional Advisors
Pendragon House
Caxton Place
Pentwyn
CARDIFF
CF23 8XE



**GROUNDWORK CAERPHILLY
ANNUAL REPORT
FOR THE YEAR ENDED 31ST MARCH 2006**

| | Pages |
|------------------------------------|--------------|
| Members, Directors and Advisors | 1 |
| Report of the Directors | 2 - 14 |
| Report of the Independent Auditors | 15 - 16 |
| Statement of Financial Activities | 17 |
| Balance Sheet | 18 |
| Notes to Financial Statements | 19 - 27 |

**GROUNDWORK CAERPHILLY
MEMBERS, DIRECTORS AND ADVISORS**

Board of Directors

Chairman Mr B Davies - Appointed 7 December 2005
Mr L K L Williams – Resigned 7 December 2005

Vice Chairman Mr R H Cooke

Other Board Members Councillor L Gardiner (Caerphilly County Borough Council)
Councillor R Woodyatt (Caerphilly County Borough Council)
Councillor S Jenkins (Caerphilly County Borough Council)
Mr L K L Williams
Mr C Davenport (LNC Technology)
Mr G Hale

Board Advisors Ms S Price (Groundwork Wales)
Mr T Hooper (Caerphilly County Borough Council)

Executive Director Mr N Forster

Secretary & Registered Office Mr P G Davy
Mynyddislwyn Offices
Bryn Road
Pontllanfraith
Blackwood
Gwent
NP12 2BH

Registered Auditors Broomfield & Alexander Limited
Registered Auditors & Chartered Accountants
Pendragon House
Caxton Place
Pentwyn
Cardiff
CF23 8XE

Registered Number 2501792

Bankers HSBC Plc
High Street
Newbridge

Lloyds TSB Plc
High street
Rhymney

**GROUNDWORK CAERPHILLY
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2006**

The directors present their annual report with the accounts of the Company for the year ended 31st March 2006.

PRINCIPAL ACTIVITIES

The Trust is a registered charity and a company limited by guarantee and is governed by its Memorandum and Articles of Association.

Groundwork is a leading UK wide environmental partnership organisation which consists of the UK Federation of 50 independent Trusts, which form part of the national Groundwork network, supported by Groundwork UK.

Groundwork's national network mission is 'to build sustainable communities through joint environmental action'.

In Wales, Groundwork Caerphilly is currently part of a regional network of four Trusts and is a full member of Groundwork Wales, which supports the Trusts in Wales, and is responsible for developing the Groundwork network in Wales.

Groundwork Caerphilly's mission is 'to bring about the social, environmental and economic regeneration of Caerphilly County Borough, in partnership with the local authority, local communities, voluntary sector and business'.

The Trust has the following charitable objectives:-

- a) To promote the conservation, protection and improvement of the physical and natural environment.
- b) To provide facilities in the interests of social welfare for recreation and leisure time occupation with the objective of improving the conditions of life for those living, working and visiting in the area.
- c) To advance public education in environmental matters and in the ways of better conserving, protecting and improving the environment.

Groundwork's approach has been to develop and implement programmes that concentrate on four key areas:

| | |
|---------------------|---|
| People | creating opportunities for people to learn new skills and take local action |
| Places | creating better, safer and healthier neighbourhoods |
| Prosperity | helping businesses and individuals fulfil their potential |
| Partnerships | building communities through joint action |

DIRECTORS AND MEMBERS

The directors and members as at 31st March 2006 are set out on page 1.

DIRECTORS RESPONSIBILITIES

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

- 1. Select suitable accounting policies and then apply them consistently.
- 2. Make judgements and estimates that are reasonable and prudent.

**GROUNDWORK CAERPHILLY
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2006 (Continued)**

3. Follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts.
4. Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

Directors are appointed through an election process following a standard recruitment process in line with the Memorandum & Articles of Association of Groundwork Caerphilly. When appointed, directors undertake a standard Trustee Induction Programme that includes a governance training programme.

The Executive Director is given delegated powers to operate the Trust by the Board of Directors and reports at Board meetings on progress and Trust status.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the trustees are aware, there is no relevant audit information (as defined by Section 234Za of the Companies Act 1985) of which the charity's auditors are unaware, and they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

AUDITORS

The auditors, Broomfield & Alexander Limited, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Trust was incorporated as a company on 14th May 1990 and registered as a charity (Charity No. 1006811) with the Charity Commissioners on 13th December 1991.

The Trust's area of operation includes the whole of Caerphilly County Borough.

The sixteenth financial year for the Trust ended on 31st March 2006 and once again the Trust has continued to further develop and expand its key programmes as part of a strategic approach to the environmental regeneration of Caerphilly County Borough.

The Trust has continued to further develop and consolidate its strategic role in partnership with the Welsh Assembly Government, Local Authority, local communities, voluntary and private sectors in order to bring about sustainable environmental improvements related to local needs and opportunities.

The operating deficit for the year amounted to £97,210 (2004/2005 operating deficit £241,171). Of this amount £81,013 was a deficit on restricted funds.

At 31 March 2006 two restricted funds are in deficit. This is due to the projects being ongoing, and it is anticipated that incoming resources in future periods will eliminate the deficit relating to these funds.

The results for the year are set out on pages 25-26 of the Financial Statements.

**GROUNDWORK CAERPHILLY
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2006 (Continued)**

REVIEW OF 2005-06

OVERARCHING AIMS

The Trust set targets for overarching programme and development objectives. A statement of our achievements against these are as follows:

1 To support regeneration across Caerphilly County Borough through the Community Strategy

The Trust has strengthened its position as a key partner in the development and delivery of the Caerphilly Community Strategy at all levels. We provide officer support throughout the multi-agency partnership structure, from Standing Conference Executive at a policy level, through to Beacon Project working groups and support to each of the Community Partnerships. We continue to provide direct support to the Regeneration and Living Environment strategic Partnerships, but are still looking to strengthen our presence on education for Life and health, Social Care & Wellbeing.

The cross-cutting nature of our work means that we are able to make a significant contribution across the Community strategy as well as the cross-cutting themes of sustainability and diversity and to a broad cross-section of the Beacon projects.

A survey carried out during 2005-06 showed that the Trust needs to enhance its reputation within local partnerships by continuing to achieve more consistency in delivery, strengthening its partnerships and highlighting its successes more effectively. Resourcing community environmental regeneration work outside Communities First areas remains a challenge for the Trust.

2 To contribute to the development of Groundwork in Wales and national policy and strategy

There have been significant advances in the development of Groundwork in Wales by all Trusts. We have developed our strategic plan for Groundwork in Wales, within the context of the Federation Strategic Plan, but developed specifically in response to the specific political, social and economic climate in Wales. Development of joint-initiatives (within sub-regional strategies such as the Heads of the Valleys strategy) and joint-working, policy and resourcing between Trusts in Wales have been particular advances

The Trust has continued to contribute directly to national policy and strategy such as local delivery of Communities First, the Wales Waste Strategy (Wise About Waste) through the Community Furniture Enterprise, the Education for Sustainable Development Strategy (Learning to Live Differently) through the ESD programme and the new Wales Environment Strategy through a wide cross section of its work.

3 To consolidate the Trust's strategic position & explore opportunities for future growth

We have a strengthened relationship with the local authority at Corporate and Directorate level and have developed relationships with a far greater range of partners during the last year. This includes the setting up of a joint-liasion group with CCBC and a Joint-Working Protocol that has been adopted by both parties; we intend to roll this out with other partners. However, there remain concerns over the consistency of our delivery and the Trust had a disappointing feedback from a survey of Community Partnerships carried out summer 2005. We consider that this largely arises from the historic high turnover of staff but will monitor this looking forward.

The appointment of a Business Development Manager has created opportunities for development of new partnerships across all sectors. In particular, we have a strengthened position in the business and education sectors and will look to build on this in the development of the Community Furniture Enterprise.

The Trust's involvement in the development of Groundwork in Wales is enabling it to pursue opportunities for geographical expansion; in 2005-06 for example, we have been working closely with Groundwork Merthyr RCT in the Heads of the Valleys strategy, we have developed the EBS programme in Blaenau Gwent, developed a Mentro Allan bid for Caerphilly and Torfaen and are linking the CFE with other Enterprises operating in the heads of the Valleys area.

4 To secure a sustainable business and financial basis

The Trust remains heavily dependent on grant aid; the relative vulnerability of this position is emphasised by the significant shortfall in the forecast turnover for 2005-06, largely because of the uncertainty of grant income. We therefore recognise the need to attain a broader balance of income. While there has been little shift in 2005-06, we have put the following measures in place to take us forward:

- ❖ The initiation of a joint trading company (to be established in 2006-07) between Groundwork Caerphilly and Groundwork Merthyr & RCT to enable the Trust to access commercial opportunities and develop opportunities outside existing Trust areas.
- ❖ We have a Resources Programme and Working Group specifically designed to look at the future resourcing of the Trust.
- ❖ The Trust is seeking to increase its asset base through the purchase of the Mynyddislwyn Offices.
- ❖ The GWC/CCBC Joint-Working Protocol includes options for contractual arrangements (for example we are looking at a pilot procurement project with CCBC Procurement Department and Social Services Directorate based on our 'On the Ground' programme).
- ❖ We have a more effective system for assessing and charging for our non-core services and opportunities are being considered in the development of Education, EBS & other programmes to achieve income targets.

5 To demonstrate the critical role of environmental activities in community capacity building & personal development through practical projects and activities

Two of our major European funded programmes, Community Environmental Network and Community Spaces, include volunteering / skills development coordinators to support the work of our Community Environmental Network Officers and assist local people in implementing environmental projects and environmental based activities. These programmes are progressing well, being developed across the whole programme areas. We have also started initial discussions with CCBC Procurement and Social Services and with Rhymney College with a view to developing them into accredited training and personal care and development plans.

6 To develop integrated projects, delivering objectives across the Trust's programmes to achieve the two programme priorities identified above

The Trust is reflecting the cross-cutting nature of its work through its internal structures, resourcing and programme development. We have two management and senior posts (Business Development and ESD Coordinator) that are specifically designed to work across the Trust's departments and our programme development plans include links to other programmes and cross-staff resourcing. Particular emphasis has been placed on the integration of ESD and EBS programmes.

7 To support the growth of the Green Economy

The Trust has continued to support the development of the green economy through the Community Furniture Enterprise. In 2005-06 we have undertaken a comprehensive review of the operation and its activities with the aim of providing the enterprise with a sustainable long-term

future. While this has been an unexpectedly difficult and protracted process, involving significantly more management time and investment than originally planned, we now have an action plan that it is hoped will allow the enterprise to move forward.

Two separate completed reviews carried out in 2005-06 by external consultants have failed to provide a clear statement of intent and clarity on the way forward, particularly in terms of sound financial information. We have consequently had to carry out an internal review and develop an action plan. Despite the amount of unplanned investment, we do not consider that this has been to the detriment of other Trust activities.

PEOPLE OVERVIEW AND KEY ACHIEVEMENTS

Our 'People' mission is:

'to bring lasting benefits to local people, their environment and economy, by supporting all members of communities in bringing about positive changes for themselves, in order to raise self-esteem and foster local pride'.

Overview

There has been real progress from last year in demonstrating the benefits of environmental activities in building capacity and as a result improving quality of life.

This has resulted in a significant expansion of our Community Environmental Network programme in 2005-06 particularly in supporting the Communities First programme.

The introduction of the On The Ground programme has given support to the consolidation of the Community Environmental Network; offering practical delivery and training opportunities for volunteers and communities.

While there have been key developments in our ESD programme at a local and national level this work remains difficult to resource. While youth issues are high on the local and national political agenda the potential of the Youth Environment programme cannot be fully realised while the programme is limited to one funding stream.

The key objectives and position on the Trust's key People programmes are summarised as follows:

Community Environmental Network (CEN)

| Key objective | Key Achievements |
|---|---|
| To promote the County Borough- wide Community Environmental Network programme as a model for engaging communities in a wide range of community led environmental initiatives. | <p>Core programme for Trust. C1st officer support through C1st but no non-C1st area resource (one appointed officer funded internally) Trust is addressing as below:</p> <ul style="list-style-type: none"> ▪ New team of officers funded through Communities First and CFSN. They worked to complete existing projects and identify new ones. They are establishing a good reputation across the county borough ▪ A Community audit process has been developed in partnership with CCBC and GAVO. The Trust has been leading on coordination of the audits based on its successful audit in Giffach and Bargoed. ▪ The Trust has developed a format for the development of Audit portfolio's and has successfully completed the audit for Deri. Others will follow in 2006-07. ▪ ERDF 'On the Ground' bid to work with volunteers with capital funds to implement environmental projects has been secured. |

| | |
|--|---|
| | <ul style="list-style-type: none"> WAG CFAP bid to extend Trust's work in non-Communities First areas including capital funds was unsuccessful but is to be resubmitted. |
|--|---|

Education for Sustainable Development (ESD)

| Key Objective | Key Achievements |
|--|---|
| To develop and promote the Trust's Education for Sustainable Development programme | <p>Significant developments in this area have been achieved both locally and nationally and the Trust is a leading partner in the Forest Schools initiative in Wales</p> <ul style="list-style-type: none"> The Trust is represented on the ESD Beacon subgroup CCW funding has enabled the delivery of ESD work with schools and at Crucial Crew. A Green Dragon for Schools proposal was submitted to Caerphilly's LEA. The Woodlands for Learning Forum continued to contribute to the national agenda for outdoor learning in Wales. Trust began to establish a Forest School programme with CCBC and Forest Education Initiative including training for Early years teachers. |

Youth Environment Initiative

| Key Objective | Key Achievements |
|---|---|
| To develop the Youth Environment Initiative and specifically to continue the Youth Summer Schemes | <p>The key emphasis for this programme was to engage with Young People on environmental issues; building capacity and offering opportunities to participate in the regeneration of their local area.</p> <ul style="list-style-type: none"> With support from the Community Environmental Team the initiative delivered a range of activities from practical traditional skills workshops, traditional youth work activities, healthy living promotion, and debates on local and global sustainability and citizenship Successful delivery of a summer scheme programme Development of a citizenship passport scheme. Targets for 2006-7 have been set and agreed with Cymorth No funding currently available to develop resource beyond Cymorth |

PLACES OVERVIEW AND KEY ACHIEVEMENTS

Our 'Places' mission is:

'Working with partners to create better, safer, healthier and more sustainable communities by enhancing the areas where people want to live, work and spend their leisure time'.

Overview

The Trust continues to manage a relatively high volume of work in this area, with physical environmental regeneration work remaining a core activity of the Trust. This is reflected by an increase in the size of the Trust's Landscape Services team over the last 12 months who oversee the majority of the Trust's physical regeneration work.

Most of this work is focussed around our key ERDF funded programmes at the Trust although the Landscape Services team are beginning to take on more external contracts, particularly on behalf of local community groups in the Caerphilly County Borough area. Likewise, with the development of the Heads of the Valley Strategy and the Joint Trading Company (between Groundwork Caerphilly and Groundwork Merthyr & RCT) there is an opportunity to develop more commercial work for the Trust in line with our business development targets.

Of particular note is the breadth of the Trust's current physical regeneration work in deprived areas of the County Borough, (particularly Communities First areas), most of which makes a direct contribution to the key targets set out in the Community Strategy for the Caerphilly County Borough and the work of the associated Beacon Groups.

However, despite our ongoing success the more challenging issues for the Trust in 2005-06 were focussed around our limited ability to achieve 2 specific aims:

- 1) To ensure that we provide County Borough wide coverage. In particular, the lack of funding available outside of Communities First areas in 05-06 significantly limited our work and this was further compounded by a number of failed external grant-aid bids (specifically PRF & CFAP) that were developed in partnership with the local authority.
- 2) To develop the long-term financial sustainability of our physical regeneration programmes. As mentioned above, the Trust is still very dependent on external grant-aid funding sources and our ability to gain significant contracts, particularly with Caerphilly CBC has been limited. Consequently the viability of key areas of work that the Trust has traditionally depended on, may need to be re-evaluated in the long-term.

As a result, the key objective and position on the Trust's key 'Places' programmes are summarised as follows:

THE BUILT ENVIRONMENT

Social Housing Area Regeneration

| Key Objective | Key Achievements |
|--|--|
| To develop and diversify the Sustainable Communities programme | <p>A key emphasis is to diversify our work away from physical improvements and towards a more 'holistic' approach that helps local communities address issues relating to capacity building and local autonomy.</p> <ul style="list-style-type: none">▪ A rolling programme of estate-wide Environmental Strategies have now been completed on behalf of CCBC. Further environmental strategy work will take place across the County Borough throughout 06-07 but this will now be undertaken on behalf of CCBC's Regeneration Department.▪ A wide range of physical regeneration projects have now been undertaken across 9 disadvantaged ward areas and only 3 remaining projects need to be delivered before the end of the ERDF funding period in December 2006.▪ We have been unable to appoint a Sustainable Estates Regeneration Officer to support the existing Co-ordinator. We consider that we can successfully deliver this programme through support from appropriate staff within the Trust.▪ Operation 'Gate-It' funding was secured from the Home Office's Anti-Social Behaviour Unit to deliver 2 'community safety' related projects in the Caerphilly County Borough area. These projects have now been completed with assistance from CCBC Housing. |

| | |
|--|--|
| | <ul style="list-style-type: none"> Discussions with a number of Housing Associations to negotiate funding and partnership arrangements are ongoing. |
|--|--|

Village Regeneration

| Key Objective | Key Achievements |
|---|---|
| To help regenerate local village centres in order to improve the environmental, social and economic 'heart of communities'. | <p>Key emphasis is to deliver improvement works relating to the regeneration of priority town centres and local villages.</p> <ul style="list-style-type: none"> The Trust is working with CCBC & other partners to deliver key elements of the 'Town Centre & Village Improvements' action plan completed through the Beacon Project Phase 2 of improvement works has been completed in Gelligaer at a cost of approximately £250,000, funded through WAG Local Regeneration Fund and CCBC's Urban Renewal section. The ERDF funded 'Crosskeys & Pontywaun Environmental Regeneration Programme' is now well underway with a range of works being undertaken including the development of a gateway feature in Pontywaun, the hosting of a launch event in Crosskeys and the commissioning of an artworks strategy for the programme. The redevelopment of Pentwyn Square in Trinant has now been completed although some remedial work needs to be undertaken due to some minor defects. Community organisations are seeking assistance in implementing a number of Cydcoed funded projects supporting the development of green woodland areas in Oakdale and Ruperra, potentially to be taken forward in 06-07. |

THE NATURAL ENVIRONMENT

Community Spaces

| Key Objective | Key Achievements |
|---|--|
| To develop the 'Community Spaces' programme in strengthening links between local communities and their environment. | <ul style="list-style-type: none"> A key programme for Trust in utilising public open space as a means of engaging local people in environmental activities. Parc Penallta, Cefn Fforest Ecopark and the Upper Sirhowy Valley are the focus areas. The programme continues to deliver activities to support Volunteering / and the development of traditional skills. The programme continues to offer young people opportunities through its support for the Duke of Edinburgh and Prince's Trust awards. Pant-y-Ffynnon: New green oak shelter constructed with funding from Barclays SiteSavers. Increased community interest in the woodland. Building good working relationship with CCBC Environmental Services. Traditional Skills workshops have been delivered in Hollybush and Markham focusing on trees and their benefits. |

Access and Community Routeways

| Key Objective | Key Achievements |
|---|---|
| To develop the Green Tourism programme. | <p>No dedicated officer resource at present although an increase in contracts with local community groups, plus our expanding cross-Trust work on 'Loops & Links' may provide scope for funding a part-time Officer in 06-07.</p> <ul style="list-style-type: none">▪ Groundwork Caerphilly is part of the SW Valleys-wide HERIAN project promoting tourism potential through industrial heritage.▪ We have been commissioned by CCBC to deliver 8 new routes under the 'Loops & Links' initiative with funding assistance from ERDF and CCW. Work is already underway on a new bridleway enhancing the links between Maesycwmmmer and Fleur-de-Lys.▪ We are also working in conjunction with Groundwork Merthyr & RCT to further develop the 'Loops & Links' initiative across the Heads of the Valley area in conjunction with Groundwork Merthyr & RCT.▪ We are also working with an equestrian group in Rudry to improve a number of existing bridle-routes and develop a range of new tracks extending from Caerphilly Mountain through to Ruperra. This work is being funded through Cydcoed and forms part of our 'Loops & Links' work.▪ In addition, a number of new routes will also be created in the Crosskeys and Pontywaun area through our major ERDF funded programme under our Village Regeneration work. |

PROSPERITY OVERVIEW AND KEY ACHIEVEMENTS

Our 'Prosperity' mission is:

'To promote the social, economic and environmental regeneration of Caerphilly by being the leading source of environmental advice to local SMEs, providing sustainable environmental improvements to priority industrial estates and the development of innovative social enterprise'.

Overview

The Trust's key 'Prosperity' programmes remain at the heart of linking the environment and local economic regeneration. The Environmental Business Services (EBS) programme provides both environmental support through the Green Dragon initiative and potential physical regeneration works within targeted business areas in the Caerphilly County Borough. The Trust is also developing this programme in new local authority areas adjacent to Caerphilly including Blaenau Gwent and Newport. The Trust sees its links with the private sector as vital in supporting local regeneration.

The social enterprise programme has focussed on the Community Furniture Enterprise based at the Lawn Business Village in Rhymney. The enterprise has 2 key elements; the Furniture Project, providing low cost furniture and white goods through donations to those on income support as well as providing training and employment opportunities to disadvantaged people and the Kerbside Recycling Scheme which continues to promote recycling throughout the area and has expanded its operations and participation rates. While we aim to develop other social enterprises in the future, our priority is to secure the long-term future of the CFE.

The key objective and position on the Trust's key 'Prosperity' programmes are summarised as follows:

Environmental Business Services

| Key Objective | Key Achievements |
|--|--|
| To further develop the Environmental Business Services programme | <p>This 3 year programme, developed by Groundwork Wales in conjunction with Arena Network, is now in it's final year of delivery. As a result, the focus of work at present is focussed almost entirely on achieving the outline targets for the programme across all Trust areas. Consequently, EBS developments for 06-07 include:</p> <ul style="list-style-type: none">▪ Working with all Trusts in SE Wales to develop a robust strategy to sustain this important area of the Trust's business beyond Feb 2007 when external funding for the programme ends.▪ To work in partnership with CCBC and the WDA Officers at WAG to develop projects/funding for Sustainable Business Parks.▪ To appoint a second EBS Officer to support the existing Programme Manager and ensure that all programme targets are met by Feb 07.▪ To look at further extending the work of EBS into adjacent local authority areas including Torfaen, Blaenau Gwent and potentially Newport.▪ Working in partnership with CCBC to host a Hazardous Waste Seminar for local SME's in conjunction with the Environment Agency in order to raise the profile of Groundwork Caerphilly's EBS / "Green Dragon" programme.▪ Supporting Groundwork Caerphilly to renew our Level 2 Green Dragon award to help demonstrate that we are 'walking the talk' in terms of demonstrating our commitment to the development of good environmental management practices. |

Social Enterprise (CFE and Kerbside)

| Key Objective | Key Achievements / Issues: |
|--|--|
| To support the development of Community Enterprises and Services and the wider Social Economy in the area. | <p>It has been a significant year for the Community Furniture Enterprise with a comprehensive review taking place due to changes in its operating environment, funding and stakeholder expectations. The primary need has been to establish its financial viability looking beyond the end of 2006. The review has included its management, coverage, services, operations and potentially legal structure in relation to Groundwork Caerphilly.</p> <p>While an action plan has now been developed as a result of this review and a full description is provided in Section 2 C.2 below the key points relating to 2005-06 are as follows:</p> <ul style="list-style-type: none">▪ The independent review has been completed but has proved inconclusive.▪ Development & Action Plan for 2006 set out & currently being implemented.▪ Staff restructuring (including interim management structure) and review of operational practices underway |

| | |
|--|--|
| | <ul style="list-style-type: none"> ▪ WRAP Battery Pilot project awarded to the CFE ▪ ESF bid for pilot ILM programme submitted and awaiting result ▪ Significant partnership development and networking achieved with view to short & long term support |
|--|--|

PARTNERSHIPS OVERVIEW AND KEY ACHIEVEMENTS

Our 'Partnerships' mission is:

'To maintain and develop partnerships in which there is shared ethos and commitment and mutual benefit from the partnership and that will support local community regeneration and the Trust's charitable objectives'

Overview

There has been significant progress in the positioning of the Trust as a key player in delivering local community regeneration and in providing the organisation with a more secure foundation for the future through a broadening of local and regional strategic partnerships. In particular, partnership development on a regional / sub-regional basis is vital to the future of the Trust. Development and maintenance of these partnerships at all appropriate levels with other organisations is a key target throughout the Trust.

| Key Objective | Key Achievements |
|--|--|
| To ensure that the Trust maintains and further develops a key role as a major partner in the regeneration of Caerphilly County Borough | <ul style="list-style-type: none"> ▪ Key partner in the development of the Caerphilly Community Strategy, providing executive and management team support, supporting strategic and community partnerships, supporting the Beacon projects and activities across all thematic headings. ▪ Key partner in the development of Communities First with team of officers supported through WAG and leading Community Audit development process ▪ Completed Partnership Agreement with CCBC and operational Liaison Group ▪ Strengthened partnerships with Ystrad Mynach College, GAVO and CCW and discussions initiated with Environment Agency |
| To ensure that the Trust develops a key role as a major partner on a regional basis as part of Groundwork in Wales | <ul style="list-style-type: none"> ▪ Joint discussions with Groundwork Merthyr & Rhondda Cynon-Taff regarding role in Heads of the Valleys Strategy ▪ Consideration to more effective partnerships and joint-working / sharing resources with other Trusts in Wales ▪ Regional & national network development through CFE development programme ▪ Initial discussions at CCBC and Groundwork Board level regarding extension of Trust's operational area. |

Groundwork Caerphilly – our vision for the future.

Our vision

Our vision is that this Trust will lead by example. We intend to be considered as a leader in community led sustainable regeneration in Wales and we will demonstrated the principles of sustainable development throughout our area of influence and in our policies and practices. We will be a 'model' partner, encouraging collaboration, learning from, and sharing with others. We will demonstrated the 'uniqueness' of the Groundwork approach through innovative actions and by applying global principles to local situations within our project work. We will remain accountable and responsive to local communities, providing 'quality of life' opportunities and supporting regeneration in response to local need. We will establish a reputation for working with the hardest-to-reach groups and individuals.

Our guiding principles for achieving our vision:

- ❖ **Changing Places, Changing Lives.....Changing Minds** – encouraging, supporting and informing society to 'think and act sustainably'.
- ❖ **Learning through doing** - Demonstrating the vital role of community participation in land based, natural resource use and other environmental action and activities in achieving sustainable economic growth and social change.
- ❖ **A sustainable approach to the Natural & Built Environment** - Demonstrating that changes in our built environment can be balanced with the needs of the natural environment through sustainable development principles and an integrated approach to land and buildings development.
- ❖ **Understanding local identity & culture** - Truly understanding our communities, collectively and individually, and using their identity, heritage, culture and values to find innovative solutions and apply 'global principles to local situations'.

**GROUNDWORK CAERPHILLY
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2006 (Continued)**

RISK MANAGEMENT

The Directors have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the organisation and are satisfied that systems are in place to mitigate exposure to any major risks.

RESERVES POLICY

The Directors aim to maintain a level of 6 months free reserves, sufficient to ensure that the Charity's operations remain sustainable.

FUND BY FUND ANALYSIS OF AVAILABILITY OF ASSETS

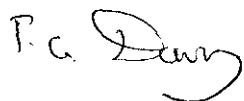
The Board of Directors have reviewed the reserves of the Charity. The review encompassed the nature of the income and expenditure streams and the need to fulfil future commitments.

Total funds equate to 40% of expected unrestricted fund expenditure each year and the Board of Directors believe this is adequate to ensure continuance of all the Charity's project aims over the next few years without interruption.

INVESTMENTS

The Trust does not hold any investments.

Signed on behalf of the board of directors



Mr P G Davy (Secretary)
Approved by the Board on 26 September 2006

REGISTERED OFFICE
Mynyddislwyn Offices
Bryn Road
Pontllanfraith
Blackwood
NP12 2BH

**GROUNDWORK CAERPHILLY
REPORT OF THE INDEPENDENT AUDITORS
FOR THE YEAR ENDED 31ST MARCH 2006**

We have audited the financial statements of Groundwork Caerphilly for the year ended 31 March 2006 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page two, the directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Accounting Standards (UK and Ireland).

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

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatement within it. We are not required to consider whether the statement in the Report of the Directors concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 significant estimates and judgements made by the directors in preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
GRONDWORK CAERPHILLY (Continued)**

Opinion

In our opinion the financial statements;

- give a true and fair view. In accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31st March 2006 and of its outgoing resources and application of resources, including its income and expenditure, for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985.

In our opinion the information given in the report of the directors is consistent with the financial statements.

Broomfield & Alexander Ltd

Broomfield & Alexander Limited
Chartered Accountants and Registered Auditors
Pendragon House
Caxton Place
Pentwyn
CARDIFF
CF23 8XE

Dated: *26 September 2006*

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST MARCH 2006**

| | NOTES | UN- RESTRICTED FUNDS | RESTRICTED FUNDS | TOTALS 2006 | TOTALS 2005 |
|--|----------|----------------------------|---------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| INCOMING RESOURCES | | | | | |
| Activities in furtherance of the charity's objects: | | | | | |
| - Voluntary Income | | 192,850 | - | 192,850 | 189,750 |
| Incoming resources from charitable activities | | | | | |
| - Grants | | 54,294 | 1,284,827 | 1,339,121 | 1,455,228 |
| Activities for generating funds | | | | | |
| Investment Income | | 25,478 | - | 25,478 | 36,093 |
| Sundry Income generated from fees | | 53,816 | 13,287 | 67,103 | 100,889 |
| TOTAL INCOMING RESOURCES | 3 | 326,438 | 1,298,114 | 1,624,552 | 1,781,960 |
| RESOURCES EXPENDED | | | | | |
| Charitable activities | | 333,835 | 1,379,127 | 1,712,962 | 2,014,931 |
| Governance | | 8,800 | - | 8,800 | 8,200 |
| TOTAL RESOURCES EXPENDED | 5 | 342,635 | 1,379,127 | 1,721,762 | 2,023,131 |
| Net incoming Resources before other recognised gains | | (16,197) | (81,013) | (97,210) | (241,171) |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 579,263 | 501,073 | 1,080,336 | 1,321,507 |
| Total funds carried forward | | 563,066 | 420,060 | 983,126 | 1,080,336 |

All of the net (outgoing)/incoming resources are from continuing activities.

The company has no recognised gains or losses other than the above.

GROUNDWORK CAERPHILLY
BALANCE SHEET AT 31ST MARCH 2006

| | Notes | 2006 | 2005 |
|--|-------|-----------|-----------|
| FIXED ASSETS | | | |
| Tangible assets | 6 | 65,494 | 68,971 |
| CURRENT ASSETS | | | |
| Debtors | 7 | 411,956 | 690,611 |
| Cash at bank and in hand | | 749,425 | 739,111 |
| | | <hr/> | <hr/> |
| | | 1,161,381 | 1,429,712 |
| CREDITORS | | | |
| Amounts falling due within one year | 8 | 243,749 | 418,311 |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS | | 917,632 | 1,011,401 |
| | | <hr/> | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 983,126 | 1,080,313 |
| Net assets | | 983,126 | 1,080,313 |
| CAPITAL AND RESERVES | | | |
| Unrestricted funds: | | | |
| General funds | | 563,066 | 579,211 |
| Restricted funds | | 420,060 | 501,091 |
| | | <hr/> | <hr/> |
| Total funds | | 983,126 | 1,080,302 |
| | | <hr/> | <hr/> |

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Signed on behalf of the board of directors



Director B Davies

Approved by the board on 26th September 2006

**GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2006**

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared under the historical cost convention. The accounts, incorporating a statement of financial activities have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), the Companies Act 1985 and follow the recommendations in the Statement of Recommended Practice (SORP) – "Accounting and Reporting by Charities" revised in 2005.

Fund Accounting

Unrestricted Funds are available for use at the discretion of the directors in furtherance of the Trust's general objectives.

Restricted funds are funds subject to specific restrictive conditions imposed by the terms of the grant or funding body.

Designated funds are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Incoming Resources

Income and grants are included in incoming resources when receivable, except as follows:-

- When donors specify that the grants must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the Charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.
- When donors specify that grants are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Allocation of Expenditure

Expenditure incurred by the charity in the year has been split between restricted and unrestricted funds. Costs have been analysed between direct charitable expenditure, fundraising and publicity and the administration and management of the charity. Expenditure relating directly to a cost category has been charged to that account. Expenditure, which includes more than one cost category, has been apportioned on a reasonable, justifiable and consistent basis to the categories involved. Committed expenditure that has yet to be invoiced is, in line with best accounting practice, not recognised in these accounts. It is intended that such expenditure will be funded by future income flows.

Liabilities Policy

Liabilities are recognised in the Financial Statements as they become payable.

Charitable Activities

This includes all expenditure directly related to the aims of the charity as follows:

- To promote the conservation, protection and improvement of the physical and natural environment.
- To provide facilities in the interests of social welfare for recreation and leisure time occupation with the objective of improving the conditions of life for those living, working and visiting in the area.
- To advance public education in environmental matters and in the ways of better conserving, protecting and improving the environment.

**GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2006 (Continued)**

Governance Costs

These costs include the costs of governance arrangements, which relate to the general running of Groundwork Caerphilly as opposed to the direct management functions inherent in generating funds, service delivery and programme of project work. These include such items as external audit, legal advice for trustees and costs associated with constitutional and statutory requirements.

Resources Expended

Expenditure has been allocated to management and administration of the Trust, where it relates to the management of the Trust's assets, organisational administration and compliance with constitutional and statutory requirements.

Resources expended are recognised in the period in which they are incurred.

Tangible fixed assets

Fixed assets are capitalised at cost.

Depreciation is calculated so that the cost of tangible assets or valuation less any residual value is written off over their estimated useful lives on the following basis:-

| | |
|---------------------|----------------|
| Computers | 33.33% On Cost |
| Motor Vehicles | 20% On Cost |
| Office Equipment | 20% On Cost |
| Plant and Machinery | 20% On Cost |

Capital Grants Received

Grants that relate to capital expenditure on specific projects are treated as restricted funds that are charged to the income and expenditure account at acquisition. This treatment is due the nature of the funding as the grants are received to provide equipment to specifically run the projects and services.

Hire Purchase Contracts and Finance Leases

Assets acquired under such agreements are recorded in the Balance Sheet at their fair value and as an obligation to pay future rentals at the inception of the contract. The total finance charge is not allocated to accounting periods during the lease term so as to produce a constant periodic rate of charge on the remaining balance sheet obligation, but on a straight line basis as, in the opinion of the Directors, this represents a reasonable approximation thereto. The capital element of future payments is treated as a liability and the interest element is charged to the Income and Expenditure Account.

Operating Lease Costs

The rentals under operating leases, where substantially all the benefits and risks of ownership remain with the lessor, are charged against profit as incurred.

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.

GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2006 (Continued)

2. STATUS

Groundwork Caerphilly is a company limited by guarantee, not having a share capital, exempt from the requirement to use the word 'limited' and is a registered charity. The liability of each member under the guarantee is limited to £1 (one pound).

3. TOTAL INCOMING RESOURCES

| | 2006 | 2005 |
|---|-----------------|-----------------|
| | £ | £ |
| SPONSORSHIP FUNDING | | |
| - National Assembly for Wales | 149,850 | 146,750 |
| - Caerphilly County Borough Council | 43,000 | 43,000 |
| | <hr/> 192,850 | <hr/> 189,750 |
| PROJECT INCOME | | |
| Public Agencies and National Charities | | |
| - Lottery Board | - | 424,098 |
| Welsh Assembly | 175,124 | 163,842 |
| Local Authority | 567,880 | 449,124 |
| European Union | 486,203 | 380,233 |
| Private Sector | 109,914 | 37,931 |
| | <hr/> 1,339,121 | <hr/> 1,455,228 |
| Adjustment on disposal of Fixed Assets | - | 340 |
| Other Income (Including Recycling Centre) | 13,287 | 56,539 |
| Unrestricted Other Income | 53,816 | 44,010 |
| Interest received | 25,478 | 36,093 |
| | <hr/> 1,624,552 | <hr/> 1,781,960 |

GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2006 (Continued)

4. NET INCOMING RESOURCES BEFORE TRANSFERS IS STATED AFTER CHARGING

| | 2005 | 2004 |
|-----------------------------------|-------------|-------------|
| | £ | £ |
| Staff Costs (See Note 5) | 917,221 | 810,674 |
| Auditors Remuneration | 5,600 | 5,000 |
| Depreciation – Owned Fixed Assets | 36,235 | 32,876 |
| | <hr/> | <hr/> |

5. Resources expended:-

| | Charitable Activities £ | Governance Costs £ | 2006 Total £ | 2005 Total £ |
|---|--|-----------------------------------|-----------------------------|-----------------------------|
| Direct Costs | | | | |
| Staff Costs | 795,389 | - | 795,389 | 632,709 |
| Project costs | 295,190 | - | 295,190 | 693,848 |
| Project equipment hire | 2,162 | - | 2,162 | 1,771 |
| Tools and equipment | 17,116 | - | 17,116 | 11,472 |
| Materials | 13,640 | - | 13,640 | 3,190 |
| Contractors | 26,604 | - | 26,604 | 29,613 |
| Consultancy | 61,227 | - | 61,227 | 148,510 |
| Protective clothing | 5,103 | - | 5,103 | 2,854 |
| Training and recruitment | 16,505 | - | 16,505 | 16,303 |
| Project travel and transport | 57,728 | - | 57,728 | 42,891 |
| Project publicity | 17,570 | - | 17,570 | 9,487 |
| Support costs | 37,771 | - | 37,771 | 34,153 |
| Accommodation | 32,822 | - | 32,822 | 16,725 |
| Audit fees | - | 5,600 | 5,600 | 5,000 |
| Trustees Indemnity Insurance | - | 3,200 | 3,200 | 3,200 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 1,379,127 | 8,800 | 1,387,927 | 1,651,726 |
| Support Costs | | | | |
| Staff costs | 121,832 | - | 121,832 | 177,965 |
| Recruitment and training | 14,362 | - | 14,362 | 5,570 |
| Premises expenses | 61,900 | - | 61,900 | 40,919 |
| IT and equipment costs | 17,226 | - | 17,226 | 25,361 |
| Depreciation | 36,236 | - | 36,236 | 31,949 |
| Motor and travel expenses | 9,586 | - | 9,586 | 9,225 |
| (Profit)/Loss on disposal of fixed assets | 5,435 | - | 5,435 | (340) |
| Subscriptions and donations | 2,192 | - | 2,192 | 4,544 |
| Legal and professional | 27,301 | - | 27,301 | 8,217 |
| Postage and stationary | 5,425 | - | 5,425 | 10,266 |
| Communications | 4,900 | - | 4,900 | 3,354 |
| Promotion and advertisement | 3,213 | - | 3,213 | 688 |
| Insurance | 5,508 | - | 5,508 | 4,500 |
| Irrecoverable VAT | 15,850 | - | 15,850 | - |
| Sundry | 2,869 | - | 2,869 | 49,187 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 333,835 | - | 333,835 | 371,405 |

GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2006 (Continued)

6. Staff costs

| | 2006 Total £ | 2005 Total £ |
|-----------------|-----------------------------|-----------------------------|
| Wages | 832,034 | 802,947 |
| Social security | 76,662 | |
| Staff pension | 8,525 | 7,727 |
| | 917,221 | <u>810,674</u> |

No employee received emoluments of more than £60,000

The average number of employees, analysed by function was:-

| | 2006 | 2005 |
|--|-------------|-------------|
| Direct project labour | 37 | 35 |
| Management and Administration of the Charity | <u>7</u> | <u>5</u> |
| | <u>44</u> | <u>40</u> |

The directors were not paid or reimbursed for expenses during the year.

GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2006 (Continued)

7. TANGIBLE FIXED ASSETS

| | Plant and Machinery etc £ |
|--------------------------------|--|
| Cost | |
| At 1 st April 2005 | 244,020 |
| Additions | 43,032 |
| Disposals | (21,300) |
| | <hr/> |
| At 31 st March 2006 | 265,752 |
| | <hr/> |
| Depreciation | |
| At 1 st April 2005 | 175,087 |
| Eliminated on disposals | (11,065) |
| Charge for year | 36,235 |
| | <hr/> |
| At 31 st March 2006 | 200,257 |
| | <hr/> |
| Net Book values | |
| At 31 st March 2006 | 65,494 |
| | <hr/> |
| At 31 st March 2004 | 68,933 |
| | <hr/> |

8. DEBTORS

| | 2006 £ | 2005 £ |
|--------------------------------|-------------------|-------------------|
| Trade and grant debtors | 289,385 | 484,328 |
| Prepayments and accrued income | 122,571 | 206,293 |
| | <hr/> | <hr/> |
| | 411,956 | 690,621 |
| | <hr/> | <hr/> |

GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2006 Continued)

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2006 | 2005 |
|-------------------------------------|----------------|----------------|
| | £ | £ |
| Bank loans and overdrafts | - | 17,768 |
| Trade creditors | 118,094 | 130,983 |
| Customs and excise | 982 | 13,689 |
| Sundry creditors | 23,816 | 27,572 |
| Accruals | 100,857 | 228,340 |
| | <u>243,749</u> | <u>418,352</u> |
| Maintenance and Retentions Accruals | | |
| Balance at 1.4.05 | 92,645 | 89,536 |
| Movement in the year | (40,153) | 3,109 |
| | <u>52,492</u> | <u>92,645</u> |
| Balance at 31.3.06 | | |

10. FUNDS

| | Balance at 1st April 2005 | Movement in The Year | Balance at 31st March 2006 |
|--------------------|---|---------------------------------|--|
| | £ | £ | £ |
| Unrestricted funds | 579,263 | (16,197) | 563,066 |
| Restricted funds | 501,073 | (81,013) | 420,060 |
| | <u>1,080,336</u> | <u>(97,210)</u> | <u>983,126</u> |

GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2006 (Continued)

Restricted Funds

| | At 1 st April 2005 | Incoming Resources | Outgoing Resources | At 31 st March 2006 |
|---------------------------------|-------------------------------------|-----------------------|-----------------------|--------------------------------------|
| Community Environmental Network | 68,808 | 273,091 | 247,190 | 94,709 |
| Sustainable Communities | (24,015) | 438,808 | 464,433 | (49,640) |
| Learning & Development | - | 19,263 | 19,263 | - |
| Youth Environment | 11,539 | 33,620 | 40,201 | 4,958 |
| Community Spaces | 65,810 | 176,624 | 141,441 | 100,993 |
| Environmental Business Services | (4,262) | 64,036 | 63,081 | (3,307) |
| Social Enterprise | 216,132 | 292,672 | 389,827 | 105,690 |
| Project reserve | 162,515 | - | 13,691 | 148,824 |
| Marketing reserve | 4,546 | - | - | 4,546 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 501,073 | 1,298,114 | 1,379,127 | 420,060 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Community Environmental Network fund is to be used with the Charity's ongoing aim to encourage a community – leader approach regeneration and development.

Sustainable Communities This project is ongoing and it is anticipated that incoming resources in future periods will eliminate the deficit relating to this fund.

Youth Environment fund relates to monies restricted to use on youth oriented projects/workshops.

Community Spaces fund relates to several specified geographical areas and regeneration programmes that are ongoing within the county.

Environmental Business Services This project is ongoing and it is anticipated that incoming resources in future periods will eliminate the deficit relating to this fund.

Social Enterprise fund includes additional monies generated from the Community Furniture Enterprise Scheme, and these are to be utilised to finance staff and training posts for a longer period than first planned in the feasibility study.

Project Reserve fund relates to monies restricted to use in certain areas. These include Mining Villages, Industrial Estates and LSW programmes.

Marketing Reserve relates to monies specifically to be utilised against future promotional and literature costs.

GROUNDWORK CAERPHILLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2006 (Continued)

11. COMMITMENTS

Capital Commitments

At 31st March 2006 there were no capital commitments (2005 - Nil).

12. PENSION COSTS

The Trust contributes to employee's own personal pension schemes. The pension cost charge represents contributions paid by the Trust to the individual schemes and amounted to £8,525 (2005 £7,727).

13. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2006 | 2005 |
|------------------------|---------------|---------------|
| | £ | £ |
| Bank Interest Received | <u>25,477</u> | <u>36,093</u> |

14. TAXATION

No provision has been made for taxation as the company was established for charitable purposes and as such will benefit from exemption relation to charities.

15. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

| | General Fund £ | Designated Fund £ | Restricted Fund £ | Total £ |
|-----------------------|-------------------------------|----------------------------------|----------------------------------|--------------------|
| Tangible fixed assets | 65,494 | - | - | 65,494 |
| Net current assets | <u>497,572</u> | <u>-</u> | <u>420,060</u> | <u>917,632</u> |
| | <u>563,066</u> | <u>-</u> | <u>420,060</u> | <u>983,126</u> |