

Groundwork South Tees
(A Company Limited by Guarantee)

Financial Statements
for the year ended 31 March 2005

"Registrar of Companies Copy"

Company Registration Number 4150037
Charity Number 1087917



ANDERSON BARROWCLIFF
Chartered Accountants

GROUNDWORK SOUTH TEES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

CONTENTS	PAGE
Members of the board and professional advisers	1
Directors' annual report	2
Auditors' report	5
Statement of financial activities	6
Balance sheet	7
Notes to the financial statements	8
Income and expenditure account	15

GROUNDWORK SOUTH TEES

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

Directors

June Goodchild
Michael Joseph Clarke
Allan Geoffrey Barber
Dr David Counsell (resigned 12 February 2005)
Alan Sims
Professor Graham Street
Kevin Francis Whitty
Clive Malcolm Spencer
Dr Mark Fishpool
Councillor Walter Ferrier
Councillor Robert Kerr
Councillor Ann Higgins
Councillor Valerie Halton
Robert Iain Sim
Desmond Mowbray (resigned 29 October 2004)
Edward Moss
Marilyn Wood (appointed 25 June 2004)
Jeremy Garside (appointed 08 April 2005)
Mavis Pickering (appointed 29 October 2004)
Philip Trevor Hawkins (appointed 10 June 2005)

Company secretary

A J Wentworth

Registered office

Linthorpe Cemetery Lodge
Burlam Road
Middlesbrough
TS5 5AP

Company registration number 4150037
Registered charity number 1087917

Auditors

Anderson Barrowcliff
Waterloo House
Teesdale South
Thornaby on Tees
TS17 6SA

Bankers

The Royal Bank of Scotland plc
22 Albert Road
Middlesbrough
TS1 1PR

Solicitors

Jacksons Solicitors
Innovation House
Yarm Road
Stockton-on-Tees
TS18 3TN

GROUNDWORK SOUTH TEES

DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2005

The directors present their report and the financial statements for the year ended 31 March 2005.

DIRECTORS AND TRUSTEES

The directors of the charitable company are its trustees for the purpose of charity law and throughout this report are collectively referred to as the directors. The directors serving during the year and since the year end are set out on page 1.

The Members of the company may nominate up to eleven directors to serve for a period of up to three years. The nominated directors and the Members nominating them may co-opt up to eight directors for a period of up to two years. The directors meet 6 times a year, including meetings at which the annual budget and five-year business plan are considered and approved.

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 at the end of the year and of the surplus or deficiency for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgments and estimates that are prudent and reasonable. The directors must prepare the accounts on a 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 financial statements comply with the Companies Act 1985. The directors 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 company is a registered charity and a company limited by guarantee and is governed by its Memorandum and Articles of Association.

The company's objects, as defined in the Memorandum of Association, are:

- a) to promote the conservation, protection and improvement of the physical and natural environment in the Borough of Middlesbrough and the Borough of Redcar and Cleveland;
- 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 in or working in or resorting to the Borough of Middlesbrough and the Borough of Redcar and Cleveland;
- c) to advance public education in environmental matters and of the ways of better conserving, protecting and improving the same wheresoever.

Groundwork South Tees is part of the Federation of Groundwork Trusts (Groundwork UK) in England, Wales and Northern Ireland, each working with their partners to improve the quality of the local environment, the lives of local people and the success of local businesses in areas in need of investment and support.

The company works in partnership with organisations in the public, private and voluntary sectors and is supported by the national and regional offices of Groundwork UK.

GROUNDWORK SOUTH TEES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

The company has four strategic programmes:

1. Community open space
2. Capacity building
3. Environmental education
4. Business site enhancement.

As part of these programmes, the company has successfully:

- Progressed 59 environmental regeneration projects;
- Improved 203,000 square metres of land;
- Involved local people in 2,205 person days of project work;
- Delivered 455 on-site training weeks for unemployed local people;
- Worked with 17 businesses.

The company receives core funding from its three sponsors: the Office of the Deputy Prime Minister; Middlesbrough Council; and Redcar and Cleveland Borough Council. Funding for projects is also received from the Single Programme, Neighbourhood Renewal Fund (NRF), European Regional Development Fund (ERDF) and a variety of other private and charitable sources.

The company has six strategic objectives for 2005/06, as set out in the business plan:

- To be at the forefront of environmental regeneration in Redcar and Cleveland through the successful delivery of projects worth £599,000;
- To be at the forefront of environmental regeneration in Middlesbrough through the successful delivery of projects worth £1,332,000;
- To carry out a strategic review of its delivery programmes;
- To carry out a strategic review of its funding base;
- To expand to the north bank of the Tees to create Groundwork Tees Valley;
- To evaluate personnel policies and procedures in order to reflect best practice.

RISK REVIEW

The directors have examined the major governance, operational, financial, external and compliance risks that the charity faces and steps have been taken to mitigate the risks.

RESERVES POLICY

The policy of the directors is to build up the free reserves of the company, which are the unrestricted funds less the amount retained in fixed assets, to an amount equivalent to 6 months unrestricted expenditure. This equates to £238,000 at 31 March 2005. The actual free reserves at 31 March 2005 were £144,398 and the company aims to achieve the target over the next 5 years.

GRANT MAKING

Details of the grant making funds administered by the company are set out in note 3 to the financial statements.

RESULTS FOR THE YEAR

The operating surplus for the year amounted to £114,513 (2004 £159,072).

GROUNDWORK SOUTH TEES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

EMPLOYEE INVOLVEMENT

Employees have been consulted on issues of concern to them by means of staff meetings and have been kept informed on specific matters directly by management.

The company has a number of detailed policies relating to all aspects of personnel matters including:

- Equal opportunities policy
- Training and development policy
- Environment policy
- Health and safety policy.

CAPITAL

The company is limited by guarantee. There are eight members each of whom have undertaken to contribute an amount not exceeding £1 in the event of a winding up. The members are:

- The Federation of Groundwork Trusts
- Middlesbrough Council
- British Land
- Industry and Nature Conservation Association
- Middlesbrough Environment City
- Tees Valley Wildlife Trust
- Redcar and Cleveland Borough Council
- Coast and Country Housing.

AUDITORS

A resolution to reappoint Anderson Barrowcliff as auditors for the coming year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Approved by the Board and signed on behalf of the directors:



12 August 2005

GROUNDWORK SOUTH TEES

(A Company Limited by Guarantee)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GROUNDWORK SOUTH TEES

We have audited the financial statements of Groundwork South Tees for the year ended 31 March 2005 on pages 6 to 14 which 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 company's members, as a body, in accordance with Section 235 of the Company Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

As described on pages two, the trustees, who are also the directors of Groundwork South Tees for the purposes of company law, 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 United Kingdom Auditing Standards.

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 Trustees is not consistent with the financial statements, if the company 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 company is not disclosed.

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

Basis of audit opinion

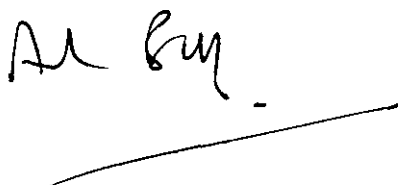
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees 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 charity's affairs as at 31 March 2005 and of its incoming resources and resources expended, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Anderson Barrowcliff
Registered Auditor
Chartered Accountants
Waterloo House
Teesdale South
Thornaby Place
Thornaby on Tees
TS17 6SA



Dated: 19 August 2005

GROUNDWORK SOUTH TEES

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Note	Unrestricted funds £	Restricted funds £	Total funds 2005 £	Total funds 2004 £
Incoming resources					
Core funding		129,833	-	129,833	117,350
Project funding	2	-	1,446,412	1,446,412	1,725,409
Interest receivable		25,768	-	25,768	3,141
Other income		2,371	-	2,371	5,994
Total incoming resources		<u>157,972</u>	<u>1,446,412</u>	<u>1,604,384</u>	<u>1,851,894</u>
Resources expended					
Direct charitable expenditure	3	25,540	1,446,412	1,471,952	1,673,956
Management and administration	4	17,919	-	17,919	18,866
Total resources expended		<u>43,459</u>	<u>1,446,412</u>	<u>1,489,871</u>	<u>1,692,822</u>
Net incoming resources before transfers		114,513	-	114,513	159,072
Transfer between funds		2,077	(2,077)	-	-
Net income for the year		116,590	(2,077)	114,513	159,072
Total funds brought forward		<u>129,015</u>	<u>60,000</u>	<u>189,015</u>	<u>29,943</u>
Total funds carried forward		<u>245,605</u>	<u>57,923</u>	<u>303,528</u>	<u>189,015</u>

The notes on pages 8 to 14 form part of these financial statements

GROUNDWORK SOUTH TEES

BALANCE SHEET AT 31 MARCH 2005

	Note	£	2005 £	£	2004 £
FIXED ASSETS					
Tangible assets	7		101,207		113,702
CURRENT ASSETS					
Debtors	8	909,645		307,207	
Cash at bank and in hand		1,419,871		681,289	
		2,329,516		988,496	
CREDITORS					
Amounts falling due within one year	9	(2,127,195)		(913,183)	
NET CURRENT ASSETS			202,321		75,313
NET ASSETS			303,528		189,015
FUNDS					
Unrestricted funds			245,605		129,015
Restricted funds	10		57,923		60,000
			303,528		189,015

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the Board on 12 August 2005.

Signed on behalf of the directors

Graham Street

Mark Lloyd

The notes on pages 8 to 14 form part of these financial statements

GROUNDWORK SOUTH TEES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historic cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), the Companies Act 1985 and the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice issued in October 2000 (SORP 2000).

Fund accounting

Unrestricted funds are available to the Trustees to apply for the general purposes of the charity as set out in the Memorandum of Association.

Restricted funds are subject to specific conditions imposed by the donors within the wider objects of the charity.

Incoming resources

Core funding is in the form of grants which are credited to income in the accounting period to which they relate. Any unspent balances are carried forward on the appropriate fund.

Project grants received are included in creditors in the financial statements and released to the Statement of Financial Activities over the life of the project, according to the state of completion of the project at any one time. This is not in accordance with the income recognition guidance included within SORP 2000. The directors consider that the treatment adopted is necessary to show a true and fair view.

Resources expended

The directors consider that the costs of generating funds (for example, applying for a grant for a charitable activity) are inseparable from the costs of carrying out the activity and therefore these costs are included in project expenditure in the financial statements.

Grants payable are recognised in the income and expenditure account when the grants are awarded.

Project expenditure includes staff and other costs directly attributable to activities in furtherance of the company's objects.

Support costs include central overheads (management and office salaries, office, communications and other costs) identifiable, on the basis of staff time, as integral to charitable activities.

Management and administration expenditure includes costs associated with meeting constitutional and statutory requirements and a proportion of central overheads, allocated on the basis of staff time, representing the costs involved in managing and administering the company.

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets, less their estimated residual value, over their expected useful lives using the following rates:

Leasehold property and improvements	- over the remaining unexpired term of the lease
Furniture and equipment	- 15% straight line
Computer equipment	- over three years

Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company.

GROUNDWORK SOUTH TEES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

2. PROJECT FUNDING

Incoming resources from activities in furtherance of the company's objects:

	2005 £	2004 £
Central government	286,000	212,571
Public agencies	37,717	117,359
Local authorities	757,070	1,032,644
European Union	256,513	286,650
Private sector	109,112	76,185
	<u>1,446,412</u>	<u>1,725,409</u>

3. DIRECT CHARITABLE EXPENDITURE

	2005 £	2004 £
Grants payable	98,956	106,360
Project expenditure	1,184,520	1,387,982
Support costs	188,476	179,614
	<u>1,471,952</u>	<u>1,673,956</u>

	Project expenditure £	Support costs £	Total 2005 £	Total 2004 £
Staff costs	174,399	108,717	283,116	306,785
Other costs	1,010,121	59,805	1,069,926	1,239,669
Depreciation	-	19,954	19,954	21,142
	<u>1,184,520</u>	<u>188,476</u>	<u>1,372,996</u>	<u>1,567,596</u>

Grants payable

Middlesbrough Environmental Community Chest is a fund for small-scale environmental projects taking place within the Neighbourhood Renewal wards of Middlesbrough and/or benefiting residents of these wards.

Middlesbrough REACT project aims to bring community forestry into urban areas and awards grants to tree planting initiatives.

Redcar & Cleveland NRF grants are for small-scale environmental projects taking place within the Neighbourhood Renewal wards of Redcar & Cleveland and/or benefiting residents of these wards.

Redcar & Cleveland Eco Schools Support fund makes grants to schools to assist with developing and implementing environmental action plans.

GROUNDWORK SOUTH TEES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

3. DIRECT CHARITABLE EXPENDITURE

Grants payable (continued):

	2005	2004
	£	£
<u>Middlesbrough Environmental Community Chest</u>		58,960
Hospital Teaching Service	4,050	1,900
North Ormesby Primary School	2,500	-
Middlesbrough REACT - Trees Alive!	4,000	-
Middlesbrough Refugee Service	4,170	-
Moray Close Tenants Support Group	3,000	-
Abingdon Primary School	5,000	-
Ashdale Community Group	3,258	-
Charlbury Road Community Centre	5,000	-
Easterside Partnership	5,000	-
Middlesbrough Environment City Community Environment Conference	3,050	-
Whitehouse Farm Allotment Association	1,500	-
Viewley Hill Primary School Parents Action Team	3,350	-
Priory Woods School	1,150	-
<u>Middlesbrough REACT</u>		
Middlesbrough Council (2 grants)	11,000	36,500
Trees Alive!	5,000	-
<u>Redcar & Cleveland NRF</u>		4,000
FROG Community Forum	1,500	5,000
Eston Residents Association	1,500	-
Saltburn in Bloom	1,500	-
Saltburn Forward	1,500	-
Friends of Locke Park	1,500	-
Skinningrove Link Up	1,500	-
Forest Education Initiative	1,500	-
Lazenby Blooms	1,500	-
Dormanstown Community Forum	1,500	-
Loftus Community Forum	1,500	-
Guisborough Allotment Society	1,500	-
Friends of Errington Woods	1,500	-
Saltburn Allotment Association	1,500	-
Guisborough in Bloom	1,500	-
Moorsholm Village Community Forum	1,434	-
Guisborough Town Pride	1,500	-
Skelton Villages Environment Improvement Group	1,500	-
Easington Residents Association	1,500	-
The Cleveland Ironstone Mining Museum	1,500	-
Stanghow Residents Group	1,124	-
Carlin How Community Forum	2,192	-
<u>Redcar & Cleveland Eco Schools Support (15 grants)</u>	6,178	-
	<u>98,956</u>	<u>106,360</u>

GROUNDWORK SOUTH TEES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

4. MANAGEMENT AND ADMINISTRATION

	2005	2004
	£	£
Staff costs	9,329	8,769
Legal	-	2,510
Audit and accountancy	2,360	2,360
Other costs	5,572	4,623
Depreciation	658	604
	<u>17,919</u>	<u>18,866</u>

5. STAFF COSTS

	2005	2004
	£	£
Salaries and wages	245,229	260,392
Social security costs	25,542	27,075
Other pension costs	18,738	21,367
Temporary staff	2,936	6,720
	<u>292,445</u>	<u>315,554</u>

The average number of staff employed during the financial year was as follows:

	2005	2004
	Number	Number
Project staff	6	8
Management and administration	4	3
	<u>10</u>	<u>11</u>

No employee received emoluments of more than £50,000.

The directors neither received nor waived any emoluments or expenses during the year.

6. NET INCOMING RESOURCES

This is stated after charging:

	2005	2004
	£	£
Depreciation of tangible fixed assets	20,612	21,746
Auditors remuneration	2,000	2,000

GROUNDWORK SOUTH TEES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

7. TANGIBLE FIXED ASSETS

	Leasehold property and improvements £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 April 2004	114,614	23,318	28,808	166,740
Additions	-	-	8,117	8,117
Disposals	-	(230)	(7,940)	(8,170)
At 31 March 2005	114,614	23,088	28,985	166,687
Depreciation				
At 1 April 2004	19,889	9,925	23,224	53,038
Charge for the year	9,513	5,440	5,659	20,612
Disposals	-	(230)	(7,940)	(8,170)
At 31 March 2005	29,402	15,135	20,943	65,480
Net book value				
At 31 March 2005	85,212	7,953	8,042	101,207
At 31 March 2004	94,725	13,393	5,584	113,702

8. DEBTORS

	2005 £	2004 £
Trade debtors	752,166	100,883
Prepayments and accrued income	157,479	206,324
	<u>909,645</u>	<u>307,207</u>

9. CREDITORS: amounts falling due within one year

	2005 £	2004 £
Payments received on account	1,810,842	654,646
Trade creditors	78,163	124,212
Other creditors – taxation and social security	217,213	123,795
Other creditors	6,874	3,574
Accruals and deferred income	14,103	6,956
	<u>2,127,195</u>	<u>913,183</u>

GROUNDWORK SOUTH TEES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

10. RESTRICTED FUNDS

	Balance at 1 April 2004 £	Incoming £	Outgoing & transfers £	Balance at 31 March 2005 £
Redcar & Cleveland NRF Grant	60,000	-	2,077	57,923
Project funding	-	1,446,412	1,446,412	-
	<u>60,000</u>	<u>1,446,412</u>	<u>1,448,489</u>	<u>57,923</u>

The Redcar & Cleveland Neighbourhood Renewal Fund Grant is to support the refurbishment costs of an office in the Borough.

Project funding is granted to individual projects and significant transfers of funds between projects are not made without the consent of the donor.

Sufficient resources are held in an appropriate form to enable each fund to be applied in accordance with any restrictions.

11. ANALYSIS OF NET ASSETS

	Tangible fixed assets £	Other net assets £	Total £
Restricted funds:			
Redcar & Cleveland NRF Grant	-	57,923	57,923
Unrestricted funds	101,207	144,398	245,605
	<u>101,207</u>	<u>202,321</u>	<u>303,528</u>

12. INDEMNITY INSURANCE

The company paid £2,763 for indemnity insurance against loss arising from any neglect or defaults of directors or staff.

13. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and does not have a share capital.

14. CONTINGENCIES

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 March 2005.

15. CAPITAL COMMITMENTS

There were capital commitments of £24,619 at 31 March 2005 (2004 £Nil).

GROUNDWORK SOUTH TEES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

16. PENSION COSTS

The company operates a defined contribution pension scheme for the benefit of its employees. Contributions are charged to the Statement of Financial Activities in the year they are due. The charge for the year was £18,738 (2004 £21,367).

17. RELATED PARTY TRANSACTIONS

The activities of Groundwork South Tees, its capital structure and organisation are explained in the Directors' Report on pages 2-4 of these financial statements. Transactions involving the provision of services to one or more of the members are fundamental to the operations of the company in achieving its objects as set out in the Memorandum of Association and are conducted in accordance with the company's financial regulations.

18. CONTROL RELATIONSHIPS

The company is under the control of its directors as listed on page 1.