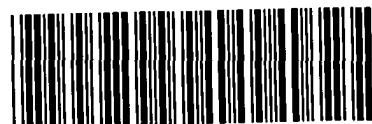

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

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KEYSTONE DEVELOPMENT TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2018**

Trustees

Brenda Canham
Robert Catton (resigned 19 July 2018)
Robert King
Charles Moss (resigned 1 December 2017)
Alice Robineau (resigned 1 December 2017)
Mark Robinson (appointed 11 May 2017)
Monique Stevenson (resigned 27 April 2017)
Jeremy Stone (appointed 19 July 2018)
Clive Wadham-Smith
Ryan Windsor
Claire Brooks (appointed 1 December 2017, resigned 6 July 2018)
Charles Watt (appointed 10 January 2019)
Dr Theroshen Vandiar (appointed 10 January 2019)

Company registered number

4346470

Charity registered number

1093162

Registered office

Keystone Innovation Centre, Croxton Road, Thetford, Norfolk, IP24 1JD

Chief executive officer

Dr Louise Humphries

Independent auditors

MA Partners LLP, 7 The Close, Norwich, Norfolk, NR1 4DJ

Bankers

HSBC Bank Plc, 36 King Street, Thetford, Norfolk, IP24 2AS

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The Trustees present their annual report together with the audited financial statements of the Charity for the year 1 April 2017 to 31 March 2018. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Since the Charity qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Objectives and Activities

a. Policies and objectives

As a Development Trust, Keystone Development Trust ("Keystone") aims to build community capital in its area: empowering individuals, groups and communities to tackle needs and issues by creating their own solutions, organisations or enterprises; whilst ensuring services, assets and enterprises anchor collective wealth locally.

Keystone runs community centres in Thetford, Brandon and Mildenhall - on the Norfolk / Suffolk border - towns which often suffer from 'edgism' in terms of mainstream service provision. Our development work focuses on communities experiencing tensions and social challenges.

Since 2007 Keystone has delivered such support work through a diverse range of projects, funded by a mixture of income generated from its own capital assets, social enterprise activity, funding from public bodies and other grant making organisations.

Keystone aims to deliver projects which fill local people with passion, keep money in their pockets and create great places to live.

The Keystone vision is to:

'Improve the quality of life and opportunities for people who live, study and work in the Keystone area through sustainable, community led regeneration. Working closely with partner organisations and communities, Keystone aims to ensure that the area is safe, healthy, inclusive, socially and economically vibrant.'

The Keystone aim is to:

'Build community capital, the collective skills, knowledge and experience, facilities and organisations which ensure greater returns in the quality of life for all and to anchor community capital locally to ensure sustainable returns.'

In order to achieve this, the Charity seeks to identify needs through research, consultation and discussion with partners, other organisations and local residents. Some of the current 'headline' issues facing the communities we serve in Thetford include:

- In the EU Referendum 23 June 2016 64% of voters in Breckland, an area with a large migrant workforce, voted to leave the EU. This highlighted social tensions within our communities and is resulting in a change in the profile of migrant communities.
- The latest published Social Mobility Indicator (Nov 2017) identified Breckland as one of the countries 'cold spots' for young people - ranked 300 / 324.

KEYSTONE DEVELOPMENT TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

- The age demographic of Breckland is weighted by two extremes with a significantly higher than average number of people less than 16 years old (2016: 16.2%) and of pensionable age (2016: 21.4%) compared to the Norfolk average.
- Figures from the Police.uk crime map show that Thetford has a higher reported crime per 1000 residents compared to the Breckland district.
- West Thetford exhibits a number of indicators of poverty. The Abbey ward is in the top 10% of lower super output areas of the most deprived wards nationally for income, employment and multiple deprivation. (2016 DCLG report).
- Unemployment in Thetford is higher than both the Breckland (3.0%) and UK (3.9%) averages at 4.2% (figures May 2011 Jobcentre plus). Three wards in Breckland had rates higher than 5%, two of which are in Thetford.
- Thetford has had persistent educational problems for a number of years. Poor educational performance feeds into other problems such as poverty and the performance of the local economy. Low educational attainment also contributes to the number of young people who become NEET (Not in Education, Employment or Training). In recent years that decline has been halted and over the period from 2011 to 2015 results for students attaining 5 or more GCSE's in grades A*-C (including English and Maths) has increased from 28% to 50% (now only 3% below the county average and 6% below the national average). The Inspiration Trust that runs The Thetford Academy has put a substantial amount of money into the school with the new build bringing the two previous schools in the town together under one roof and continue to work in raising educational standards.

Keystone works to develop projects and activities which can help to address these issues.

Our Objectives are to:

- o Promote financial inclusion - through support, advice, training and job creation
- o Facilitate social inclusion - through empowering individuals, groups and communities
- o Protect the environment - through recycling, local procurement and saving historic buildings
- o Generate wealth - through property and social enterprise development

Details of our achievements in all areas can be found throughout this report.

b. Main activities undertaken to further the charity's purposes for the public benefit

During 2017/18 Keystone's operations fit into two broad categories; those that are revenue earning, to generate funds to help support our purpose and goals, and those which provide services to our local communities, service users and residents. Keystone not only commits the funds it has generated through its revenue generating activities, but also partners with other organisations in the provision of community projects and services and acts as custodian of a range of public and grant based funds.

KEYSTONE DEVELOPMENT TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

Community Projects and Services

Keystone provides a range of community-orientated projects, (typically of fixed duration, objective or intrinsically linked to a specific source of funding), and services, (typically an ongoing activity targeting specific local needs). These projects operate across a wide area through Norfolk, Suffolk and Cambridgeshire - principally from our hubs in Thetford, Brandon and Mildenhall. Over the last twelve months, these projects have included: -

Art, Well Being and Creative Based Community Groups: Keystone offers two arts based groups. A wellbeing Art Café based at the Abbey Neighbourhood Centre and a Women's Art and Craft group in Mildenhall. These groups help to overcome isolation, offer an opportunity for friendship, skills development and, in some cases, to help facilitate a recovery from a range of difficult situations through art. The Heritage Lottery Funded 'Living Histories' celebrating 50 years since the Abbey Estate was started in September 1917 included a Heritage Open Day where people from the local area were invited to share their stories, photographs and other memorabilia from Thetford during the London overspill era (1957 onward) which attracted great interest. These projects also included a range of community events celebrating, for example, Black History Month, and events marking 100 years since the Representation of the People Act was passed in Britain, which gave (some) women the right to vote.

Youth Activities: We continue to develop our projects for young people. Breckland YAB funding allowed us to run activities for young adults living on the Abbey Estate in Thetford to provide 'Positive Activities' in an effort to reduce antisocial behaviour most of these activities were work / career focused. Building on from the Youth Café started in the previous year, this year we secured funding to develop Social Action with our young people. Using the food donations from Tesco and Lidl in Thetford, young people used some of this food to prepare free community lunches for the destitute. Through selling cakes and a pop up market stall they generated an small surplus that is used to top up ingredients. Our three Apprentices qualified and have all moved into employment. Our BBO partnership led by TCHC in North Cambridge (ESF / National Lottery funded) provides 121 support for young people who are NEET or at risk of being NEET.

A*Spire: this project, for the younger people in our Thetford community, was originally funded to 31 December 2015 has now received a further 3 years of funding to 30 September 2018 from Children in Need. Based at the Abbey Neighbourhood Centre we support two age groups from 9 to 15 years old. It has also led to some fun 'add' on sessions of 'Food Factory' after school and in the school holidays which involves lots of noise and lots of food. During summer holidays 2018 we also developed a 'Read and Feed' activity in which volunteers from Norfolk Reading Project visited to read with young people, act out some of the stories they were reading and also enjoy some great food during the school holidays.

META: As reported previously Keystone's provision for Culturally and Linguistically Diverse communities had diminished and we were starting to build good relationships with qualified providers, namely ACCESS and GYROS. This partnership work has developed into joint funding bids which, if successful will mean Keystone can support specific integration and cohesion activities.

Men's Sheds: Launched in 2016 with the morphing of Keystone's Green Ventures Bike Project into a Men's Bike Shed based at a vacant property we had on York Way the Men's Bike Shed has gone from strength to strength. Upcycling and selling bikes, the shedders also enjoy companionship, skills development and even the building of a Soapbox cart to enter into the Thetford Soapbox Derby! The success of attracting local men of all ages led to a further gardening based shed the Grow Shed. Thetford Town Council continues to provide two allotments to the Shedders. This year the Shedders tried to develop a Men's Wood Shed – inspired by sheds in other areas – this is now about to be launched as a Men's Maintenance Shed.

Community Meals: Have become a regular part of the weekly calendar for local people living in destitution. These are now run weekly at The Abbey Neighbourhood Centre and Riversdale. In Thetford we have a very active Food Bank offering food parcels so we hope the opportunity to come and share a warm meal with others in a warm building is a good complement.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

Community Fridge and Freezer: donated by Breckland Council Keystone receives food donations from local food retailers. Food not being used by the Community Meals or Children's Clubs is dispersed to local residents through an accessible fridge. Food is weighed in and out so we can monitor the reduction of food going to landfill and also track the needs.

Achievements and performance

a. Key financial performance indicators

Financial KPIs for Keystone formed a key part of the restructure which began in 2016/7 to ensure the Charity and its activities remained financially viable – and socially relevant. These KPIs include:

- Recalculation of the Service Charge for tenants leasing offices and units in our buildings to ensure the running of the buildings is covered by this Service Charge. In 2017/18 this included full Dilapidations surveys, Planned Preventative Maintenance – so that we can budget the known maintenance costs - and renegotiation of all contracted services to ensure we are getting best value for money from our suppliers. This work has continued into 2018/19.
- Maximising the rental income from the space we have available which has seen some repurposing of spaces at the Keystone Enterprise Factory, Abbey Neighbourhood Centre and Keystone Innovation Centre to accommodate Keystone's core management team, the Citizens Advice Bureau and new tenants on a previously unoccupied floor. Rent reviews were also undertaken for the KEF and KIC and introduced as leases were renewed or new tenants came in.
- Streamlining our financial processes into new software proved more challenging than we had planned for and has resulted in having to reset up the system in SAGE from the start of April 2018. This had an impact throughout 2017/18 on being able to access monthly management accounts and other financial data needed to make informed decisions. This has been addressed for 2018/19 onwards.
- Staff restructure has seen an overall reduction in staff costs from £338,900 to £314,855 as we have invested in staff development and empowered staff to take on new, more productive and impactful roles. More staff time is also covered through funded projects and overall Keystone is to deliver many more services to the communities we serve.

Our strategy for 2018/19 is to continue building on these financial KPIs and to also include;

- Developing specific project reporting skills with a dedicated team in order to improve our reporting to funders. We will also look to provide these as a charged for service to other small charities.
- Develop strong partnerships with other organisations to apply for larger, longer term funded projects. This helps with planning and also staff retention.
- Investment in some of our properties, particularly Riversdale so we can generate a sustainable income stream from this building which will ensure its long term future. In the past lack of investment in properties has increased their depreciation levels and, for the long term we need to take better care of our capital assets through good planning and management.
- Investment in staff training and development will be matched with improved HR skills in order for us to ensure staff have the support and resources they need to do their job to the best of their ability, we become an employer of preference for job seekers so we get the very best and we increase individual productivity in terms of the value they bring to the Trust.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

b. Review of activities

Revenues Generating Activities

Over the past twelve months, Keystone's revenue-generating operations have included the running of a property portfolio which acts as the backbone of Keystone's infrastructure with the sole purpose of providing Keystone financial stability over the long-term. This includes the management and rental of office space, meeting rooms and conference facilities, and the provision of office-based managed services including an onsite café and services including reception, reprographics, virtual-office management and postal services.

o Keystone Buildings:

The Innovation Centre; by the end of the year, the Innovation Centre was 95% occupied. This is a vast improvement on last year's figures, due in part to the partitioning up of the top floor. As a whole, the Centre houses 12 businesses throughout the three floors supporting over 50 jobs, all of which cover various business sectors including healthcare, training and professional services. The ground floor houses our café - Café One - and conference centre, these rooms are hired out by the Charity for meetings and conferences, during the year we had 64% occupancy of the meeting rooms, the Charity is continuing to build on this, helping generate income to support Keystone projects. The building is key to the Charity's future in providing an income to the Charity's and supporting community projects.

The Enterprise Factory; at the year end the Enterprise Factory's occupancy rate was 100%. The factory houses 15 businesses within, supporting over 20 jobs. The factory offers a range of offices and light industrial units including printers, designers, electricians, builders, carpenter, IT, tailors, upholstery and groups working with children and families. Thetford Town Boxing Club which we house, having moved the Green Bike Project down to the Men's Shed on York Way, is going from strength to strength. Keystone's Core Back Office services are also now based here.

The Abbey Community Neighbourhood Centre; the centre is used by local residents and associations on a regular basis. This year we did some reconfiguration of the space in order to accommodate the CAB – who were at risk of leaving Thetford due to lack of funding. Open 3 days a week for drop in and appointments it provides a great added service to our residents. It also gets people from other parts of Thetford to visit the Abbey thereby breaking down barriers and perceptions.

Riversdale; a large Victorian house in the centre of Thetford which Keystone had leased to the Riversdale Charity came into our management in January 2018. Time for a rethink on its role in the Thetford community we opened the doors and ran several activities to see what people wanted from it. Funding applications to revamp the building have been going in, discussions with partners to see how we can add value to work that is already happening and offering space to new groups that are trying to set up. A full business plan is needed based on this, and other consultation.

The Brandon Centre; Keystone manages the building on a day to day basis for Suffolk County Council. The centre is home to the library, children's services, a playgroup and the police. Many services are delivered out of the building to the local community in Brandon.

At St John's in Mildenhall; Keystone took ownership of the community centre and two 3 bedroom houses on the Estate in December 2014. The houses are rented to private tenants with the income generated going towards the cost of running the community centre. The centre is becoming a popular place to hold meetings and local events.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

Café One

Café One is dedicated to providing healthy, local, seasonal food. The café is situated on the ground floor at the Innovation Centre and is open to the public and tenants Monday to Friday; it also provides all of the refreshments to the conference venue. Over the period the café has introduced many new lines to the menu with a particular emphasis on using local suppliers. Local groups also use the space in the afternoons and evenings including the University of the Third Age. We also offer young people work placement opportunities. Importantly the Café generates a small surplus which is reinvested into community projects.

This section of the report details progress against the objectives set in last year's annual report.

To promote financial inclusion

- o Affordable hire rates for community facilities
- o Provision of managed workspace to generate employment opportunities
- o Sustainable work opportunities through the Charity – we recruit locally where possible
- o Provision of affordable second hand bikes
- o Apprenticeship programme within Keystone supported 3 apprenticeships
- o Embedding financial literacy into our youth projects

To facilitate social inclusion

- o META working with GYROS to support the migrant community
- o Accessible and affordable community facilities
- o Range of activities in different community centres Seniors Bingo, Men's Shed, Walking Groups

To protect the environment

- o All the buildings provide paper recycling facilities to tenants and staff which are well used
- o Upcycling of bikes through the Men's Shed programme
- o Community meals and Fridge scheme using donations from Tesco Fair Share scheme and Lidl

To generate wealth

Keystone has previously developed its property portfolio to generate income which sustains the premises, contributes to charitable core costs and supports other voluntary organisations.

Encourage good health and wellbeing

A number of activities help with low level mental issues – mainly depression and addiction recovery. Our food activities with young people introduce new healthy food and easy ways to cook healthily. At last year's AGM we agreed to focus on well being within the work place and will report on progress in next year's report.

Factors which affect the delivery of our objectives include:

Ability to secure external funding

As reported last year, the Charity had become reliant on external funding to undertake most of its community and youth work. It does not receive any significant regular contributions from local authorities and most funding has to be secured through competitive processes - tendering and bid writing. As part of the strategic review we are focusing on the capital assets working harder to generate a surplus which can be used to deliver community development projects directly and as a source of match funding, increasingly crucial to successful bids.

Success of social enterprises

The social enterprise activities of the Charity have been reviewed this year and as a result some e.g. Green Venture Bikes have closed others have been reformed. As a result, income generation from renting of office space, conferencing and Café One are going from strength to strength. This income all helps to pay for the running of the Charity and its community activities.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

Reputation with the local community

The reputation of Keystone locally is improving as we deliver more to the local communities we are here to support. The reduction of community engagement in recent years and the view that Keystone struggles to maintain successful partnerships has damaged the 'brand'. This year we have refocused our attention to local communities and slowly regaining the trust of local residents and partners.

Relationship with strategic partners

Relationships with other organisations is essential at both the strategic and operational level. Most funders now want to see effective partnership working and most residents do not live their lives in isolation so it is essential we get our partnerships right. This year we have rekindled relationships with local authorities, public health, other charities and delivery partners.

Financial review

a. Going concern

The Charity has a diverse range of income generating activities. These include income generated from charitable activities, for example, the rental income from properties owned by the Charity, income generated through the community cafes and this year, the Charity also received grant funding, some donations and income from its investments.

Whilst the Charity does have a diverse income stream, some of these income streams are inherently volatile. In particular, the austerity measures in place nationally are seeing a huge increase in funding applications and the competition for successful awarding has intensified considerably. Equally, the uncertainty over the impact of Brexit has seen some potential tenants resist signing long term leases for office or unit space. The Charity has policies in place to manage these risks including specific investment and reserves policies which are explained elsewhere in the Trustees' annual report.

The Trustees have considered the financial position of the Charity, the level of free reserves and the performance against the financial KPIs set which have formed the basis of the restructuring activity this year. From this, forecasts and projections have been made and taking into account known changes in activity show that the Charity can continue to operate.

The Finance Sub Group continues to review the opportunities for cost reduction and as a result a number of savings have been identified and have been implemented. Others are in place for when Contracts come to an end and new terms can be negotiated. Further, the Finance Sub Group looks at how the Charity's income from its buildings and services can grow and develop in the short and longer term. As a consequence, the Trustees believe the Charity is well placed to manage its business risks successfully through these difficult and uncertain times.

The Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

b. Principal risks and uncertainties

The Keystone Board has ultimate responsibility for management of risk across the Charity. The Board meets 6 times a year and has Health & Safety as an Agenda item.

The Charity's risks are broken down into the following headings; Financial; Building; Safeguarding; Data; Service delivery. Each department has its own Risk Register and is managed by executive staff in each of those area.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

This year we have commissioned new risk assessments across the properties to ensure compliance and to help inform the Planned Preventative Maintenance. We have also invested in key properties staff to undertake IOSH training, GDPR and data handling, Safeguarding, Domestic Abuse Champions and using the online training resources provided through our insurers to ensure all staff are aware of and able to manage risks during their working day.

Going forward, we will be implementing the following initiatives to further manage risk;

- H&S Sub Committee led by a Trustee with executive staff. This will maintain and review risk registers across the Charity.
- Internal audit of our systems and processes.

c. Reserves policy

Total income for the year amounted to £574,365 (2017: £648,305). Total expenditure amounted to £737,755 (2017: £808,470).

Unrestricted funds carried forward at the end of the year amounted to £54,714 (2017: £88,830) of which £94,900 (2017: £94,900) has been designated, and restricted funds amounted to £4,169,517 (2017: £4,298,791).

The Charity has many volunteers that help in the running of the projects and the Charity. Volunteering has increased hugely this year, mainly with the community meals, Men's Shed, Children's activities and the Brandon Centre to 2,860 hours (2017 - 1,012) were given by volunteers to the Charity with an estimated value of £22,394 (2017 - £7,590). Without the help of the volunteers many of the projects run would not be able to continue. We look forward to working with existing and developing new volunteers. These figures are not included within the accounts.

Trustees aim to hold unrestricted reserves at a level to cover at least three months basic running costs to ensure the core activities of the Charity carry on into the future. Unrestricted undesignated reserves have decreased during the year by £34,116 to leave a deficit of £40,186. The Charity is continuing to work to maximise unrestricted income from various sources in order to build up a level of reserve which enables activity to continue.

d. Principal funding

The main sources of grant income during the year 2017-18 were from;

Breckland Youth Advisory Board in delivering Positive Activities to young people
Children In Need for delivering two youth programmes through A*Spire
Norfolk Community Foundation: various funds supporting young people, Men's Shed
Number of smaller trusts providing revenue and small capital items funding
Heritage Lottery Fund – for living history project on the Abbey Estate.
Norfolk County Council – Black History Month
Building Better Opportunities – a ESF / National Lottery fund to support young people in the fens.

This funding enabled the organisation to undertake specific project work in order to deliver the objectives.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

e. Material investments policy

The Trustees have a policy of investing all available funds overnight in higher investment accounts although this year the benefit of this has been negligible. The nature of the funding received does not make it appropriate, at the present time, to commit funds to longer term investments but we will look at other investment opportunities in the next financial year.

Structure, governance and management

a. Constitution

The charity is constituted under a Trust deed and is a registered charity number 1093162.

b. Method of appointment or election of Trustees

The management of the Charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

c. Policies adopted for the induction and training of Trustees

There are currently eight Trustees drawn from various backgrounds within the Keystone area of benefit. Details of Trustees, and other company information, are contained on page 1.

Trustees are appointed by a recruitment process which includes advertising and interview. The Chair is appointed by the Trustees. New Trustees receive a briefing on their legal obligations under Charity and company law, the content of the Memorandum and Articles of Association, the decision making processes, the business plan and recent financial performance of the Charity. Trustees are also encouraged to attend appropriate external training events where these will help them to better understand their role.

d. Pay policy for senior staff

The Trustees consider the Board of Trustees, Chief Executive, Financial Controller, Contracts Manager and Community Manager comprise the key management personnel of the Charity. All Trustees give their time freely and no Trustee received remuneration in the year. The pay of key management personnel is reviewed annually and approved by the Trustees.

e. Organisational structure and decision making

The Board of Trustees administers the Charity. The Board meets bi monthly. There are three sub committees for Finance, Communities and Properties – each chaired by a different Trustee. A Chief Executive is appointed by the Trustees to manage the day to day operations of the Charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and operations.

f. Risk management

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

Plans for future periods

a. Future developments

The main thrust of the financial model going forward is to make the Capital Assets (buildings) work much harder for the Charity. Over the next three years we will phase in an increase of the Service Charge to tenants in both the Enterprise Factory and Innovation Centre to fully cover the costs of running those buildings. This will allow us to budget that all rental income received can be used to support the running of community projects. The calculation of the service charge is bound in regulation through the RICS so we will be using this year's costings and next year's budgeting alongside dilapidation surveys to calculate and start to implement.

This opportunity for planned longer term funding will help us work towards our longer term strategic plan in which we are looking to refocus our delivery as place based initiatives using the four community centres as the core. 'Distressed communities that have been decades in the making will take a decade or so to unwind' (Will Lambe, FRB Atlanta April 2015) and thus our funding plans need to be longer term. We have re engaged with Locality and look forward to developing our 'master vision' in the next year.

This year we have started to see the evidence of change in the finances. The restructure of the financial systems and process has not been without issue we have also invested in expert advice including a comprehensive VAT Review in November 2017 and a working day with SAGE on site in the same month. All will help future proof our systems.

Rent reviews continue as leases for office space and industrial units come up for renewal and the income from rent is steadily increasing to reflect current market rates in Thetford.

Funding applications have continued to be successful. Having successfully delivered on small pilot projects we have started to secure longer term funding – such as the BBO Programme in North Cambridgeshire. More strategic and long term applications have been submitted in partnership with other organisations.

The Charity's key priorities for the current year include:

- o To tackle financial inclusion through support, advice, training and job creation.

This includes continuing with apprenticeships, work placements for young people and, where possible, recruiting from the local area.

- o To combat social exclusion through empowering individuals, groups and communities.

We have a number of activities running at St Johns and the Abbey to bring people together. The Community café in the Abbey Neighbourhood Centre has become a focal point for breakfast with local residents. We have again secured 'Warm and Well' funding for community gatherings for local residents of the Abbey Estate through the winter period. In this current year we are supporting residents associations in both the Abbey Estate in Thetford and St John's Estate in Mildenhall.

- o To protect the environment through recycling, local procurement and saving historic buildings. The Men's Shed, already upcycling bikes for resale is also looking to develop a Wood Shed to make furniture from old wooden pallets of which there are plenty discarded by tenants at the Enterprise Factory. The work through the Fairshare scheme on food waste reduction will develop further with the installation of a community fridge in the Abbey Neighbourhood Centre. Litter remains an issue on the Abbey Estate so this current year is seeing a number of litter pick initiatives.

- o To generate wealth through property and social enterprise development.

We will continue to review the profitability of all aspects of the Trust and to start to look at some longer term investments.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

o To promote health and wellbeing through food and activities.

We will try to embed healthy choices in our menus at the two cafés. We will encourage our young people to make healthy choices and cook in healthy ways through our children's activities. If successful with funding, we will start a Women's Empower programme in Thetford in January 2018. We will also follow up on initial conversations with partners about social prescribing.

The Trustees continually review the future operations and financial position of the Charity on a regular basis.

Information on fundraising practices

Keystone has not yet implemented a fundraising strategy for the Trust and the communities it serves. Going forward we will launch a place-based community fundraising strategy centred on our community capital assets of; the Abbey, Riversdale and St Johns Mildenhall. These activities will be facilitated by Keystone staff but led by community activists through 'Friends of' groups.

To ensure due diligence, Keystone will work with the Institute of Fundraising Code of Fund Raising Practice and staff supporting the fundraising groups will access the Institute's training.

Trustees' responsibilities statement

The Trustees (who are also directors of Keystone Development Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)


TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees, on 26 January 2019 and signed on their behalf by:


Jeremy Stone

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEYSTONE DEVELOPMENT TRUST

Opinion

We have audited the financial statements of Keystone Development Trust (the 'charity') for the year ended 31 March 2018 set out on pages 17 to 38. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEYSTONE DEVELOPMENT TRUST

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEYSTONE DEVELOPMENT TRUST

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



MA Partners LLP

7 The Close
Norwich
Norfolk
NR1 4DJ
29 January 2019

MA Partners LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations and legacies	2	515	272	-	787	71
Charitable activities	3	311,185	47,348	-	358,533	429,337
Other trading activities	4	200,950	-	-	200,950	202,705
Investments	5	45	14,050	-	14,095	16,192
Total income		512,695	61,670	-	574,365	648,305
Expenditure on:						
Raising funds	4	125,882	-	-	125,882	172,489
Charitable activities		420,929	82,542	108,402	611,873	635,981
Total expenditure	8	546,811	82,542	108,402	737,755	808,470
Net expenditure before other recognised gains and losses		(34,116)	(20,872)	(108,402)	(163,390)	(160,165)
Net movement in funds		(34,116)	(20,872)	(108,402)	(163,390)	(160,165)
Reconciliation of funds:						
Total funds brought forward		88,830	111,934	4,186,857	4,387,621	4,547,786
Total funds carried forward		54,714	91,062	4,078,455	4,224,231	4,387,621

The notes on pages 21 to 38 form part of these financial statements.

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 4346470

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	12	3,997,643		4,096,485	
Investment property	13	130,707		130,707	
Total tangible assets			4,128,350		4,227,192
Investments	14		250		250
			4,128,600		4,227,442
Current assets					
Stocks	15	8,422		3,233	
Debtors	16	95,538		209,393	
Cash at bank and in hand		96,430		73,970	
		200,390		286,596	
Creditors: amounts falling due within one year	17	(104,759)		(126,417)	
Net current assets			95,631		160,179
Net assets			4,224,231		4,387,621
Charity Funds					
Restricted funds:					
Restricted funds	19	91,062		111,934	
Restricted fixed asset funds	19	4,078,455		4,186,857	
Total restricted funds			4,169,517		4,298,791
Unrestricted funds	19		54,714		88,830
Total funds			4,224,231		4,387,621

The charity's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The Trustees consider that the charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the charity to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

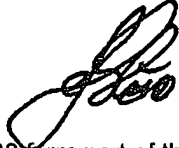
The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 MARCH 2018

The financial statements were approved and authorised for issue by the Trustees on 26 January 2019 and signed on their behalf, by:

Jeremy Stone



The notes on pages 21 to 38 form part of these financial statements.

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	21	17,925	(218,018)
Cash flows from investing activities:			
Dividends, interest and rents from investments		14,095	16,192
Purchase of tangible fixed assets		(9,560)	(38,989)
Net cash provided by/(used in) investing activities		4,535	(22,797)
Change in cash and cash equivalents in the year		22,460	(240,815)
Cash and cash equivalents brought forward		73,970	314,785
Cash and cash equivalents carried forward	22	96,430	73,970

The notes on pages 21 to 38 form part of these financial statements.

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Keystone Development Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Company status

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting Policies (continued)

1.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the charity's operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. Accounting Policies (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £250 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years straight line
Plant and machinery	-	4 years straight line
Motor vehicles	-	4 years straight line
Computer equipment	-	3 years straight line

1.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.9 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. Accounting Policies (continued)

1.12 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.15 Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. Accounting Policies (continued)

1.16 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The investment property asset relates to two properties in Mildenhall that were purchased by Keystone Development Trust in December 2014. The properties have a restriction on the income that is generated from them in that all monies generated are to be used solely for the running of and maintenance of the properties and community centre in Mildenhall. The assets have been valued at market value by the Trustees on a discounted cash flow basis using a discount rate of 6% over 25 years. The Trustees have reviewed this valuation and consider the value included within the accounts is still appropriate.

Critical areas of judgment:

In assessing the carrying value of tangible fixed assets the Trustees estimate the anticipated useful lives and residual values of the assets. There have been no significant revisions to these estimations in the current financial year.

2. Income from donations and legacies

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	515	272	787	71
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2017</i>	71	-	71	
	<hr/>	<hr/>	<hr/>	

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

3. Income from charitable activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Grants	2,668	27,869	30,537	106,455
Rental income & service charges	245,870	2,504	248,374	247,937
Room Hire	6,733	16,017	22,750	23,816
Green Bikes / Thetford Men's Shed	4,260	-	4,260	14,037
Recharges	32,745	-	32,745	24,369
Miscellaneous	7,556	958	8,514	4,208
Facilities Management (Brandon)	11,353	-	11,353	8,515
	<u>311,185</u>	<u>47,348</u>	<u>358,533</u>	<u>429,337</u>
<i>Total 2017</i>	<u>322,882</u>	<u>106,455</u>	<u>429,337</u>	

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. Trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Charity trading income				
Café	110,898	-	110,898	101,432
Conferencing	90,052	-	90,052	101,273
	<u>200,950</u>	<u>-</u>	<u>200,950</u>	<u>202,705</u>
Fundraising trading expenses				
Cafe - advertising	85	-	85	231
Cafe - food	41,236	-	41,236	40,122
Cafe - premises costs	2,615	-	2,615	5,613
Cafe - office costs	-	-	-	5,938
Cafe - recharges	-	-	-	1,623
Cafe - bank charges	640	-	640	90
Cafe - travel	64	-	64	14
Conferencing - advertising	503	-	503	973
Conferencing - premises costs	717	-	717	19,750
Conferencing - office costs	1,488	-	1,488	2,259
Conferencing - recharges	-	-	-	5,497
Conferencing - bank charges	669	-	669	1,268
Conferencing - legal & professional fees	-	-	-	250
Conferencing - Cafe food	611	-	611	-
Wages and salaries	74,715	-	74,715	86,339
NI	1,999	-	1,999	2,553
Pensions	540	-	540	(31)
	<u>125,882</u>	<u>-</u>	<u>125,882</u>	<u>172,489</u>
Net income from trading activities	<u>75,068</u>	<u>-</u>	<u>75,068</u>	<u>30,216</u>

5. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	45	-	45	112
Rental income - St Johns	-	14,050	14,050	16,080
	<u>45</u>	<u>14,050</u>	<u>14,095</u>	<u>16,192</u>
<i>Total 2017</i>	<u>112</u>	<u>16,080</u>	<u>16,192</u>	

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

6. Direct costs

	Total 2018 £	Total 2017 £
Advertising	1,287	1,709
Rent, rates & utilities	90,630	67,636
Vehicle costs	1,122	2,076
Travel costs	3,646	2,141
Technology costs	14,080	20,994
Insurance	16,068	18,119
Premises costs	40,547	50,933
Repairs & maintenance	23,857	16,005
Staff training	3,977	3,410
Other direct costs	11,993	36,217
Wages and salaries	154,242	144,559
National insurance	5,874	2,703
Pension cost	2,058	726
Depreciation	108,402	104,278
	<u>477,783</u>	<u>471,506</u>
<i>Total 2017</i>	<u>471,506</u>	

7. Support costs

	Total 2018 £	Total 2017 £
Finance & professional fees	27,317	45,245
Postage & stationary	7,276	3,346
Communications & IT	14,534	1,679
General office	9,522	6,813
Premises	14	5,342
Wages and salaries	69,443	90,928
National insurance	5,641	6,615
Pension cost	343	4,507
	<u>134,090</u>	<u>164,475</u>
<i>Total 2017</i>	<u>164,475</u>	

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

8. Analysis of Expenditure by expenditure type

	Staff costs 2018 £	Depreciation 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading	77,254	-	48,628	125,882	172,489
Costs of raising funds	77,254	-	48,628	125,882	172,489
Charitable activities	237,601	108,402	265,870	611,873	635,981
	314,855	108,402	314,498	737,755	808,470
<i>Total 2017</i>	<i>338,900</i>	<i>104,278</i>	<i>365,292</i>	<i>808,470</i>	

9. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	108,402	104,278
Operating lease rentals	4,405	2,792

During the year, no Trustees received any remuneration (2017 - £NIL).

During the year, no Trustees received any benefits in kind (2017 - £NIL).

2 Trustees received reimbursement of expenses amounting to £334 in the current year (2017 - No trustees received reimbursement of expenses).

10. Auditors' remuneration

	2018 £	2017 £
Fees payable to the charity's auditor and its associates for the audit of the charity's annual accounts	5,550	-
Fees payable to the charity's previous auditors and their associates in respect of:		
The audit of the charity's annual accounts	-	11,112
Non-audit services	3,313	22,817

Included within finance and professional fees shown in the note 7 above, is a credit of £2,600, being the over accrual of audit fees by the previous auditor.

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	298,400	321,827
Social security costs	13,515	11,871
Other pension costs	2,940	5,202
	<u>314,855</u>	<u>338,900</u>

The average number of persons employed by the charity during the year was as follows:

2018 No.	2017 No.
33	30

No employee received remuneration amounting to more than £60,000 in either year.

12. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 April 2017	5,254,707	267,769	7,940	16,284	5,546,700
Additions	6,683	1,041	-	1,836	9,560
At 31 March 2018	<u>5,261,390</u>	<u>268,810</u>	<u>7,940</u>	<u>18,120</u>	<u>5,556,260</u>
Depreciation					
At 1 April 2017	1,164,299	266,337	7,940	11,639	1,450,215
Charge for the year	105,227	726	-	2,449	108,402
At 31 March 2018	<u>1,269,526</u>	<u>267,063</u>	<u>7,940</u>	<u>14,088</u>	<u>1,558,617</u>
Net book value					
At 31 March 2018	<u>3,991,864</u>	<u>1,747</u>	<u>-</u>	<u>4,032</u>	<u>3,997,643</u>
At 31 March 2017	<u>4,090,408</u>	<u>1,432</u>	<u>-</u>	<u>4,645</u>	<u>4,096,485</u>

KEYSTONE DEVELOPMENT TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

13. Investment property

**Freehold
investment
property
£**

Valuation

At 1 April 2017 and 31 March 2018

130,707

The investment asset relates to two properties in Mildenhall that were purchased by Keystone Development Trust in December 2014. The properties have a restriction on the income that is generated from them in that all monies generated are to be used solely for the running of and maintenance of the properties and community centre in Mildenhall. The assets have been valued at market value by the Trustees on a discounted cash flow basis using a discount rate of 6% over 25 years. The Trustees have reviewed this valuation and consider the value included within the accounts is still appropriate.

14. Fixed asset investments

**Unlisted
securities
£**

Market value

At 1 April 2017 and 31 March 2018

250

The investment represents 250 ordinary £1 shares in Foundation East, a not for profit organisation operating across Suffolk, Norfolk, Essex and Cambridgeshire, providing support to businesses, social enterprises and individuals that cannot get a bank loan.

15. Stocks

	2018 £	2017 £
Raw materials	8,422	2,848
Finished goods and goods for resale	-	385
	<hr/> 8,422 <hr/>	<hr/> 3,233 <hr/>

KEYSTONE DEVELOPMENT TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

16. Debtors

	2018 £	2017 £
Trade debtors	87,404	134,643
Other debtors	-	3,400
Prepayments and accrued income	8,134	71,350
	<u>95,538</u>	<u>209,393</u>

17. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	15,698	62,397
Other taxation and social security	21,224	12,909
Other creditors	29,176	19,382
Accruals and deferred income	38,661	31,729
	<u>104,759</u>	<u>126,417</u>

Deferred income

	£
Deferred income at 1 April 2017	16,670
Resources deferred during the year	26,306
Amounts released from previous years	<u>(16,670)</u>
Deferred income at 31 March 2018	<u>26,306</u>

Deferred income comprises grants received in advance for projects to be carried out in future accounting periods, rents for periods in advance and rental deposits held.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

18. Financial instruments

	2018 £	2017 £
Financial assets measured at fair value through income and expenditure	96,680	74,220
Financial assets measured at amortised cost	87,406	134,643
	<u>184,086</u>	<u>208,863</u>
Financial liabilities measured at amortised cost	<u>28,053</u>	<u>77,456</u>

Financial assets measured at fair value through income and expenditure comprise cash & cash equivalents and fixed asset investments.

Financial assets measured at amortised cost comprises of trade debtors.

Financial liabilities measured at amortised cost comprise trade creditors and accruals.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. Statement of funds

Statement of funds - current year

	Balance at 1 April 2017 £	Income £	Expenditure £	Balance at 31 March 2018 £
Designated funds				
Designated Funds	94,900	-	-	94,900
General funds				
Unrestricted Funds	(6,070)	512,695	(546,811)	(40,186)
Total Unrestricted funds	88,830	512,695	(546,811)	54,714
Restricted funds				
Children & Youth	23,659	5,052	(13,337)	15,374
Keystone Communities	7,434	22,485	(39,634)	(9,715)
Keystone Property	85,126	33,175	(24,500)	93,801
Keystone Resources	(4,285)	958	(5,071)	(8,398)
	111,934	61,670	(82,542)	91,062
Restricted fixed asset funds				
Children & Youth	6,257	-	(161)	6,096
Keystone Property	4,180,600	-	(108,241)	4,072,359
	4,186,857	-	(108,402)	4,078,455
Total restricted funds	4,298,791	61,670	(190,944)	4,169,517
Total of funds	4,387,621	574,365	(737,755)	4,224,231

Designated funds

The Designated Funds relate to building reserves for future repairs to buildings.

Children and Youth

To provide youth and children's activities in the local area through projects such as A*spire, together with projects working with schools to help years 10 and 11 students around their choices in relation to work and further education.

Keystone Communities

The funds provide support for communities and groups to help themselves build the capacity of neighbourhoods through projects like META, KAVO and the Adult work clubs.

KEYSTONE DEVELOPMENT TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. Statement of funds (continued)

Keystone Property

A diverse portfolio of buildings owned by the Trust through which income is generated and space provided to projects for them to carry out their work.

Keystone Resources

The Trusts core team that provides advice and support to the organisation and third parties through services such as finance, human resources and facilities management.

Statement of funds - prior year

	<i>Balance at 1 April 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Balance at 31 March 2017 £</i>
Designated Funds	94,900	-	-	94,900
General funds				
Unrestricted Funds	40,550	506,227	(552,847)	(6,070)
Restricted funds				
Children & Youth	36,445	37,189	(49,975)	23,659
Keystone Communities	8,318	65,733	(66,617)	7,434
Keystone Property	73,874	30,641	(19,389)	85,126
Keystone Resources	5,382	8,515	(18,182)	(4,285)
	<u>124,019</u>	<u>142,078</u>	<u>(154,163)</u>	<u>111,934</u>
Restricted fixed asset funds				
Children & Youth	6,418	-	(161)	6,257
Keystone Property	4,281,899	-	(101,299)	4,180,600
	<u>4,288,317</u>	<u>-</u>	<u>(101,460)</u>	<u>4,186,857</u>
Total restricted funds	<u>4,412,336</u>	<u>142,078</u>	<u>(255,623)</u>	<u>4,298,791</u>
Total of funds	<u><u>4,547,786</u></u>	<u><u>648,305</u></u>	<u><u>(808,470)</u></u>	<u><u>4,387,621</u></u>

KEYSTONE DEVELOPMENT TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

Summary of funds - current year

	Balance at 1 April 2017 £	Income £	Expenditure £	Balance at 31 March 2018 £
Designated funds	94,900	-	-	94,900
General funds	(6,070)	512,695	(546,811)	(40,186)
	<u>88,830</u>	<u>512,695</u>	<u>(546,811)</u>	<u>54,714</u>
Restricted funds	111,934	61,670	(82,542)	91,062
Restricted fixed asset funds	4,186,857	-	(108,402)	4,078,455
	<u>4,387,621</u>	<u>574,365</u>	<u>(737,755)</u>	<u>4,224,231</u>

Summary of funds - prior year

	Balance at 1 April 2016 £	Income £	Expenditure £	Balance at 31 March 2017 £
Designated funds	94,900	-	-	94,900
General funds	40,550	506,227	(552,847)	(6,070)
	<u>135,450</u>	<u>506,227</u>	<u>(552,847)</u>	<u>88,830</u>
Restricted funds	124,019	142,078	(154,163)	111,934
Restricted fixed asset funds	4,288,317	-	(101,460)	4,186,857
	<u>4,547,786</u>	<u>648,305</u>	<u>(808,470)</u>	<u>4,387,621</u>

KEYSTONE DEVELOPMENT TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	50,144	-	3,947,498	3,997,642
Fixed asset investments	-	-	250	250
Investment property	-	-	130,707	130,707
Current assets	(5,989)	206,381	-	200,392
Creditors due within one year	10,559	(115,319)	-	(104,760)
	<u>54,714</u>	<u>91,062</u>	<u>4,078,455</u>	<u>4,224,231</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	40,584	-	4,055,900	4,096,484
Fixed asset investments	-	-	250	250
Investment property	-	-	130,707	130,707
Current assets	48,246	238,351	-	286,597
Creditors due within one year	-	(126,417)	-	(126,417)
	<u>88,830</u>	<u>111,934</u>	<u>4,186,857</u>	<u>4,387,621</u>

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(163,390)	(160,165)
Adjustment for:		
Depreciation charges	108,402	104,278
Dividends, interest and rents from investments	(14,095)	(16,192)
(Increase)/decrease in stocks	(5,189)	1,299
Decrease/(increase) in debtors	113,855	(109,083)
Decrease in creditors	(21,658)	(38,155)
Net cash provided by/(used in) operating activities	<u>17,925</u>	<u>(218,018)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

22. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	96,430	73,970
Total	<u>96,430</u>	<u>73,970</u>

23. Pension commitments

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to **£2,940** (2017 - £5,202). Contributions totalling **£1,199** (2017 - £Nil) were payable to the fund at the balance sheet date and are included in creditors

24. Operating lease commitments

At 31 March 2018 the total of the charity's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	3,117	3,325
Between 1 and 5 years	4,374	2,155
Total	<u>7,491</u>	<u>5,480</u>

25. Related party transactions

During the year, the charity rented property totalling **£7,263** (2017: £nil) to Willow Properties Thetford Limited, a company which Mark Robinson, a Trustee, is a director. As at 31 March 2018, **£210** (2017: £nil) was owed from Willow Properties Thetford Limited as is included within trade debtors.

During the year, the charity purchased professional services totalling **£1,850** (2017: £2,350) from Ante Limited, a company which Clive Wadham-Smith, a Trustee, is a director. As at 31 March 2018, **£200** (2017: £200) was owed to Ante Limited as is included within trade creditors.