

Registered Charity number: 1100143
Company registration number: 04816209

THE RUGBY PORTOBELLO TRUST

TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2008

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Legal and Administrative Information

Registered Charity No:	1100143
Company Registration No:	04816209
Trustees (and Directors):	Pamella Bardouille Amanda Cairns Randolph Charles Adam Hackett (Chair) Debbie Laight Bill Lake (Vice Chair) * Joy Sherrington Chris Stone (Treasurer) *
Ambassadors:	Colin Salmon Heather Small
Company Secretary:	Stephen Archibald
Senior Management Team:	Stephen Archibald (Chief Executive) * Chris Archer (Finance Manager) * Marcia Downer (Head of Housing & Support) Gill Fitzhugh (Head of Walmer Road School) Ondine Upton (Head of Fundraising) Derek Willis (Head of Youth Services)
	* Specifies member of the Finance Sub-Committee
Principal Address/Registered Office:	221 Walmer Road London W11 4EY
Auditors:	Moore Stephens LLP St Paul's House Warwick Lane London EC4M 7BP
Bankers:	Bank of Scotland 38 St Andrew Square Edinburgh EH2 2YR

The Rugby Portobello Trust

Executive Summary

The Rugby Portobello Trust supports and empowers young people living in North Kensington and the surrounding area who are socially excluded and economically deprived. Many of the children and young people we work with live in one of the most disadvantaged wards in London.

The three principal areas of activity are:

- Youth Work – full range of programmes for 5–25 year olds, mainly at our exceptional centre at 221 Walmer Road, W11. We also undertake outreach work on local housing estates and run programmes during the school holidays including residential breaks at our activity camp at St. Mary's Bay, New Romney, Kent.
- Walmer Road School – working with sixteen pupils aged 14-16 who have been excluded from, or are near exclusion from mainstream school in the Royal Borough of Kensington & Chelsea. We plan to expand to our maximum capacity of 20 pupils in the 2008/09 academic year.
- A Supported Housing Service – housing and supporting nearly 60 vulnerable young people aged 16-25 in North Kensington.

We have a strengthened and re-invigorated Senior Management Team:

- Head of Youth Work joined in June 2007.
- Finance Manager joined in March 2008 with ten years experience at PricewaterhouseCoopers and as Finance Director at the first Academy school.
- Head of Fundraising joined in June 2008 with experience at Working Families and Chair of Action for ME.

The Charity's most demanding challenge is to raise sufficient funds to enable us to develop and improve our work. Over the past months the Charity has conducted a wide ranging review and the Board and Senior Management Team have begun to put in place plans to achieve a financially sustainable position.

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Trustees' Report for the year ended 31 March 2008

The Trustees of The Rugby Portobello Trust (the Charity), who are also the directors of the company for the purposes of the Companies Act 1985, present their report and accounts for the year ended 31 March 2008.

Objectives and Activities

The objectives of the Charity are the support and empowerment of young people, in particular young people living in North Kensington and the surrounding area who are socially excluded or economically deprived. In order to achieve its objectives the Charity offers a range of educational, social and economic programmes aimed at tackling homelessness, exclusion and poverty for those at risk aged twenty five years and under.

We are working with children and young people in one of the most deprived wards in London, which is classified in the bottom 4% in England. On a wide range of indicators, whether educational attainment, free school meals or crime, these young people have one of the most difficult starts in life.

Our aim is to work with young people to enable them to achieve their personal best, inspiring them with what is possible and giving them the practical skills and mentoring to achieve it. Our staff are compassionate, highly experienced and many have lived in the area for decades, knowing the families we work with intimately. Frequently our staff are the sole point of stability and encouragement in a young person's life.

The three principal areas of activity are:

- Youth Work, with a full range of programmes for 5-25 year olds, both at our main site and increasingly with outreach work.
- Walmer Road School, working with students aged 14-16, who have been excluded from or are near exclusion from mainstream education.
- A Supported Housing service, housing and supporting nearly 60 vulnerable young people aged 16-25.

Achievements and Performance

Youth Work

We know that all young people have skills, talents and imagination. We also know that some young people growing up locally face difficult circumstances which make it easy to take the wrong decision about what to do with their lives. To address this we provide a wide range of activities for local 8-25 year olds, from sports and dance sessions to a homework club and cookery. All are designed to enable young people to channel their energies in positive and creative ways. Based around the principles of Every Child Matters, our programmes help young people to be healthy, stay safe, enjoy and achieve, make a positive contribution and achieve economic well-being. We place a strong emphasis on developing practical life skills, promoting self-confidence and fun. Amongst our most popular programmes are music production, cookery workshops and sports.

Our Thursday night session, working with 18-25 year olds who are most at risk (those previously in care or homeless, and who are unemployed and not in education or training) has been applauded by the local social services as reaching young people they know well, and who can all too easily get caught up in a cycle of underachievement, isolation and criminality.

Over the past year, we have developed more programmes that are accredited, enabling young people to gain qualifications and ensuring that they progress through a range of skills. An increasing number of our young people are achieving Duke of Edinburgh Awards and accreditations such as Junior Sports Leader or Life Guard.

The voices and involvement of young people themselves in developing our services are crucial; we have been exploring the most effective ways to achieve this. This year we have started a youth subcommittee, and a youth council, as well as consulting more widely with our users and on the local estates. We will be developing this work in the coming year. We are increasingly getting

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the young people themselves to deliver some of our work, whether as volunteers at our homework club or targeting a number for training as youth workers and leaders in the coming year.

We have started an outreach programme with the two large local estates, Henry Dickens and Lancaster West. The holiday sports programme on these estates, including trampolining and basketball, was developed with the young people living there, focussing on their interests.

However, our youth work has faced two main challenges: lack of funding to continue our most popular and important programmes; and recognition that there is less demand than in the past for some of our more generic programmes. In the coming year, we are strengthening both our programme (in response to a needs analysis and young people's consultation) and our outreach work, recognising that many of the young people we most need to reach are hesitant about entering our centre.

221 Walmer Road, our main site, is quite exceptional. It includes a large sports hall, a fully equipped gym, a state of the art recording studio and music technology suite, a fully equipped training kitchen, film making and digital editing facilities, a café and chill out area and the ability to offer dance and art projects.

Walmer Road School

In its third year of operation, Walmer Road School has excelled. It is now widely recognised as delivering a very special and high quality education to excluded and challenging teenagers. With us for up to two years, all our students go on to further education, training or employment.

Working with just 16 students, the curriculum is tailored to their individual needs. The school enables students to reengage with education and believe that they can succeed. All achieve the equivalent of several GCSEs, through a combination of ASDAN, CoPE and GCSE qualifications. The feedback from students and their parents and carers has been overwhelmingly positive, and proves what can be achieved by a dedicated staff and individual attention, with high teacher student ratios. The students particularly like being based at our main site, able to engage in relationships with a wide range of adults and participate in the other activities on offer. They believe that being treated and respected as young adults in an environment that is utterly unlike a conventional school makes a big difference. High levels of attendance endorse the fact that this school offers something exceptional.

One of the most popular activities this year has been learning to cook lunch for themselves and their guests every Wednesday. Guests include a weekly speaker chosen to inspire them about the world of work, and have included a city trader, a Territorial Army officer and a local builder.

We plan to expand the number of students to 20 in the coming year, the maximum we can accommodate at Walmer Road. Students are part-funded by statutory sources (the local borough and referring schools) and part-funded philanthropically, by trusts and individuals. Key areas for development will be strengthening our science provision, and offering a wider range of music technology and digital design courses.

Supported Housing

This year we improved many strands of our Supported Housing work. This was officially recognised in our last annual assessment by the Royal Borough of Kensington & Chelsea, when we were assessed at the highest level (A) under their Quality Assessment Framework.

We house and support nearly 60 vulnerable young people aged 16-25 in North Kensington. Many are leaving care; others are homeless or refugees and asylum seekers. One particular challenge this year has been that we are working with an increasingly younger group, with many 16-17 year olds now being referred to us, needing much greater support and guidance.

Each young person has a named key worker, who develops an individual support plan with them, plotting the steps that they need to take to develop the life skills they need to live independently. These range from getting into education, training or employment, to learning how to cook and eat healthily, budgeting on a low income and signing up with a dentist and doctor.

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Where possible, we encourage them to participate in the full range of youth services on offer at 221 Walmer Road. Amongst this group, our Thursday night sessions have proved especially popular, with up to a third of our tenants participating on a regular basis.

For those with drug, alcohol or mental health problems, the key worker helps them access the necessary specialised support services. In the last year, we have seen an increase in the number with mental health problems, such as anxiety, depression and self harm. From autumn 2008, we will be employing a mental health specialist to enable us to support them more fully.

When our young people are ready (up to two years after joining us), they are offered independent accommodation. An essential and much valued part of our work is our resettlement programme, based upon the "It's your move" model, which receives very positive feedback from our clients. The programme includes everything from building flat pack furniture and decorating to organising utility contracts and building good relationships with your neighbours. This year far more of our young people moved on than usual, and we successfully geared up the programme to ensure all moves were successful.

Our Supported Housing service is funded through two Supporting People contracts with the Royal Borough of Kensington & Chelsea.

Financial Developments

Both income from grants and service level agreements, as well as from tenant rents proved disappointing during the year compared to those budgeted, resulting in our overall income being much lower than anticipated. As it became apparent that a sizable deficit was to be incurred, the Trustees and Chief Executive started a full review of the Charity's operations.

The decision was taken to strengthen the Senior Management Team and to undertake a review of the fundraising team, with the assistance of specialist consultants in this area. As reported below in the Structure, Governance and Management section, this resulted in the appointment of a new Head of Youth Work (June 07), a new Finance Manager (March 08), and a new Head of Fundraising (June 08).

The two other main reasons for the structural deficit are, firstly that our central costs (which stem in part from our wonderfully resourced but underused site at 221 Walmer Road) are comparatively high in comparison to the level of activities undertaken. In part this is the other side of the failure to achieve fundraising targets and resulted in central costs being spread over too few services. Secondly, we need to improve our cost control procedures and policies.

Since the reinvigorated Senior Management Team has been in place, a thorough and wide ranging review of all the Charity's activities and procedures has been instigated. The appointment of a new and experienced Finance Manager has resulted in more accurate financial projections that are reliable and presented in a way that enables detailed plans for the future to be developed and cost savings identified. At present the Senior Management Team and the Board are considering the most effective options to return the Charity to a sustainable position.

An initial development plan setting out the changes required is due to be presented to the Board in September 2008 at which time the Trustees will make decisions as to funding the required bridging costs until such time as this sustainable position can be achieved, while being mindful of their legal responsibilities regarding risk. The Trustees have great confidence that the new experienced and energised Senior Management Team have the professional skills and abilities needed to drive the Charity forward to a sustainable position. Details of measures being taken in consideration of the forthcoming development plan are discussed below in Plans for the Future.

Structure, Governance and Management

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

Under the Articles of Association, the Charity is managed by a Board of Trustees. The Board meets five times a year and receives detailed reports from the Chief Executive and other members of the Senior Management Team including the Finance Manager. The Board is

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responsible for strategic policy decisions and for working with the Senior Management Team on creating a robust development plan.

The number of Trustees on the Board is required to be kept to a minimum of three and there is no maximum number. The Board may appoint a person who is willing to be a Trustee by ordinary resolution. At each annual general meeting one third of the Trustees are subject to retirement by rotation and are eligible to be re-elected. All new Trustees are made aware of their responsibilities and training is available for new Trustees.

The Board has been recruited to ensure that the Charity has a wide range of skills, from commercial, entrepreneurial and fundraising to the expertise of youth work and housing practitioners. Diversity is a key consideration and over the last four years, the Board has become increasingly diverse. This year, we have set up a Youth Sub-Committee to ensure that the voice of our young people is heard at board level.

The Board has established the following sub-committees:

- Finance Sub-Committee that meets approximately eight times a year to give detailed consideration to the finances of the Charity. The Finance Sub-Committee is chaired by the Treasurer and reports its proceedings to the Board.
- Supported Housing Sub-Committee looking at issues of direct concern to this group, and involving both Trustees and supported housing staff.
- Youth Work Sub-Committee that meets approximately six times a year to look closely at the youth work programmes.

The Board has appointed a Chief Executive along with a Senior Management Team to manage the day to day activities of the Charity within delegated terms of authority. The Senior Management Team, as well as the Chief Executive, consists of the Head of Housing & Support, the Head of Walmer Road School, the Head of Youth Services, the Head of Fundraising and the Finance Manager. The Chief Executive also meets frequently with the Chair and Vice-Chair to discuss on going issues. The Senior Management Team's responsibilities include finance, fundraising, employment, Youth Work, Walmer Road School, and Housing Support service. During the year, and since the year end, the Senior Management Team has been strengthened with the appointment of a new Head of Youth Work (June 07), a new Finance Manager (March 08), and a new Head of Fundraising (June 08) all of whom come with strong experience of working in their respective fields. The latter two also having a strong background in the world of commerce.

The Trustees, who are also directors for the purpose of company law, who served during the year and since, are:

Pamella Bardouille	Appointed 11 December 2007
Amanda Cairns	
Randolph Charles	
Adam Hackett (Chair)	
Debbie Laight	
Bill Lake (Vice-Chair)	
Guy Mayers	Resigned 1 June 2007
Jane McVittie	Deceased 17 July 2008
David Ray	Resigned 19 January 2008
John Reynolds	Resigned 28 April 2008
Joy Sherrington	
Chris Stone (Treasurer)	

The Trustees acknowledge their appreciation to Guy Mayers, David Ray and John Reynolds who were all instrumental in the formation of the Charity, serving as founding Trustees.

The Board were saddened to hear of the death of Jane McVittie who was also a founding member of the Charity and before that a longstanding member of the Board of Portobello Houseshare. Jane's comments were always helpful and insightful and her contributions will be much missed.

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None of the Trustees has any beneficial interest in the Charity. All of the Trustees are members of the Charity and guarantee to contribute £1 each, if required, in the event of a winding up. The Trustees received no remuneration or fees for their services.

Volunteers

A considerable team of volunteers drawn from all sections of the community are involved throughout the Charity, be it as helpers at the various youth projects, members of the various fundraising and operational sub committees, administrators, etc. The role of our volunteers is integral to the Charity; they bring life experience and a wide variety of professional and general skills, all of which enhance our services. They ensure that we, as a local charity, are embedded in the community. Ranging in age from early teens to pensioners, and from a wide variety of backgrounds, they form a group that is truly representative of the community. The Trustees would like to thank all of our volunteers who freely give their time to assist with our work and raise money for us. The volunteers are managed by the Volunteer Coordinator, who is herself a volunteer.

Risk Management

The Trustees have a strategy to manage the risks that the Charity may face. This is reviewed each year to ensure that systems and procedures are in place to mitigate the risks and minimise the impact on the Charity should those risks materialise.

Financial Review

Voluntary income, being purely donation income, during the year of £139,111 was up in comparison to the previous year by £33,920. Of the total in the year, £20,125 was for restrictive purposes including £10,200 towards the operation of the Walmer Road School and £8,225 towards the cost of a consultants report on the viability of developing the St Mary's Bay camp site.

Net income from fundraising events was up in the year at £103,155 (2007: £38,595). In the main this is due to the very successful opera fundraising event held in Holland Park, the first time such an event has been undertaken by the Charity. This raised a net £64,542 (before accounting for additional donations made at the event). The Trustees wish to express their gratitude to the Charity's Holland Park Opera Fundraising Committee, and all the volunteers and staff who made this event possible. We are deeply grateful to Holland Park Opera for enabling us to repeat this event in the summer of 2009.

Investment income was comparable with the previous year at £34,227 (2007: £34,178).

Incoming resources from charitable activities grew in the year to £794,189 (2007: £750,274). Of the various sources of income that constitute this category the biggest rise was in the level of restricted performance grants and service level agreements secured in the year, an increase year on year of £51,710, the increased activity being grants received for Walmer Road School and in the youth area of operations. Rents collected via housing management decreased in the year to £183,671 (2007: £192,987) as difficulties were experienced with the collection of rent arrears and void rooms. A significant amount of management time has been spent in improving the performance in this area towards the year end which has continued into the current year. This has included direct involvement by the Chief Executive, strengthening of financial information in this area by the new Finance Manager, and the upskilling of a new Housing Officer. In the first quarter of the 2008-09 financial year the target for rent collection has been exceeded reflecting the successful collection of rents due in that period.

The Trustees would like to acknowledge the support and assistance that the Charity has received from all of their sponsors and supporters and look forward to working with them in the future for the benefit of the young people in North Kensington.

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Charitable trusts, companies, organisation and public funders who have supported the Charity during the year have been:

Awards for All
 Aylesford Residential
 BBC Children in Need
 Bloomberg LP
 The Cairns Charitable Trust
 The Campden Charities
 C H K Charities Limited
 The Danwood Group
 The Devereux Trust
 The Feathers Association
 French American Charitable Trust
 Government Office for London
 HBOS Foundation
 Hamiltons
 The Henry Smith Charity
 Hilton in the Community Foundation
 Holland Park School
 The Jack Petchey Foundation
 John Lyon's Charity
 JP Morgan Cazenove
 Kensington Housing Trust Community Fund
 Lambton Place Health Club
 Lay & Wheeler
 Lee & Pembertons
 London Borough of Hammersmith and Fulham
 Lord Phillimore's Charitable Settlement
 Marsh and Parsons
 Michaelis Boyd Associates
 Micky and Jane Ingall Trust
 Next
 NHP Parents Association
 Northern Rock Foundation
 Notting Hill Preparatory School
 Nu-Line Builders Merchants
 Octavia Foundation
 The Royal Borough of Kensington and Chelsea
 Rugby Clubs Central Fund
 Shine
 Smythsons
 Slough Estates
 The Sunley Group
 Youth Opportunities Fund

In accordance with SORP 2005 the grants and donations with restricted uses are shown in the statements of financial activities as restricted funds.

Whilst total incoming resources has increased this year to £1,205,989 (2007: £1,022,412), the total resources expended have also increased to £1,572,249 (2007: £1,216,091) resulting in a deficit for the year of £366,260 (2007: £193,679). This has resulted in total funds falling to £653,911 at the year end (2007: £1,020,171). The Trustees are fully aware of the need to arrest this continuation of the deficits being incurred and return the Charity to a sustainable position. The Plans for the Future section below outlines the actions being undertaken to address this situation.

Of the increase in the year in the cost of generating funds of £61,287, £37,321 relates to fundraising events and in particular to the opera referred to above. The remaining increase relates to salaries and consultancy fees paid in the year. Some of these were incurred in order to review the fundraising resources at the Charity, the levels of investment and their effectiveness in securing sufficient and sustainable donations and grant income in order for the Charity to achieve a sustainable future. The net result of this work was the appointment, after an extensive recruitment process, of a new Head of Fundraising in June 2008. The new manager comes with

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relevant experience of major donor fundraising as well as a commercial background. Her appointment will enable the final stages of the reorganisation of the fundraising team to be undertaken in the current year.

The costs of charitable activities in the year have grown from £1,114,020 in 2007 to £1,400,091 in the year being reported on. The main reasons for this have been improving tenants properties to bring them all to the same high standard, increasing activity levels at Walmer Road School as it has grown in size from previous years, strengthening of the staff team, in particular the Senior Management Team (as noted in the Structure, Governance and Management section), and development of the main site (221 Walmer Road).

At the balance sheet date, the net book value of fixed assets was £337,491 (2007: £405,403). Movements in tangible fixed assets are shown in note 11 to the accounts, with £111,551 of depreciation being charged for the year and additions of £43,639. Of these additions the majority were spent on the development of a new music studio allowing specialist youth activities to be undertaken.

The comparatives and format of the Statement of Financial Activities has been restated from the year ended 31 March 2007 accounts in order to fully comply with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2005 and the correct allocation of costs within the various headings.

A description of the principal risks and uncertainties facing the Charity are set out in the Financial Developments and Plans for the Future sections of this report.

Plans for the Future

A full strategic review is being carried out by the Board and Senior Management Team in autumn 2008. A five year development plan will then be completed by March 2009. Our focus is on sustainability and relatively rapid growth, ensuring that we can maximise the impact of our charitable work on the lives of the young people we work with.

Key to our success will be ensuring that we fully understand the need in our local area. We are in the paradoxical position of working in a ward that is numbered amongst the 4% of the most deprived in England, while having youth services that are not working at full capacity. We will be establishing what the most valuable work we can undertake is.

In creating our plans, we will:

- Carry out a thorough review of the needs of the young people in the community we serve as well as the wider community. This will include a demographical review of the community to highlight areas of need that are currently not being met.
- Ensure full youth and community participation so that their voices help guide the process.
- Review the existing objectives to ensure they are still accurately reflecting the needs of the community and in particular the young people, and are such that all activities, current and new, can be practically assessed against them.
- Review all existing activities against the objectives of the charity to ensure they continue to meet them and provide the most appropriate services to the young people we serve.
- Build relationships with a wide range of pioneering youth centres and other organisations working with young people across the country, with the aim of being at the cutting edge of successful youth work within five years.

We recognise that to fully realise our own potential as a Charity we need to ensure that we are as effective and robust as possible. Strengthening the Senior Management Team has been one of the first steps in this process. These are some of the key organisational changes we are already carrying out, and will be completing in the next year:

- Undertaking a full skills audit at Board, Senior Management Team and staff levels to ensure we have the skills and networks necessary for delivering our five year plan.
- Implementing procedures for rigorous cost control including robust purchase authorisation measures.

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- Specifically tailored training for the Senior Management Team including a significant focus on strategic working.
- Analysing our fundraising potential, developing a long-term plan and investing in it appropriately.
- Improving income generation from existing assets to ensure that suitable returns are made and assessing underperforming assets in order to ensure the best return is made from them, which may well be a disposal.
- Improving the rent collection performance from housing management tenants.
- Improving systems of monitoring and evaluating the performance of each of our activities, which will inform how we develop our work, and provide valuable information for the Board, staff, volunteers, young people and funders.
- Improving administrative efficiency.
- Developing better systems of communication both internally (for Board, staff, and volunteers) and externally (for the young people we work with, our local community, funders and partners).

Meanwhile, we are pleased that there are significant successes in each of our main areas of work for the coming year.

We have been successful in tendering for a major youth contract with the local borough due to commence in September 2008 for £55,000 p.a. under the recent commissioning bid round.

Full year contracts for 16 pupils at Walmer Road School for the 2008/09 academic year have been secured from the Royal Borough of Kensington & Chelsea and Holland Park School, recognising the true value of this activity to the local community and education system.

The Supported People contracts are due for renewal in 2009/10 and we have successfully been placed on the short list for the accommodation-based contracts following a tendering exercise. We have not been short listed for floating contracts but there is potential to sub contract such work from a winning bidder. We are continuing to strengthen the provision we offer under supporting housing to better place us in the final tendering process.

Post Balance Sheet Events

Subsequent to the year end the legal title of freehold properties owned by The Rugby Clubs, one of the three original combining charitable organisations whose activities were merged to form the Charity's operations, have been formally transferred to the Charity. As such these assets will be recognised in the statement of financial activities for the year ending 31 March 2009 at estimated market value at the date of transfer, as per the accounting and reporting by charities Statement of Recommended Practice.

Investment Policy

Under the terms of the Memorandum and Articles of Association the Charity has the power to make investments. The Trustees have adopted an investment policy regarding cash balances whereby cash balances not required to service operational cash flow needs over the forthcoming month are placed on short term deposit for one month at a time.

The investment policy will be reviewed in line with the formulation of the new development plan which will include exploring options for other forms of secure investments giving the best returns.

Reserves Policy

It is the policy of the Charity to maintain unrestricted funds (including endowment funds) at least to a level which equates to six months unrestricted expenditure. This is to provide sufficient contingency funds to cover management and administration and support costs should the Charity face unforeseen events. As reported in the previous sections of this Trustees' Report, action is being taken to address the current deficit and return the Charity to a break even position, prior to growth.

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Employees and Employment Policy

The Trustees are grateful to the staff and volunteers who work for the Charity. The success of the Charity relies on their expertise and energies.

The Charity is committed to a policy of equal opportunity in its employment practices. It is the Charity's policy to offer equal opportunity to persons applying for vacancies from all sections of the community, regardless of race, colour, ethnic or national origins, marital status, age, gender, sexual orientations, disability or religious beliefs and having regard to their aptitudes and abilities in relation to the positions for which they apply. Appropriate training and implementation of best practice is used to ensure we do not discriminate, whether consciously or unconsciously, in making employment decisions and in maintaining an equal opportunities workplace.

The Charity supports the employment of disabled persons both in the recruitment of disabled employees and by retention of employees who become disabled whilst in the employment of the Charity, through training and career development.

Trustees' Responsibilities

The Trustees are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law and charity law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Charity's financial activities at the end of the year and of the net movement in funds for the year then ended. In preparing those accounts, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether application of accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the accounts.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trustees' Confirmation

Each of the Trustees (who are also the directors for the purpose of company law) who held office at the date of approval of these accounts has confirmed that there is no relevant audit information of which they are aware but of which the auditors are unaware, and that they have taken all the appropriate steps that they ought to have taken as Trustees in order to make themselves aware of any relevant information and to establish that the Charity's auditors are aware of that information.

On behalf of the Board



Adam Hackett
Chair

15 September 2008

Independent Auditors' Report to the Members of The Rugby Portobello Trust

We have audited the accounts of The Rugby Portobello Trust for the year ended 31 March 2008 set out on pages 14 to 24. These accounts have been prepared under the historical cost convention and the accounting policies set out on pages 16 to 18.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's 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 the charitable 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 in the Statement of Trustees' Responsibilities the charitable company's Trustees' are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom & Ireland).

We report to you our opinion as to whether the accounts 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 charitable 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 trustees' remuneration and transactions with the charitable company is not disclosed.

We report to you whether in our opinion the information given in the Trustees' Report is consistent with the accounts.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charitable 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 accounts 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 accounts.

Opinion

In our opinion:

- the accounts give a true and fair view of the state of the charitable company's affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the accounts.

St. Paul's House
London, EC4M 7BP

29 September 2008


MOORE STEPHENS LLP

Registered Auditor
Chartered Accountants

The Rugby Portobello Trust

**Statement of Financial Activities and Income and Expenditure Account
for the year ended 31 March 2008**

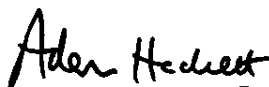
	<u>Note</u>	<u>Unrestricted Funds</u> £	<u>Endowment Funds</u> £	<u>Restricted Funds</u> £	<u>Total Funds 2008</u> £	<u>Total Funds 2007</u> £
Incoming Resources						
Incoming Resources from Generated Funds:						
<i>Voluntary income</i>		118,986	-	20,125	139,111	105,191
<i>Activities for generating funds</i>	2	238,462	-	-	238,462	132,769
<i>Investment income</i>	3	34,227	-	-	34,227	34,178
		<u>391,675</u>	<u>-</u>	<u>20,125</u>	<u>411,800</u>	<u>272,138</u>
Incoming Resources from Charitable Activities	4	201,273	-	592,916	794,189	750,274
Total Incoming Resources		<u>592,948</u>	<u>-</u>	<u>613,041</u>	<u>1,205,989</u>	<u>1,022,412</u>
Resources Expended						
Cost of Generating Funds						
<i>Costs of generating voluntary income</i>		92,049	-	-	92,049	68,083
<i>Fundraising trading: cost of goods sold and other costs</i>		65,722	-	-	65,722	28,401
	5	<u>157,771</u>	<u>-</u>	<u>-</u>	<u>157,771</u>	<u>96,484</u>
Charitable Activities	6	443,064	320,643	636,384	1,400,091	1,114,020
Governance Costs	8	13,809	-	578	14,387	5,587
Total Resources Expended		<u>614,644</u>	<u>320,643</u>	<u>636,962</u>	<u>1,572,249</u>	<u>1,216,091</u>
Net Movement in Funds before Transfers		(21,696)	(320,643)	(23,921)	(366,260)	(193,679)
Transfers between Funds		<u>12,497</u>	<u>-</u>	<u>(12,497)</u>	<u>-</u>	<u>-</u>
Net Movement in Funds		(9,199)	(320,643)	(36,418)	(366,260)	(193,679)
Total Funds Brought Forward	15	<u>19,501</u>	<u>645,550</u>	<u>355,120</u>	<u>1,020,171</u>	<u>1,213,850</u>
Total Funds Carried Forward	15	<u>10,302</u>	<u>324,907</u>	<u>318,702</u>	<u>653,911</u>	<u>1,020,171</u>

The Rugby Portobello Trust

Balance Sheet at 31 March 2008

	<u>Note</u>	<u>2008</u> £	<u>2007</u> £
Fixed Assets			
Tangible fixed assets	11	337,491	405,403
Current Assets			
Debtors	12	79,481	115,906
Cash at bank and in hand		53,514	53,024
Short term deposit account		324,907	645,550
		<u>457,902</u>	<u>814,480</u>
Creditors: amounts falling due within one year	13	(141,482)	(199,712)
Net Current Assets		<u>316,420</u>	<u>614,768</u>
Net Assets		<u><u>653,911</u></u>	<u><u>1,020,171</u></u>
 Funds			
Restricted funds	15	318,702	355,120
Endowment funds	15	324,907	645,550
Unrestricted funds	15	10,302	19,501
Total Funds		<u><u>653,911</u></u>	<u><u>1,020,171</u></u>

The accounts on pages 14 to 24 were approved by the Trustees on 15 September 2008 and were signed on their behalf by:



Adam Hackett
Chair

The Rugby Portobello Trust

Notes to the Accounts for the year ended 31 March 2008

1. Accounting Policies

(a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985, applicable accounting standards and with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

(b) Cash flow statement

The Charity is exempt from the requirement to prepare a cash flow statement as it is a small company as defined by Section 247 of the Companies Act 1985.

(c) Taxation

The Charity is a registered charity and accordingly exempt from corporation tax in respect of its charitable activities and investment income received which fall within the scope of section 505(1) of the Taxes Act 1988 and Section 256 of the Taxation and Chargeable Gains Act 1992.

(d) Incoming resources

Donations and other forms of voluntary income are recognised as income when receivable. Assets donated to the Charity are recognised upon receipt and included in the accounts at estimated market value.

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

Grants receivable are included in the accounts on an accruals basis. Any balance of income received for specific purposes and not utilised is included in restricted funds as detailed on the balance sheet.

Income from service level agreements where related to performance and specific deliverables, and project income is recognised as earned as the services are provided.

Entrance fees, café income and interest income are included in the accounts as received.

(e) Resources expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All resources expended are accounted for on an accruals basis and the irrecoverable element of VAT is included in the expense to which it relates.

The costs of generating funds are represented by expenditure incurred in order to raise public awareness of the activities of the Charity and direct fundraising events costs.

The cost of charitable activities comprise sums expended in respect of the operation of the housing, school and youth programmes established by the Charity. This includes costs relating directly to such activities and those costs of an indirect nature necessary to support them.

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1. Accounting Policies (continued)

(e) Resources expended (continued)

Governance costs comprise all expenditure involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include those related to strategic planning, audit fees, producing an annual report and other costs of complying with constitutional and statutory requirements.

Overhead and support costs have been allocated between charitable activities and governance apportioned based on staff time and usage. The allocation of support costs is analysed in note 7.

Staff costs have been allocated between the various expense headings as appropriate.

(f) Pensions

Employees are entitled to a level of matched funding to each individual employee's nominated approved personal defined contribution pension scheme.

Contributions are recognised when they accrue to employees.

The cost of contributions in the year amounted to £7,065 (2007: £9,197). There were no outstanding contributions (2007: £nil) at the year end.

(g) Tangible fixed assets and depreciation

All tangible fixed assets greater than £100 are capitalised. All tangible fixed assets less than £100 are expensed to the income and expenditure account.

Tangible fixed assets are stated at cost less depreciation. The cost of acquired tangible fixed assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. Assets donated to the charity are recognised upon receipt and included in the accounts at estimated market value.

The Charity manages various residential properties on behalf of other unconnected registered charities who are owners of these properties. The rooms in the property are let out to young people in need. Expenditure on furniture, furnishings and equipment used in managed properties is written off in the year of purchase as it has a very limited useful life.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its estimated useful life as follows:

Land and buildings (including leasehold improvements)	- 10% on a straight-line basis
Centre equipment	- 20% on a straight-line basis
Camp equipment	- 20% on a straight-line basis
Telephone equipment	- 20% on a straight-line basis
Computer equipment	- 33% on a straight-line basis

Tangible fixed assets are subject to review for impairment when there is an indication of a reduction in their carrying value. Any impairment is recognised in the year in which it occurs.

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1. Accounting Policies (continued)

(h) Debtors

Debtors are carried at estimated realisable value within after providing against bad debts where collection is doubtful.

(i) Fund accounting

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts. Unrestricted funds (including endowment funds) are those funds which may be used towards meeting the objectives of the Charity at the discretion of the Trustees.

2. Activities for Generating Funds

	Unrestricted Funds £	Endowment £	Restricted Funds £	Total 2008 £	Total 2007 £
Fundraising events	168,877	-	-	168,877	66,996
Hire income	69,585	-	-	69,585	65,773
	<u>238,462</u>	<u>-</u>	<u>-</u>	<u>238,462</u>	<u>132,769</u>

3. Investment Income

Investment income comprises bank interest from cash at bank and on short term deposit.

4. Incoming Resources from Charitable Activities

	Unrestricted Funds £	Endowment £	Restricted Funds £	Total 2008 £	Total 2007 £
Grant income/service level agreements	-	-	277,010	277,010	225,300
Supporting People contracts	17,275	-	315,906	333,181	329,281
Housing management rents received	183,671	-	-	183,671	192,987
Fees and café income	327	-	-	327	2,706
	<u>201,273</u>	<u>-</u>	<u>592,916</u>	<u>794,189</u>	<u>750,274</u>

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5. Cost of Generating Funds

	<u>Total 2008</u> £	<u>Total 2007</u> £
Publicity and promotions	5,740	5,358
Salaries and consultancy fees	78,993	59,370
Direct fundraising events costs	65,722	28,401
Other costs	7,316	3,355
	<u>157,771</u>	<u>96,484</u>

6. Charitable Activities

	<u>Housing</u> £	<u>School</u> £	<u>Youth</u> £	<u>Total 2008</u> £	<u>Total 2007</u> £
Staff costs	270,008	75,616	126,783	472,407	343,037
Direct costs	326,551	31,227	194,478	552,256	450,545
Support costs	151,386	98,933	88,850	339,169	294,706
Depreciation	-	-	36,259	36,259	25,732
	<u>747,945</u>	<u>205,776</u>	<u>446,370</u>	<u>1,400,091</u>	<u>1,144,020</u>

7. Support Costs

	<u>Housing</u> £	<u>School</u> £	<u>Youth</u> £	<u>Total 2008</u> £	<u>Total 2007</u> £
Staff costs	74,624	20,898	35,040	130,562	166,492
Premises	18,011	31,519	16,776	66,306	34,088
Management	31,317	8,771	14,705	54,793	26,055
Resources	6,982	1,955	3,279	12,216	6,281
Depreciation	20,452	35,790	19,050	75,292	61,790
	<u>151,386</u>	<u>98,933</u>	<u>88,850</u>	<u>339,169</u>	<u>294,706</u>

8. Governance Costs

	<u>2008</u> £	<u>2007</u> £
Staff costs	3,675	1,557
Audit and accountancy charges	10,712	4,030
Total governance costs	<u>14,387</u>	<u>5,587</u>

Audit and accountancy charges include amounts payable to the auditors of £6,991 (2007: £6,286) for audit fees and £1,586 (2007: £nil) for other services.

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9. Trustees' Emoluments

None of the Trustees (or any person connected with them) received any remuneration or expenses from the Charity during the year (2007: £nil).

In accordance with normal practice the Charity has purchased insurance to protect the Trustees and officers from claims arising from negligent acts, errors or omissions whilst on Charity business. The cover under the policy is £1 million and in the year under review the sum of £480 (2007: £480) was paid.

10. Staff Costs

	<u>2008</u> £	<u>2007</u> £
Gross wages and salaries	564,528	490,092
Employers National Insurance costs	55,833	44,521
Pension contributions	7,065	9,197
	<u>627,426</u>	<u>543,810</u>
Comprising:		
Fundraising	20,782	32,724
Charitable activities	472,407	343,037
Support	130,562	166,492
Governance	3,675	1,557
	<u>627,426</u>	<u>543,810</u>

The Charity contributes to externally administered personal defined contribution pension schemes on behalf of its employees. There are no arrears or repayment of contributions at 31 March 2008 (2007: £nil).

The average monthly number of employees, including part time staff, during the year was:

	<u>2008</u>	<u>2007</u>
Charitable activities	17	14
Management and administration	10	10
Total	<u>27</u>	<u>24</u>

No member of staff received emoluments of more than £60,000 and as a result no banding information has been presented (2007: none).

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11. Tangible Fixed Assets

	Land and Buildings £	Centre Equipment £	Camp Equipment £	Computer and Telephone Equipment £	Total £
Cost					
At 1 April 2007	330,188	187,996	3,057	111,169	632,410
Additions	-	14,982	3,986	24,671	43,639
At 31 March 2008	330,188	202,978	7,043	135,840	676,049
Accumulated depreciation					
At 1 April 2007	72,212	82,533	1,223	71,039	227,007
Charge for the year	33,019	39,596	1,143	37,793	111,551
At 31 March 2008	105,231	122,129	2,366	108,832	338,558
Net book value					
At 31 March 2008	224,957	80,849	4,677	27,008	337,491
At 31 March 2007	257,976	105,463	1,834	40,130	405,403

Subsequent to the year end the legal title of freehold properties owned by The Rugby Clubs, one of the three original combining charitable organisations whose activities were merged to form the Charity's operations, have been formally transferred to the Charity. As such these assets will be recognised in the statement of financial activities for the year ending 31 March 2009 at estimated market value at the date of transfer, as per the accounting and reporting by charities Statement of Recommended Practice.

12. Debtors

	2008 £	2007 £
Trade debtors	11,737	19,444
Other debtors	-	77,662
Prepayments and accrued income	67,744	18,800
	79,481	115,906

13. Creditors: amounts falling due within one year

	2008 £	2007 £
Other creditors	500	5,957
Other taxes and social security	13,573	15,500
Accruals and deferred income	127,409	178,255
	141,482	199,712

14. Share Capital

The Charity has no share capital being limited by guarantee. The members will contribute a maximum of £1 each in the event of liquidation.

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15. Funds

The funds of the Charity include restricted funds comprising the following unexpended balances of grants and donations held on trust for specific purposes.

	At 1 April 2007 £	Incoming Resources £	Resources Expended £	Transfers £	At 31 March 2008 £
Restricted funds					
Building refurbishment and equipment	355,120	-	(68,041)	3,846	290,925
Housing	-	315,906	(303,409)	(12,497)	-
School	-	80,300	(80,300)	-	-
Youth	-	216,835	(185,212)	(3,846)	27,777
Total restricted funds	355,120	613,041	(636,962)	(12,497)	318,702
Endowment funds	645,550	-	(320,643)	-	324,907
Unrestricted funds	19,501	592,948	(614,644)	12,497	10,302
Total funds	1,020,171	1,205,989	(1,572,249)	-	653,911

The funds held are:

Restricted funds

Building refurbishment and equipment fund consists of income received from grant making bodies to purchase fixed assets for the various projects and the initial fit out of our main site, 221 Walmer Road. Depreciation relating to these specific assets is charged to the fund. The transfer to this fund during the year represents youth grant income expended on tangible fixed assets.

Housing funds represent the Supporting People service level agreement with the local borough. Under this agreement support workers assist the young people assigned to them. The transfer from this fund during the year represents general support costs that are permitted to be charged against this contract.

School funds represent income received to fund the costs in so far as they relate to the provision at the Walmer Road School.

Youth funds represent income used to finance a variety of youth projects and schemes such as cookery courses, arts projects, life skills courses, drug and sex education classes and salaries of youth workers to undertake the various youth sessions and activities.

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15. Funds (continued)

Endowment fund

The funds transferred from Portobello Houseshare, Portobello Trust Limited and The Rugby Clubs on 12th January 2004 included funds amounting to £820,079 which were donated as expendable endowments. These are expended as required for the charitable activities of the Charity with the balance being maintained in an interest bearing short term deposit account. Whilst these funds are shown separate from unrestricted reserves, the fact that they are expendable means that they are unrestricted reserves.

Unrestricted funds

These represent the free funds of the Charity which are not restricted as designated for a particular purpose.

Restatement of opening funds

Opening funds have been restated following refinement during the current year of the correct allocation of funds at 1 April 2007. These refinements include the correct allocation of accumulated depreciation against restricted building refurbishment and equipment, as well as anticipated restricted funds not materialising in the year as predicted.

	Previously Reported At 1 April 2007 £	Prior Year Adjustment £	Restated At 1 April 2007 £
Restricted funds			
Building refurbishment and equipment	280,251	74,869	355,120
Housing	25,619	(25,619)	-
School	(70,839)	70,839	-
Youth	(56,122)	56,122	-
Total restricted funds	178,909	176,211	355,122
Endowment funds	820,079	(174,529)	645,550
Unrestricted funds	21,183	(1,682)	19,501
Total funds	1,020,171	-	1,020,171

16. Analysis of Net Assets between Funds

	Restricted Funds £	Endowment £	Unrestricted Funds £	Total £
Tangible fixed assets	290,925	-	46,566	337,491
Current assets	27,777	324,907	105,218	457,902
Creditors	-	-	(141,482)	(141,482)
Net assets - 31 March 2008	318,702	324,907	10,302	653,911

The Rugby Portobello Trust

17. Post balance sheet events

Subsequent to the year end the legal title of freehold properties owned by The Rugby Clubs, one of the three original combining charitable organisations whose activities were merged to form the Charity's operations, have been formally transferred to the Charity. As such these assets will be recognised in the statement of financial activities for the year ending 31 March 2009 at estimated market value at the date of transfer, as per the accounting and reporting by charities Statement of Recommended Practice.