

Groundwork Devon and Cornwall
(A Company Limited by Guarantee)

Report and Financial Statements

31 March 2006

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Report of the trustees for the year ended 31 March 2006

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2006.

Reference and administrative details

Charity number:	1008537
Company number:	2632905
Principal Office:	First Floor, Lyster Court, Queen Alexandra Square, The Millfields, Plymouth, PL1 3JB
Registered Office:	Ballard House, West Hoe Road, Plymouth. PL1 3AE
Auditors:	Ernst & Young LLP, Broadwalk House, Southernhay West, Exeter, EX1 1LF
Bankers:	Barclays Bank plc, 19 Princess Street, Plymouth, PL1 2HA
Solicitors:	Bond Pearce, Ballard House, West Hoe Road, Plymouth. PL1 3AE

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and since the year end were as follows:

Mr M A West - Chairman	Nominated by The Evening Herald
Mr M P Gilbert*	
Mr N Godefroy*	
Mr C Varcoe	Nominated by Imerys Minerals
Cllr P W Hitchins	Nominated by South Hams District Council
Cllr B A Lister*	Nominated by Cornwall County Council (resigned 9 December 2005)
Ald. D Dicker*	Nominated by Plymouth City Council
Cllr S Hooper	Nominated by Caradon District Council
Cllr D Bray	Nominated by Plymouth City Council
Cllr C Stocks	Nominated by Torbay Council
Mr J M Crow	
Cllr F Knight*	
Cllr E Parkin	Nominated by Cornwall County Council (appointed 9 December 2005)
Mr J Goulden*	(appointed 28 May 2006)

*These trustees served on the Finance and Personnel Sub-Committee.

Executive Director	Mr C J Toogood
Company Secretary	Bondlaw Secretaries Limited, Ballard House, West Hoe Road, Plymouth. PL1 3AE

Report of the trustees for the year ended 31 March 2006

Reference and administrative details - continued

Members:	The Groundwork Federation
	Plymouth City Council
	Devon County Council
	Caradon District Council
	South Hams District Council
	Evening Herald
	Blue Circle Industries plc
	Imerys Minerals
	Cornwall County Council

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Groundwork Devon and Cornwall changed its name from Plymouth Area Groundwork Trust on 17 March 2006. It is a company limited by guarantee governed by its Memorandum and Articles of Association dated 26 July 1991 and amended to allow for current arrangements on 19 July 1996, 24 October 1997, 16 July 1999 and 10 February 2006. It is registered with the Charity Commission. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Appointment of Trustees

Each member organisation has the right to nominate a trustee (as shown on pages 1 and 2). Plymouth City Council, Devon County Council, Cornwall County Council, Caradon District Council and South Hams District Council are each able to nominate a trustee, three are nominated by private sector sponsors and additional trustees are co-opted for their specialist experience. The organisations nominate a replacement representative when their serving trustee resigns. The Board invites suitable individuals to become trustees when a co-opted vacancy occurs. The Chairman, Vice Chairman and members of the sub-committees are elected by the Board when a vacancy occurs.

Trustee Induction and Training

New trustees undergo an induction process which briefs them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity. They also meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisation

The board of trustees, which can have up to 18 members, administers the charity. The board meets quarterly and there is a sub-committee covering Finance and Personnel matters. An Executive Director is appointed by the trustees to manage the day-to-day operations of the charity. The Executive Director is assisted by an Operations Management Team to cover operational matters including, finance, employment and operation and project management.

Related parties

The company is part of the Groundwork Federation of Trusts in England, Wales and Northern Ireland, and works with their partners to improve the quality of the local environment, the lives of local people and the success of local businesses in areas in need of investment and support. The members who are in partnership with the company are detailed above.

Report of the trustees for the year ended 31 March 2006

Related parties - continued

The charity's wholly owned subsidiary, Groundwork Southwest Enterprises Limited, was established to engage in consultancy, environmental review, ground maintenance and other commercial activities. It also engages in activities which are similar to those of the charity, but which are performed outside of the charitable area of the Trust.

Risk management

The trustees have a risk management strategy which comprises:

- An annual review of the risks that the charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan; and
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The strategy has identified only a few minor risks, other risks being either eliminated or controlled.

OBJECTIVES AND ACTIVITIES

The objects of the charity are to work in partnership with people in Devon and Cornwall to enable them to care for their local environment and create a better place in which to live and work. It operates within a number of local authority areas – with most activity being delivered in Plymouth, Torbay, Caradon and Restormel.

To enable these aims to be met, project officers work closely with these Local Authorities, community groups and other relevant partner organisations. There have been no material changes in these policies since the last report.

In 2005/06 the Trust delivered a wide range of social, economic and environmental regeneration projects predominantly in Torbay, Plymouth, Caradon and Restormel. These projects can be grouped into six Groundwork themes: Community, Youth, Education, Land, Business and Employment.

ACHIEVEMENTS AND PERFORMANCE

During 2005/06 the Trust successfully delivered a wide range of projects across its area of operations. Highlights include:

Community:

- Horticultural Healing – using horticulture to help people to recover from mental health illness.
- Stonehouse Action – supporting the residents group to develop and implement regeneration plans for the neighbourhood.
- High Rise Recycling – introducing recycling into high rise blocks in five deprived neighbourhoods in Plymouth.
- Finding Common Ground – exploring the barriers and opportunities to enable more urban families to access the countryside.
- Blatchcombe Community Development – running programme of projects ranging from youth inclusion to community clean ups, supported by a comprehensive community training package.

Youth:

- Youth Works – providing support and opportunities for young people in the deprived neighbourhoods of North Prospect (Plymouth) and St Blazey (Restormel).
- Burrows Home Work Club – providing a safe place for primary school children to go after school and complete their homework.

Report of the trustees for the year ended 31 March 2006

ACHIEVEMENTS AND PERFORMANCE - continued

Land:

- Caradon Wildspace – increasing public access and understanding of local nature reserves in Caradon.
- Barclays Spaces for Sports – provided multi-use games areas in Liskeard, Bugle, Torbay and a skate park in Tavistock.
- Neighbourhood improvements – provided a range of environmental improvements including parks and footpaths in St Stephen, St Blazey, around the Eden Project, Keyham in Plymouth, Torbay and in Truro.
- Landscape Maintenance – the Horticultural Contracts Team continued to maintain a wide range of sites across Plymouth and Saltmill Park in Saltash.
- Plymouth Local Nature Reserves – The Trust continued to run a team of volunteers undertaking a range of conservation work across the Local Nature Reserves.

Education:

- The Trust continued to provide advice and support for schools in Plymouth.

Business:

- Envision Cornwall and Devon – providing cost saving and environmental management advice to small and medium sized enterprises (SMEs).
- Envision Training – providing employees with certificated training in environmental awareness and management skills.

Employment:

- Our two Intermediate Labour Market employment programmes achieved good results in enabling people in Plymouth to get back into work.

Achievements:

This wide range of activities resulted in the following achievements:

- We planted 2,132 trees.
- We improved 335,723 square metres of land
- We maintained 1,074,875 square metres of land.
- In terms of people actively involved in projects, we achieved 2,237 young person days and 3,800 adult person days.
- We involved 33 schools and 145 businesses with Groundwork.
- We created 55 jobs and provided 558 training weeks.
- We progressed 185 projects

Following an appraisal of future opportunities for the Trust and the changing external operating environment, we undertook a restructuring of the organisation to enable the Trust to focus on its core business and reduce higher risk areas of work. As a result the Trust closed down its Horticultural Contracts Team and changed the focus of the employment programme to work with people on incapacity benefit rather than those on job-seekers allowance.

Report of the trustees for the year ended 31 March 2006

FINANCIAL REVIEW

The operations of the Trust during the year resulted in net incoming unrestricted funds after transfers of £42,099 in 2006 (2005: net incoming £2,655).

Overall net incoming resources were £51,600 in 2006 (2005 : £276,443 outgoing resources). The principle funding sources are shown in note 4 to the accounts.

All grants received are applied to producing high quality sustainable projects, with a contribution to support and development costs which are paid for partly by income from the Office of the Deputy Prime Minister, Local Authorities and local private companies.

As mentioned above the Trust closed down its Horticultural Contracts Team. As a consequence the Trust's trading subsidiary incurred a loss in the year which resulted in its balance sheet showing an adverse position of £4,030 as at 31 March 2006. The trustees have given careful consideration to the future of the trading subsidiary and are satisfied that the adverse position will be reversed. Future plans should enable this activity to generate profits in the future which will be GiftAided to the charity.

The total unrestricted funds carried forward are £129,469 (2005 : £87,370).

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees wish.

The trustees, having regard to the liquidity requirements and to the reserves policy have operated a policy of keeping available funds in an interest bearing deposit account and seek to achieve the best possible rate of interest.

Reserves policy

The charity's trustees have reviewed the Reserves Policy and agreed that a reasonable level of unrestricted reserves are required for the following reasons:

- To absorb short term set backs such as loss or delays in funding
- To finance working capital needs, such as delays in receipts and to fund the time delays between developing projects, obtaining approval and funds being received
- To cover the working capital requirement to fund the usual retrospective nature of the programme funding which can result in considerable timing differences between expenditure and receipt of funds
- To cover the cost of investing in staff training and development in order to improve and develop new services for the Trust
- To cover the cost of developing new services, such as communications, research and quality business information systems
- To set aside funds for appropriate capital assets such as IT and other equipment
- To provide funding to cover any unforeseen down turn in activity, allowing alternative activity to be generated and/or planned down-sizing of activity.

In assessing a reasonable target value for unrestricted reserves, the Trustees consider that the charity should hold sufficient 'free reserves' i.e., those unrestricted funds not committed or invested in tangible fixed assets in the region of 4-6 months of our running costs. As at 31 March 2006 unrestricted reserves stood at £129,469 and the Trustees aim to build this over the medium term.

Report of the trustees for the year ended 31 March 2006

Reserves policy (continued)

In reaching this decision the Trustees are conscious of the need to act responsibly as a charity and to avoid the creation or retention of unnecessary surpluses for which there is no future planned requirement or that bear no relation to our charitable aims. It is the Charity's intention to ensure adequate reserves to operate effectively with our principle aim being to successfully deliver our charitable objectives. It is our intention to develop our Business Plan to include the planned and managed growth of unrestricted reserves.

Plans for future periods

The Trust continues to deliver the wide range of projects as it did in 2005/06. New projects include:

- Barclays Spaces for Sports – Multi-use games area in Newlyn, Astroturf bowling green in Hayle, refurbished tennis courts in Devonport, and Plymouth.
- Past on Your Doorsteps, Future in your Hands – Education project looking at the impact of the Navy and Dockyard on the environment of Plymouth.
- Twilight Sports – Provision of sports and coaching in deprived neighbourhoods in Plymouth
- Meadows – construction of a local skate park in St Austell
- Mayfield Park – provision of a Multi-use games area, play areas and art work in Newquay
- Landscape Design Consultancy – the Trust employs a full-time Chartered Landscape Architect who is providing advice to a range of organisations.
- Lostwithiel – supporting the town forum to provide improvements to the nature reserve adjacent to the River Fowey.
- Torbay – delivery of sports development programme for young people. Ongoing work on development of Torbay's Voluntary and Community Sector infrastructure.
- Devon – supporting development of Decoy Skatepark in Newton Abbott. Ongoing development work with South Hams District Council and West Devon Borough Council.
- EBS – setting up of marine industry Resource Efficiency Club. Completion of Green Industrial Estates pilot study.

Development areas include:

- The Trust is aiming to secure work in districts it has not previously worked in as well as increasing the level of activity in its existing area of operation.
- Research the potential for the Trust to own its own office (or offices).
- Increase the Trust's involvement with County Councils, voluntary sector partnerships, local strategic partnerships and local area agreements.
- Land at Saltash in Cornwall measuring 4.8 acres is being gifted to the Trust. The Trust is researching the potential uses of this land, including the possibility of a controlled growing unit.
- The Trust is undertaking discussions with Plymouth City Council regarding the possible management and operation of the Greenhouse Visitor Centre. The Centre is a facility for raising public awareness about waste management, about the opportunities that exist to recover additional value from waste, including energy from waste, and about the need for waste minimisation and recycling.

In addition, the Trust will continue to:

- Support the Groundwork South West team to deliver projects outside of Devon & Cornwall.
- Improve the Trust's marketing and client relationships.

Report of the trustees for the year ended 31 March 2006

Completeness of information to auditors

So far as each Trustee listed on page 1 above is aware:-

- There is no relevant audit information of which the company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



M A West – Chairman
for and on behalf of the Trustees
Date 22-09-06.

Statement of trustees' responsibilities in respect of the financial statements

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charity and the group as at the end of the period, and of the group's financial activities during the period then ended. In preparing those financial statements, 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 applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and which enable them to ensure that the financial statements comply with the Charities Act 1993. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditors' report

to the members of Groundwork Devon and Cornwall (A Company Limited by Guarantee)

We have audited the company's financial statements for the year ended 31 March 2006 which comprise the Consolidated Statement of Financial Activities incorporating an Income and Expenditure Account, Consolidated Balance Sheet, Company Balance Sheet and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

Respective responsibilities of trustees and auditors

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and that the information given in the directors' report is consistent with the financial statements.

We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of Groundwork Devon and Cornwall (A Company Limited by Guarantee)
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the charitable company and of the group as at 31 March 2006 and of the incoming resources and application of resources of the group, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the trustees' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Exeter
13 October 2006

Consolidated statement of financial activities incorporating an income and expenditure account

for the year ended 31 March 2006

		<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total 2006</i>	<i>Restated Total 2005</i>
	<i>Note</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Incoming resources					
Incoming resources from generated funds					
Voluntary Income	2	60,265	-	60,265	38,727
Activities for generating funds	2	92,907	-	92,907	91,472
Investment income	2	5,729	-	5,729	6,892
Incoming resources from charitable activities	4	92,650	1,441,431	1,534,081	1,812,563
Total incoming resources		251,551	1,441,431	1,692,982	1,949,654
Resources expended					
Cost of generating funds					
Fundraising trading costs	3	124,746	-	124,746	98,467
Charitable activities	4	76,662	1,425,861	1,502,523	2,112,075
Governance costs	5	14,113	-	14,113	15,555
Total resources expended		215,521	1,425,861	1,641,382	2,226,097
Net incoming/(outgoing) resources before transfers	17	36,030	15,570	51,600	(276,443)
Transfers between funds	17	6,069	(6,069)	-	-
Net incoming/(outgoing) resources in the year (also net income/(expenditure) for the year)		42,099	9,501	51,600	(276,443)
Net movement in funds		42,099	9,501	51,600	(276,443)
Fund balances brought forward at 1 April 2005		87,370	221,293	308,663	585,106
Fund balances carried forward at 31 March 2006		129,469	230,794	360,263	308,663

The statement of financial activities includes all gains and losses recognised in the year.

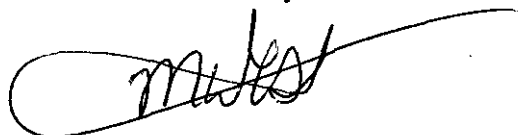
All incoming resources and resources expended derive from continuing activities.

Consolidated and charity balance sheet

at 31 March 2006

	Note	2006 £	Group 2005 £	2006 £	Charity 2005 £
Fixed assets					
Tangible assets	9	68,743	104,911	68,743	104,911
Investments	10	-	-	100	100
		<u>68,743</u>	<u>104,911</u>	<u>68,843</u>	<u>105,011</u>
Current assets					
Debtors	12	291,779	525,408	297,369	525,352
Cash at bank and in hand		208,382	264,858	206,879	264,491
		<u>500,161</u>	<u>790,266</u>	<u>504,248</u>	<u>789,843</u>
Creditors: amounts falling due within one year	13	206,016	580,968	206,073	599,818
Net current assets		<u>294,145</u>	<u>209,298</u>	<u>298,175</u>	<u>190,025</u>
Total assets less current liabilities		<u>362,888</u>	<u>314,209</u>	<u>367,018</u>	<u>295,036</u>
Creditors: amounts due after more than one year					
Hire purchase	14	2,625	5,546	2,625	5,546
Total net assets		<u>360,263</u>	<u>308,663</u>	<u>364,393</u>	<u>289,490</u>
Funds					
Unrestricted funds	21/22	129,469	87,370	133,599	68,197
Restricted	17/21/22	230,794	221,293	230,794	221,293
Total funds		<u>360,263</u>	<u>308,663</u>	<u>364,393</u>	<u>289,490</u>

These financial statements were approved by the board of trustees on 22 September 2006 and were signed on its behalf by:



M West
Chairman

Notes to the financial statements

for the year ended 31 March 2006

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK accounting standards and the Companies Act 1985. Comparatives have been restated for the implementation of SORP 2005 however there is no impact on the net outgoing resources for the comparative period.

Group financial statements

These financial statements consolidate the results of the charity and its wholly owned subsidiary Groundwork South West Enterprise Limited. In accordance with Section 230(4) of the Companies Act 1985 and paragraph 397 of SORP 2005, Groundwork Devon and Cornwall (A Company Limited by Guarantee) has taken advantage of the exemptions and has not presented a separate Statement of Financial Activities.

Fund accounting

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

Restricted funds are funds subject to specific restrictive conditions imposed by funders or by the purpose of the grant. The purpose and use of the restricted funds is set out in note 17 to the financial statements.

All income and expenditure is shown in the Statement of Financial Activities on page 11.

Incoming resources

Revenue based grants are credited to the Statement of Financial Activities in the period to which they relate.

Voluntary income including donations, gifts and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Income from commercial trading activities is recognised as earned (as the related goods and services are provided).

Investment income is recognised on a receivable basis.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when:

- Performance related grants are received in advance of the performances or event to which they relate.

Notes to the financial statements

for the year ended 31 March 2006

1. Accounting policies (continued)

Gifts in kind

Gifts in kind are valued in the accounts.

Resources expended

The cost headings comprise expenditure, including staff costs, directly attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources.

Support costs comprise all services supplied centrally identifiable as wholly or mainly in support of charitable expenditure and include an appropriate proportion of general overheads.

Central overheads are allocated on the basis of their use with the aim of ensuring that those costs remaining within the administration relate to the management of the Trust's assets, organisational administration and compliance with constitutional and statutory requirements.

Capital grants

Capital based government grants are included within restricted funds in the balance sheet and credited to trading income over the estimated useful economic life of the assets to which they relate.

Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard No 1 on the grounds of its size.

Stock and work in progress

Resources expended on incomplete projects have been incorporated within the SOFA under the accruals concept. These costs have been matched with incoming resources received in the following period and hence no work in progress has been recorded at the year end.

Pension costs

The company operates a defined contributory personal pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged represents the contributions payable to the scheme in respect of the accounting period.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the income and expenditure account, and the capital element which reduces the outstanding obligation for future payments.

All other leases are accounted for as "operating leases" and rental charges are charged to the Statement of Financial Activities on a straight line basis over the life of the lease.

Notes to the financial statements

for the year ended 31 March 2006

1. Accounting policies (continued)

Fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided by the company on a reducing balance basis to write off the cost of tangible fixed assets over their estimated useful economic lives as follows:

Motor vehicles	-	25%
Furniture and fittings	-	20%
Tools and Equipment	-	25%
Computers	-	40%

Restricted funds

These are funds which can only be applied for particular purposes. The restriction may apply to the use of income or capital or both. Income generated from assets held in a restricted fund will be subject to the same restriction unless either the terms of the original restriction specifically say otherwise or the restricted fund is an endowment fund, the income of which is expendable at the discretion of the trustees.

Unrestricted funds

These funds are available to the trustees to apply for the general purposes of the charity as set out in its governing document. The trustees are free to use these funds for any of the charity's purposes. Income generated from assets held in an unrestricted fund will be unrestricted income.

The trustees may set aside part of the charity's unrestricted funds to be used for particular purposes in the future. Such sums are described as "designated funds" and should be accounted for as part of the charity's unrestricted funds. The trustees have the power to reallocate such funds within the unrestricted funds unless and until expended.

2. Incoming resources from generated funds

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total 2006</i>	<i>Total 2005</i>
	£	£	£	£
Voluntary income				
Grants for core funding	60,265	-	60,265	38,727
Activities for generating funds				
Fundraising trading income	92,907	-	92,907	91,472
Investment income				
Bank interest	5,729	-	5,729	6,892

3. Cost of generating funds

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total 2006</i>	<i>Total 2005</i>
	£	£	£	£
Fundraising trading costs				
Staff costs	74,397	-	74,397	75,569
Premises and other costs	50,349	-	50,349	22,898
	124,746	-	124,746	98,467

Notes to the financial statements

for the year ended 31 March 2006

4. Charitable activities

	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>Total 2006 £</i>	<i>Total 2005 £</i>
<i>Income was received for:</i>				
Community projects	-	581,035	581,035	368,669
Land projects	-	153,484	153,484	300,376
Employment projects	70,323	17,638	87,961	224,957
Education projects	-	7,478	7,478	155,955
Business projects	-	316,900	316,900	341,443
Youth projects	-	84,853	84,853	118,689
Regional projects	22,327	153,261	175,588	258,805
Other	-	126,782	126,782	43,669
	<u>92,650</u>	<u>1,441,431</u>	<u>1,534,081</u>	<u>1,812,563</u>
<i>Income from projects was provided by:</i>				
Central Government	34,884	333,183	368,067	524,112
Public agencies	22,353	273,412	295,765	200,893
Local authorities	34,896	230,098	264,994	401,418
European Union	-	158,644	158,644	279,662
National Lottery	-	40,075	40,075	37,198
Private sector	517	406,019	406,536	369,280
	<u>92,650</u>	<u>1,441,431</u>	<u>1,534,081</u>	<u>1,812,563</u>
<i>Expenditure on projects</i>				
Community projects	-	586,055	586,055	398,643
Land projects	8,000	180,449	188,449	521,260
Employment projects	36,055	18,353	54,408	247,829
Education projects	18,814	7,361	26,175	162,190
Business projects	-	270,564	270,564	331,259
Youth projects	-	88,654	88,654	136,150
Regional projects	13,793	146,397	160,190	258,805
Other	-	128,028	128,028	55,939
	<u>76,662</u>	<u>1,425,861</u>	<u>1,502,523</u>	<u>2,112,075</u>

Notes to the financial statements

for the year ended 31 March 2006

4. Charitable activities – continued

Expenditure on projects comprised

	<i>Direct cost of activities</i>	<i>Grant funding of activities</i>	<i>Support costs</i>	<i>Total 2006</i>	<i>2005</i>
	£	£	£	£	£
Community projects	446,141	-	139,914	586,055	398,643
Land projects	150,471	-	37,978	188,449	521,260
Employment projects	45,203	-	9,205	54,408	247,829
Education projects	23,802	-	2,373	26,175	162,190
Business projects	205,935	-	64,629	270,564	331,259
Youth projects	57,421	-	31,233	88,654	136,150
Regional projects	158,266	-	1,924	160,190	258,805
Other	125,644	-	2,384	128,028	55,939
	<u>1,212,883</u>	<u>-</u>	<u>289,640</u>	<u>1,502,523</u>	<u>2,112,075</u>

5. Governance costs

Trustees expenses	113	-	113	55
Audit fees	14,000	-	14,000	15,500
	<u>14,113</u>	<u>-</u>	<u>14,113</u>	<u>15,555</u>

6. Staff costs

	<i>2006</i>	<i>2005</i>
	£	£
Salaries and wages	696,952	682,695
Social security costs	61,553	74,471
Pension costs	12,626	19,422
	<u>771,131</u>	<u>776,588</u>

The average number of employees on the payroll was 46 (2005 – 52).

The average number of employees during the year, calculated on the basis of full time equivalents was as follows:

	<i>2006</i>	<i>2005</i>
	No.	No.
Chief Executive	1	1
Project staff	25	29
Administration and support	7	11
	<u>33</u>	<u>41</u>

There were no employees whose emoluments exceeded £60,000 in the year (2005 - none).

Notes to the financial statements

for the year ended 31 March 2006

7. Trustees

Trustees were not remunerated for any services in the year.

During the year 1 trustee was reimbursed for travel costs amounting to £113 (2005 - 1 trustee £55 for travel costs.)

8. Net incoming/(outgoing) resources before transfers

	2006 £	2005 £
The net incoming / (outgoing) resources before transfers is stated after charging / (crediting)		
Depreciation	20,823	30,322
Loss on disposals of owned assets	8,260	-
Auditors remuneration - audit services	13,000	12,000
- non audit services	1,000	3,500
Operating lease rentals - plant and machinery	3,691	3,176
- land and buildings	23,000	23,000

9. Tangible fixed assets

Group and Charity

	Tools & equipment £	Fixtures & fittings £	Computer equipment £	Motor vehicles £	Total £
Cost:					
At 1 April 2005	57,233	76,895	99,229	101,048	334,405
Additions	3,500	-	-	2,700	6,200
Disposals	(20,421)	-	-	(63,188)	(83,609)
At 31 March 2006	40,312	76,895	99,229	40,560	256,996
Depreciation:					
At 1 April 2005	43,448	33,610	82,278	70,158	229,494
Charge for the year	4,159	5,608	6,783	4,273	20,823
Eliminated on disposals	(14,699)	-	-	(47,365)	(62,064)
At 31 March 2006	32,908	39,218	89,061	27,066	188,253
Net book value:					
At 31 March 2006	7,404	37,677	10,168	13,494	68,743
At 31 March 2005	13,785	43,285	16,951	30,890	104,911

Included in motor vehicles is an asset held under a finance lease with a net book value of £7,136 as at 31 March 2006. Depreciation of £2,379 was charged during the year on this asset.

Notes to the financial statements

for the year ended 31 March 2006

10. Investments

	2006	2005
	£	£
Investment in subsidiary at cost	100	100

11. Subsidiary company

	<i>Principal activity</i>	<i>Holding</i>	<i>Proportion held</i>
Groundwork South West Enterprises Limited	Environmental projects, consultancy, environmental reviews and ground maintenance services	Ordinary shares	100%

Results and net assets of trading subsidiary

	2006	2005
	£	£
Turnover	263,839	499,150
Administrative expenses	287,143	504,900
Operating loss	(23,304)	(5,750)

	2006	2005
	£	£
Retained loss for year	(23,304)	(5,750)
Retained profits brought forward	19,174	24,924
Retained (loss)/profit carried forward	(4,130)	19,174

	2006	2005
	£	£
Assets	1,560	19,274
Liabilities	(5,590)	-
Total net (liabilities)/assets	(4,030)	19,274
Share capital and reserves	(4,030)	19,274

Notes to the financial statements

for the year ended 31 March 2006

12. Debtors

	<i>Group</i>		<i>Charity</i>	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	153,162	299,703	153,162	299,703
Amount due from subsidiary undertaking	-	-	5,590	-
Other debtors	20,144	9,280	20,144	9,224
Accrued income	118,473	216,425	118,473	216,425
	<u>291,779</u>	<u>525,408</u>	<u>297,369</u>	<u>525,352</u>

13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Charity</i>	
	2006	2005	2006	2005
	£	£	£	£
Trade creditors	156,496	288,542	156,496	288,542
Amounts due to subsidiary undertaking	-	-	-	18,850
Other creditors	46,344	281,784	46,401	281,784
Obligations under finance leases and hire purchase contracts	3,176	10,642	3,176	10,642
	<u>206,016</u>	<u>580,968</u>	<u>206,073</u>	<u>599,818</u>

14. Creditors: amounts falling due after more than one year

	<i>Group</i>		<i>Charity</i>	
	2006	2005	2006	2005
	£	£	£	£
Obligations under finance leases and hire purchase contracts	2,625	5,546	2,625	5,546
	<u>2,625</u>	<u>5,546</u>	<u>2,625</u>	<u>5,546</u>

15. Obligations under leases and hire purchase contracts

	<i>Group</i>		<i>Charity</i>	
	2006	2005	2006	2005
	£	£	£	£
Amounts payable:				
Within one year	3,176	3,176	3,176	3,176
After more than one year but less than five years	2,625	5,546	2,625	5,546
After more than five years	-	-	-	-
	<u>5,801</u>	<u>8,722</u>	<u>5,801</u>	<u>8,722</u>

Notes to the financial statements

for the year ended 31 March 2006

16. Annual commitments under non-cancellable operating leases are as follows

	2006		2005	
	<i>Land and Buildings</i>	<i>Other</i>	<i>Land and Buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire:				
Within one year	-	590	-	725
In two to five years	-	5,361	-	4,912
In over five years	23,000	-	23,000	1,045
	<u>23,000</u>	<u>5,951</u>	<u>23,000</u>	<u>6,682</u>

17. Movement in restricted funds

Project	Code	At 1 April 2005	Incoming resources	Outgoing resources	Transfer to/(from) Unrestricted fund	At 31 March 2006
		£	£	£	£	£
Taviskate	01	-	25,639	(25,432)	-	207
Link Up	03	104	-	(104)	-	-
North Prospect Evaluation	07	1,696	119	(1,815)	-	-
Caradon Local Nature Reserve.	08	-	27,748	(27,748)	-	-
Plym Valley Cycle Track	10	355	-	-	(355)	-
Consultancy	11	-	12,618	(12,618)	-	-
Envision	14	12,668	98,779	(99,523)	(11,924)	-
Sculpture Trail Feasibility Study	15	-	4,646	(4,646)	-	-
Supergrounds	16	-	1,875	(1,875)	-	-
Local Nature Reserves	17	-	19,154	(19,154)	-	-
Victoria Park	18	-	30,348	(26,692)	-	3,656

Notes to the financial statements

for the year ended 31 March 2006

17. Movement in restricted funds (continued)

Design Our Space	19	-	37	(37)	-	-
Ford Park Cemetery	20	383	11,255	(11,638)	-	-
Horticultural Healing	22	9,396	83,283	(80,663)	-	12,016
Our Place Our Future	25	-	-	582	-	582
Torbay Development	26	-	36,555	(36,555)	-	-
SRB Comm Development	27	5,266	-	-	(5,266)	-
Bay Walks	29	-	5,088	(5,088)	-	-
Torquay Small Grants	30	-	(11,476)	-	11,476	-
Restormel Development	33	17,625	29,003	(46,628)	-	-
East Cornwall Waste Min	34	-	7,000	(162)	-	6,838
Restormel Youthworks	35	-	32,873	(32,873)	-	-
Living Spaces	39	745	528	(1,273)	-	-
South West Wood Fuels	40	715	17,638	(18,353)	-	-
Health Action Zone	46	7,000	-	-	-	7,000
Sure Start	49	50,163	-	(49,739)	-	424
Newquay Waste Min	56	2,288	-	(1,691)	-	597
North Prospect Youthworks	60	59,899	35,492	(37,053)	-	58,338
Plymouth Development	62	-	76,083	(76,083)	-	-
Saltmill Enhancements	64	-	678	(678)	-	-
Rendel Park	65	-	1,733	(1,733)	-	-
EBS Development Cornwall	66	-	367	(367)	-	-
Creakavose Green	69	-	9,381	(8,321)	-	1,060
Eden Trails	70	15,311	-	(14,616)	-	695
Monastery Woods	71	68	50	(50)	-	68
FPC Discovery Trail	72	11,813	3,781	(15,594)	-	-
Link Up Resource Centre	73	361	-	(361)	-	-

Notes to the financial statements

for the year ended 31 March 2006

17. Movement in restricted funds (continued)

Upton Sports	75	100	(100)	-	-	-
Brixham Skate Park	78	249	5,000	(5,018)	-	231
St Blazey	80	-	3	(3)	-	-
Operation Gate It!	81	165	500	(500)	-	165
Countryside Agency	82	11,030	51,244	(56,591)	-	5,683
City Pride (Devonport)	83	-	41,000	(3,481)	-	37,519
City Pride (North Prospect)	84	-	137	(137)	-	-
Torbay Sports	85	3,000	-	(3,000)	-	-
Aggregates Twinning	88	-	714	(714)	-	-
Operation Gate It! (Plymouth)	90	500	538	(1,038)	-	-
Stonehouse Action	91	-	86,537	(86,537)	-	-
Plymouth Recycling Project	92	2,394	62,414	(64,808)	-	-
Education Projects	93	-	4,345	(4,345)	-	-
Youth Works Regional Programme	94	1,400	602	(2,002)	-	-
Bike Plus	95	722	-	(722)	-	-
From Youth For Youth	96	-	780	(780)	-	-
Piggy Alley	97	1,577	7,000	(8,214)	-	363
DCHA Truro	98	-	5,956	(5,956)	-	-
Change Up Torbay	100	-	12,503	(12,503)	-	-
Restormel Development	101	-	10,203	(10,203)	-	-
Blatchcombe Community Development	104	-	51,321	(51,321)	-	-
Healthy Eating Calendar Competition	105	-	1,371	(1,371)	-	-
Barton Downs	106	-	29,020	(29,020)	-	-
LSC Envision Training	110	-	82,823	(43,765)	-	39,058
Rapsons Fields	111	-	26,254	(26,254)	-	-
Summer Activity	112	-	1,194	(1,194)	-	-

Notes to the financial statements

for the year ended 31 March 2006

17. Movement in restricted funds (continued)

Homework Club	113	-	1,570	(1,570)	-	-
Operation Gate It! Happaway / Brixham	115	-	12,141	(7,902)	-	4,239
Operation Gate It! Ellacombe	116	-	12,000	(10,957)	-	1,043
Mevagissey	117	-	33,225	(33,225)	-	-
South Hams Development	119	-	438	(438)	-	-
Bugle Sports Area	122	-	21,196	(21,196)	-	-
St. Peters School Food Project	124	-	1,762	(1,762)	-	-
Envision Cornwall	125	-	37,586	(37,586)	-	-
Envision Plus	126	-	59,198	(59,198)	-	-
Lemon Frog	127	-	5,838	(5,838)	-	-
Mantle Gardens	128	-	30,000	(680)	-	29,320
NPM Pilot Programme	129	-	2,320	(2,320)	-	-
Meadows Skate Park	130	-	2,195	(2,195)	-	-
Torpoint Skate park	131	-	2,247	(2,247)	-	-
Cary Park & Furzeham Development	132	-	4,000	(1,347)	-	2,653
Regional Networking	133	-	1,570	(1,570)	-	-
Landscape Consultancy	136	-	5,155	(5,155)	-	-
Carl Farrell Consultancy	137	-	4,980	(2,105)	-	2,875
Wild About Woolwell	138	-	81	(81)	-	-
Twilight Sports	142	-	91	(91)	-	-
Devonport Park Tennis Courts	143	-	341	(341)	-	-
Youth Action Activities	150	-	3,000	(3,000)	-	-
Sure Start Market Street	151	-	5,000	-	-	5,000
St Barnabas Church	152	-	602	(602)	-	-
Quality	902	-	19,510	(19,510)	-	-
Living Spaces Coordination	904	-	21,610	(21,049)	-	561

Notes to the financial statements

for the year ended 31 March 2006

17. Movement in restricted funds (continued)

Global Learning (DFID SGA)	905	-	4,709	(4,613)	-	96
National Education Conference	906	2,000	2,618	(4,618)	-	-
SW GIS Mapping	907	2,300	(778)	(1,522)	-	-
Dame Emily Park	908	-	26,000	(26,000)	-	-
Doddington MUGA	909	-	26,000	(26,000)	-	-
Buried Treasure	910	-	10,250	(10,000)	-	250
Redcliffe Triangle	911	-	10,000	(9,250)	-	750
SW Quality Champion	912	-	7,342	(604)	-	6,738
Making Atherington Active	913	-	26,000	(23,231)	-	2,769
Total		221,293	1,441,431	(1,425,861)	(6,069)	230,794

18. Directors' material interest in contracts

(i) Local Authority Directors

The Trust obtains a significant amount of its project work and funding from the Local Authority members, each of which nominated one of its Councillors as a Director of the Board. Plymouth City Council has a second, co-opted director on the Board and one Councillor from Cornwall County Council is a co-opted director. During the year, the Trust contracted Cornwall County Council and Devon County Council to provide services for projects.

All negotiations and contracts are transacted independently from the Local Authority directors. These directors have no personal interest in the contracts.

(ii) The Bailey Partnership

The Trust entered into contracts with The Bailey Partnership to provide Envision mentoring and support work and Amber Properties to provide groundwork services. Mr M A West is the managing partner of both partnerships. These contracts were offered in the normal course of business. He has no personal interest in the contract other than as managing partner. The Trust has an existing lease and maintenance agreement with Amber Properties.

<i>Name</i>	<i>Status</i>	<i>Value of transaction Sales/(Purchases)</i>	<i>Balance owed at year end</i>
Maurice West	Chairman	£(50,801.75)	£176.81
Maurice West	Chairman	(£3,346.82)	Nil

Notes to the financial statements

for the year ended 31 March 2006

19. Commitments

Commitments at the end of the financial year for which no provision has been made:

	Group		Charity	
	2006	2005	2006	2005
	£	£	£	£
Authorised but not contracted	-	-	-	-

20. Pension scheme

The company operates a funded, defined contribution, contributory personal pension scheme. At 31 March 2006, £Nil (2005: £Nil) of contributions were due to the scheme in respect of the company.

21. Reconciliation of movement of funds

Group	Balance	Movement	Balance
	1 April 2005		31 March 2006
	£	£	£
Unrestricted funds	87,370	42,099	129,469
Restricted funds	221,293	9,501	230,794
	308,663	51,600	360,263
<hr/>			
Charity	Balance	Movement	Balance
	1 April 2005		31 March 2006
	£	£	£
Unrestricted funds	68,197	65,402	133,599
Restricted funds	221,293	9,501	230,794
	289,490	74,903	364,393

All funds are raised and given for specific purposes on projects and are output related. These outputs incorporate fees, consultancies, project spend and implementation work. The conditions governing the income or grants restrict these funds and, when these conditions have been met, the earned income may become unrestricted and used as a contribution to the Trust's unrestricted funds. The Trust's unrestricted funds can be used, with the approval of the Trust's Board, to fund any expenditure relating to projects or general running costs which fall within the Trust's general aims and objectives.

Notes to the financial statements

for the year ended 31 March 2006

22. Analysis of group net assets between funds

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total 2006</i>
	£	£	£
Tangible fixed assets	68,743	-	68,743
Cash and other net current assets	63,351	230,794	294,145
Long term liabilities	(2,625)	-	(2,625)
	<u>129,469</u>	<u>230,794</u>	<u>360,263</u>