

263290S

**Groundwork Devon and Cornwall  
(A Company Limited by Guarantee)**

**Report and Financial Statements**

31 March 2007

TUESDAY



\*ABOVZU85\*

A20

30/10/2007

87

COMPANIES HOUSE

## Report of the trustees for the year ended 31 March 2007

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2007

### Reference and administrative details

<b>Charity number:</b>	1008537
<b>Company number:</b>	2632905
<b>Principal Office:</b>	First Floor, Lyster Court, Queen Alexandra Square, The Millfields, Plymouth, PL1 3JB
<b>Registered Office:</b>	Ballard House, West Hoe Road, Plymouth PL1 3AE
<b>Auditors:</b>	Ernst & Young LLP, Broadwalk House, Southernhay West, Exeter, EX1 1LF
<b>Bankers:</b>	National Westminster Bank plc, 6 St Andrews Cross, Plymouth, PL4 0WB
<b>Solicitors:</b>	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 C Varcoe	Nominated by Imerys Minerals
Cllr P W Hitchens	Nominated by South Hams District Council
Ald D Dicker*	Nominated by Plymouth City Council
Cllr M Leaves	Nominated by Plymouth City Council (appointed 25 May 2007)
Mrs S Hooper	
Cllr R Austin	Nominated by Caradon District Council (appointed 25 May 2007)
Cllr D Bray	Nominated by Plymouth City Council (resigned 25 May 2007)
Cllr C Stocks	Nominated by Torbay Council
Mr J M Crow	
Cllr F Knight*	
Cllr E Parkin	Nominated by Cornwall County Council
Mr J Goulden*	

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

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

## Report of the trustees for the year ended 31 March 2007

### Reference and administrative details - continued

**Members:** The Groundwork Federation  
Plymouth City Council  
Devon County Council  
Caradon District Council  
South Hams District Council  
Evening Herald  
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 2007

### 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 look after their local environment and create a better place in which to live and work.

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 2006/07 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 2006/07 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
- 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)
- Sports – providing sports development activities in Devonport and North Prospect (Plymouth) Newlyn, St Blazey, Bugle and Liskeard

## Report of the trustees for the year ended 31 March 2007

### ACHIEVEMENTS AND PERFORMANCE – CONTINUED

#### Land:

- Caradon Wildspace – increasing public access and understanding of local nature reserves in Caradon
- Spaces for Sports – providing multi-use games areas in Newlyn, Torquay and Paignton, an Astroturf bowling green in Hayle, skate parks in St Austell and Tavistock, and refurbishing tennis courts in Plymouth
- Neighbourhood improvements – delivering a range of environmental improvements including parks and footpaths in St Stephen
- 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:

- Past on Your Doorstep – an education project looking at the impact of the Navy and Dockyard on the environment of Plymouth.
- 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
- Marine Resource Efficiency Club – completing a feasibility study with a view to applying for South West RDA funding to work with the marine sector in Devon and Cornwall

#### Employment:

- Working with Granby Island Community Centre to deliver employment training for residents of Devonport, Plymouth

#### Achievements:

This wide range of activities resulted in the following achievements.

- We planted 3,201 trees
- We improved 47,048 square metres of land
- We maintained 2,010,837 square metres of land.
- In terms of people actively involved in projects, we achieved 2,434 young person days and 2,682 adult person days
- We involved 56 schools and 442 businesses with Groundwork.
- We carried out 64 environmental reviews
- We provided 566 training weeks
- We progressed 107 projects

## Report of the trustees for the year ended 31 March 2007

### ACHIEVEMENTS AND PERFORMANCE – CONTINUED

#### Quality control:

The Groundwork Federation has adopted the fundamental concepts of excellence, as set out in the European Foundation for Quality Management Excellence Model, setting a goal of meeting minimum standards right across the organisation. To meet these goals the Trust has invested in its staff, training them to become accredited advisers to support the 'business excellence through action' (betaplusTM) programme.

The Trust undertook its first beta+ assessment in September 2006, having worked to the BETA standard for the previous 4 years. The action plan was built into the Trusts integrated action plan (one action plan consolidating actions from BS8555, IIP, and PAR etc) which is reviewed on a monthly basis by the Trust's Management Team.

The Trust has been awarded the Investors in Excellence Commitment Marque with the intention of achieving the full award by 2009.

### FINANCIAL REVIEW

The operations of the Trust during the year resulted in net incoming unrestricted funds (after transfers from unrestricted funds) of £118,976 in 2007 (2006: net incoming £42,099). The trustees have designated £50,000 of those funds to a Building Fund which will be used towards the cost of acquiring a building for the trust whilst £30,000 has been designated to a Development Fund which will be used to develop new income streams to help support the longer term future of the charity. After allowing for the foregoing transfers, the unrestricted funds have increased by £38,976.

Overall net incoming resources after all transfers were £161,249 in 2007 (2006: £51,600 incoming resources). The principal 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 Department for Communities and Local Government, Local Authorities and local private companies.

The Trust's trading subsidiary traded profitably during the year. The small adverse position of £580 (2006: £4,030) shown in the balance sheet is expected to be eliminated early in the new financial year. 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 £248,445 (2006: £129,469) of which £80,000 (2006: £nil) has been designated.

### 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.

## Report of the trustees for the year ended 31 March 2007

### Reserves policy

The charity's trustees have reviewed the Reserves Policy and agreed that a reasonable level of unrestricted reserves is 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 buildings, 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

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

As at 31 March 2007 the general unrestricted reserves stood at £168,445 which represent 2 months of our current running costs and which the Trustees aim to build up over the medium term. The designated reserves stood at £80,000

## Report of the trustees for the year ended 31 March 2007

### Plans for future periods

The Trust continues to deliver the wide range of projects as it did in 2006/07. New projects include

- Sports – Provision of sports and coaching in deprived neighbourhoods in Plymouth, Torbay and Cornwall
- Newquay – completion of a Multi-use games area, play areas and art work in Mayfield Recreation Ground and development of new park improvements at Trenance and Atlantic Road.
- St Austell & St Blazey – providing support to local people and organisations to deliver park and community garden improvements
- Lostwithiel – supporting the town Development Trust to provide improvements to the nature reserve adjacent to the River Fowey
- Creative Links – working with three communities and three artists to develop three interpretative sculptures for the Clay Trails in Cornwall
- Torpoint – provision of a skate park and games area for young people
- Torbay – delivery of sports development programme for young people. Ongoing support work on the development of Torbay's Voluntary and Community Sector infrastructure
- Devon – developing work developing environmental audits for community centres, ongoing development work with District Councils across Devon
- EBS – setting up of marine industry Resource Efficiency Club. Development of work in Teignbridge
- Landscape Design Consultancy – the Trust employs a full-time Chartered Landscape Architect who is providing advice to a range of organisations

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

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 2007

### Completeness of information to auditors

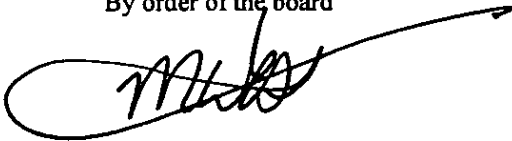
So far as each Trustee listed on page 1 above is aware -

- 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

5<sup>th</sup> October 2007

## **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 2007 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 24. 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 2007 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

23.10.2007

## Consolidated statement of financial activities incorporating an income and expenditure account

for the year ended 31 March 2007

	<i>Note</i>	<i>Unrestricted funds</i>			<i>Total</i>	<i>Total</i>
		<i>General funds</i>	<i>Designated funds</i>	<i>Restricted funds</i>	<i>2007</i>	<i>2006</i>
		<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
<b>Incoming resources</b>						
Incoming resources from generated funds						
Voluntary Income	2	88,809	-	-	88,809	60,265
Activities for generating funds	2	8,988	-	-	8,988	92,907
Investment income	2	10,328	-	-	10,328	5,729
Incoming resources from charitable activities	4	10,033	-	1,764,036	1,774,069	1,534,081
<b>Total incoming resources</b>		<b>118,158</b>	<b>-</b>	<b>1,764,036</b>	<b>1,882,194</b>	<b>1,692,982</b>
<b>Resources expended</b>						
Cost of generating funds						
Fundraising trading costs	3	5,538	-	-	5,538	124,746
Charitable activities	4	12,374	-	1,690,033	1,702,407	1,502,523
Governance costs	5	13,000	-	-	13,000	14,113
<b>Total resources expended</b>		<b>30,912</b>	<b>-</b>	<b>1,690,033</b>	<b>1,720,945</b>	<b>1,641,382</b>
Net incoming resources before transfers		87,246	-	74,003	161,249	51,600
Transfers between funds						
Movement on projects	17	31,730	-	(31,730)	-	-
Designated building fund	18	(50,000)	50,000	-	-	-
Designated development fund	18	(30,000)	30,000	-	-	-
Net movement in funds		38,976	80,000	42,273	161,249	51,600
Fund balances brought forward at 1 April 2006		129,469	-	230,794	360,263	308,663
Fund balances carried forward at 31 March 2007		168,445	80,000	273,067	521,512	360,263

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

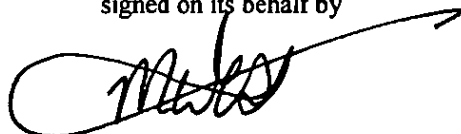
All incoming resources and resources expended derive from continuing activities

**Consolidated and charity balance sheet**

at 31 March 2007

	<i>Note</i>	<i>Group</i> 2007 £	2006 £	<i>Charity</i> 2007 £	2006 £
<b>Fixed assets</b>					
Tangible assets	9	45,339	68,743	45,339	68,743
Investments	10	-	-	100	100
		<u>45,339</u>	<u>68,743</u>	<u>45,439</u>	<u>68,843</u>
<b>Current assets</b>					
Debtors	12	450,606	291,779	451,351	297,369
Cash at bank and in hand		412,096	208,382	411,932	206,879
		<u>862,702</u>	<u>500,161</u>	<u>863,283</u>	<u>504,248</u>
<b>Creditors:</b> amounts falling due within one year	13	386,529	206,016	386,529	206,073
<b>Net current assets</b>		<u>476,173</u>	<u>294,145</u>	<u>476,754</u>	<u>298,175</u>
<b>Total assets less current liabilities</b>		<u>521,512</u>	<u>362,888</u>	<u>522,193</u>	<u>367,018</u>
<b>Creditors:</b> amounts due after more than one year					
Hire purchase	14	-	2,625	-	2,625
<b>Total net assets</b>		<u>521,512</u>	<u>360,263</u>	<u>522,193</u>	<u>364,393</u>
<b>Funds</b>					
Unrestricted funds - general		168,445	129,469	169,126	133,599
- designated	18	80,000	-	80,000	-
Restricted	17	273,067	230,794	273,067	230,794
<b>Total funds</b>		<u>521,512</u>	<u>360,263</u>	<u>522,193</u>	<u>364,393</u>

These financial statements were approved by the board of trustees on 5<sup>th</sup> October 2007 and were signed on its behalf by



M West  
Chairman

## Notes to the financial statements

for the year ended 31 March 2007

### 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

#### *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

Designated funds are funds set aside by the trustees to meet future expenditure on the acquisition of a freehold property and for the development of future income streams

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 12

#### *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 2007

### 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 2007

### 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 2007</i>	<i>Total 2006</i>
	£	£	£	£
<b><i>Voluntary income</i></b>				
Grants for core funding	88,809	-	88,809	60,265
	<hr/>	<hr/>	<hr/>	<hr/>
<b><i>Activities for generating funds</i></b>				
Fundraising trading income	8,988	-	8,988	92,907
	<hr/>	<hr/>	<hr/>	<hr/>
<b><i>Investment income</i></b>				
Bank interest	10,328	-	10,328	5,729
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes to the financial statements

for the year ended 31 March 2007

### 3. Cost of generating funds

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total 2007</i>	<i>Total 2006</i>
	£	£	£	£
<b>Fundraising trading costs</b>				
Staff costs	5,509	-	5,509	74,397
Premises and other costs	29	-	29	50,349
	<u>5,538</u>	<u>-</u>	<u>5,538</u>	<u>124,746</u>

### 4. Charitable activities

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total 2007</i>	<i>Total 2006</i>
	£	£	£	£
<b>Income was received for:</b>				
Community projects	-	454,093	454,093	581,035
Land projects	-	431,044	431,044	153,484
Employment projects	-	50,683	50,683	87,961
Education projects	-	26,196	26,196	7,478
Business projects	10,033	372,707	382,740	316,900
Youth projects	-	149,195	149,195	84,853
Regional projects	-	163,250	163,250	175,588
Other	-	116,868	116,868	126,782
	<u>10,033</u>	<u>1,764,036</u>	<u>1,774,069</u>	<u>1,534,081</u>

#### **Income from projects was provided by:**

Central Government	-	226,519	226,519	368,067
Public agencies	-	321,718	321,718	295,765
Local authorities	-	217,692	217,692	264,994
European Union	-	311,956	311,956	158,644
National Lottery	-	123,739	123,739	40,075
Private sector	10,033	562,412	572,445	406,536
	<u>10,033</u>	<u>1,764,036</u>	<u>1,774,069</u>	<u>1,534,081</u>

#### **Expenditure on projects**

Community projects	-	425,676	425,676	586,055
Land projects	-	391,391	391,391	188,449
Employment projects	-	50,409	50,409	54,408
Education projects	-	15,215	15,215	26,175
Business projects	-	397,803	397,803	270,564
Youth projects	-	158,121	158,121	88,654
Regional projects	5,538	162,372	167,910	160,190
Other	6,836	89,046	95,882	128,028
	<u>12,374</u>	<u>1,690,033</u>	<u>1,702,407</u>	<u>1,502,523</u>

## Notes to the financial statements

for the year ended 31 March 2007

### 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 2007</i>	<i>2006</i>
	£	£	£	£	£
Community projects	308,677	-	116,999	425,676	586,055
Land projects	354,828	-	36,563	391,391	188,449
Employment projects	47,956	-	2,453	50,409	54,408
Education projects	10,828	-	4,387	15,215	26,175
Business projects	275,346	-	122,457	397,803	270,564
Youth projects	126,902	-	31,219	158,121	88,654
Regional projects	165,586	-	2,324	167,910	160,190
Other	64,116	-	31,766	95,882	128,028
	<u>1,354,239</u>	<u>-</u>	<u>348,168</u>	<u>1,702,407</u>	<u>1,502,523</u>

### 5. Governance costs

	<i>2007</i>	<i>2006</i>
	£	£
Trustees expenses	-	113
Audit fees	13,000	14,000
	<u>13,000</u>	<u>14,113</u>

### 6. Staff costs

	<i>2007</i>	<i>2006</i>
	£	£
Salaries and wages	604,463	696,952
Social security costs	57,174	61,553
Pension costs	12,666	12,626
	<u>674,303</u>	<u>771,131</u>

The average number of employees on the payroll was 31 (2006 – 46). The average number of employees during the year, calculated on the basis of full time equivalents was as follows

	<i>2007</i>	<i>2006</i>
	No	No
Chief Executive	1	1
Project staff	21	25
Administration and support	7	7
	<u>29</u>	<u>33</u>

There were no employees whose emoluments exceeded £60,000 in the year (2006 - none)

## Notes to the financial statements

for the year ended 31 March 2007

### 7. Trustees

Trustees were not remunerated for any services in the year

During the year 1 trustee was reimbursed for travel costs amounting to £nil (2006 - 1 trustee £113 for travel costs )

### 8. Net incoming resources before transfers

	2007	2006
	£	£
The net incoming resources before transfers is stated after charging		
Depreciation	10,648	20,823
Loss on disposals of owned assets	15,312	8,260
Auditors remuneration - audit services	11,500	13,000
- non audit services	1,500	1,000
Operating lease rentals - plant and machinery	5,014	3,691
- land and buildings	30,384	23,000
	<u>          </u>	<u>          </u>

### 9. Tangible fixed assets

<i>Group and Charity</i>	<i>Tools &amp; equipment</i>	<i>Fixtures &amp; fittings</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£
<b>Cost:</b>					
At 1 April 2006	40,312	76,895	99,229	40,560	256,996
Additions	-	-	-	3,490	3,490
Disposals	(21,397)	(32,018)	(69,562)	(17,415)	(140,392)
At 31 March 2007	<u>18,915</u>	<u>44,877</u>	<u>29,667</u>	<u>26,635</u>	<u>120,094</u>
<b>Depreciation:</b>					
At 1 April 2006	32,908	39,218	89,061	27,066	188,253
Charge for the year	1,233	3,181	2,889	3,345	10,648
Eliminated on disposals	(18,877)	(23,970)	(66,616)	(14,683)	(124,146)
At 31 March 2007	<u>15,264</u>	<u>18,429</u>	<u>25,334</u>	<u>15,728</u>	<u>74,755</u>
<b>Net book value:</b>					
At 31 March 2007	<u>3,651</u>	<u>26,448</u>	<u>4,333</u>	<u>10,907</u>	<u>45,339</u>
At 31 March 2006	<u>7,404</u>	<u>37,677</u>	<u>10,168</u>	<u>13,494</u>	<u>68,743</u>

Included in motor vehicles is an asset held under a finance lease with a net book value of £5,352 as at 31 March 2007. Depreciation of £1,784 was charged during the year on this asset

## Notes to the financial statements

for the year ended 31 March 2007

### 10. Investments

	2007 £	2006 £
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

	2007 £	2006 £
Turnover	171,359	263,839
Administrative expenses	167,909	287,143
Operating profit/(loss)	3,450	(23,304)

	2007 £	2006 £
Retained profit/(loss) for year	3,450	(23,304)
Retained (loss)/profit brought forward	(4,130)	19,174
Retained loss carried forward	(680)	(4,130)

	2007 £	2006 £
Assets	221	1,560
Liabilities	(801)	(5,590)
Total net (liabilities)/assets	(580)	(4,030)
Share capital and reserves	(580)	(4,030)

## Notes to the financial statements

for the year ended 31 March 2007

### 12. Debtors

	<i>Group</i>		<i>Charity</i>	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	261,593	153,162	261,593	153,162
Amount due from subsidiary undertaking	-	-	801	5,590
Other debtors	27,748	20,144	27,692	20,144
Accrued income	161,265	118,473	161,265	118,473
	<u>450,606</u>	<u>291,779</u>	<u>451,351</u>	<u>297,369</u>

### 13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Charity</i>	
	2007	2006	2007	2006
	£	£	£	£
Trade creditors	274,364	156,496	274,364	156,496
Other creditors	109,540	46,344	109,540	46,401
Obligations under finance leases and hire purchase contracts	2,625	3,176	2,625	3,176
	<u>386,529</u>	<u>206,016</u>	<u>386,529</u>	<u>206,073</u>

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

	<i>Group</i>		<i>Charity</i>	
	2007	2006	2007	2006
	£	£	£	£
Obligations under finance leases and hire purchase contracts	-	2,625	-	2,625
	<u>-</u>	<u>2,625</u>	<u>-</u>	<u>2,625</u>

### 15. Obligations under leases and hire purchase contracts

	<i>Group</i>		<i>Charity</i>	
	2007	2006	2007	2006
	£	£	£	£
Amounts payable				
Within one year	2,625	3,176	2,625	3,176
After more than one year but less than five years	-	2,625	-	2,625
	<u>2,625</u>	<u>5,801</u>	<u>2,625</u>	<u>5,801</u>

## Notes to the financial statements

for the year ended 31 March 2007

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

	2007		2006	
	<i>Land and Buildings</i>	<i>Other</i>	<i>Land and Buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire				
Within one year	-	1,915	-	590
In two to five years	-	2,808	-	5,361
In over five years	23,000	-	23,000	-
	<u>23,000</u>	<u>4,723</u>	<u>23,000</u>	<u>5,951</u>

### 17. Movement in restricted funds

Project	No	At 1 April 2006	Incoming resources	Outgoing resources	Transfer (to)/from Unrestricted fund	At 31 March 2007
		£	£	£	£	£
Taviskate	01	207	-	(297)	90	-
Caradon Local Nature Reserve	08	-	27,254	(29,116)	1,862	-
Envision	14	-	61,305	(61,169)	(136)	-
Sculpture Trail Feasibility Study	15	-	25,651	(6,576)	-	19,075
Local Nature Reserves	17	-	18,057	(18,057)	-	-
Victoria Park	18	3,656	6,000	(8,856)	-	800
Design Our Space	19	-	(37)	-	37	-
Ford Park Cemetery	20	-	8,746	(400)	-	8,346
Horticultural Healing	22	19,016	53,900	(72,586)	-	330
Our Place Our Future	25	582	-	-	(582)	-
Torbay Development	26	-	19,313	(19,313)	-	-
SRB Community Development	27	-	23,464	(500)	(22,964)	-
Restormel Projects	33	-	20,097	(20,097)	-	-
East Cornwall Waste Min	34	6,838	1,670	(3,594)	-	4,914
Restormel Youthworks	35	-	122,676	(110,793)	-	11,883
South West Wood Fuels	40	-	2,352	(2,078)	(274)	-
Sure Start	49	424	5,000	(358)	-	5,066

## Notes to the financial statements

for the year ended 31 March 2007

### 17. Movement in restricted funds (continued)

Project	No	At 1 April 2006	Incoming resources	Outgoing resources	Transfer (to)/from Unrestricted fund	At 31 March 2007
		£	£	£	£	£
Newquay Waste Min	56	597	-	(864)	267	-
North Prospect Youthworks	60	58,338	25,496	(45,996)	-	37,838
Plymouth Development	62	-	45,524	(45,524)	-	-
Rendel Park	65	-	297	(535)	238	-
Creakavose Green	69	1,060	-	(942)	(118)	-
Eden Trails	70	695	-	(32)	-	663
Monastery Woods	71	68	-	(68)	-	-
FPC Discovery Trail	72	-	31	-	(31)	-
Brixham Skate Park	78	231	-	(231)	-	-
Torbay Project Development	81	165	7,614	(2,756)	-	5,023
Countryside Agency	82	5,683	51,290	(41,257)	-	15,716
City Pride (Devonport)	83	37,519	500	(515)	-	37,504
SA Action Plan	90	-	20,090	(8,455)	-	11,635
Stonehouse Action	91	-	43,788	(43,738)	(50)	-
Plymouth Recycling Project	92	-	(27)	(60)	87	-
Education Development	93	-	70	(73)	3	-
Piggy Alley	97	363	-	(270)	(93)	-
Change Up Torbay	100	-	21,095	(21,095)	-	-
Restormel Development	101	-	13,740	(13,740)	-	-
Blatchcombe Community Development	104	-	59,158	(58,090)	(1,068)	-
Barton Downs	106	-	(20)	20	-	-
LSC Envision Training	110	39,058	45,306	(49,956)	(34,408)	-
Rapsons Fields	111	-	6,000	(6,051)	51	-
Homework Club	113	-	1,022	(1,101)	79	-
Operation Gate It! Happaway / Brixham	115	4,239	-	(4,217)	(22)	-



## Notes to the financial statements

for the year ended 31 March 2007

### 17. Movement in restricted funds (continued)

Project	No	At 1 April 2006	Incoming resources	Outgoing resources	Transfer to/(from) Unrestricted fund	At 31 March 2007
		£	£	£	£	£
Operation Gate It' Ellacombe	116	1,043	-	(1,043)	-	-
Mevagissey	117	-	(69)	(1,110)	1,179	-
South Hams Development	119	-	7,213	(7,213)	-	-
Bugle Sports Area	122	-	3,318	(1,740)	222	1,800
Envision Cornwall	125	-	62,554	(72,495)	9,941	-
Envision Plus	126	-	152,096	(158,641)	6,545	-
Lemon Frog	127	-	3,922	(8,527)	4,605	-
Mantle Gardens	128	29,320	-	(3,837)	-	25,483
NPM Pilot Programme	129	-	801	(801)	-	-
Meadows Skate Park	130	-	59,805	(60,650)	845	-
Torpoint Skate park	131	-	3,800	(4,920)	1,120	-
Cary Park & Furzeham Development	132	2,653	46,506	(49,149)	(10)	-
Saltmill Millenium Project	134	-	20,000	-	-	20,000
Landscape Consultancy	136	-	7,761	(8,103)	342	-
Carl Farrell Consultancy	137	2,875	1,886	(4,140)	-	621
Torbay Sports Development	139	-	12,260	(5,214)	-	7,046
Plymouth Spaces for Sport	142	-	12,933	(10,670)	-	2,263
Devonport Park Tennis Courts	143	-	49,546	(49,546)	-	-
Past on Your Doorstep	144	-	25,500	(14,419)	-	11,081
Plymouth Community Development	145	-	9,517	(9,517)	-	-
Lostwithiel	146	-	7,518	(7,518)	-	-
Chipponds Quarry	147	-	-	(244)	244	-
Ellis Park	148	-	75,587	(74,117)	-	1,470
Resource Efficiency Club Feasibility	149	-	7,151	(7,190)	39	-

## Notes to the financial statements

for the year ended 31 March 2007

### 17. Movement in restricted funds (continued)

Project	No.	At 1 April 2006	Incoming resources	Outgoing resources	Transfer (to)/from Unrestricted fund	At 31 March 2007
		£	£	£	£	£
Sure Start Market Street	151	5,000	2,000	-	-	7,000
Plymouth Land Development	154	-	6,440	(6,440)	-	-
Gwavas MUGA	155	-	51,720	(49,788)	-	1,932
Mayfields Park	156	-	105,751	(106,332)	581	-
Volunteer Projects	157	-	5,082	(5,082)	-	-
Shared Equity Feasibility Study	158	-	4,969	(4,520)	(449)	-
Greening Industrial Estates	159	-	8,688	(8,207)	-	481
BS8555	160	-	2,862	(2,862)	-	-
Devonport Park Sports Development	161	-	4,610	(2,712)	-	1,898
Longstone Park, Saltash	162	-	1,897	(1,897)	-	-
Devonport Employment Action Project	163	-	48,331	(48,331)	-	-
Envision LAA	164	-	6,798	(6,798)	-	-
Consultancy	165	-	9,907	(4,456)	-	5,451
Newquay Parks Programme	166	-	7,478	(7,478)	-	-
Hollands Park YAZ	167	-	1,963	(1,963)	-	-
Olive Branch Youth Support Programme	168	-	8,585	(2,387)	-	6,198
Barton Landfill Site	169	-	3,000	-	-	3,000
Torquay Skatepark	170	-	3,000	-	-	3,000
Horticultural Healing 2	171	-	394	(191)	-	203
Resettlement Agency	172	-	921	(921)	-	-
Kingsbridge Primary School	173	-	625	(723)	98	-
Stonehouse Action Neighbourhood Management	174	-	9,738	(6,433)	-	3,305
Living Spaces Coordination	904	561	-	(561)	-	-
Global Learning (DFID SGA)	905	96	-	(96)	-	-

## Notes to the financial statements

for the year ended 31 March 2007

### 17. Movement in restricted funds (continued)

Project	No	At 1 April 2006	Incoming resources	Outgoing resources	Transfer (to)/from Unrestricted fund	At 31 March 2007
		£	£	£	£	£
Buried Treasure	910	250	-	(250)	-	-
Redcliffe Triangle	911	750	-	(750)	-	-
SW Quality Champion	912	6,738	5,500	(7,196)	-	5,042
Making Atherington Active	913	2,769	-	(2,769)	-	-
Quarry Road MUGA	914	-	51,000	(48,500)	-	2,500
Taunton Green Multi Sports	915	-	51,000	(48,500)	-	2,500
Bath SAFE	916	-	51,000	(49,000)	-	2,000
Maiden Newton Community MUGA	917	-	1,500	(1,500)	-	-
Owen Square	918	-	1,500	(1,500)	-	-
The Oval, Gloucester	919	-	1,750	(1,750)	-	-
Total		230,794	1,764,036	(1,690,033)	(31,730)	273,067

### 18. Designated funds

Designated funds have been set aside as follows

Building fund       £50,000  
Development fund   £30,000

The Building fund has been created to build up reserves to enable the trust to acquire a freehold building to be used, not only as trust offices, but also to provide another income stream through the letting of spare space

The Development fund has been created to enable the trust to develop additional commercial income streams in order to protect the trust's long term future

### 19. Landfill tax

The Trust is a registered Environmental Body, regulated by ENTRUST, the regulator under the Landfill Tax Regulations. The Trust is entitled to collect funds from landfill operators and to administer projects which will be carried out using those funds

Landfill tax funds are restricted and can only be used for projects approved by ENTRUST. The projects can be carried out by the Trust or by third parties but responsibility for monitoring performance and for compliance with the landfill tax regulations remains with the Trust which effectively grants contracts to carry out works against specification. All landfill tax monies are accounted for separately from other funds

## Notes to the financial statements

for the year ended 31 March 2007

### 19. Landfill tax (continued)

	£
Balance of landfill tax monies held by the Trust as at 1 April 2006	81,240
Received during the year from Plymouth City Council	42,500
Bank interest on deposited funds	3,043
	<u>126,783</u>
Allocated to projects	<u>(29,745)</u>
Balance of landfill tax monies held by the Trust as at 31 March 2007	<u>97,038</u>

The balance of landfill tax monies held by the Trust forms part of the amount of £412,096 shown in the group balance sheet as cash at bank and in hand

### 20. 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	£1,929	£1,240
Maurice West	Chairman	(41,054)	£ nil

### 21. Commitments

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

	<i>Group</i>		<i>Charity</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Authorised but not contracted	-	-	-	-

## Notes to the financial statements

for the year ended 31 March 2007

### 22. Pension scheme

The company operates a funded, defined contribution, contributory personal pension scheme. At 31 March 2007, £643 (2006: £Nil) of contributions were due to the scheme in respect of the company.

### 23. Reconciliation of movement of funds

<i>Group</i>	<i>Balance 1 April 2006 £</i>	<i>Movement in year £</i>	<i>Balance 31 March 2007 £</i>
Unrestricted funds	129,469	38,976	168,445
Designated funds	-	80,000	80,000
Restricted funds	230,794	42,273	273,067
	<u>360,263</u>	<u>161,249</u>	<u>521,512</u>
<i>Charity</i>	<i>Balance 1 April 2006 £</i>	<i>Movement in year £</i>	<i>Balance 31 March 2007 £</i>
Unrestricted funds	133,599	35,527	169,126
Designated funds	-	80,000	80,000
Restricted funds	230,794	42,273	273,067
	<u>364,393</u>	<u>157,800</u>	<u>522,193</u>

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.

### 24. Analysis of group net assets between funds

	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>Total 2007 £</i>
Tangible fixed assets	45,339	-	45,339
Cash and other net current assets	203,106	273,067	476,173
Long term liabilities	-	-	-
	<u>248,445</u>	<u>273,067</u>	<u>521,512</u>