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# Groundwork Kent & Medway 2010-2011 Annual Report



INVESTOR IN PEOPLE



# Groundwork Kent & Medway

(A company limited by guarantee)

## REPORT OF THE DIRECTORS

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The Directors submit their annual report and the audited financial statements for the year ended 31 March 2011.

## REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS

The name of the Company is Groundwork Kent & Medway; referred to as "the Company" in this report. Groundwork Kent & Medway is a member of the Federation of Groundwork Trusts.

**Principal Office and Registered Office:**

48 Canterbury Street  
GILLINGHAM  
ME7 5UN

**Telephone:**

(01634) 855166

**Facsimile:**

(01634) 855177

**e-mail:**

gkm@groundwork.org.uk

**Website:**

www.groundwork-km.org.uk

**Company Registration No:**

3068263

**Charity Registration No:**

1050417

**Company Members:**

Dartford Borough Council  
GlaxoSmithKline plc  
Gravesham Borough Council  
Kent County Council  
Lafarge Cement UK plc  
Medway Council  
mhs homes  
Swale Borough Council  
Swale Housing Association  
The Federation of Groundwork Trusts  
Ward Homes Ltd

**Nominated Directors:**

Cllr Ann Allen	Kent County Council	Resigned 25 <sup>th</sup> July 2011
Cllr John Cubitt		Appointed 25 <sup>th</sup> July 2011
Cllr John Cubitt	Gravesham Borough Council	Resigned 8 <sup>th</sup> May 2011
Cllr Jane Cribbon		Appointed 17 <sup>th</sup> May 2011
Cllr Cindy Davis	Swale Borough Council	Resigned 10 <sup>th</sup> May 2010
Cllr David Simmons		Appointed 19 <sup>th</sup> May 2010
Mr Richard Harman	The Federation of Groundwork Trusts	
Cllr Roy Hunter	Medway Council	Resigned 19 <sup>th</sup> May 2010
Cllr Peter Hicks		Appointed 9 <sup>th</sup> September 2010
Mr Anthony Jones	The Federation of Groundwork Trusts	
Cllr Patricia Thurlow	Dartford Borough Council	

**Co-opted Directors:**

Mr Charles Brangwin  
Mr Paul Clark  
Mr David Cunningham  
Mr Mark Heeley  
Mr David Scudder  
Mr David Simms  
Mr Frank Webb  
Mr Peter Raby

mhs homes  
Member of Parliament for Gillingham  
Mace Ltd  
Workman LLP  
M-real UK Services Ltd  
Lafarge Cement UK plc

Resigned 27<sup>th</sup> May 2010

Resigned 18<sup>th</sup> November 2010

Glaxo SmithKline

**Chairman:**

Mr Richard Harman

**Company Secretary:**

Ms Claire Woodcock

**General Manager**

Mr Ian Martin

**Auditors:**

Goatcher Chandler  
Chartered Accountants  
10 Overcliffe  
Gravesend  
Kent  
DA11 0EF

**Solicitors:**

Dakers Green Brett  
Captains House  
Pembroke  
Chatham Maritime  
Kent  
ME4 4UF

**Bankers:**

National Westminster Bank Plc  
117 High Street  
Gillingham  
Kent  
ME7 1AG

# **STRUCTURE, GOVERNANCE AND MANAGEMENT**

## **Structure of the Charity**

Groundwork Kent & Medway is a charity and a company limited by guarantee. The governing documents are its Memorandum and Articles of Association which were last amended at the Annual General Meeting of the members of the Company on 6 November 2006 with the prior approval of the Charity Commission.

The subsidiary, Groundwork Environmental Services (Kent) Limited, did not trade during the year. But has been consolidated into this report and accounts.

## **The Directors**

The Directors are the trustees of Groundwork Kent & Medway in accordance with the Charities Act 1993 and they are also the directors of the Company in accordance with the Companies Act 1985. The Board is made up of seven nominated directors (one each nominated by Dartford Borough Council, Gravesham Borough Council, Kent County Council, Medway Council and Swale Borough Council and two nominated by the Federation of Groundwork Trusts) and up to thirteen co-opted directors. The co-opted directors have been invited to join the board by the nominated directors to broaden the skills base of the board or to secure specialist expertise. They have the same voting rights and responsibilities as the nominated directors. The nominated directors serve a term decided by the Company member nominating them up to a maximum of 3 years. The co-opted directors serve a term of up to three years. Nominated and co-opted directors can be appointed for further terms.

## **Induction and training**

New members are provided with copies of the governing documents and key policy documents and a copy of the Federation's Governance Handbook. The General Manager provides an induction session when new directors are appointed and all directors are encouraged to participate in governance training provided by the Federation at regional venues.

## **Organisational Structure and decision making process**

The Board normally meets four times a year and does not have any committees with delegated powers. There is one working group comprising board members and staff, chaired by a board member. This is the Finance and Property Group. This Group normally meets quarterly. The Board has delegated day to day operation of the charity to the General Manager, the powers delegated being set out in a written document. The Board has also established Financial Regulations and a number of policies within which the Board and staff have to operate.

## **Risk Assessment**

A Corporate Risk Assessment was undertaken by the Board, management and staff in early 2002 and is updated annually. The assessment includes plans for managing, evaluating and monitoring major risks. The Board considers that appropriate steps have been taken to assess and control these risks.

## **Statement of Recommended Practice "Accounting and Reporting by Charities"**

The 'Statement of Recommended Practice "Accounting and Reporting by Charities" (revised 2005)' (SORP 2005) has been complied with.

## OBJECTIVES, AIMS AND PUBLIC BENEFIT

Groundwork Kent & Medway is a member of the Federation of Groundwork Trusts which comprises around 40 independent charitable companies with a main office in Birmingham co-ordinating activities and a regional office in London.

Groundwork Kent & Medway operates for the public benefit in the Kent County Council and Medway Council local authority areas.

### Objects as set out in the Memorandum of Association

*The objects of the Company are firstly to promote the conservation, protection and improvement of the physical and natural environment anywhere in the area of Kent & Medway and secondly to provide facilities in the interests of social welfare for recreation and leisure time occupation with the objective of improving the conditions of life for those living in or working in or resorting to the area of Kent & Medway and thirdly to advance public education in environmental matters and of the ways of better conserving, protecting and improving the same wheresoever.*

**Our Vision** is for a society made up of sustainable communities which are vibrant, healthy and safe; which respect the local and global environment and where individuals and enterprise prosper.

**Groundwork's Purpose** is to build sustainable communities in areas of need through joint environmental action.

The Trustees have referred to the Charity Commission's general guidance on public benefit when reviewing the organisation's objectives and planning future activities. In particular, the Trustees consider how planned activities will contribute to the charitable objectives set out above.

Groundwork Kent & Medway aims to be the partner of choice in delivering community and environmental regeneration for the public benefit throughout Kent & Medway particularly in the Thames Gateway, East Kent and in other areas of need.

We aim to achieve this by focusing on:

- **Land:** Reconnecting people with their surroundings: Delivering high-quality projects to improve open space based on sound design, management and ecological principles;
- **Community:** Building stronger neighbourhoods: Identifying and addressing social and environmental needs by working with and through local communities;
- **Education:** Learning, citizenship and sustainability: Raising awareness of environmental issues, promoting sustainable living and encouraging responsible stewardship of the environment;
- **Youth:** Realising young people's potential: Getting young people engaged in tackling local social and environmental issues and
- **Employment:** Supporting local economies and tackling worklessness: Helping people to develop their confidence, skills and experience in order to find work; contributing to the regeneration of local neighbourhoods.

Successful projects often combine several of these strands as one of our strengths is taking an integrated and holistic approach.

A small management and administration team provides central support services to build partnerships, to develop high quality projects and develop the capabilities and self-confidence of all staff.

## **ACHIEVEMENTS AND PERFORMANCE**

2010 was the first full operating year following the significant Trust restructure in 2009. This year has produced a positive result and, whilst challenging, the staff morale remains high and confidence for the future positive.

*During the year the Trust delivered projects to a value of £1,634,926.*

The Trust has continued to deliver a range of high quality projects including many that are multi year. We continue to work with partners to deliver major programmes and manage important assets, including Oare Gunpowder Works, Dartford Heath, Dartford Marsh, Gardening Skills, SparkIT, Sure Start Community Involvement in Dartford, Environments for Everyone. Future Jobs Fund and the Gift Wrap Service at Bluewater. We have now established the Trust in Margate and to some extent Thanet.

The Trust funds its programmes from a range of sources. These include the Department for Communities and Local Government (DCLG), the Department of Work and Pensions (DWP), local authorities, housing associations, the National Lottery and the private and voluntary sectors. The continuing support of Dartford Borough Council, Gravesham Borough Council, Thanet District Council, Kent County Council, Medway Council, Swale Borough Council, GlaxoSmithKline, Lafarge Cement UK plc, MHS homes, Swale Housing Association and Ward Homes Ltd has been a key factor in the Company's success and the Board attaches considerable importance to maintaining and enhancing these relationships.

These activities reflect the commitment of the charity's professional and enthusiastic team with diverse skills. The staff are continuing to develop new projects for the benefit of local communities. In January 1999, the Company was recognised as an Investor in People, reflecting its approach to developing and training its staff to meet its objectives. The accreditation is due for review in December 2011.

The Company owns its premises at 48 Canterbury Street, Gillingham which are a significant asset. This property is now on the market with a view to improving the Company's long term cash position.

## **FINANCIAL REVIEW**

The results for the year are set out on pages 10 to 21 of the financial statements.

The net incoming resources for the year amounted to £42,675 as set out in the financial statements. It is planned to increase reserves in future years in line with the Company's reserves policy.

### **Reserves Policy**

The Company maintains reserves mainly to fund the delay in the receipt of income with a small cushion to absorb short-term setbacks. The Company's policy is to establish unrestricted reserves (excluding fixed assets such as premises and equipment) sufficient to cover three months fee income based on the budget for the forthcoming financial year. For the financial year commencing 1 April 2010 this would result in reserves as defined above in the region of £180,000 being required. At 1 April 2010 actual reserves (excluding fixed assets) fell short of this. The Company will aim to retain a surplus each year to increase reserves to the required level by 31 March 2013.

Reserves are monitored and reported to the Board on a quarterly basis and the reserves policy is reviewed on an annual basis.

## **Property Revaluation**

The Company owns the freehold of its principal offices at 48, Canterbury Street, Gillingham. Rogers Stevens & Chance, Chartered Surveyors carried out a revaluation and reported that the open market value with vacant possession on 31<sup>st</sup> March 2009 was £265,000 and this figure is now reflected in the balance sheet.

## **Funds**

The Company has a number of funds which are described in note 1 (e) in the financial statements. Unrestricted funds do not include payments received in advance and held pending completion of project work which would form part of restricted funds. The company has not designated any funds. In accordance with the Statement of Recommended Practice on Accounting by Charities (SORP 2005), income is recognised to the extent that the service has been delivered or earned. When the payment has been received in advance for expenditure which must take place in a future accounting period or when the payment is dependent on the fulfilment of a contract, payments are deferred until the company becomes entitled to the resources. Restricted reserves can only be used in accordance with the funder's instructions for agreed programmes of work and cannot therefore form part of the unrestricted funds that are under the control of the charity's trustees.

## **PLANS FOR THE FUTURE**

The budget for 2011-2012 has been approved by the Board and includes the target £1.2m for incoming resources to be realised during the year. The planned increase in reserves from this plan is £20k. Further the sale of the building at Canterbury Street should increase cash reserves by some £180k.

Whilst a significant proportion of this funding has been secured, the balance is in various stages of negotiation. This will be one of the factors controlling the level of activity during the year and will affect all of the principal activity programmes. However, progress in developing projects themselves, including consultation, design and securing approvals will also determine the level of activity.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



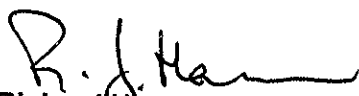
## STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information and to establish that the company's auditors are aware of that information.

## APPOINTMENT OF AUDITORS

A resolution proposing that Goatcher Chandler be re-appointed as auditors of the Company will be put to the Annual General Meeting.

This report was approved by the Board on 26th October 2011

  
Mr. Richard Harman  
Director:

Dated: 26th October 2011

# Independent Auditors' Report to the members of GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

This report is issued in respect of an audit carried out under section 495 of the Companies Act 2006.

We have audited the financial statements of Groundwork Kent & Medway for the year ended 31st March 2011 which comprise the Consolidate Financial Activities, Cpnsolidated Income and Expenditure Account, Consolidated Balance Sheet and related notes..

These financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

As described in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of Groundwork Kent & Medway for the purposes of company law) are responsible for the preparation of the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the charity's financial statements give a true and fair view.

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 and are properly prepared in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information or explanations we require for our audit, or if disclosure of trustees' remuneration specified by law are not made.

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

## Basis of audit opinion

We conducted our audit in accordance with 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

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

## Opinion

In our opinion, the consolidated financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company and group's affairs as at 31st March 2011 and of their incoming resources and application of resources, including its income and expenditure for the year then ended and
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice and
- have been properly prepared in accordance with the Companies Act 2006 and
- the information given in the Trustees' Report is consistent with the financial statements.

  
James Goatcher

Senior Statutory Auditor

For and on behalf of :

Goatcher Chandler Chartered Accountants and Registered Auditor 10 Overcliffe Gravesend Kent DA11 0EF

Date 2nd November 2011

# GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

## Consolidated Statement of Financial Activities

(Incorporating an Income and Expenditure Account)

For the Year Ended 31st March 2011

	Note	Unrestricted Funds £	Restricted Funds £	2011 £	2010 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds	2				
Voluntary income		109,500	-	109,500	145,680
Activities for generating funds		2,328	-	2,328	4,564
Investment income		17	-	17	88
Incoming resources from charitable activities	3	-	1,516,555	1,516,555	1,298,600
Other incoming resources	5	6,526	-	6,526	37,930
<b>TOTAL INCOMING RESOURCES</b>		<b>118,371</b>	<b>1,516,555</b>	<b>1,634,926</b>	<b>1,486,862</b>
<b>RESOURCES EXPENDED</b>					
Cost of generating funds	6				
Cost of generating voluntary income		378	-	378	1,388
Charitable activities	4	283,335	1,302,434	1,585,769	1,476,627
Governance costs	7	6,104	-	6,104	6,580
<b>TOTAL RESOURCES EXPENDED</b>		<b>289,817</b>	<b>1,302,434</b>	<b>1,592,251</b>	<b>1,484,595</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>(171,446)</b>	<b>214,121</b>	<b>42,675</b>	<b>2,267</b>
Transfers between funds		214,121	(214,121)	-	-
<b>NET MOVEMENTS IN FUNDS</b>		<b>42,675</b>	<b>-</b>	<b>42,675</b>	<b>2,267</b>
Fund balances brought forward		158,661	-	158,661	156,394
<b>FUND BALANCES CARRIED FORWARD</b>		<b>201,336</b>	<b>-</b>	<b>201,336</b>	<b>158,661</b>

All of the above results are derived from continuing activities.

# GROUNDWORK KENT & MEDWAY

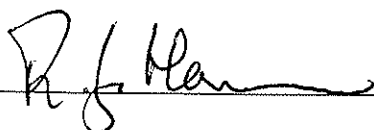
(A Company Limited by Guarantee)

## Consolidated Balance Sheet

As at 31st March 2011

	Note	2011		2010	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	9		292,116		301,341
Investment	10		-		1
			<u>292,116</u>		<u>301,342</u>
<b>CURRENT ASSETS</b>					
Debtors	11	258,646		254,893	
Cash at bank		<u>3,175</u>		<u>1,717</u>	
		261,821		256,610	
<b>CREDITORS : Amounts falling due within one year</b>	12	<u>(284,669)</u>		<u>(302,106)</u>	
<b>NET CURRENT ASSETS</b>			(22,848)		(45,496)
<b>CREDITORS : Amounts falling due after one year</b>	13		(51,612)		(80,865)
<b>TOTAL ASSETS</b>			<u>217,656</u>		<u>174,981</u>
<b>FUNDS</b>					
Income funds					
Unrestricted funds	15		217,656		174,981
Restricted funds	15		-		-
<b>TOTAL FUNDS</b>			<u>217,656</u>		<u>174,981</u>

Approved on behalf of the Board and signed on its behalf



Director and Trustee

26th October 2011

# GROUNDWORK KENT & MEDWAY

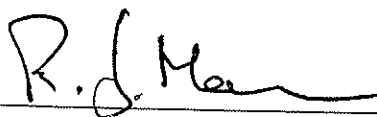
(A Company Limited by Guarantee)

## Balance Sheet

As at 31st March 2011

	Note	2011		2010	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	9		292,116		301,341
Investment	10		<u>100</u>		<u>101</u>
			292,216		301,442
<b>CURRENT ASSETS</b>					
Debtors	11	258,646		255,661	
Cash at bank		<u>3,160</u>		<u>750</u>	
		261,806		256,411	
<b>CREDITORS : Amounts falling due within one year</b>	12	<u>(284,853)</u>		<u>(302,106)</u>	
<b>NET CURRENT ASSETS</b>			(23,047)		(45,695)
<b>CREDITORS : Amounts falling due after one year</b>	13		(51,612)		(80,865)
<b>TOTAL ASSETS</b>			<u>217,557</u>		<u>174,882</u>
<b>FUNDS</b>					
Income funds					
Unrestricted funds	15		217,557		174,882
Restricted funds	15		-		-
<b>TOTAL FUNDS</b>			<u>217,557</u>		<u>174,882</u>

Approved on behalf of the Board and signed on its behalf



Director and Trustee

26th October 2011

# GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

## Notes to the Financial Statements

For the Year Ended 31st March 2011

### 1. ACCOUNTING POLICIES

**a. Basis of preparation**

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities 2005 (SORP 2005) applicable accounting standards and the Companies Act 2006 as modified by the revaluation of Fixed Assets.

The Company has taken advantage of exemption in Financial Reporting Standard No.1 from preparing a Cashflow Statement given that it is a small company.

**b. Company status**

The Company and its subsidiaries comprise a small group.

The Company is limited by guarantee. The guarantors are the Members of the Company which are: Dartford Borough Council, Glaxo SmithKline plc, Gravesham Borough Council, The Federation of Groundwork Trusts, Kent County Council, Lafarge Cement plc, Medway Council, mhs homes, Swale Borough Council, Swale Housing Association and Ward Homes Limited.

The liability in respect of the guarantee, as set out in the Memorandum of Association, is limited to £1 per member of the Company. The Company has availed itself of paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the Company's activities.

**c. Incoming resources**

In accordance with SORP 2005, income is recognised to the extent that the service has been delivered or earned. When the payment has been received in advance for expenditure which must take place in a future accounting period or when the payment is dependent on the fulfilment of a contract, payments are deferred until the company becomes entitled to the resources.

**d. Fund accounting**

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

Designated funds comprise general funds which have been set aside at the discretion of the directors for specific purposes. The purpose and use of the designated funds is set out in the notes to the financial statements.

Restricted funds are funds subject to specific restrictive conditions imposed by donors or by the purpose of the appeal. The purpose and use of the restricted funds is set out in the notes to the financial statements.

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

Funds are transferred from restricted to unrestricted at the year end on the basis that no restrictions exist on the income and expenditure recognised. Income that has not been fully delivered or earned is deferred.

**e. Grants for Core Funding**

Grants for core funding are funds provided to support the management and administration of the charity.

**f. Gifts in kind**

The values attributed to gifts in kind are based on a reasonable estimate of their value to the Charity, or the amount actually realised.

Assets given for use by the Charity, are recognised as incoming resources when receivable.

# GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

## Notes to the Financial Statements

For the Year Ended 31st March 2011

**g. Resources expended**

The cost headings comprise expenditure, including staff costs, directly attributable to the activity and are recorded on an accruals basis. 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.

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

**h. Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows :

Building	Over 50 years
Building refurbishments	Over 10 years
Computer equipment	Over 5 years
Furniture, tools and equipment	Over 5 years
Motor vehicles	Over 4 years

**i. Pensions**

The Charity contributes toward employees' personal pension schemes and the pension charge represents the amounts payable by the Charity to the schemes in respect of the period and are charged to the Income and Expenditure Account when payable.

**j. Operating leases**

Rentals applicable to operating leases are charged to the income and expenditure account over the period in which the cost is incurred.

Assets purchased under finance lease are capitalised in fixed assets. Obligations under such agreements are included in creditors. The difference between the capitalised cost and the total obligation under the lease represents the finance charges.

Finance charges are written-off to the Income and Expenditure Account over the period of the lease so as to produce a constant periodic rate of charge on fixed asset contracts.





# GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

## Notes to the Financial Statements

For the Year Ended 31st March 2011

### 2 INCOMING RESOURCES FROM GENERATED

FUNDS	Unrestricted Funds £	Restricted Funds £	2011 £	2010 £
<b>Voluntary income</b>				
Grants for core funding	109,500	-	109,500	145,680
	<u>109,500</u>	<u>-</u>	<u>109,500</u>	<u>145,680</u>
<b>Activities for generating funds</b>				
Rental income	2,328	-	2,328	4,564
	<u>2,328</u>	<u>-</u>	<u>2,328</u>	<u>4,564</u>
<b>Investment income</b>				
Bank interest	17	-	17	88
	<u>17</u>	<u>-</u>	<u>17</u>	<u>88</u>

### 3 INCOMING RESOURCES FROM CHARITABLE

ACTIVITIES	Unrestricted Funds £	Restricted Funds £	2011 £	2010 £
Community projects	-	356,564	356,564	266,647
Land projects	-	159,635	159,635	704,779
Education projects	-	84,628	84,628	130,297
Youth projects	-	17,636	17,636	8,866
Employment projects	-	528,892	528,892	176,861
Business projects	-	-	-	4,150
Other projects	-	-	-	4,000
	<u>-</u>	<u>1,147,355</u>	<u>1,147,355</u>	<u>1,295,600</u>

#### Income from projects was provided by :

Central Government	-	414,965	414,965	155,873
Public Sector	-	21,288	21,288	29,385
Local Government	-	359,537	359,537	347,032
European Funding	-	10,998	10,998	-
Private Sector	-	708,002	708,002	740,409
Lottery Funding	-	1,765	1,765	18,401
Landfill Tax	-	-	-	7,500
	<u>-</u>	<u>1,516,555</u>	<u>1,516,555</u>	<u>1,298,600</u>

# GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

## Notes to the Financial Statements

For the Year Ended 31st March 2011

### 4 RESOURCES EXPENDED ON CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	2011 £	2010 £
Community projects	-	278,716	278,716	170,765
Land projects	-	202,313	202,313	615,518
Education projects	-	420,888	420,888	51,499
Youth projects	-	6,025	6,025	11,058
Employment projects	-	394,492	394,492	154,122
Business projects	-	-	-	29,534
Other projects	-	-	-	350
Support costs	283,335	-	283,335	443,781
	<u>283,335</u>	<u>1,302,434</u>	<u>1,585,769</u>	<u>1,476,627</u>

#### Expenditure on projects comprised :

	Direct costs £	Staff costs £	Indirect costs £	2011 £	2010 £
Community projects	12,309	266,407	-	278,716	170,765
Land projects	115,558	86,755	-	202,313	615,518
Education projects	385,621	35,267	-	420,888	51,499
Youth projects	1,462	4,563	-	6,025	11,058
Employment projects	62,082	332,410	-	394,492	154,122
Business projects	-	-	-	-	29,534
Other projects	-	-	-	-	350
Support costs	-	174,271	109,064	283,335	443,781
	<u>577,032</u>	<u>899,673</u>	<u>109,064</u>	<u>1,585,769</u>	<u>1,476,627</u>

#### Included in support costs were :

Management and support salaries and on costs	174,271	281,449
Redundancy costs	-	57,568
Premises	27,505	30,676
Administration	56,724	49,817
Depreciation - tangible fixed assets - owned	16,578	11,982
Operating lease rentals - other	8,257	12,289

#### STAFF COSTS

	2011 £	2010 £
Wages and salaries	817,616	674,972
Social security costs	61,594	65,660
Pension costs	18,541	18,289
Benefits	1,922	7,629
	<u>899,673</u>	<u>766,550</u>

No employee earned £60,000 pa or more.

The trustees neither received nor waived any emoluments during the year (2010 : £Nil).

No trustee received any expenses during the year (2010 : £Nil).

#### Staff numbers

The average number of employees, analysed by function was :

	2011 No.	2010 No.
Direct charitable activities	48	24
Management and administration of the charity	5	6
	<u>53</u>	<u>28</u>

# GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

## Notes to the Financial Statements

For the Year Ended 31st March 2011

### 5 OTHER INCOMING RESOURCES

	Unrestricted Funds £	Restricted Funds £	2011 £	2010 £
Grants	-	-	-	25,000
Charitable donation	6,526	-	6,526	12,930
	<u>6,526</u>	<u>-</u>	<u>6,526</u>	<u>37,930</u>

### 6 COST OF GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds £	2011 £	2010 £
<b>Cost of generating voluntary income</b>				
Fundraising	378	-	378	1,388
	<u>378</u>	<u>-</u>	<u>378</u>	<u>1,388</u>

### 7 GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	2011 £	2010 £
Meeting costs	1,004	-	1,004	822
Legal and professional	120	-	120	968
Audit fees	4,980	-	4,980	4,790
	<u>6,104</u>	<u>-</u>	<u>6,104</u>	<u>6,580</u>

### 8 INCOME FROM SUBSIDIARY'S TRADING ACTIVITIES

GKM owns 100 ordinary shares of £1 each in a wholly owned subsidiary, Groundwork Environmental Services (Kent) Limited (GES), a company incorporated in England and Wales. The company was dormant throughout the year.



# GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

## Notes to the Financial Statements (continued)

For the Year Ended 31st March 2011

### 9 TANGIBLE FIXED ASSETS - Group and Charity

	Freehold Property	Building Refurbishment	Furniture, tools & equipment	Computer equipment	Motor vehicles	Total
<b>Cost</b>						
As at 1st April 2010	265,000	8,000	6,928	27,559	30,612	338,099
Additions	-	-	-	1,858	5,495	7,353
Disposals	-	-	-	-	-	-
As at 31st March 2011	<u>265,000</u>	<u>8,000</u>	<u>6,928</u>	<u>29,417</u>	<u>36,107</u>	<u>345,452</u>
<b>Depreciation</b>						
As at 1st April 2010	3,300	2,400	4,502	14,244	12,312	36,758
Charge for the year	3,300	800	1,732	5,126	5,620	16,578
Disposals	-	-	-	-	-	-
As at 31st March 2011	<u>6,600</u>	<u>3,200</u>	<u>6,234</u>	<u>19,370</u>	<u>17,932</u>	<u>53,336</u>
<b>Net Book Value</b>						
As at 31st March 2011	<u>258,400</u>	<u>4,800</u>	<u>694</u>	<u>10,047</u>	<u>18,175</u>	<u>292,116</u>
As at 31st March 2010	<u>261,700</u>	<u>5,600</u>	<u>2,426</u>	<u>13,315</u>	<u>18,300</u>	<u>301,341</u>

The Company's freehold premises are formally charged to its banker under 1st Legal Charge dated 8th November 2001.

The Company's freehold property was valued by Rogers, Stevens & Chance, Chartered Surveyors, on 31st March 2009. This value has been reflected in the accounts.

### 10 FIXED ASSET INVESTMENTS

GKM owned 100 ordinary shares of £1 each in a wholly owned subsidiary, Groundwork Environmental Services (Kent) Limited (GES), a company incorporated in England and Wales.

GKM also wholly owned subsidiaries, Grassroots Environmental Enterprises Limited and Groundwork Services (MS) Limited both were incorporated in England and Wales. On 30th March 2010 Grassroots Environmental Enterprises Limited was formally dissolved and on 13th April 2010 Groundwork Services (MS) Limited was also formally dissolved

Summary Balance Sheets of the subsidiaries are as follows:

	31st March 2011		31st March 2010		
	GES	GS (MS)	GES	Grassroots	GS (MS)
Current assets	199	-	9,881	157	1
Current liabilities	-	-	(9,682)	-	-
Net Assets	<u>199</u>	<u>-</u>	<u>199</u>	<u>157</u>	<u>1</u>
Share capital	100	-	100	-	1
Retained profits	99	-	99	157	-
Net Assets	<u>199</u>	<u>-</u>	<u>199</u>	<u>157</u>	<u>1</u>

# GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

## Notes to the Financial Statements (continued)

For the Year Ended 31st March 2011

11 DEBTORS	2011		2010	
	Group £	Charity £	Group £	Charity £
Trade debtors	209,140	209,140	151,296	151,296
Amounts owed by subsidiary undertakings	-	-	-	768
Prepayments	11,828	11,828	6,864	6,864
Accrued income	37,678	37,678	96,733	96,733
	<u>258,646</u>	<u>258,646</u>	<u>254,893</u>	<u>255,661</u>

12 CREDITORS : Amounts falling due within one year	2011		2010	
	Group £	Charity £	Group £	Charity £
Trade creditors	35,566	10,640	11,324	11,324
Other taxation and social security	45,745	45,745	35,509	35,509
Accruals	5,900	5,900	5,815	5,815
Deferred income	156,457	181,383	150,584	150,584
Other creditors	1,950	1,950	442	442
Amounts owed to subsidiary undertakings	-	184	-	-
Bank overdraft	10,540	10,540	65,501	65,501
Bank loans	4,523	4,523	8,943	8,943
Commercial mortgage	23,988	23,988	23,988	23,988
	<u>284,669</u>	<u>284,853</u>	<u>302,106</u>	<u>302,106</u>

13 CREDITORS : Amounts falling due after one year	2011		2010	
	Group £	Charity £	Group £	Charity £
Bank loans	-	-	4,527	4,527
Commercial mortgage	51,612	51,612	76,338	76,338
	<u>51,612</u>	<u>51,612</u>	<u>80,865</u>	<u>80,865</u>

Analysis as follows:				
Between one and two years	28,510	28,510	32,931	32,931
Between two and five years	23,102	23,102	47,934	47,934
Five years or more	-	-	-	-
	<u>51,612</u>	<u>51,612</u>	<u>80,865</u>	<u>80,865</u>

# GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

## Notes to the Financial Statements (continued)

For the Year Ended 31st March 2011

### 14 FINANCIAL COMMITMENTS

At 31st March 2011 the company has annual commitments under non-cancellable leases as follows :

	2011		2010	
	Group £	Charity £	Group £	Charity £
Other operating leases (non land and buildings) Expiring: Between two and five years	8,257	8,257	12,289	12,289

### 15 STATEMENT OF FUNDS

	Balance 1st April 2010 £	Income £	Expenditure £	Transfers £	Balance 31st March 2011 £
<b>UNRESTRICTED FUNDS</b>					
General funds	158,562	118,371	(289,817)	214,121	201,237
Revaluation reserve	16,320	-	-	-	16,320
Trading companies	99	-	-	-	99
Total unrestricted funds	174,981	118,371	(289,817)	214,121	217,656
<b>RESTRICTED FUNDS</b>					
Project funding	-	1,516,555	(1,302,434)	(214,121)	-
Total restricted funds	-	1,516,555	(1,302,434)	(214,121)	-
<b>TOTAL FUNDS</b>	174,981	1,634,926	(1,592,251)	-	217,656

### 16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31st March 2011 are represented by :	Unrestricted funds £	Restricted funds £	Total funds £	2010 £
Tangible fixed assets	292,116	-	292,116	301,341
Investment	1	-	1	1
Current assets	261,820	-	261,820	256,610
Current liabilities	(284,669)	-	(284,669)	(302,106)
Long term liabilities	(51,612)	-	(51,612)	(80,865)
Total Net Assets	217,656	-	217,656	174,981

### 17 REVALUATION RESERVE

As explained in note 9, the Company's freehold property was independently revalued on 31st March 2009 therefore creating a Revaluation Reserve of £16,320.

### 18 SUBSIDIARY UNDERTAKINGS

Groundwork Environmental Services (Kent) Limited (GES) provides advisory and consultancy services on all issues concerning the environment. The results of the subsidiary, which did not trade during the year, have been consolidated in these financial statements. The Charity has issued a letter of continued support to its subsidiary undertaking.

The charity had one other subsidiary undertaking; Groundwork Services (MS) Limited which was dissolved on 13th April 2010.

# GROUNDWORK KENT & MEDWAY

(A Company Limited by Guarantee)

## Detailed Income and Expenditure Account

For the Year Ended 31st March 2011

	2011		2010	
	£	£	£	£
<b>PROJECT INCOME</b>				
Central Government		414,965		155,873
Public Sector		21,288		29,385
Local Authority		359,537		347,032
European Union		10,998		-
Private Sector		338,802		307,216
Lottery funding		1,765		18,401
Landfill Tax		-		7,500
Managed Contracts		369,200		433,193
		<u>1,516,555</u>		<u>1,298,600</u>
<b>DIRECT COSTS</b>				
Direct project costs	577,032		547,745	
Project salaries	716,496		474,842	
Pensions and benefits	8,906		10,259	
		<u>(1,302,434)</u>		<u>(1,032,846)</u>
<b>SURPLUS ON PROJECTS</b>		<u>214,121</u>		<u>265,754</u>
<b>OTHER INCOME</b>				
Central Government	65,000		101,180	
Local Authority	14,000		14,000	
Private Sector	30,500		30,500	
Charitable donations	6,526		12,930	
Rental income	2,328		4,564	
Interest receivable	17		88	
Grants	-		25,000	
		<u>118,371</u>		<u>188,262</u>
<b>OVERHEADS</b>				
Management and support salaries	162,714		265,790	
Redundancy costs	-		57,568	
Pensions and benefits	11,557		15,659	
Training and recruitment	2,984		3,505	
Mortgage interest	2,262		2,835	
Hire purchase and bank loan interest	276		1,326	
Premises costs	25,243		27,841	
Insurance	14,295		13,463	
Telephone, fax and internet	6,357		5,264	
Postage, stationery and office supplies	11,119		11,044	
Office equipment leasing and maintenance	10,309		9,549	
Motor and travelling expenses	10,653		10,838	
Marketing and publications	378		1,388	
Auditors remuneration	4,980		4,790	
Legal and professional	120		968	
Network and board meetings	1,004		822	
Loss on disposal of fixed assets	-		800	
Sundry expenses	8,988		6,317	
Depreciation	16,578		11,982	
		<u>(289,817)</u>		<u>(451,749)</u>
<b>SURPLUS FOR THE YEAR</b>		<u><u>42,675</u></u>		<u><u>2,267</u></u>