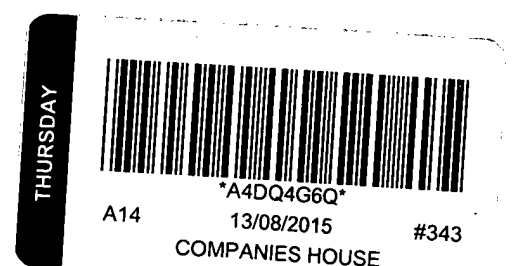


**Company Registration No: 01267728**  
**Charity Registration No (England and Wales): 271731**

**TRUST THAMESMEAD LIMITED**  
**(A company limited by guarantee)**

**REPORT**  
**AND**  
**FINANCIAL STATEMENTS**

**For the year ended**  
**31 March 2015**



**Trust Thamesmead Limited**  
**(A company limited by guarantee)**

**CONTENTS**

<b>Statutory Information</b>	<b>3</b>
<b>Strategic Report</b>	<b>4</b>
<b>Trustees' Report</b>	<b>16</b>
<b>Independent Auditors' Report</b>	<b>27</b>
<b>Statement of Financial Activities</b>	<b>29</b>
<b>Balance Sheet</b>	<b>30</b>
<b>Notes to the accounts</b>	<b>31</b>

**Trust Thamesmead Limited**  
**(A company limited by guarantee)**

**STATUTORY INFORMATION**

**DIRECTORS**

Michael Cleaver (Chair)  
Stephen Burns (appointed 1 April 2014)  
Amanda Doe (resigned 25 April 2014)  
Robert Elliott (appointed 1 April 2014)  
Victor Grimes (resigned 16 April 2015)  
Kenneth Miller  
Linda Portis

**CHIEF EXECUTIVE OFFICER**

Mick Hayes

**SECRETARY**

Sarah Cameron (appointed 6 October 2014)  
Susan Hickey (resigned 6 October 2014)

**COMPANY NUMBER**

01267728

**REGISTERED OFFICE**

45 Westminster Bridge Road  
London  
SE1 7JB

**BANKERS**

National Westminster Bank plc.  
Woolwich Branch  
1-7 Powis Street  
London  
SE18 6LE

**SOLICITORS**

TG Baynes  
Baynes House  
Market Street  
Dartford  
Kent DA11 1DB

Bates Wells and Braithwaite  
Scandinavia House  
2-6 Cannon St  
London, EC4M 6YH

**AUDITORS**

KPMG LLP  
15 Canada Square  
Canary Wharf  
London E14 5GL

**STRATEGIC REPORT**  
**For the year ended 31 March 2015**

The Board of Trustees of Trust Thamesmead Limited present their strategic report for the year ended 31 March 2015. The financial position and results for the year are set out on pages 29 to 47 of these statements.

**PRINCIPAL ACTIVITIES**

Trust Thamesmead Limited (the "Trust") is a leading community development organisation in Thamesmead, South East London. Thamesmead is largely covered by the postcodes SE28 and DA18. It is contained within Thamesmead Moorings Ward and a part of Glyndon Ward (Royal Borough of Greenwich) and the entire Ward of Thamesmead East and parts of Lesnes Ward (London Borough of Bexley).

Our Community Development work is aimed at building the capacity of individuals and groups in Thamesmead and it is delivered both geographically and thematically.

The Trust also provides an employment brokerage service assisting residents back into work (Building Futures), two early years pre-schools (Acorn and Arnott), seven community halls and a range of other community facilities including Sporting Club Thamesmead and The Link Thamesmead.

2014/15 was our first year as a subsidiary of Peabody. Our year was focused around the successful integration of Trust Thamesmead into Peabody and the delivery of the first Business Plan that we agreed with the Peabody Board.

**KEY MISSION AND PUBLIC BENEFIT**

The Trust is a charity established for general charitable purposes for the benefit of the inhabitants of Thamesmead and the surrounding area ("the area of benefit") and it has the following specific objectives related to the residents of the area:-

- To advance education
- To relieve financial need
- To promote health
- To promote amateur sport
- To promote for the public benefit community safety and the prevention of crime
- To relieve unemployment for the public benefit in such ways as may be thought fit including assistance to find employment
- To develop the capacity and skills of members of the community in such a way that they are better able to identify and help meet their needs and to participate more fully in society; and
- To provide or assist in the provision of facilities in the interests of social welfare for recreation or other leisure time occupation of members of the community who have need of such facilities by reason of their youth, age, infirmity or disability, financial hardship or social circumstances with the object of improving their conditions of life.

We aim to achieve this by:-

- Working closely with Peabody colleagues to deliver the Group's wider ambitions for Thamesmead
- Advocating for change to benefit Thamesmead residents and supporting local people to find local solutions to their own problems
- Forming partnerships with those who share our vision
- Acting as a gateway to bring services and funding to Thamesmead

**STRATEGIC REPORT**

**For the year ended 31 March 2015**

- Using our income to deliver direct services of very high quality

In setting our objectives, planning our activities and monitoring our services, the Board of Trustees has given careful consideration to the Charity Commission's general guidance on public benefit and we can confirm that we have met this criterion.

**THE CONTEXT IN WHICH WE OPERATE**

Thamesmead is a new community originally developed in the 1960s on Plumstead and Erith marshes with the aim of providing 25,000 homes. It is sited across the two London Boroughs of Greenwich and Bexley which has implications for developments policy decision-making and creating social cohesion. The bringing together of housing stock (Gallions Housing Association), land ownership (Tilfen Land Limited) and community development (Trust Thamesmead Limited) within the Peabody group from 1 April 2014 means that the area will now be managed and developed as a whole as part of a single well-resourced organisation. The Peabody Group has already embarked on a major investment programme in partnership with the two Boroughs; the Greater London Authority (GLA) which is will deliver 2826 new homes and is expected to create 5,652 jobs by 2022. A 30 year strategy for Thamesmead will be in place by September 2015.

There are currently 48,720 people living in Thamesmead. Thamesmead has a younger population profile compared with local, regional and national averages and a higher percentage of younger, single households. The area has twice the regional average number of single parents with dependent children. Thamesmead has a higher proportion of socially rented properties (41%) than the national average (19%).

The Index of Multiple Deprivation provides an insight into poverty across geographical areas known as Super Output Areas. Addressing deprivation through skills training and other interventions enabling residents to access employment created locally in the future, (and elsewhere in London) is a critical part of our long term agenda for residents of Thamesmead. Crossrail presents an important opportunity creating connections for existing residents to jobs, as well a vehicle to promote more investment in the area.

---

STRATEGIC REPORT  
For the year ended 31 March 2015

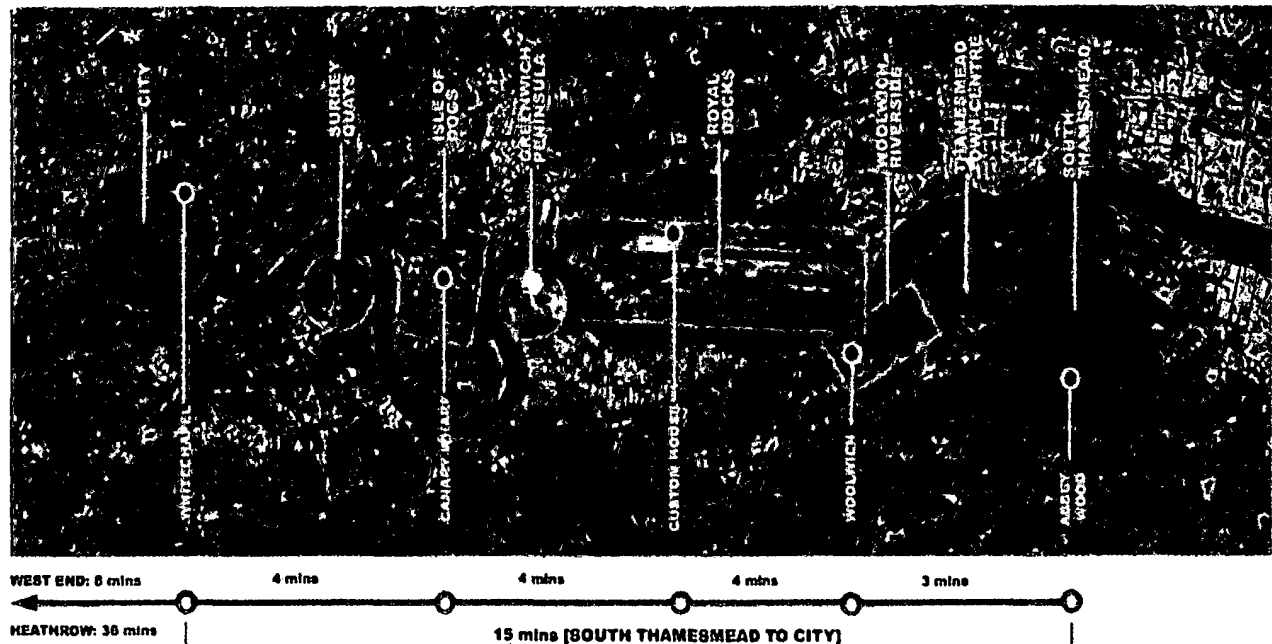


Fig. 1 Impact of transport infrastructure improvements

Economic activity within the Thamesmead and Abbey Wood area has historically been broadly in line with the London average at 67% of the working age population; similarly the unemployment levels are in line with the London average. Employed Thamesmead residents however, earn significantly less than the London average. Nearly all local schools are well regarded with good performance.

Thamesmead is a multicultural area and there has been a significant change in ethnic groups, most significantly an increase in the Black-Caribbean/African community. (Office for National Statistics data – Thamesmead East – a change from 319 people in 2001 to 4,218 in 2011. In Thamesmead Moorings – a change from 451 people in 2001 to 7,020 in 2011). Across Thamesmead the Black and Minority Ethnic (BME) community accounts for 63% of the population and the Black African community has increased 13-fold over the last decade.

There are a number of important health indicators within the area that are worth highlighting:-

- The proportion of people in all three Greenwich Super Output Areas (SOA) who say they are in very good health is greater than the average in England, London or the averages for Greenwich or Bexley. This is surprising given the poor health outcomes demonstrated by other statistics for the area. This could be explained by low expectations and poor understanding of good health.
- Teenage conception rates have fluctuated but remained consistently high over many years in Greenwich. Whilst the borough holds the 5th highest conception rate across London there have been significant and positive indications that the rate is now reducing.
- Greenwich 007 SOA has a relatively low rate of obesity in Reception Year when compared with other Thamesmead Middle-layer Super Output Areas ("MSOAs"), nearly at the London average. By Year 6 however obesity rates are the second highest of Thamesmead MSOAs well above London and England rates at over 25%.
- Analysis by Sport England showed that whilst high proportions of inactive people live in the Thamesmead area, there is considerable latent demand for specific sports and physical activity.

## **STRATEGIC REPORT**

**For the year ended 31 March 2015**

The need to increase physical activity levels in Thamesmead is also clearly demonstrated by child obesity data we have for Thamesmead.

Local community and health groups have provided feedback on their key concerns to us, including mental ill-health, substance misuse, activity, diet, welfare and immigration issues, specific conditions including prostate cancer and HIV, issues relating to BME groups and issues where people find it difficult to access appropriate services such as carers.

### **BUSINESS PLAN PRIORITIES**

An inaugural Business Plan was agreed for the period 2013-16 and underpinned by a long term funding agreement. All of the targets were focused on supporting the 'Thriving Communities' theme in Peabody's Business Plan.

As part of this work, the Trust adopted the following Mission Statement:

*'Building a thriving 21<sup>st</sup> Century community in Thamesmead that has high levels of employment and community involvement, good health, sound educational outcomes and strong community enterprise.'*

In delivering this plan we committed to build the six Peabody Behaviours into our performance management framework. These behaviours are:-

- Customer focused
- Results focused
- Collaborative
- Can Do
- Principled
- Continuously improving

Our inaugural Business Plan is structured under five priority headings agreed with Peabody. These are:-

- Getting more people into jobs and volunteering
- Improving the life chances of young people (up to the age of 24)
- Improving health, wellbeing and social contact
- Improving parenting and family cohesion
- Developing an independent and cohesive society

### **BUSINESS REVIEW AND PERFORMANCE**

Below we have summarised the success that we achieved in terms of integration into Peabody, the development of our directly delivered services (Sporting Club Thamesmead, The Link Thamesmead, Early Years Education and Building Futures) and the impressive work of our Community Development team.

### **INTEGRATION**

The firm view from both Peabody and Trust Thamesmead staff is that the Trust's move into the Peabody group has been a positive experience for both. Some target dates have slipped but this has largely been because of the desire to do things right rather than quickly. The quality of back office services has been significantly enhanced since the Trust joined the Peabody Group.

Below is a brief summary of what has been achieved over the past year.

**STRATEGIC REPORT**  
**For the year ended 31 March 2015**

**Governance**

The composition of the Board of Trustees of Trust Thamesmead Limited (the "Board") was reviewed following the Trust joining the Peabody Group in 2014 and recommendations were made to the nominations and remuneration Committee which oversees new appointments to all the boards of subsidiary companies. The Trust's new immediate parent company Peabody Trust also approved revised articles of association and as part of the Group's corporate restructuring plans the Trust agreed to enter into various legal agreements. Corporate transactions included the transfer of the Trust's holding in Tilfen Land Limited to Peabody Trust on 1 April 2014 in return for a 15 year funding agreement.

The Peabody Board and the Executive are in discussions with the Trust Thamesmead Board and the boards of other subsidiaries about plans to simplify the Group structure, whilst keeping the Group's regulators and other stakeholders informed as necessary.

A business plan, budget and KPIs have been approved for both 2014/15 and 2015/16. The Trustees received training on the structure of the Peabody Group and their Health and Safety responsibilities. The Sporting Club Thamesmead (a subsidiary company of the Trust) also reviewed governance arrangements reviewed during the year under review. The Trustees' Report for the year ended 31 March 2015 (pages 16 to 25) provides more detail on regulation and governance.

**Finance**

The Trust completed migration onto Peabody Group's finance and procurement processes by the end of the financial year going live on the 1 April 2015. The success of this project is a key priority for the Trust to assist it in its move to a 'social enterprise model' of trading with a much enhanced understanding of costs and income.

**Human Resources**

Through the merger process the Trust lost 6 staff in support services.

The Trust reports high levels of staff motivation throughout the year with 26 staff taking no sickness at all over the year. For the period 1 April 2014 to 30 June 2014 the sickness rate was 3.2%, for the period 1 July 2014 to 31 January 2015 the sickness rate was 1.6%.

In terms of staff retention over the year, turnover for the period 1 April 2014 to 30 June 2014 was 2.7%. For the period 1 July 2014 to 31 January 2015, it was 13.8% in total with 10% voluntary and 3.8% involuntary due to end of contracts and redundancy. The higher figure during the last seven months is largely due to the integration into the Peabody Group. The quality of communication with staff was a key factor in our success together with their move onto terms and conditions equivalent to Peabody colleagues.

**Training and Development**

The Trust employees have fully committed to Peabody's performance management, Customer First, Leadership and Management Programme and Equality and Diversity training, and have significantly benefited from Peabody's induction and health and safety programmes.



**STRATEGIC REPORT**

**For the year ended 31 March 2015**

**Facilities Management/Health and Safety**

The Trust's Chief Executive Officer, Mick Hayes, is particularly praiseworthy of the support his team has received from Peabody Group's facilities and health and safety teams.

Key successes over the last 12 months include:

- Expert Facilities Management and Health & Safety advice on all our community properties.
- Stock condition survey of all Trust Thamesmead sites.
- Review of Trust Business Continuity Plan.
- Cost savings of £10,500 achieved on renewal of insurance cover.
- Cost savings underway through review of Business Rates and the move to purchase energy costs via Peabody.
- Health and safety audit/support to deliver action plan and implement revised Safe Management System.
- Training Needs Analysis for all staff around Health and Safety.
- Fire Risk Assessments/Electrical Testing/Asbestos and Legionella Surveys, undertaken for all Trust managed buildings and £40k budget agreed to implement recommendations (Phase One).

**Strategic Management**

The Trust Senior Team report satisfaction with Peabody in the following areas:

- Support for Integration process.
- Setting up a successful 'Job Club' at their Head Office from November 2014.
- Support to agree and define new key performance indicators linked to the agreed business plan which can be evidenced.
- Executive level support regarding developing an Socio-Economic Strategy to underpin the Thamesmead regeneration programme (and, in particular, developing delivery objectives linked to the work underway on the Pembury Children's Community).
- Support to review the Trust's Safeguarding and Data Protection policies.

**OUR SERVICES**

**Sporting Club Thamesmead**

2014/15 was the first full year of operation for Sporting Club Thamesmead; we began with a full review of the existing business plan and we set up monthly review meetings to monitor how successful we were in raising income and providing community benefits at Sporting Club Thamesmead.

Areas of business including bar and catering, private hire, outdoor activities and children's parties have all shown growth with the final quarter showing a 15% increase on the previous year.

Our key achievements include:

- **42,517** visits during the first full year of opening
- **4,541** residents regularly involved in sport and physical activities

**STRATEGIC REPORT**

**For the year ended 31 March 2015**

- **1,231 residents taking part in other social community or leisure activities (mainly fitness classes)**

After a difficult start, the relationship with Thamesmead Town FC improved as the season progressed, and the Football Academy programme continued to grow in size with the introduction of a third team. A ground-share agreement was put in place bringing Seven Acre & Sidcup FC to Bayliss Avenue with Charlton Ladies continuing to use Sporting Club Thamesmead as their home ground.

The biggest challenge for financial year 2015/16 will be increasing income and growth in all areas, reducing expenditure where possible and increasing the quality of service the Trust offers. Several new initiatives are in place to generate new income streams running alongside a plan to reduce expenditure and ultimately the level of operating subsidy the Trust receives from Peabody.

**The Link Thamesmead**

During 2014/15 The Link continued to perform well against its core objective: to provide an affordable, popular and well-used hub of co-located services for young people and the wider community that over time becomes self-sustainable.

A number of management personnel changes took place over the year, which at times distracted attention from the development of The Link as a business and as a stimulus for community activity. Nevertheless, the Trust was still able to improve services. The staff team increased opening hours on Saturdays and Sundays, maintained a high level of customer care and continued their support for the centre's main tenants and user groups. For example, Archway Project was enabled to deliver two new NVQ courses and increase user numbers by 13%, Theatre Street increased turnover by 60% and launched their BTEC Musical Theatre Course, and Thamesmead Gym increased its membership by 27% and its income by 47%. In addition The Link hosted the Harrow Manor Way Health Day, a number of activities for our 'Now's the Time' programme, and a Family Climbing scheme in Arch C.

Highlights for the coming year include the launch of a cycle hire scheme, the hosting of the first ever Thamesmead Arts Festival in May, expansion of the new established 'One Stop Shop' advice service (with Bexley College) and a new programme of open access activities for young people to be delivered in partnership with Charlton Athletic Community Trust.

Thamesmead Youth Voice continued to play a key part in the delivery of young people's activities at The Link, meeting twice weekly and involving themselves in a range of activities including open mic nights (one a fundraiser for Comic Relief), a sponsored walk, a trip to Parliament and the launch of the Cory Bridge and Link Pocket Park.

In terms of trading performance 2014/15 was largely a successful year for The Link. Income increased to £250,740 while staff costs and operating overheads were rationalised with significant savings made. The popularity of the café grew over the year but the cost of sales was disproportionately high; over the coming year we will implement a number of plans designed to improve the offer and reduce costs not just of the café but the centre as a whole.

**STRATEGIC REPORT**

**For the year ended 31 March 2015**

**Early Years Education**

Our two preschools (Acorn in Bexley and Arnott in Greenwich) continue to provide the highest quality of Early Years Foundation education equivalent or better than any similar service in the two boroughs. Both settings have been judged by Ofsted to be 'Outstanding' and for Acorn this is for the third successful inspection in a row.

The key focus of our work is tracking our children's educational and personal development and ensuring parents are kept regularly informed through parent review meetings. In one of our settings 94.8% of children made progress to ensure they met or were above the Government standard for their age group, and support and transition plans were in put place for the five children who left our provision showing delays in their development.

Some of the key features of our provision include:

- An experienced and highly qualified staff team.
- Close work with other early years professionals and advisory networks.
- An offer to young children beyond the Government's Early Year's Foundation education. Our children have the opportunity to take part in our key educational programmes such as 'Every Child a Talker' and 'Early Words Together'. Last year our childcare settings took part in a range of community projects such as 'Parents Play Day', 'Good Choices Day', 'Capital Clean Up' and also assisted in a community garden project.
- Our children and families continue to benefit from our support and use of the Common Assessment Framework at both settings. This allows us to identify any child's additional needs and identify the appropriate agencies that can support us.
- The full involvement of our parents in the delivery of our service and, in particular, our support for our Parents Forums at Acorn and Arnott.

We have acknowledged that only a small number of children in Thamesmead (about 80) are able to benefit from our service so we are now looking at how we can support significantly more Thamesmead two to five year olds so they can benefit from an excellent educational start in life.

**Building Futures**

It has been a year of significant change for our employment and training programme 'Building Futures' as it gears up to support the key Peabody strategic objective of supporting 1,000 Londoners each year back into work. The intention is to double the size of our team and help 400 residents in paid employment (up from 200) in our first five years as part of the Peabody Group.

Building Futures was tasked in 2014/15 with getting 330 clients into employment, based on having a full-team in place and a fully operating Job Club from 1 April 2014. However the team was not fully recruited until November 2014 and our Job Club opened in the same month, therefore we did not achieve our set target.

In partnership with Resources Plus (London Borough of Bexley) we successfully opened our Job Club in November 2014. A wide programme is offered ranging from one to one support, CV writing and interview skills workshops as well as a 'drop in' service.

**STRATEGIC REPORT**  
**For the year ended 31 March 2015**

Building Futures achievements for 2014/15 were:

➤ Number of new customers	487
➤ Number support into employment	166
➤ People supported into sustained jobs for 26 weeks	53
➤ People supported into sustained jobs for 52 weeks	30
➤ Residents into education and training	352
➤ Young people into apprenticeships	2
➤ People registered for Job Club	66

With the successful recruitment of a business advisor at the end of March 2015 and working in partnership with Resources Plus, an engagement plan has been developed which will build much stronger communications with local employers in order to identify new jobs and employment opportunities.

**Community Development**

The purpose behind our community development service is to create opportunities for people at different stages of their lives, enhance their own personal development and help strengthen the fabric of their own communities using our 'Together We Can' format with a focus on developing a stronger approach to partnership working and capacity building local organisations.

The team works in alignment with the following key themes: Financial Wellbeing, Volunteering, Education & Life Long Learning, Environment and Regeneration and Health & Wellbeing with an emphasis on our four localities in Thamesmead: North, West, Central and South and four community hubs.

**i. Financial Wellbeing**

The past year has seen the financial wellbeing strand growing from strength to strength. We have brought together over 20 service providers from across Thamesmead who have signed up to working with us and each other to promote and refer Thamesmead residents facing financial hardship. Additionally our Advice Providers Forum has played a pivotal role in shaping our social prescribing project (now named Positive Steps Thamesmead), launched in early April 2015 from Lakeside Medical Centre. The project provides access to an array of support services for patients visiting their GP who are experiencing financial hardship and a multitude of other issues. Fair Finance, a key partner in this service, are expanding their reach through the delivery of financial capability sessions at Children's Centres and other local venues across Thamesmead and moving forward we will be seeking ways to secure their increased delivery in Thamesmead for the longer term.

**ii. Volunteering**

Our volunteering programme is now well established and has become fully aligned with Peabody policies and procedures. There are currently 518 registered volunteers on our database, with an average of between 60-80 active volunteers at any one time throughout 2014/15. 103 roles were run or supported by the Trust in 2014/15. Our volunteers gained 15 accreditations and 85 non-accreditations this year and a reward and recognition scheme has been established, taking place in June to coincide with National Volunteers' Week and December for a Christmas/end of year celebration.

Six existing partnerships were supported to increase their volunteering opportunities in 2014, two of which are a "Together We Can" group. Ten West Thamesmead residents have so far joined the

**STRATEGIC REPORT**

**For the year ended 31 March 2015**

West Thamesmead Community Forum. A befriending project is underway for 2015/16, to build on the Positive Steps Thamesmead project, launched in April 2015.

The volunteering programme continues to support Gallions Housing Association's canal clean-ups and it also created a planting opportunity from December to February 2014. Volunteers are now added to Peabody's training list to access courses. Moving forward the focus will be on role development both locally and within the Trust and the development of potential new areas of volunteering such as time-banking.

**iii. Education & Life Long Learning**

During 2014/15 time has been spent developing partnerships with learning providers and key agencies who can bring learning opportunities to Thamesmead. We have successfully delivered 'Strengthening Families, Strengthening Communities' and 'Positive Parenting' courses to families facing additional challenges. We also delivered 'Early Words Together' to families with children aged two to five years old and through our partnership with the Learning Centre Bexley we will be providing more family learning opportunities during 2015/16. We have set up new partnership agreements with the key Children's Centres in East Greenwich along with two local community groups who deliver support for children not properly engaging with education.

Our priorities for next year will be learning focusing on four categories: children and families, young people, adults & community learning and older learners. In addition we will have a greater emphasis on developing meaningful partnership activities with schools in a defined geographical location.

**iv. Environment and Regeneration**

A number of projects have come to fruition over the past year; the Thamesmead Match Fund was re-launched with five live projects. A sixth project will soon be starting at Thamesmead Library. Tump 53 delivered events, sessions and volunteer workshops over a nine month period in 2014 (1,039 unique visitors including 700 school children). Approximately 600 residents have participated in environmental projects led by us over the year. These projects included home energy advice visits, community gardening, outdoor educational/social environmental events, consultation on larger landscaping schemes, local community-led projects (including the official opening of the Link Pocket Park, two urban orchards planted), and 'Thamesmead in Bloom' among others. We are also supporting the 'Good Food in Greenwich Initiative' with a mapping exercise of food growing spaces in schools in Thamesmead. The priorities for next year will be focusing on five areas; fuel poverty, capital projects, recycling, open space usage and horticulture food growing.

**v. Health & Wellbeing**

Over the past couple of years Trust Thamesmead has developed a strategic health & well-being partnership that has brought together public health teams from Greenwich and Bexley and a wide range of other stakeholders. We have worked with this group to conduct in-depth research around health deprivation in Thamesmead which culminated in a data report, 'Living Well' in Thamesmead. Over the past year the partnership collectively developed an action plan which has resulted in number of initiatives. For example, by working in partnership with Public Health Greenwich, St Paul's Church, Lakeside Health Centre and our own volunteer and staff over 90 local people have been trained as Health Champions and received a level two qualification in public health. Of those 90, 25 have since signed up to volunteer on our Positive Steps

**STRATEGIC REPORT**

**For the year ended 31 March 2015**

Thamesmead programme (see previous section on Financial Wellbeing). A Health and Well-being Community Asset Café made up of community leaders across Thamesmead is now operational and will deliver two well-being campaigns over the next year; the first will focus on seeking to reduce domestic violence. A large scale health promotion event was delivered in January 2015 which attracted over 300 people and was supported by over 18 partner organisations.

The focus for 2015/16 will be delivery of the joint campaigns, supporting healthy activity in our Birchmere Health and Wellbeing Centre and ensuring that the work of the strategic health partnership is factored within the wider regeneration plans.

**vi. Area Based community engagement**

A joint engagement strategy has been developed in partnership with the Peabody Thamesmead Strategy team and Gallions Housing Association which has resulted in the development of area forums in each of the four neighbourhoods. Over the year they have become more structured and better attended and are the key meetings where community members are engaged. The number of forum sessions hosted in 2014/15 is broken down as follows: four in North, Central, South; five in Community Voice, seven in West. Over the next year we will begin action planning with each of the forums and facilitate their engagement and involvement with the major regeneration process which is underway.

**Business Development**

The Trust's development of its own trading businesses and that of our main delivery partners in the community has also progressed well over the year.

A detailed scoping study on future support for the provision of Childcare and Foundation Years education in Thamesmead was published, and work has begun to implement the report's key recommendations, namely moving the Trust's childcare service onto a sustainable footing and increasing the supply of high quality childcare services in Thamesmead.

The Trust's three main trading projects performed with generally positive financial results, with two out of three achieving the business plan targets set for them. Our portfolio of community halls exceeded their challenging income target by 7%, while The Link Thamesmead achieved its income target. Sporting Club Thamesmead reached 82% of its target, a reasonable outcome given 2014/15 represented the first full year of trading. Detailed plans are in place to ensure each trading projects stands the best chance of reaching their 2015/16 targets.

Our support for key partners saw growth in income and user numbers for the Archway Project, Thamesmead Gym, Theatre Street and Charlton Athletic Community Trust, as well as the development of a number of community initiatives - Birchmere Community Hub, The Link Pocket Park, Parkview Community Hub and the Construction Craft Skills Centre proposed for Nathan Way.

In the coming year we will bolster our support for and help realise the development opportunities arising from Peabody's regeneration plans, with a particular focus on art and culture (and the delivery of the inaugural Thamesmead Arts Festival) and enhancing the area's sport and physical activity offer as well as training and enterprise support.

**STRATEGIC REPORT**

**For the year ended 31 March 2015**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Trust will continue to focus on increasing income and growth in all areas, reducing expenditure where possible and improving the quality of services to address risks and uncertainties to achieving its strategic priorities. The Trust has several new initiatives in place to generate new income streams running alongside a plan to reduce expenditure and ultimately the level of operating subsidy the Trust receives from Peabody. The programme of review and reporting of financial and performance information to the senior management team and the Board has also been strengthened.

The Trust has also strengthened its corporate governance arrangements to further address the risks and uncertainties to achieving its strategic priorities. The composition of the Board was reviewed following the Trust joining the Peabody Group in 2014. Revised articles of association have been agreed and as part of the Group's corporate restructuring plans the Trust agreed to enter into various legal agreements. The Trustees have also received training on the structure of the Peabody Group and their health and safety responsibilities.

This report was approved by the Board of Trustees on 15 July 2015 and signed on its behalf by:



Michael Cleaver  
Director

Date: 15 July 2015

**TRUSTEES' REPORT**

**For the year ended 31 March 2015**

The directors of Trust Thamesmead Limited are trustees of the Trust (the "Trustees"). The Trustees present their report, together with the audited financial statements for the year ended 31 March 2015.

**PRINCIPAL ACTIVITIES**

The Trust is a community development organisation in Thamesmead, South East London.

**TRUSTEES**

Particulars of the Trustees who served on the Board of Trust Thamesmead (the "Board") during the year and subsequently are set out on page 3.

The directors are covered by the Peabody Group's directors' and officers' indemnity insurance policy.

**REGULATION AND GOVERNANCE**

**Regulatory Framework**

The Peabody Group has adopted the principles and provisions of the NHF Corporate Governance Code "Excellence in Governance" Code 2010 ("Code"). In fulfilling its obligations under that Code it makes use of good practice drawn from supporting guidance. Peabody Enterprises has complied with the provisions of the Code.

In April 2015 the Board of Peabody Trust (the "Peabody Board") considered the new HCA Regulatory Framework (the "Regulatory Framework") published at the start of the current financial year (including the Governance and Financial Viability Standard). The Peabody Board and Trust Thamesmead Board take their responsibilities under regulation (and relevant good practice guidance) very seriously, and have taken appropriate steps to ensure compliance with new requirements set out in the Regulatory Framework.

The Peabody Board has overall responsibility for Group strategy and management. There are currently three Group committees: Audit and Risk; Nominations and Remuneration; and Treasury Committee which act on behalf of the Group.

The Board of Thamesmead Trust Limited was refreshed in 2014 to ensure that the requisite skills and experience is in place to provide scrutiny and monitoring of the delivery of ambitious plans for the regeneration of Thamesmead.

The Board has delegated responsibility for the day-to-day management to the Executive. The roles of Chair of the Board and the Chief Executive Officer are separate, reflecting their different responsibilities. Each member of the Board is bound by an Agreement for Services, the Peabody Group Code of Conduct and other agreed documents. The Secretary keeps a register of Board members' Interests which is updated on a regular basis.

**Role of the Board**

The role of the Board is to direct the strategic objectives of the Trust and monitor the performance of the Executive in turning their policy into action. It is the role of the Chief Executive and the officers to manage the operations of the Trust.

**Trustees'/Directors' Interests**

None of the Trustees held any beneficial interest in the Shares of the Trust, its parent undertaking or any



**TRUSTEES' REPORT**  
**For the year ended 31 March 2015**

of its fellow subsidiaries during the year.

**Board Evaluation**

The Board undertakes a regular formal evaluation of its own performance. An evaluation of the Board's collective performance is being undertaken in July 2015. Areas included in the self-assessment are:

- Board process;
- Role, composition, decision-making and relationships;
- Board Development and support;
- Performance – setting strategic framework, setting objectives and monitoring performance against them, effectiveness of governance, oversight of risk and setting risk appetite, monitoring customer and stakeholder satisfaction, health and safety .

In addition, this year the Board members will be asked to complete a self-appraisal of their individual skills and competencies. These exercises will enable the Board to:

- identify induction, development and training needs;
- assess the value that each Board member and the Board as a whole add to business performance; and
- provide a report for the Peabody Nominations and Remuneration Committee to consider as part of a review of governance arrangements this year.

**Leadership**

Within the accountability and delegation framework established by the Board, management of the day to day and operational matters has been delegated to Mick Hayes, Chief Executive Officer, supported by his management and staff teams.

The Trust also has a wholly owned subsidiary in Sporting Club Thamesmead.

In moving into the Peabody Group on 1 April 2014 new governance arrangements were put in place. Peabody Trust became the sole member of the charity and the Board's membership was subsequently reviewed by the Nominations and Remuneration Committee of Peabody Trust.

The Inaugural Business Plan provided for three of the former Trust Thamesmead Board Members (Victor Grimes, Linda Portis and Kenneth Miller) and the nomination of additional members by Peabody two were nominated by Peabody (Stephen Burns and Robert Elliott). Michael Cleaver, former Trust Thamesmead Board member and Interim Chair was appointed as Chair.

**TRUSTEES' REPORT**

**For the year ended 31 March 2015**

Attendance by former and existing Board members at board meetings is shown in the table below:

	<b>BOARD ATTENDANCE FINANCIAL YEAR 2014-15</b>								
	<b>Apr 2014</b>	<b>May 2014</b>	<b>Jul 2014</b>	<b>3 Sep 2014</b>	<b>23 Sep 2014</b>	<b>Nov 2014</b>	<b>Feb 2015</b>	<b>Total</b>	<b>%</b>
Michael Cleaver (Chair)	Y	Y	Y	Y	Y	Y	Y	7	100%
Kenneth Miller	Y	Y	Y	Y	Y	Y	Y	7	100%
Victor Grimes	Y	X	Y	Y	Y	Y	Y	6	86%
Linda Portis	Y	Y	X	Y	Y	X	Y	5	71%
Stephen Burns	Y	Y	Y	Y	Y	Y	Y	7	100%
Robert Elliott	X	Y	X	Y	Y	Y	Y	5	71%
Amanda Doe	Y							1	100%
<b>BOARD MEMBERSHIP</b>	7	6	6	6	6	6	6		
<b>BOARD ATTENDANCE</b>	6	5	4	6	6	5	6		
<b>BOARD %</b>	86%	83%	66%	100%	100%	83%	100%	<b>Average</b>	<b>88%</b>

**Note:** Amanda Doe resigned as a Board member on 25 April 2014.

**Remuneration of non-executive Board Members**

All non-executive members of the Trust Thamesmead Board serve in a voluntary capacity and are not remunerated. Total expenses of £102 were paid to Trust Thamesmead Board Members in the year 2014/15.

**Board Induction, Training and Evaluation**

The Board benefitted from two training sessions on:-

- The Peabody Group, its structures and reporting procedures;
- Health and Safety for trustees.

Robert Elliott, a new Board member attended training in the role of a non-executive director. In the autumn the Board plans to undertake a formal and rigorous evaluation of its collective effectiveness using the Peabody approach which will allow comparison with other entities within the Group. It will also undertake appraisals of individual Board members. This will enable the Board to assess the value that it adds to the Trust's overall performance and identify areas for development.

**STAKEHOLDERS, SUSTAINABILITY AND TRANSPARENCY**

As a charity and social enterprise we are committed to working with all our stakeholders. During the year we have worked hard to build effective relationships with our local MP, both Bexley and Greenwich Councils and other key agencies.

We publish information about our priorities and performance and how we use our resources on the Peabody website for all our stakeholders. We provide full information about our work unless there are good reasons not to, for example, for legal reasons or on the grounds of personal confidentiality, commercial confidentiality or practicality.

We believe corporate social responsibility and sustainability should be embedded across our organisation. This includes working with suppliers to embed sustainable practices and includes our commitment to openness and transparency. In the coming year we have secured funding to carry out sustainability audit across Trust Thamesmead. The recommendations of this work will be considered by the Board and shared

## **TRUSTEES' REPORT**

**For the year ended 31 March 2015**

with other members of the Peabody Group so that their input can inform implementation of the report's recommendations.

### **EQUALITY AND DIVERSITY**

Trust Thamesmead's service monitoring uses information about gender, ethnicity and age of people living in Thamesmead so that people who are under-represented in the use of services are fully considered in the development of future plans.

The Peabody Group and all its subsidiaries are committed to achieving equality through diversity and Trust Thamesmead's policies and strategies reflect this. Trust Thamesmead recognises that its ability to meet the needs of individuals and communities depends on a diverse workforce which has the necessary skills to enable Trust Thamesmead to achieve its service objectives.

### **HEALTH AND SAFETY**

A Health and Safety review was carried out as part of the merger due diligence activity, and an action plan identified. The focus of Health and Safety activity was on this work with fewer Health and Safety Committee meetings than in the previous year.

Policies in this area have been brought into line with the Peabody Group's policy.

### **STATEMENT OF GOING CONCERN**

After making enquiries, the Trustees have a reasonable expectation that Trust Thamesmead has adequate resources to continue in operational existence for the foreseeable future. The Inaugural Business Plan presented to the Peabody Group Board included a 15 year financial forecast and a 15 year funding agreement. For this reason they continue to adopt the going concern basis in preparing the financial statements.

### **POST BALANCE SHEET EVENTS**

We consider that there have been no events since the year-end that have had a significant effect on the company and Group's financial position which we have not made the auditors aware of.

### **RESERVES POLICY**

The reserves policy set by the Trustees for Trust Thamesmead prior to joining the Peabody Group on 1 April 2014 was that "the company will maintain for the time being a General Reserve of between £1.5m and £1.8m to cover any shortfalls in Gift Aid or dividends and additional reserves to allow us to develop new community projects and community assets." Trust free reserves, which are defined as those reserves which are not committed, restricted or designated and which specifically exclude fixed assets, totalled £22,518,000 at the year end. This is higher than the level set in the Trust's Reserves Policy and is due to the sale of the Trust's fixed asset investment in Tilfen Land Limited on 1 April 2014. A report reviewing the Trust's Reserves Policy in the context of the new financial context, which no longer includes a dependency on dividend income, will be prepared in the autumn.

The Trust wishes to maximise the returns achieved from the deployment of surplus cash resources whilst seeking to access funding from external sources including Charitable Trusts and Foundations, where there is clear benefit to the residents of Thamesmead.

**TRUSTEES' REPORT**  
**For the year ended 31 March 2015**

**INVESTMENTS**

The Board of Trustees is responsible for approving the Investment Policy which since 1 April 2014 is set within the context of the Peabody Group Treasury Strategy, Policy and Investment Policy. Up until 1 April 2014 the Investment Policy was kept under review by the Finance Sub-Committee whose responsibilities included the monitoring of performance and the evaluation of various options as they arise.

From 1 April 2014 Treasury management services are provided by the Group's finance function and until January 2015 the Group's Finance and Investment Committee was responsible for advising the Board on decisions covered by the Investment Policy. The Peabody Treasury Committee now provides additional scrutiny and support to the Board concerning treasury management policy and strategy.

**INTERNAL CONTROL AND RISK MANAGEMENT**

**The overall internal control and risk review process**

The Trust Thamesmead Board is responsible for the Trust Thamesmead system of risk management and the internal control framework and for reviewing their effectiveness. The system of risk management and internal control is designed to manage and reduce, rather than eliminate, the risk of failing to achieve business objectives. *It can only provide reasonable, not absolute assurance against material misstatement or loss.* The system of risk management and internal control also exists to give reasonable assurance about the reliability of financial and operational information and the safeguarding of Trust Thamesmead's assets and interests.

The Group Audit and Risk Committee (the "Committee") provides oversight of the Group's system of risk management and internal control on behalf of its subsidiary boards. The Group's arrangements in respect of the system of risk management and internal control cover Trust Thamesmead.

**Risk review process**

Trust Thamesmead is now part of a larger and more complex group having joined the Peabody Group (the "Group") in early 2014, along with Gallions and Tilfen Land. The Group has also grown in scale and ambition. Given that this growth is against the backdrop of increased regulation and a demanding external environment there is an understandable emphasis by the Trust Thamesmead Board, the Peabody Board and the Committee on making sure that there is a fit-for-purpose corporate structure and a robust governance framework across the entire Group.

The Peabody Board reviews the Risk Management Strategy (the "Strategy") and sets an appropriate risk appetite for the Group annually. The Peabody Board also receives an update on risk at each meeting and reviews the risk maps for the Group and its principal subsidiaries, including Trust Thamesmead, annually.

There has been an increased emphasis on Peabody Board level discussion of risk during the year, and ensuring that the discussion recognises the growing complexity of the Group risks. In particular, the Peabody Board has considered the risks related to regulation, development, sales and regeneration, and the possibility of contagion or multiple risks coalescing at the same time.

**TRUSTEES' REPORT**  
**For the year ended 31 March 2015**

The Trust Thamesmead Board received an update on risk and reviewed its risk register six times during the year at Board meetings and away days.

The Committee met four times during the year. The Committee regularly reviews the effectiveness of the system of risk management and internal control framework for the Group. The Committee also considers internal audit and other assurance reports at every meeting and the fraud register at least twice a year. These internal audit reports and the fraud register cover the entire Group, including Trust Thamesmead.

Management responsibility is clearly defined with regard to the identification, evaluation and control of significant risks. The Risk Review Panel (comprising Peabody's Executive Directors) met four times during the year and reviews organisational and strategic risk registers.

The senior management team at Trust Thamesmead also reviews the Trust Thamesmead risk register at a more granular level.

**Review of risk management**

The Group undertook a review of the system of risk management during the year. An 'adequate assurance' internal audit report on risk management was received by the Committee in September 2014. The Committee was supportive of planned improvements and also encouraged a joined up approach to risk management across the Group.

An externally facilitated risk workshop was held in October 2014 with the Board and the Executive Team of Peabody. A similar workshop was held in January 2015 with the Leadership Team (which included the Trust Thamesmead Chief Executive). These workshops highlighted themes around management of contagion risk and communication of risks, which, together with more specific observations, were taken forward by the business, with the support of the Group risk and assurance team.

A programme of work to strengthen the risk management approach was also carried out across the Group. A key element of this review was the revision of the Strategy to ensure it accurately reflects the complexity of the Group and its aspirations. The key revisions incorporated into the revised Strategy were in relation to:

- a) the realignment of the Strategy to current good practice and the Group's increasing complexity;
- b) the update of the risk scoring methodology; and
- c) the revision of the risk appetite statement.

The risk appetite statement was also revised to reflect the Group's ambition to grow, its continued need to deliver great services to residents and to safeguard the wellbeing of staff and residents.

The new risk appetite statement recognises that the Group is not averse to taking risks based on a considered judgement of the circumstances of each potential situation and appropriate appraisal of the anticipated return. It sets thresholds for types of risk (e.g. development, regulation, acquisition), to inform decision making by the Peabody Board and the Group businesses.

**TRUSTEES' REPORT**  
**For the year ended 31 March 2015**

Work was also undertaken to review and challenge the corporate risk registers (including the Trust Thamesmead risk register), controls, mitigations and actions. A review of the existing operational risk registers was on-going at year end and it is anticipated that this will be completed in the first quarter of the new financial year.

**Key strategic risks**

During the year the Peabody Board and the Committee have focused particularly on key risks.

The three key risks identified by the Trust Thamesmead Board are kept under review by the Peabody Board, the Trust Thamesmead Board and the Committee.

There are mitigating controls in place for all three risks, and a programme of actions to manage these risks and keep them and the mitigating actions under review.

The Peabody Board and the Executive are in discussions with the Trust Thamesmead board and the boards of other subsidiaries about plans to simplify the Group structure, whilst keeping the group's regulators and other stakeholders informed as necessary.

All three risks along with mitigating controls are set out in the table below. All three risks have a medium residual score after mitigation.

<b>Risk</b>	<b>Mitigating controls</b>
1. Corporate Governance	Corporate governance framework appropriate to business model and risk profile. Effective board(s) with appropriate composition.
2. Health and safety management	Effective Health and Safety Management System in line with HSG 65. Regular audits and reviews of the health and safety management systems along with updates on legislation.
3. Financial and other targets, budgetary control and performance reporting	Business plans in place for all Trust Thamesmead trading entities. Review key performance indicator data set and definitions. Improved management financial information to drive decision making. Plan to optimise income and control expenditure. Regular reporting to senior management team and Trust Thamesmead Board. Service improvements plans in place.

**Audit assurance**

The Group's internal audit function is outsourced: during the year the provider was KPMG and PricewaterhouseCoopers became the new provider. The outsourced function reports directly to the Director, Legal, Governance and Assurance and has direct access to the Committee.

The outsourced function provides the Group with a wide range of expertise, access to external benchmarking information and insights on good practice. The internal audit annual programme of work is aligned to the Group's strategic objectives and risks. The Committee considers internal audit reports (in

**TRUSTEES' REPORT**  
**For the year ended 31 March 2015**

particular high risk recommendations and limited assurance opinion reports) and progress against the annual plan at each meeting.

During the year the Committee in its oversight role encouraged timelier implementation of internal audit recommendations. The Committee also took a particular interest in ensuring improved, more focused reporting to the Committee.

**External Audit**

The work of the external auditors provides further independent assurance on the control environment. Peabody receives a letter from the external auditors identifying any weaknesses in internal control with recommendations for improvement and this letter was considered by the Committee at its July 2015 meeting along with a detailed action plan to address any issues. No significant weaknesses have been noted.

During the year a tender process was run for the appointment of external auditors. In May 2015 KPMG (previously internal auditors for the Group) replaced Kingston Smith LLP (previously external auditor for Trust Thamesmead) as external auditors for all companies in the Group (including Trust Thamesmead). A member of the Committee sat on the tender evaluation panel for the procurement exercise. A key consideration which was addressed through appropriate assurances to the Committee and changes of key personnel was the independence of KPMG as the new external auditor, given their previous role as the Group's internal auditor. The Committee also required the timely finalisation of the 2014/15 internal audit plan to ensure a smooth and clear handover to the new internal auditors. Further information on the change of auditors is provided within the Trustees' Report on page 25.

**Monitoring, control environment and control procedures**

The Group operates a process of regular self-assessment of controls. This self-assessment is tailored to ensure managers across the Group escalate potential risks and weaknesses in the control environment. This enables corrective action to be taken and provides assurances to senior management and the Committee on the control environment. The Group Chief Executive provides an annual assurance report based on this self-assessment process to the Committee and the Peabody Board.

The Group Code of Conduct sets out Group's expectation of employees with regard to quality of service, business disciplines, honesty and integrity. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection. Policies are periodically reviewed in accordance with a prescribed timetable.

**Information and financial reporting systems**

Trust Thamesmead's long term financial and corporate business plan is monitored continuously by management and our Board to ensure that the business remains financially healthy and that targets for financial growth and other objectives are met in order to enable the delivery of our social objectives. The long term financial and business plans are tested against a range of challenging scenarios.

**TRUSTEES' REPORT**  
**For the year ended 31 March 2015**

**Fraud**

The Group has a fraud policy that covers the prevention, detection, investigation, and reporting of fraud, including remedial action if a fraud has occurred, to learn lessons and prevent a recurrence. All cases of fraud and attempted fraud are reported to the Trust Thamesmead Chief Executive as appropriate, the Executive Team of Peabody and to the Committee. The Group has appointed a Money Laundering officer as part of its compliance with anti-money laundering legislation.

The Group Fraud Register is reviewed by the Committee at least twice a year. During the period there were a small number of minor frauds reported.

**Anti-bribery and whistle blowing**

Trust Thamesmead values its reputation and is committed to maintaining the highest possible ethical standards in all its business activities. The Group has a Whistle Blowing Policy that encourages employees and others to express any serious concerns regarding suspected misconduct or malpractice within the organisation. This Policy was revised and reissued in January 2015. The Group's Anti-Bribery Policy makes clear that the Group has zero tolerance of any form of bribery.

**Internal Controls Assurance Statement**

The Trust Thamesmead Board acknowledges its ultimate responsibility for ensuring that Trust Thamesmead has in place a system of internal control that is appropriate to the various business environments in which it operates.

This is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide the Trust Thamesmead Board with reasonable and not absolute assurance against material misstatement or loss.

The processes in place for identifying, evaluating, and managing the significant risks faced by Trust Thamesmead are on-going and have been in place throughout the period commencing 1 April 2014 up to the date of approval of the financial statements.

The Group's arrangements in respect of the system of internal control cover the entire Group, including Trust Thamesmead. Key elements of the Group's system of internal control throughout the period included:

- approved terms of reference and delegated authorities for the Group Audit and Risk, Nominations and Remuneration, Finance and Investment (now disbanded) and Treasury Committees;
- a review of regulatory compliance arrangements at least twice a year to the Peabody Board;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- robust strategic and business planning processes, with detailed financial budgets and forecasts;
- formal recruitment, retention, training and development policies for all staff;
- an annual review of compliance with the code of governance;
- established authorisation and appraisal procedures for significant new initiatives and commitments;
- a detailed Group approach to treasury management;



**TRUSTEES' REPORT**  
**For the year ended 31 March 2015**

- regular reporting to the appropriate committee and/or board on key business objectives, targets and outcomes;
- regular monitoring of loan covenants and requirements for loan facilities;
- policies and arrangements to reduce the risk of fraud, bribery and money laundering.

The Peabody Board has delegated to the Committee the regular review of the effectiveness of the Group system of internal control (which includes Trust Thamesmead), whilst maintaining ultimate responsibility for the system of internal control.

The Committee reviewed the effectiveness of the system of internal control in existence across the Group (including Trust Thamesmead) for the period commencing 1 April 2014 up to the date of approval of the financial statements, having regard to the annual review of the effectiveness of the Group system of internal control by the Peabody Chief Executive and the annual report of the internal auditor, and reported to the Peabody Board that it had found no significant weaknesses in the system of internal control.

**Disclosure of Information to Auditor**

The directors who held office at the date of approval of this directors' report confirm that, in so far as each of the directors is aware:

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditor**

Following a comprehensive competitive tendering process undertaken in accordance with the procurement procedures of the Peabody Group, a proposal to appoint KPMG LLP as the Group's external auditor was approved by the Peabody Board on 21 January 2015. Accordingly, Kingston Smith LLP resigned as auditors under section 516 of the Companies Act 2006 (the "Act").

Pursuant to section 487 of the Act KPMG LLP were appointed as auditor of the Company for the financial year 2014/15.

As KPMG have indicated their willingness to continue in office as auditors of Peabody and the Company they are deemed to be re-appointed.

This report was approved by the Board of Trustees on 15 July 2015 and signed on its behalf by:



Michael Cleaver

Director

Date: 15 July 2015

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees, who are Directors for Companies Act purposes, are responsible for preparing the strategic report, trustees' report and financial statements in accordance with applicable law, regulations and United Kingdom Generally Accepted Accounting Practice.

Company law in the United Kingdom require the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charitable Company and the Group at the end of the year and of the surplus or deficit of Trust Thamesmead for the year then ended.

In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- observe the methods and principles in the Charities SORP;
- state whether applicable UK Accounting Standards 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 charitable company will continue in business.

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

By Order of the Board



Michael Cleaver  
Director  
Date:

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRUST THAMESMEAD LIMITED**  
**For the year ended 31 March 2015**

We have audited the financial statements of Trust Thamesmead Limited for the year ended 31 March 2015 set out on pages 29 to 47. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 26, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRUST THAMESMEAD LIMITED**  
**For the year ended 31 March 2015**

- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Chris Wilson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
Canary Wharf  
London E14 5GL

21 July 2015

**Trust Thamesmead Limited**  
**(A company limited by guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 March 2015**

<b>Income and Expenditure Account</b>	<b>Note</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2015 £</b>	<b>Total 2014 £</b>
<b>Incoming resources</b>					
Incoming resources from generated funds					
Voluntary income		199,510	-	199,510	2,283,722
Incoming resources from charitable activities		541,095	100,003	641,098	629,660
<b>Total incoming resources</b>		<b>740,605</b>	<b>100,003</b>	<b>840,608</b>	<b>2,913,382</b>
<b>Resources expended</b>					
Cost of charitable activities		(3,185,098)	(100,003)	(3,285,101)	(3,089,735)
Governance costs		(17,312)	-	(17,312)	(67,419)
<b>Total resources expended</b>	<b>5a</b>	<b>(3,202,410)</b>	<b>(100,003)</b>	<b>(3,302,413)</b>	<b>(3,157,154)</b>
Investment income	<b>3</b>	1,194,594	-	1,194,594	83,086
Surplus on sale of fixed asset investment		5,363,423	-	5,363,423	-
<b>Net income for the year before gains &amp; losses</b>		<b>4,096,212</b>	<b>-</b>	<b>4,096,212</b>	<b>(160,686)</b>
Actuarial loss on defined benefit schemes	<b>16</b>	(111,000)	-	(111,000)	(92,000)
<b>Net movements in funds</b>		<b>3,985,212</b>	<b>-</b>	<b>3,985,212</b>	<b>(252,686)</b>
Fund balances brought forward		30,293,068	200,410	30,493,478	30,746,164
Transfers	<b>12</b>	200,410	(200,410)	-	-
<b>Fund balances carried forward</b>		<b>34,478,690</b>	<b>-</b>	<b>34,478,690</b>	<b>30,493,478</b>

All amounts relate to continuing activities.

There were no recognised gains or losses other than those dealt with in the Statement of Financial Activities.

The notes on pages 31 to 47 form part of the financial statements.

**Trust Thamesmead Limited**  
**(A company limited by guarantee)**

**BALANCE SHEET**  
**As at 31 March 2015**

	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
<b>Fixed assets</b>			
Tangible assets	8	11,960,348	12,154,483
Investment in joint venture	9	-	17,297,227
Investment in subsidiary	9	1	1
		<u>11,960,349</u>	<u>29,451,711</u>
<b>Current assets</b>			
Stock		7,148	1,860
Debtors (including £21,419,090 (2014:£Nil) due after more than one year)	10	21,963,016	1,405,180
Cash at bank and in hand		890,656	8,775
		<u>22,860,820</u>	<u>1,415,815</u>
<b>Creditors: amounts falling due within one year</b>	11	(212,499)	(336,048)
<b>Net current assets</b>		<u>22,648,321</u>	<u>1,079,767</u>
<b>Defined benefit pension scheme liability</b>	16	(129,980)	(38,000)
<b>Net assets</b>		<u>34,478,690</u>	<u>30,493,478</u>
<b>Designated funds:</b>			
Fixed asset reserve		11,960,348	12,154,483
Capital reserve		-	17,297,227
General funds		22,518,342	841,358
	12	<u>34,478,690</u>	<u>30,293,068</u>
<b>Restricted income funds</b>	12	-	200,410
		<u>34,478,690</u>	<u>30,493,478</u>

The financial statements were approved by the Board and authorised for issue on 15 July 2015 and signed on its behalf by:



Michael Cleaver  
Chair

The notes on pages 31 to 47 form part of the financial statements.

Company number: 1267728

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

**1. Accounting policies**

The financial statements have been prepared in accordance with the Companies Act 2006, the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in February 2005 and applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP).

*The more important accounting policies adopted are described below.*

**a) Basis of preparation**

The financial statements have been prepared on a going concern basis and under the historical cost convention.

**b) Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**c) Cash flow statement**

The Charity is exempt from the requirements of Financial Reporting Standard (FRS) 1 (Revised 1996) to prepare a cash flow statement as its results are included in the consolidated financial statements of Peabody Group which includes a cash flow statement.

**d) Basis of Non-Consolidation**

The Charity is exempt from the obligation to prepare group accounts by virtue of the Companies Act 2006. Group accounts are prepared by the immediate parent, Peabody. The Charity's financial statements present information about it as an individual undertaking and not about its group.

**e) Fund accounting**

Unrestricted funds - these are accumulated surpluses and deficits on general funds which can be used in furtherance of the general objectives of the Charity at the discretion of the trustees.

Designated funds - these are unrestricted funds which have been set aside by trustees for specific future purposes or projects.

Restricted funds - these are funds that have restrictions imposed by donors and can only be applied for the particular purposes specified by donors. The construction and purchase of fixed assets with restricted funds are deemed to be satisfied once the construction or purchase has taken place and therefore these restricted fund balances are released to unrestricted general funds once the construction or purchase is complete unless the restriction is deemed to be on a permanent basis.

**f) Incoming resources**

All incoming resources are accounted for in the Statement of Financial Activities (SOFA) when the Charity is legally entitled to the income and the amount can be quantified with reasonable certainty. The following specific policies apply to categories of income:

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

- Commercial trading activities - income from commercial activities are accounted for on a receivable basis.
- Voluntary income - donated income is taken into account on a receivable basis.
- Other income - interest, rental and project income is taken into account when receivable by the Charity.

Deferred income - in accordance with the SORP, grants received in advance and specified by the donor as relating to specific accounting periods or alternatively which are subject to conditions which are still to be met, and which are outside the control of the Charity or where it is uncertain whether the conditions can or will be met, are deferred on an accruals basis to the period to which they relate. Such deferrals are shown in the notes to the accounts and the sums involved are shown as creditors in the accounts.

**g) Revenue Grant**

Grants in respect of revenue expenditure are credited to the SOFA in the same period as the expenditure to which they relate.

**h) Fixed Asset Investments**

Investments in subsidiary undertakings are shown at cost less any provision for impairment.

**i) Stocks**

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

**j) Tangible and Other Fixed Assets and Depreciation**

Freehold land and buildings represent properties acquired from Thamesmead Town on its demerger in April 2000, which were professionally valued by Chartered Surveyors on an existing use open market value basis at this date. The assets were subsequently transferred to Trust Thamesmead from its subsidiary during 2009 at their net book value. In line with FRS 15 the directors have not adopted a policy of annual revaluations and the freehold buildings are depreciated on an annual basis.

Tangible and other fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged on a straight line basis over the estimated useful economic lives of assets at the following annual rates:

IT equipment	4 years
Office equipment	10 years
Freehold land & buildings	50 years
Leasehold land and buildings	over the length of the lease

Depreciation is charged on the above assets from the month of purchase until the month of disposal.

**k) Resources Expended**

Expenditure is accounted for on an accruals basis, inclusive of any VAT which cannot be recovered, and classified under headings in the accounts that aggregate all costs related to the category.

Charitable activities - some resources expended, including staff costs, are apportioned across different



**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

categories of expenses, where appropriate, on the basis of time incurred on the projects.

Governance costs are those expenses related to the costs of governing the Charity and include a relevant proportion of senior management time.

Grants and donations payable are taken into account the earlier of when they were paid or become enforceable.

Provisions are only provided for on contractual liabilities which exist at the balance sheet date.

**l) Finance and Operating Leases**

Rentals payable under operating leases are charged to the SOFA on a straight-line basis over the lease term.

**m) Cash at bank and in hand**

Cash at bank and in hand are readily disposable current asset investments.

**n) Value Added Tax**

A proportion of Value Added Tax is not recoverable by the Charity, and is therefore included in the relevant costs in the SOFA.

**o) Defined Benefit Pension Scheme**

Regular valuations are prepared by independent professionally qualified actuaries. These determine the level of contributions required to fund the benefits set out in the rules of the fund and allow for the periodic increase of pensions in payment. Full FRS 17 applied to defined benefit pension scheme. The current service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service, cost of curtailments and settlements are charged against the operating surplus in the year. Actuarial gains and losses are recognised in the SOFA.

Differences between actual and expected returns on assets during the year are recognised in the SOFA in the year, together with differences arising from changes in assumptions.

A charge within other finance charges representing the expected increase in the liabilities of the pension fund during the year is included within net interest. This arises from the liabilities of the fund being one year closer to payment.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency.

A pension scheme asset is recognised on the Balance Sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustee has agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the Group

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

has a legal or constructive obligation to settle the liability.

The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the Balance Sheet net of deferred tax.

Refer to Pension Note in Notes to the Accounts section for details.

**p) Related Party Transactions**

The Charity has taken advantage of the exemption permitted by FRS 8 – 'Related Party Disclosures', and does not disclose transactions with wholly owned undertakings within the Group that are eliminated on consolidation.

**q) Taxation**

As a registered charity, the Charity is exempt from income and corporation tax to the extent that its income and gains are applicable for charitable purposes only.

**2. Winding up or dissolution of the charity**

If upon winding up or dissolution of the charity there remain any assets, after satisfaction of all debts and liabilities, the assets represented by the accumulated fund shall be transferred to some other charitable body or bodies having similar objects to the charity.

**3. Investment income**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Preference dividend receivable from joint venture	-	80,000
Interest from parent undertaking	1,167,444	-
Interest from pension scheme	27,000	-
Bank deposit interest	150	3,086
	<u>1,194,594</u>	<u>83,086</u>

**4. Net incoming resources for the year are after charging:**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Net incoming resources for the year are arrived at after charging:		
Auditors' remuneration		
current year audit fee	4,800	15,000
in respect of subsidiary audit fee	-	3,500
in respect of non-audit services	-	1,201
Pension costs	70,285	82,199
Depreciation of owned fixed assets	287,013	291,930
Operating lease charge - land and buildings	<u>42,275</u>	<u>35,385</u>

NOTES TO THE ACCOUNTS  
For the year ended 31 March 2015

5. Analysis of total resources expended

a) Resources expended	Direct costs £	Support costs £	Total 2015 £	Total 2014 £
<i>Charitable activities</i>				
Building capacity of group and individuals	469,155	149,481	618,636	453,839
Children, young people & families	740,389	235,901	976,290	1,080,210
Employment and employability	478,190	152,360	630,550	475,596
Improving sports	631,165	201,100	832,265	730,975
Community cohesion	170,083	54,191	224,274	314,082
Other charitable activities	2,340	746	3,086	35,033
	<u>2,491,322</u>	<u>793,779</u>	<u>3,285,101</u>	<u>3,089,735</u>
<i>Governance</i>				
Appropriate proportion of staff costs	5,000	-	5,000	34,372
External audit and legal fees	11,984	-	11,984	21,671
Board costs	328	-	328	11,376
	<u>17,312</u>	<u>-</u>	<u>17,312</u>	<u>67,419</u>
<b>Total resources expended</b>	<u><u>2,508,634</u></u>	<u><u>793,779</u></u>	<u><u>3,302,413</u></u>	<u><u>3,157,154</u></u>

b) Support costs

	2015 £	2014 £
Administration costs	551,384	226,650
Staff costs	170,717	417,552
Premises costs	71,678	46,252
	<u><u>793,779</u></u>	<u><u>690,454</u></u>

Costs directly attributable to charitable activities are allocated to direct costs. Those costs not directly attributable are included in support costs. Support costs are then apportioned based on the staff time incurred on each charitable activity.

**Trust Thamesmead Limited**  
**(A company limited by guarantee)**

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

**6. Staff costs and emoluments**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,397,531	1,541,650
Social security costs	90,531	116,861
Pension contributions	70,285	82,199
	<u>1,558,347</u>	<u>1,740,710</u>

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
The average number of employees during the year was as follows:		
Charitable activities	44	50
Management, administration and support services	7	19
	<u>51</u>	<u>69</u>

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
Emoluments of higher paid staff within the following scales were:		
£60,000 - £69,999	2	-
£70,000 - £79,999	1	2
£80,000 - £89,999	-	-
£90,000 - £99,999	<u>1</u>	<u>1</u>

Emoluments include salary including pensions scheme contributions. Pensions paid to higher paid staff amounted to £22,993 (2014: £22,366). There are no benefits in kind.

**7. Trustees remuneration and expenses**

No remuneration was paid to any trustee in the year.

Reasonable expenses for travel, subsistence and incidentals reimbursed to one trustee during the year totalled £102 (2014 - £255).

**Trust Thamesmead Limited**  
**(A company limited by guarantee)**

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

**8. Tangible Fixed Assets**

	<b>Freehold land and buildings £</b>	<b>Leasehold land and buildings £</b>	<b>Fixtures, fittings and equipment £</b>	<b>Total  £</b>
<b>Cost or market value</b>				
At 1 April 2014	13,025,899	75,018	147,197	13,248,114
Additions	39,723	-	53,155	92,878
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	13,065,622	75,018	200,352	13,340,992
<b>Depreciation</b>				
At 1 April 2014	940,492	39,948	113,191	1,093,631
Charge for the year	264,197	7,716	15,100	287,013
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	1,204,689	47,664	128,291	1,380,644
<b>Net book value</b>				
At 31 March 2015	<u>11,860,933</u>	<u>27,354</u>	<u>72,061</u>	<u>11,960,348</u>
At 31 March 2014	<u>12,085,407</u>	<u>35,070</u>	<u>34,006</u>	<u>12,154,483</u>

All assets are held for charitable purposes.

There is a charge held with the Big Lottery Fund for £5m over Harrow Manor Way, and a second charge with The Football Foundation for £1m over the land at Thamesmead Football Club.

**9. Fixed Asset Investments**

	<b>2015 £</b>	<b>2014 £</b>
Sporting Club Thamesmead Limited	1	1
Tilfen Land Limited	-	17,297,227
	<hr/>	<hr/>
	1	17,297,228

On 1 April 2014 Trust Thamesmead sold their Fixed Asset Investment in Tilfen Land Limited to Peabody. The resulting deferred consideration is held as a debtor, due after one year (note 10).

**Trust Thamesmead Limited**  
**(A company limited by guarantee)**

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

**10. Debtors**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due after one year</b>		
Deferred consideration	<u>21,419,090</u>	<u>-</u>

The deferred consideration has arisen on the sale of the Trust's Fixed Asset investment in Tilfen Land Limited, which was sold to the Trust's parent company, Peabody Trust on 1 April 2014. The amount is payable in quarterly instalments over the next 30 years.

**Amounts due within one year**

Trade debtors	148,948	127,277
Due subsidiary undertaking	212,868	27,982
Other debtors	163,799	1,201,889
Prepayments	<u>18,311</u>	<u>48,032</u>
	<u>543,926</u>	<u>1,405,180</u>
<b>Total Debtors</b>	<u><b>21,963,016</b></u>	<u><b>1,405,180</b></u>

**11. Creditors**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Trade creditors	22,100	153,272
Cash at bank and in hand	-	12,881
Social security and other taxes	31,782	35,262
Other creditors	76,517	68,194
Accruals	<u>82,100</u>	<u>66,439</u>
	<u>212,499</u>	<u>336,048</u>

Included within accruals is an amount of £11,735 (2014 £9,908) relating to amounts owed in respect of pension liabilities.

**Trust Thamesmead Limited**  
**(A company limited by guarantee)**

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

**12. Movement on reserves**

	<b>1 April 2014 £</b>	<b>Incoming Resources £</b>	<b>Outgoing Resources £</b>	<b>Gains &amp; (Losses) £</b>	<b>Fund Transfers £</b>	<b>31 March 2015 £</b>
<b>Restricted Funds:</b>						
Sporting Club Thamesmead	150,000	-	-	-	(150,000)	-
Link Thamesmead	-	95,103	(95,103)	-	-	-
European Integration Fund	50,410	4,900	(4,900)	-	(50,410)	-
<b>Total Restricted Funds</b>	<b>200,410</b>	<b>100,003</b>	<b>(100,003)</b>	<b>-</b>	<b>(200,410)</b>	<b>-</b>
<b>Designated Funds:</b>						
Capital reserve	17,297,227	-	(17,297,227)	-	-	-
Fixed asset reserve	12,154,483	92,878	(287,013)	-	-	11,960,348
<b>Total Designated Funds</b>	<b>29,451,710</b>	<b>92,878</b>	<b>(17,584,240)</b>	<b>-</b>	<b>-</b>	<b>11,960,348</b>
<b>Unrestricted Funds:</b>						
Unrestricted general funds	841,358	7,305,747	14,281,827	(111,000)	200,410	22,518,342
<b>Total Funds</b>	<b>30,493,478</b>	<b>7,498,628</b>	<b>(3,402,416)</b>	<b>(111,000)</b>	<b>-</b>	<b>34,478,690</b>

**Designated Funds**

The fixed asset reserve represent funds tied up in fixed assets, excluding those held in restricted funds, and are not therefore readily available to the Trust in the short term.

**Trust Thamesmead Limited**  
**(A company limited by guarantee)**

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

**13. Analysis of net assets between funds at 31 March 2015**

	<b>Unrestricted Funds</b>	<b>Designated Funds</b>	<b>Restricted Funds</b>	<b>Total Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets		11,960,348	-	11,960,348
Investments	1	-	-	1
Current assets	22,860,820	-	-	22,860,820
Current liabilities	(212,499)	-	-	(212,499)
Provisions	(129,980)	-	-	(129,980)
	<u>22,518,342</u>	<u>11,960,348</u>	<u>-</u>	<u>34,478,690</u>

**14. Related Party Transactions**

The charitable company has taken advantage of the exemption in FRS8 that transactions do not need to be disclosed with companies 90% or more of whose voting rights are controlled within the group.

**15. Operating Lease commitments**

Operating leases which expire:

	<b>Land and Buildings</b>	
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Within one year	32,000	32,000
In the second to fifth years inclusive	96,000	96,000
Over five years	122,667	154,667
	<u>250,667</u>	<u>282,667</u>

**16. Pension commitments**  
**Defined benefit scheme:**

Some employees of Trust Thamesmead Limited who are former employees of Thamesmead Town may participate in the London Pensions Fund Authority (LPFA) Pension Fund, part of the Local Government Pension Scheme, which is a defined benefit statutory scheme. The fund is administered by London Pensions Authority in accordance with the Local Government Pensions Scheme Regulations 1997 as amended. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 31 March 2013.

The Trust's service cost under the LPFA for the year was £9,525 (2014: £10,659).

The major assumptions used by the actuary to value the liabilities of the scheme at 31 March 2015 under FRS 17 are:

	<b>2015</b>	<b>2014</b>
	<b>% p.a.</b>	<b>% p.a.</b>
RPI increase rate	3.0	3.5
CPI increase rate	2.0	2.7
Salary increase rate	3.0	4.5
Pension increases	2.0	2.7
Discount rate	3.2	4.4



**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

**16. Pension commitments**

**Defined benefit scheme (continued)**

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2013. The post retirement mortality tables have been constructed based on Club Vita analysis.

The assumed life expectations are:

Retiring today – male	87.7
Retiring today – female	90.5
Retiring in 20 years – male	90.0
Retiring in 20 years – female	92.8

The assets in the scheme and their values were:

	<b>2015</b>	<b>2014</b>
	<b>£000s</b>	<b>£000s</b>
Equities	679	790
LDI/Cashflow matching	117	89
Target return portfolio	452	447
Infrastructure	77	60
Commodities	15	15
Property	44	45
Cash	180	45
	<u>1,564</u>	<u>1,491</u>
Present value of liabilities	(1,694)	(1,529)
Net pension deficit	<u>(130)</u>	<u>(38)</u>

In addition to the liability disclosed above, there are certain legacy members of the LPFA Pension Fund (former employees of Thamesmead Town) for whom a pension deficit exists, and for which a contingent liability may exist for the Trust. As the precise quantum and nature of this sum has yet to be established, no amount has been provided in these financial statements.

**Recognition in the profit or loss**

	<b>Year to</b>	<b>Year to</b>
	<b>31/03/15</b>	<b>31/03/14</b>
	<b>£000s</b>	<b>£000s</b>
Current service cost	15	13
Expected return on Scheme assets	(94)	(82)
Interest on obligation	67	59
Past Service costs	-	-
Losses/(Gains) on curtailments and settlement	-	-
Total	<u>(12)</u>	<u>(10)</u>
Actual return on plan assets	<u>97</u>	<u>50</u>

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

**16. Pension commitments**

**Defined benefit scheme (continued)**

<b>Reconciliation of defined benefit obligation</b>	<b>Year to 31/03/15 £000s</b>	<b>Year to 31/03/14 £000s</b>
Opening defined benefit obligation	1,529	1,414
Service cost	15	13
Interest on obligation	67	59
Contribution by Scheme participants	3	3
Actuarial losses	114	74
Past service cost	-	-
Unfunded pension payments	-	-
Liabilities assumed in a business combination	-	-
Estimated benefits paid (not of transfers in)	(34)	(34)
Closing defined benefit obligation	<u>1,694</u>	<u>1,529</u>
<b>Reconciliation of fair value of scheme assets</b>	<b>Year to 31/03/15 £000s</b>	<b>Year to 31/03/14 £000s</b>
Opening fair value of Scheme assets	1,491	1,468
Expected return on Scheme assets	94	82
Contribution by Scheme participants	3	3
Contribution by employer in respect of unfunded benefits	7	8
Actuarial gains/(losses)	3	(36)
Receipt/(payment) of bulk transfer value	-	-
Estimated benefits paid including unfunded benefits	(34)	(34)
Fair value of scheme assets at end of year	<u>1,564</u>	<u>1,491</u>
<b>Reconciliation of opening and closing surplus/(deficit)</b>	<b>Year to 31/03/15 £000s</b>	<b>Year to 31/03/14 £000s</b>
Surplus/(deficit) at beginning of year	(38)	54
Current service cost	(15)	(13)
Contribution by employer	7	8
Unfunded pension payments	-	-
Past service cost	-	-
Other finance income	27	23
Settlements and Curtailments	-	-
Actuarial losses	(111)	(110)
Deficit at end of the year	<u>(130)</u>	<u>(38)</u>

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

**16. Pension commitments**

**Defined benefit scheme (continued)**

Amounts for the current and previous periods	Year to 31/03/15 £000s	Year to 31/03/14 £000s	Year to 31/03/13 £000s
Defined benefit obligation	(1,694)	(1,529)	(1,414)
Scheme assets	1,564	1,491	1,468
(Deficit)/surplus	<u>(130)</u>	<u>(38)</u>	<u>54</u>
Experience adjustments on scheme liabilities	-	(43)	-
Percentage of liabilities	-	(2.8%)	-
Experience adjustments on scheme assets	3	(36)	107
Percentage of assets	0.2%	(2.4%)	7.3%
Cumulative actuarial gain/(loss)	<u>(149)</u>	<u>(38)</u>	<u>72</u>

**Amount recognised in the Statement of Total Recognised Gains and Losses**

	Year to 31/03/15 £000s	Year to 31/03/14 £000s
Actual return less expected return on pension scheme assets	3	(32)
Experience gains and (losses)	-	(47)
Changes in assumptions underlying the present value of the scheme liabilities	<u>(114)</u>	<u>(31)</u>
Actuarial loss in pension scheme	<u>(111)</u>	<u>(110)</u>
Actuarial loss recognised in STRGL	<u>(111)</u>	<u>(110)</u>

**Projected Pension Expense for the year to 31 March 2016**

	Year to 31/03/16 £000s
Service cost	17
Interest cost	4
Administrative expenses	2
<b>Total</b>	<u>23</u>
Employer Contributions	<u>8</u>

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

**16. Pension commitments (continued)**

**The Care Scheme**

- a) Trust Thamesmead participates in The CARE Scheme (the 'Scheme'), which is a funded multi-employer defined benefit scheme.
- b) The main benefits provided by the Scheme are:
  - A pension of one-eightieth of the member's career average revalued earnings for each year (and months proportionately) of pensionable service if contracted-out of the State scheme; or
  - A pension of one-hundredth of the member's career average revalued earnings for each year (and months proportionately) of pensionable service if contracted-in to the State scheme.

**Contributions prior to 1 July 2015**

- c) For members in the one-eightieth structure of the Scheme, employers pay contributions at the rate of 10.6% per annum of member's earnings and members pay contributions based on an age related scale (equal to age divided by ten, plus 0.5).
- d) For members in the one-hundredth structure of the Scheme, employers pay contributions at the rate of 8.8% per annum of member's earnings and members pay contributions based on an age related scale (equal to age divided by ten, minus 0.5).
- e) In addition, employers may choose to pay any Future Service Contribution Rate (FSCR) combination that is shared between members and employers, as long as the maximum member contribution rates are  $[(\text{age} / 10) + 0.5] \%$  (one-eightieth structure) and  $[(\text{age} / 10) - 0.5] \%$  (one-hundredth structure). For reference, the total FSCRs prior to 1 July 2015 are 15.5% (one-eightieth structure) and 12.7% (one-hundredth structure).
- f) Employers that have closed the one-eightieth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 2.0% to reflect the higher costs of a closed arrangement.
- g) Employers that have closed the one-hundredth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 1.6% to reflect the higher costs of a closed arrangement.

**Contributions from 1 July 2015**

- h) For members in the one-eightieth structure of the Scheme, employers pay contributions at the rate of 22.8% per annum of member's earnings less member contributions.
- i) For members in the one-hundredth structure of the Scheme, employers pay contributions at the rate of 18.9% per annum of member's earnings less member contributions.
- j) In addition, employers may choose to pay any Future Service Contribution Rate (FSCR) combination that is shared between members and employers, as long as the maximum member contribution rates are  $[(\text{age} / 10) + 3.5] \%$  (one-eightieth structure) and  $[(\text{age} / 10) + 2.5] \%$  (one-hundredth structure). For reference, the total FSCRs from 1 July 2015 are 22.8% (one-eightieth structure) and 18.9% (one-hundredth structure).
- k) Employers that have closed the one-eightieth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 1.3% to reflect the higher costs of a closed arrangement.

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

**16. Pension commitments (continued)**

**The Care Scheme**

- l) Employers that have closed the one-hundredth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 0.8% to reflect the higher costs of a closed arrangement. A defined contribution (DC) structure of the Scheme has been available since 1 April 2011. From 1 April 2013, employers have had the freedom to set both the employer and member contribution rates for their organisation in the DC structure.
- m) As at the balance sheet date there were 14 active members of the Scheme employed by Trust Thamesmead. The annual pensionable payroll in respect of these members was £502,524.
- n) Trust Thamesmead has closed the Scheme to new entrants.
- o) During the accounting period the employer paid contributions at the rate of 10.6% for members in the one-eightieth structure.

**Actuarial Valuation**

- p) The Trustee commissions an actuarial valuation of the Scheme every three years. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.
- q) It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.
- r) The last formal valuation of the Scheme was performed as at 30 September 2013 by a professionally qualified actuary using the 'projected unit' method. The market value of the Scheme's assets at the valuation date was £35.6 million. The valuation revealed a deficit of assets compared to liabilities of £16.4 million, equivalent to a past service funding level of 68%.
- s) The financial assumptions underlying the valuation as at 30 September 2013 were as follows:

	% p.a.
Rate of return pre retirement (non-orphans)	4.7
Rate of return post retirement (non-orphans)	3.7
Rate of return pre retirement (orphans)	3.4
Rate of return post retirement (orphans)	3.4
Rate of pension increases pre 5 April 2005	2.5
Rate of pension increases post 5 April 2005	2.0
Rate of price inflation (RPI)	3.2
Rate of price inflation (CPI)	2.5

- t) If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a Recovery Plan setting out the steps to be taken to make up the shortfall.

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

**16. Pension commitments (continued)**

**The Care Scheme**

- u) Following consideration of the results of the actuarial valuation, it was agreed that the shortfall of £16.4 million would be dealt with by the payment of deficit contributions. The existing Recovery Plan, put into place following the 2010 valuation, has been replaced by a new Recovery Plan, effective from 1 July 2015.

**1 April 2012 – 30 June 2015**

An amount of £208,000 per annum, increasing each year by 3% is required. Trust Thamesmead's share of these deficit contributions is £4,137.48 per annum, payable in monthly instalments of £344.79. These deficit contributions are in addition to the contribution rates set out above.

**1 July 2015 – 30 April 2027**

An amount of £1,152,000 per annum, increasing on 1 July each year by 3% is required. Trust Thamesmead's share of these deficit contributions is £27,290 per annum, payable in monthly instalments of £2,274.17. These deficit contributions are in addition to the contribution rates set out above.

In addition to the above, an amount of £176,586 per annum, increasing on 1 July each year by 3% is required for Scheme expenses. Trust Thamesmead's share of these Scheme expenses is £4,183 per annum, payable in monthly instalments of £348.58.

**Employer 'Debt on Withdrawal'**

- v) As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.
- w) The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.
- x) The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore, includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can be volatile over time.

**Potential employer debt is treated as a contingent liability**

- y) Trust Thamesmead has been notified by The Pensions Trust of the estimated employer debt on withdrawal from The CARE Scheme, based on the financial position of the Scheme as at 30 September 2014. At this date the estimated employer debt for Trust Thamesmead was £1,600,000.

**Trust Thamesmead Limited**  
**(A company limited by guarantee)**

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 March 2015**

**17. Ultimate Parent Company**

Trust Thamesmead Limited is a wholly owned subsidiary of Peabody Trust, which is the ultimate parent and ultimate controlling entity. Peabody Trust is the only entity in the Group that produces Consolidated Financial Statements. Peabody Trust is a registered charity formed under an Act of Parliament. Consolidated financial statements for the Peabody Group can be obtained from the Company Secretary at 45 Westminster Bridge Road, London, SE1 7JB.