

Registered number: 01982077
Charity number: 293705

**THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE
THAMES VALLEY GROUNDWORK TRUST LIMITED)**
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012



THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE THAMES VALLEY GROUNDWORK TRUST LIMITED)
(A company limited by guarantee)

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THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE THAMES VALLEY GROUNDWORK TRUST LIMITED)

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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2012**

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Groundwork South Trust Limited (the company and the group) for the year ended 31 March 2012. The Trustees confirm that the Annual report and financial statements of the company and the group comply with the current statutory requirements, the requirements of the company and the group's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Reference and Administrative Details

Name of the Company

The name of the charity is The Groundwork South Trust Limited. It is referred to in this report as "the Trust". The use of the word "Groundwork" is used as a collective term to describe the Groundwork Federation and the member Groundwork Trusts.

Registration Numbers

Charity Registration Number 293705

Company Registration Number 01982077

Members of the Board of Trustees

The names of the Trustees (who are the Directors of the company in accordance with the Companies Act 2006) on the date of approval of this report, or who served as trustees at any time during the year reported on, are as follows:

Nominated Trustees

Jenny Bradley (Chair)
Jeremy Bennett
Bruce Allen
May Dodds
Alan Oxley
George Cooper

Nominating Member

Federation of Groundwork Trusts
Federation of Groundwork Trusts (appointed 20/7/11)
Buckinghamshire CC
Slough BC (resigned 11/5/12)
South Buckinghamshire DC
London Borough of Hillingdon
Chiltern District Council

Co-opted Trustees

Rob Morley (Vice Chair)
John Kennedy
Sarah Graham
Peter Hinde
Hugh Somerville
Dermot Clancy (resigned 28/2/12)
Denise Alder (appointed 28/2/12)
Michael May (appointed 25/5/11)

Notes

None of the Trustees has any beneficial interest in the company.

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**TRUSTEES' REPORT (continued)
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Reference and Administrative Details (continued)

Senior Management Team

Gary Jacobs

Lou Kizwini

Tim Knight

Helen Coppock

Ruth Holland

Executive Director, The Groundwork South Trust Limited

Regional Director, The Groundwork South Trust Limited

appointed 1st July 2011

Director of Development and Innovation

Human Resources & Business Support Manager

Financial Manager, The Groundwork South Trust Limited

Company Secretary

Siobhain Connors

Charity's Principal Address

The Colne Valley Park Centre

Denham Court Drive

Denham

Uxbridge

UB9 5PG

Bankers

HSBC

31 St Peters Court

High Street

Chalfont St Peter

Buckinghamshire

SL9 9QQ

Auditors

Reeves & Co LLP

Statutory Auditors & Chartered

Accountants

Third Floor, 24 Chiswell Street

London

EC1Y 4YX

Solicitors

Owen White

Senate House

62-70 Bath Road

Slough

Berkshire

SL1 3SR

Bates, Wells & Braithwaite

2-6 Cannon Street

London

EC4M 6YH

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2012**

Structure, Governance and Management

Structure of the Charity

The Trust is a charity and a company limited by guarantee. The governing documents are its Memorandum and Articles of Association which were last amended at the Annual General Meeting of the members of the company on 30th November 2005.

The members of the The Groundwork South Trust Limited

The Trust was established with nine founder members. The Board may admit to membership such organisations whether incorporated or unincorporated as it shall think fit and the Board may from time to time by resolution prescribe (and vary) criteria for membership. The Board need not give reasons for declining to accept any organisation as a Member. The current members are -

The Federation of Groundwork Trusts
Buckinghamshire County Council
Slough Borough Council
South Buckinghamshire District Council
London Borough of Hillingdon
Chiltern District Council
Clancy Docwra Ltd

The Board of Trustees

The Board of Trustees comprises the Trustees of the Trust in accordance with the Charities Act 2011 who are also the Directors of the company in accordance with the Companies Act 2006. The Board is made up of not less than 6 and not more than 20 trustees, of whom up to 10 may be nominated and up to 12 co-opted. The nominated Trustees are nominated by each company member, with the exception of the Federation of Groundwork Trusts, which nominates 2 Trustees. The co-opted Trustees are co-opted by the Board to broaden the skills base of the Board or to secure specialist expertise.

Terms of Office

No Trustee may serve for more than 3 years unless renominated or re-co-opted by the Board.

Induction and Training

Members of the Board of Trustees have received Governance Training from the Federation of Groundwork Trusts. The Chairman of the Finance and Staff Committee of the Board briefs new members of the Board of Trustees on the role and responsibility of a Trustee.

Relationships with the Federation of Groundwork Trusts

The Trust is a member of the Federation of Groundwork Trusts and one of its Board members is also a member of the Federation Board. In addition, the Trust's Chairman sits on the programmes Committee of Groundwork UK.

The Federation recognises in turn that individual Groundwork trusts are independent charities, and although they have similar objects to the Federation, limited to their own geographical areas, they each determine their own strategy and programmes to achieve their core purposes.

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The Federation and the trusts recognise, however, that the performance of their programme and their behaviours can and do impact on each other. In order to make most effective use of the goodwill of the Groundwork name and reputation, and to ensure the highest possible common standards, each Trust signs a Partnership Agreement with the Federation which sets down the obligations of the Trust to the Federation and of the Federation itself to the Trust. A new Membership Contract, replacing the previous Partnership Agreement was agreed by the members of the Federation in February 2006 and amended in November 2009.

Risk Assessment & Management

The Board fully accept its responsibilities under the Charity Commission's Statement of Recommended Practice (SORP) for ensuring that the major risks to which the charity is exposed are identified and reviewed, and that there are systems in place to mitigate them. Major risks are those that have a high probability of occurring, and would if they occurred, have a severe impact on either operational performance or achievement of purposes, or could damage either the Trust's or the Groundwork Federation's reputation.

Each quarter the Senior Management team undertakes a review of the risks inherent within the Trust's operations. This is reported in the first instance to the Finance and Staff Committee and then subsequently to the Board for its review and comment.

The Senior Management Team, Finance and Staff Committee and Board have therefore

- Reviewed the main, high impact generic risks
- Established a risk register of all the significant risks which might impact on the Trust's core purposes and key objectives
- Established a bottom-up and top-down process of risk identification, assessment, mitigation and monitoring for all likely risks with the Trust
- Produced a quarterly report designed to eradicate or mitigate the risks identified

The major areas of risk identified and regularly reviewed are

- Sustained/widespread criticism of projects and/or delivery
- Liability arising from litigation and/or a health and safety incident
- Inadequate control of Contract management
- Failure to secure new funding to meet new or existing commitments
- Discontinuation of core funding and/or Central Government or Departmental Policy Shifts
- Protection of trust assets from mismanagement and/or fraud
- Fire or destruction of trust offices
- The effects of an epidemic or pandemic
- Loss of key staff
- Short and medium term financial performance

The Trust recognises that risk management is an essential part of good business practice and an effective mechanism of good governance. The Board is committed to ensuring that risk management processes are embedded throughout the Trust, and that these processes are used to help identify at an early stage issues that affect performance or achievement of purposes. However, the Board recognises that a risk management system can only seek to manage rather than eliminate risk, and that it should therefore be only one of the tools that the Board uses to provide effective control and management of the administration of the charity.

As a result of the implementation of the Trust's Risk Management Policy, the Board has concluded that the major risks to which the Trust is exposed have been identified and have been reviewed, and that systems are established to mitigate those risks in accordance with the Charity Commission's Statement of Recommended Practice.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2012**

Health Safety & Environmental Arrangements

The Groundwork South Trust Limited (GS) is a company limited by guarantee and a charity. The organisation is comprised of

- a division delivering a core set of activities (projects and business support) known as Groundwork South (GS),
- a charity, Blue Sky Development and Regeneration (BSDR), in which Groundwork South is the sole company member, providing employment opportunities to ex-offenders,

The wholly owned charity is a limited company in its own right and enjoys independent charitable status.

In view of this arrangement, the Health and Safety Policy has been described and implemented using a tiered system. This approach reaffirms the requirement for BSDR to comply with the Health & Safety Policy of The Groundwork South Trust Limited.

The first tier is the Policy of The Groundwork South Trust Limited which addresses the company's responsibilities under the Health & Safety at Work Act, 1974. This Policy sets out the strategy for Health and Safety applicable to the whole organisation and assigns responsibilities at a senior level, including the requirement for responsible managers to instigate and maintain an effective Health and Safety management system.

The second tier is specific to operations of GS (which includes the Colne Valley Food operation) and BSDR and manages the individual activities and organisational arrangements of these companies. This includes assigning responsibilities to managers, team leaders and supervisors and establishing a management system that

- Details local organisation and arrangements,
- Implements systems for identification and control of risks,
- Maintains a monitoring strategy, and
- Provides effective communications.

The third tier is a document that provides practical guidance around specific activities (eg CDM regulations, management of asbestos).

These documents have been produced to provide a safety management system that is equivalent to a recognised standard such as HSG 65, Successful Health and Safety Management or OHSAS 18001.

In addition to health and safety, we committed to the environment, not only in our projects and programmes, but also in the way resources and energy are used within our own organisation. Groundwork seeks to bring about sustainable improvements through partnerships, to local environmental economic and social well being. We aim to make the environment a valued part of everyone's life.

Groundwork has maintained an Environmental Management System meeting the requirements of BS8555:2003 (Phases 1, 2 & 3) since November 2005. This achievement demonstrates our commitment to managing our environmental impacts.

Our Environmental Management System (EMS), describes key environmental impacts, what we will do to minimise those impacts and provides links to all the procedures that underpin the EMS. This is supported by specific procedures which are written and implemented to ensure relevant environmental control and that the preceding objectives are being achieved. The procedures will communicate what activities need to be done, when these need to take place, and how they are completed.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2012**

The environmental management system is designed to ensure the following

- Compliance with any relevant environmental legislation
- Awareness of the organisations significant environmental impacts
- Reduction of our impacts and continual improvement of our environmental performance

In 2012/13 we will extend the BS8555 accreditation and achieve ISO 14001 status for both GS and BSDR which will, in addition to raising our own environmental performance, provide further strength in our ability to win commercially contracted work

GS remains wholly committed to ensuring the health and safety of all people associated with our work and during the year we will start the process to attain OHSAS 18001, the recognised health and safety standard. This award will be achieved in early 2013/14

Related Party Transactions

The Federation, of which the Trust is a member, supports the network of other Groundwork Trusts who are also members of the Federation. Each Trust is an independent charity, but with similar aims to the Groundwork Federation. Each Trust is, however, responsible for its own management and administration, and for developing and delivering projects that meet its objectives and core purposes, even though those objectives and core purposes are similar to those of the Federation. The elected Trustees of the Federation are, by definition, also Trustees of Groundwork Trusts. However, the SORP determines that a charity is not necessarily related to another charity simply because a particular person happens to be a trustee of both. It will only be related if one charity subordinates its interests to the other charity in any transaction because of this relationship. Groundwork Trusts are therefore not considered to be related parties under the definition of the SORP and the grants made by the Federation to individual Trusts do not require separate disclosure.

The Trust has considered the other disclosure requirements of the SORP and believes that no other related party transactions except for those between itself and its wholly owned subsidiary company, Blue Sky Development & Regeneration, which are not required to be disclosed under the provisions of Financial Reporting Standard Number 8.

All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in note 7 to the accounts. Trustees are required to disclose all relevant interests and register them with the Executive Director and in accordance with the Trust's policy withdraw from decisions where a conflict of interest arises.

Public benefit statement

The Trustees confirm that they have had due regard for the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning for the future.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2012**

Objectives and Activities

Our charitable objectives set down on our Memorandum of Association as amended at the Annual General Meeting on 30th November 2005 are

- 1 To promote the conservation, protection and improvement of the physical and natural environment in the geographic counties of Berkshire, Buckinghamshire, East Sussex, Hampshire and the Isle of Wight, Kent, Oxfordshire, Surrey, West Sussex, and the administrative areas of the London Borough of Hillingdon, the London Borough of Hounslow, and the District of Three Rivers (the beneficial area)
- 2 To provide facilities in the interests of social welfare for recreation and leisure time occupation with the objective of improving the conditions of life for those living or working anywhere in the Beneficial Area
- 3 To advance public education in environmental matters and other ways of better conserving, protecting and improving the same wheresoever
- 4 To promote the care, resettlement and rehabilitation of offenders, ex-offenders and those at risk of offending, and to support their families and dependants, within the beneficial area In particular (but without prejudice to the generality) by providing, promoting, supporting or organising the recruitment, employment, education and training of offenders, ex-offenders and those at risk of offending, and to assist them in finding employment and accommodation and rehabilitating themselves
- 5 To promote the prevention of crime by supporting or carrying on either along or in co-operation with any other body, authority or person any project or scheme and by providing money for such purposes whether by loan or otherwise

The Groundwork Federation

In the past year the Groundwork Federation has continued to articulate its charitable objects through its Vision, Mission and Impact

The Federation Vision – the kind of world we want to see

Our vision is of a society of sustainable communities, which are vibrant, healthy and safe, which respect the local and global environment and where individuals and enterprise prosper

The Federation Mission – our role in making the vision a reality

Our mission is to transform lives and places in communities in need in the UK

The Federation Impact – what will change as a result of our involvement

We will be an outcome-driven organisation and will measure the impact of our work on the quality of life in the communities we serve Our work will result in

- better local environments
- people more satisfied with the places where they live
- people more empowered to engage in local decision-making
- people and organisations better equipped to connect with economic opportunity
- people behaving in ways which are healthier, more community-minded and more respectful of the environment

Every year individual Groundwork Trusts deliver projects in deprived neighbourhoods blighted by high unemployment and crime levels, poor public health, run-down housing and public spaces, neglected waste ground and struggling businesses

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2012**

GS Programmes of Work

During 2011/12 all projects delivered by The Groundwork South Trust Limited were organised into programmes embracing four areas of activity

- **Communities – building stronger neighbourhoods**

The Trust makes a long-term commitment to supporting specific neighbourhoods and work closely alongside other organisations and existing initiatives to help improve the quality of life for people living there. The Trust provides training and support to help get people more involved in making decisions about where they live and to understand the benefits that sustainable development can bring. The Trust helps people improve the appearance of their streets, parks and estates, but encourage them to lead healthier lifestyles, get to know other people in their area or work with their neighbours to reduce crime and fear of crime.

- **Parks & Play – improving and reconnecting people with their surroundings**

The Trust continues to play a key role in the management and development of the Colne Valley Park – a large green space to the west of London. At a local level, we help people turn derelict land and waste ground into attractive and valuable spaces from community gardens on inner-city housing estates to new parks and leisure facilities on old industrial sites. This year has seen the continuation of significant streams of work improving old children's play areas with a focus on natural play. The Trust works to ensure that local people are fully involved in planning and designing new public spaces and encourage them to appreciate the natural environment, for example by building cycleways or footpaths connecting towns with the countryside.

- **Crime Reduction – real jobs in a real company; but only if you have a criminal record**

Through the Trust's social enterprise, Blue Sky Development & Regeneration, the Trust employs ex-offenders who were unemployed and helps them to develop the skills to succeed in long-term employment, recognising that a full-time job is the most effective intervention in cutting an individual's patterns of re-offending.

- **Learning – learning, citizenship and sustainability**

The Trust has two highly valued learning centres – one at Iver focussing on environmental education and horticultural therapy and the West London Floating Classroom, a large canal boat created to provide heritage learning, primarily for schools. The Trust also works in schools and with adults to illustrate how the Trust's individual actions can make a big difference to the Trust's work, immediate surroundings and the global environment both now and in the future. Throughout the Thames Valley area schoolchildren have benefited from the Trust's education programmes and the work the Trust does with schools is often the starting point for larger regeneration projects. The Trust also aims to educate people to act more responsibly with regard to energy, waste, water and transport and to respect local places and other people.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2012**

Performance against the Objectives for the year

The table below details the key objectives included in the 2011/12 business plan and commentary has been added to describe progress and success

Objective 1 - Consolidate business in the Core Trust and integrate small subsidiaries (ie excluding Blue Sky)	
Measure & Target (year end unless stated)	Performance
1.1 Strategic Developments <ul style="list-style-type: none"> Continue to support the CV Partnership as this migrates into a new organisational model Finalise the work to ensure GS are present on preferred supplier lists in local authorities in GS operating area Manage future of WLFC as a project within GS Manage RMEP as a project within GS Resolve staff and premises issues and implement higher quality (accredited) courses 	<ul style="list-style-type: none"> Achieved Significant progress has been made through the year and the new CVP Community Interest Company is close to being created (expected July 2012) Achieved. GS has now secured a contract in local authority area concerned Achieved. The WLFC was successfully closed as a company and moved into GS Now successfully operating as a project (and fully funded for the next 3 years) Achieved. RMEP was successfully closed as a company, new premises located and a new accredited course has been developed for implementation in September 2012
1.2 Operations Programme (section 5.1) <ul style="list-style-type: none"> Deliver funded projects in line with the development plan at Appendix 6 – approx £600k of new revenue income with contribution to overhead of £150k Deliver major contracts - year 3 of Oxford Play contract and BAA Environment Awards Complete building improvement works at Iver and prepare for Iver 21 Build on existing community operations in Milton Keynes, Hillingdon, Hounslow - secure existing posts in all three boroughs 	<ul style="list-style-type: none"> Achieved Project budget was slightly depressed as some work in Oxford was carried into 2012/13 However, contribution target was exceeded Achieved. Some remaining work in OCC carried into 2012/13 (due to OCC legal issues - not GS) BAA awards managed to contract and further award stream moved to GS management Partially Achieved. Building work complete but Iver 21 celebratory event postponed due to project delivery pressures Partially Achieved. Progress in MK continues to be slow and although Hounslow continue to use GS (approx £30k of fees), we have been unable to secure a long-term contract Projects in Hillingdon continue to flourish with positive feedback

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2012**

Objective 1 - Consolidate business in the Core Trust and integrate small subsidiaries (ie excluding Blue Sky)	
Measure & Target (year end unless stated)	Performance
1.1 Operations Programme (continued) <ul style="list-style-type: none"> • Host Hillingdon LINK and explore opportunities for community work in health care sector • Extend Green Doctor operations in Slough, • Host Hillingdon LINK and explore opportunities for community work in health care sector • Extend Green Doctor operations in Slough, Milton Keynes and Hillingdon 	<ul style="list-style-type: none"> • Achieved The LINK was successfully hosted through the year and LB Hillingdon have re-awarded the contract for 2012/13 • Partially Achieved. Small contract in Slough and Re New contract in Hillingdon successfully delivered Tender in MK not yet issued (match funding is in place) - moved to 2012/13 • Achieved The LINK was successfully hosted through the year and LB Hillingdon have re-awarded the contract for 2012/13 • Partially Achieved. Small contract in Slough and Re New contract in Hillingdon successfully delivered Tender in MK not yet issued (match funding is in place) - moved to 2012/13

Objective 2 - Blue Sky Development & Regeneration – reduce the cycle of re-offending, delivering the Crime Reduction theme for GS	
Measure & Target (year end unless stated)	Performance
<p>This year (2011/12) is the second year of a three year business plan The targets over the three years to 2013 are</p> <ul style="list-style-type: none"> • Within the core Blue Sky itself, (ie exclusive of partnership/franchise arrangements), to increase the annual employment numbers to in excess of 300 pa, ie the equivalent of a small prison • To become an organisation with national reach • Within the wider Blue Sky, (ie inclusive of partnership/franchise arrangements), to achieve annual employment numbers of 600-700 pa, ie the equivalent of a medium-sized prison 	<p>Detailed commentary on Blue Sky's performance against the business plan can be found in the Blue Sky Trustee's Report (prepared separately)</p>

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**TRUSTEES' REPORT (continued)
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Objective 3: Improve business processes and deliver efficiencies	
Measure & Target (year end unless stated)	Performance
3.1 Strategic Developments <ul style="list-style-type: none"> Develop of GS business in the south-east region either as part of a merger or independently. Ensure all opportunities to grow the business are fully explored If a merger does not take place, develop and agree ongoing relationship with GWUK Meet with Leader/Chief Executive of all GS Board member organisations 	<ul style="list-style-type: none"> Achieved and ongoing. GS declined to merge. As a result, GS tendered for and won a contract from GWUK to manage the DCLG investment programme across the SE and assumed management of the GWUK Southern Water contract delivery. In February 2012 Groundwork Solent's board requested that they merge into GS (for continued viability). Discussions continue with other Groundwork Trusts for future growth Achieved Ongoing relationship with GWUK established Achieved. Regular cycle on meeting continues and now expanded to other organisations across the SE as part of the above contract
3.2 Process Improvements <ul style="list-style-type: none"> Ensure that reduced support function continues to be fit for purpose, enabling successful project delivery. Explore opportunities for shared support arrangements with other Trusts Develop IT Replacement Strategy for implementation in 2011/12 Retain IIP, BS8555 and Hallmark of an Effective Charity accreditations and ensure smooth transition to merged body (if merger progresses). Investigate Investors in Volunteering as a further accreditation 	<ul style="list-style-type: none"> Partially Achieved. Support arrangements in GS continue to be fit for purpose and are delivered efficiently. Sharing support arrangements was superseded by the events around the GWUK contract and incorporating Solent. Will be further developed in 2012/13 Achieved and implemented. Strategy had to be expanded as GWUK divested responsibility for IT systems to individual Trusts. Some disruption and increase in costs but now have a much improved system. Now a rolling upgrade programme in place Achieved. IIP and BS8555 successfully retained. HoAEC now discontinued. Investors in Volunteering to be achieved in 2012/13 and BS8555 to be superseded by GS attaining ISO14001

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2012**

Objective 3. Improve business processes and deliver efficiencies	
Measure & Target (year end unless stated)	Performance
3.3 Performance <ul style="list-style-type: none">• Continue to improve Health & Safety arrangements – target of zero lost time incidents• Achievement against budgeted Project Performance Measures to be on budget or better (average measure)• Ensure financial performance delivers at least a break-even position at year-end	<ul style="list-style-type: none">• Achieved. No lost time incidents during the year• Largely Achieved. Of the 16 measures recorded, GS achieved the target in 12. Of the four that fell short, three were contract dependant and therefore difficult to predict at business planning. The final measure did not reach the target as GS agreed that this output would be claimed by GW London (partnership project)• Achieved Surplus of £65k at year-end

Strategies for achieving objectives

The Trust achieves its charitable objectives by working with over 70 partners drawn from the public, private and voluntary sectors. Core Funding is provided to the Trust from two principal sources, the first of which is the Federation of Groundwork Trusts following the presentation of a Business Plan prior to the beginning of each year. This funding is provided by the Department for Communities and Local government. The second source is from Local Authority and Private Sector Partners. Programme income is derived from bids to a variety of funding bodies, (including supranational, national, regional and local government and agency sources), charitable trusts, the private sector and the Federation of Groundwork Trusts. Performance against targets was regularly monitored throughout the year.

Financial Review

The Statement of Financial activities for the year is set out on page 21 the Financial Statements.

The consolidated accounts for The Groundwork South Trust Limited including its subsidiary show an increase in income to £4,666,663 from £4,421,473 in 2010/11 and the group returned an overall surplus of £40,012 compared with a surplus of £74,381 in 2010/11. During the year the net assets of West London Floating Classroom Limited were transferred to The Groundwork South Trust Limited amounting to £145,455. This income and assets have been eliminated on consolidation to show the correct position of the group as at the year end. Further to this, the annual adjustment of £3,500 of goodwill amortisation has been adjusted through the group SOFA.

The income to the Parent company (ie excluding subsidiaries) showed an increase from £2,876,025 in 2010/11 to £3,387,031 and the Parent returned a surplus of £148,923 compared with a surplus of £29,382 in 2010/11.

Separate reporting for the subsidiary company is available.

Donated services and facilities for the year have been estimated at £264,229 (2011 £301,432) being unpaid volunteer time valued at the market value of the services provided. The financial statements do not reflect any of these donated services.

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**TRUSTEES' REPORT (continued)
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Reserves Policy

The Board and the Senior Management Team have reviewed the Reserves Policy and the Board has agreed that a reasonable level of unrestricted reserves is required for the following reasons

- To absorb short term set backs such as loss or delays in funding
- To finance working capital needs, such as delays in receipts and to fund the time delays between the development of projects, securing support, and the funds being received
- To provide the working capital required to manage the usual retrospective nature of the programme funding which can result in considerable timing difference between expenditure and receipt of income
- To cover the cost of investing in staff training and development to develop new and improved services for the Trust
- To set aside funds for other appropriate capital assets such as IT equipment and for properly equipping the Trust
- To provide funding to cover any unforeseen downturn in activity, allowing alternative activity to be generated and/or a planned downsizing of activity

The above needs for reserves have to be balanced against the following factors

- The need to be seen as a responsible charity by the Charity Commission, our partners, who include our sponsors in central government and the private sector, our member Trusts within Groundwork, and the communities we serve
- The need to avoid the creation or retention of unnecessary surpluses for which there are no future planned requirements or that bear no relation to the Trust's charitable aims

In order to provide sufficient working capital the Board shall aim to retain an amount of free reserves of net current assets equivalent to 3 month's management and support staff salary costs and office related expenditure, and 1 month's project officers salary costs. The Trustees consider that holding reserves at this level is prudent and will enable us to operate in a sustainable manner and address the cyclical nature of funding receipts

The current level of reserves is above this level at approximately 7 months' expenditure. The charity is currently achieving its aim of maintaining its unrestricted reserves, as detailed above. The Trustees will review the reserves policy of the charity on a regular basis.

Principal Funding Sources

The major sources of funding during the year for the Trust were from Local Government and the Private Sector.

For Blue Sky the major sources of funding during the year were Local Authorities and the private sector for their commercial contracts. They also received many grants from Charitable Foundations and Trusts.

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**TRUSTEES' REPORT (continued)
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Plans for the Future

Individual three year business plans for The Groundwork South Trust Limited (GS) and Blue Sky covering the period 2012 - 2015 have been produced and were approved by the Board. The plans clearly identify objectives, measures and targets and, in respect of GS, these are summarised below. Blue Sky has produced a separate, comprehensive Trustee's Report in which future plans are detailed.

The Groundwork South Trust Limited

The Groundwork South Trust Limited (GS) has the significant but exciting challenge over the next three years to consolidate its existing business as a foundation for growth in the future. The 2010 Comprehensive Spending Review radically reduced income for local authorities who in the past have, directly or indirectly, been our largest funder for projects. Within the local authorities the departments dealing with regeneration and green space management have been particularly badly affected and, as these areas are classic GS territory, we will need to find innovative approaches to maintaining these core activities.

DCLG (Department of Communities and Local Government) has reduced GWUK funding over three years from 2011/12 in a tapered arrangement (£10m, £8m and £6m respectively) and then to cease core funding altogether. However, this provides the opportunity that many other charities will not enjoy - a source of investment to evolve our business model so that we are no longer reliant on core funding.

We have many factors in our favour. GS has established strong relationships with a broad number of partners and has sustained project delivery in several locations over a 25 year period. We have consistently delivered high levels of outputs and outcomes bringing real improvements to people's lives and the places where they live and work and are a good investment for the Government because this plan shows that Groundwork will raise approximately £20 of funding for every £1 invested by the CLG.

We have achieved this through our experienced and skilled staff that with a proven track record in delivering to beneficiaries' needs and clients' required standards.

We have an advantage in our relationship with our sister charity Blue Sky by being able to cross sell services and continue to exchange learning and share costs. Internally within the Federation, we are recognised as a viable Trust with strong governance. A good indication of this is that GS has successfully delivered the first year of a contract to manage the Groundwork UK investment programme in the south east and, on behalf of GWUK, deliver a major contract with Southern Water. Confirmation that we will be awarded the contract for the next two years (circa £500k per year) is anticipated.

Our strategy for the future is to build on these strengths and advantages to diversify our sources of income and expand our geographical reach. We will enhance our existing offer around our core products and services to ensure they are still relevant to existing and new clients. Our development plan explores sources of funding that are new to us such as corporate support, individual philanthropy and asset development. We will also improve our processes and systems to be more competitive in a 'payment by results' approach to secure local authority outsourcing and contracts. Our development plan includes an assessment of the potential to work with or even acquire other charities and social enterprises. However, we will also still be eligible to bid for lottery and government grants when appropriate.

We remain committed to being part of the UK Federation of Groundwork Trusts and will be able to draw on the expertise of, and partnerships with, other Groundwork trusts. We will also seek to play a role in strengthening the Federation and ensure that we derive value for money from our membership.

THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE THAMES VALLEY GROUNDWORK TRUST LIMITED)

(A company limited by guarantee)

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2012**

A good indication of this is that GS has successfully delivered the first year of a contract to manage the Groundwork UK investment programme in the south east and, on behalf of GWUK, deliver a major contract with Southern Water. This contract has been extended for 2012/13 and, assuming government funding is received by the Federation, 2013/14.

In February 2012 the Board of Groundwork Solent (GSol) approached GS and GWUK with the proposition that GSol become a wholly owned subsidiary of GS. This request was driven by the serious financial situation that GSol were experiencing - the business had shrunk significantly and could no longer support the cost base. However, there are a range of successful projects and an effective Operations team so a merge of this type was seen as advantageous to all, enabling Groundwork activity in the Solent area to continue whilst providing a first step towards a Groundwork South East entity.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2012**

Business Objective	Outcome		
	2012-13	2013-14	2014-15
1.1 Maximise and expand our markets, products and services within the GS Core area			
Consolidate and grow existing GS core areas by expansion of products and services, responding to local needs and engaging key partners (local authorities, residential social landlords and corporate bodies)	Develop and deliver portfolio of products in line with section 5 and as detailed in the Operations & Development Plan Deliver targets as follows		
	Turnover target = £2,520,000	Turnover target = £2,645,000	Turnover target = £2,770,000
	Contribution target = £280,000	Contribution target = £315,000	Contribution target = £350,000
1.2 Devise and implement the Groundwork development and operational strategy in the wider south east			
<ul style="list-style-type: none"> Establish a sustainable Groundwork presence across the south east through collaboration with the other Trusts and application of GS business development controls and parameters 	Develop and deliver portfolio of products in line with section 5.4 Deliver targets as follows		
	Turnover target = £225,000 (includes £150,000 DCLG investment and 50% match or contract funding) Surplus target = £15,000	Turnover target = £250,000 (includes £125,000 DCLG investment and 100% match or contract funding) Surplus target = £25,000	Turnover target = £250k (ie maintain turnover with no DCLG funding) Surplus target = £50,00
<ul style="list-style-type: none"> Develop the capability and capacity across the south east to support existing Trusts if required (see note below) 	Establish relationships with other south east trusts and mechanisms to enable cross border support Ensure GS executive team has capacity		
<ul style="list-style-type: none"> Southern Water Contract 	Deliver SW contract to agreed profile of outputs and within budget Deliver agreed programme of work to client satisfaction levels of 80% (based on survey)		
	Use Southern Water infrastructure to build sustainable Groundwork team on the south coast supporting generation of new business above		

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2012**

1.3 Improve business support processes to underpin successful delivery of growth			
• Ensure a positive client experience	Gain a deeper understanding of how clients see the future developing and how Groundwork can be part of future service delivery Maintaining regular contact with key partners will be a priority		
	Produce a feedback process to capture client views at a project and strategic partner level Continue programmes of meetings with Leaders and Chief Executives of local authorities Widen strategic meetings to include RSLs and corporates		
• Demonstrate a high quality operation to clients	Achieve ISO14001 Evaluate impact of achieving OHSAS 18001 accreditation	Achieve OHSAS 18001	Monitor
	Maintain current accreditations		
• Create an effective marketing strategy	Develop written strategy and implement Include communications and engagement plans Update web-site	Continue to implement and refine strategy	
• Develop tendering process	Cross selling our services and identifying new areas where we are qualified to provide services Develop skills and capacity to respond to tenders and opportunities Maintain tendering library		
• Ensure effective evaluation (internal and external including SROI)	Maintain existing internal evaluation Engage external consultants re SROI on headline project	Assess value of initial SROI work Expand evaluation process as appropriate to support new business development Develop portfolio of 'proved' projects	
• Other forms of income	Research potential for using other methods to attract income, eg legacies Produce recommendations for implementation	Implement and review	Establish as indicated by review
• Acquisitions	Research potential for acquisitions of other small charities Investigate potential opportunities and respond	Review success and develop future strategy	

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2012**

1.4 Develop and equip our people to achieve high levels of success		
• Realise full potential of GS employees	Continue to apply appraisal process Determine strategic training plan and personal development plans	
• Implement an effective succession plan	Identify key roles and potential successor Provide training and development as required	Maintain approach and adapt as roles develop
• Increase the quality of the staff experience – make GS a desirable employer	Retain lIP and achieve OHSAS 18001 Maintain staff feedback system and provide regular feedback Develop succession plans for key roles	
1.5 Improve our business processes		
• Disaster Recovery and Business Continuity	Articulate current arrangements into a formal plan	Maintain and review
• Develop effective IT Strategy (to include remote working)	Maintain rolling hardware replacement programme	
	Implement IT Development Plan to manage and embed system changes Determine ongoing support requirements Construct new IT strategy	Deliver strategy
• Influence and derive maximum value from Federation membership	<ul style="list-style-type: none">• GWUK development activities - contribute to Federation forums and respond to specific development opportunities• Achieve 'prime' status for GWUK pilots - recognised as one of the lead trusts• GWUK influencing and lobbying – support activity by supplying information and evidence• Collaborate and form alliances with other Trusts (London, Herts, Solent and Kent & Medway)• Identify opportunities to jointly deliver projects	

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2012**

Progress on the Merger

As detailed in last year's report the proposed merger of the south east Trusts did not happen. To facilitate efficient operation in the south east region, Groundwork UK dissolved their regional office and issued a tender to carry out all investment and collaboration activities across the region. GS successfully won this contract and as a result of successful delivery in 2011/12, have been awarded the contract for the next two years (second year dependant on government funding).

On the 1st April 2012 Groundwork Solent became a wholly owned subsidiary of GS and part of the Groundwork South West operation has now moved across (following the move by Groundwork South West into administration). In addition it is likely that Groundwork Kent & Medway will also become a subsidiary of GS.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of The Thames Valley Groundwork Trust Limited for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity law requires 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 and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable group 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.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable group's auditors in connection with preparing their report and to establish that the charitable group's auditors are aware of that information.

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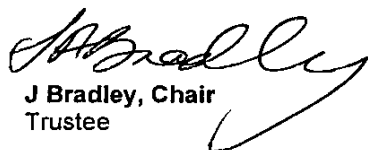
**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2012**

AUDITORS

The auditors, Reeves & Co LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 20/9/12 and signed on their behalf, by



**J Bradley, Chair
Trustee**



**R Morley, Vice Chair
Trustee**

THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE THAMES VALLEY GROUNDWORK TRUST LIMITED)

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE THAMES VALLEY GROUNDWORK TRUST LIMITED)

We have audited the financial statements of The Groundwork South Trust Limited (previously The Thames Valley Groundwork Trust Limited) for the year ended 31 March 2012 set out on pages 23 to 41. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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, section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, 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.

We have been appointed as auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report to you in accordance with those Acts. 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2012 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE THAMES VALLEY GROUNDWORK TRUST LIMITED)

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE THAMES VALLEY GROUNDWORK TRUST LIMITED)

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' 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 and the Charities Act 2011 requires us to report to you if, in our opinion

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company financial statements are not in agreement with the accounting records and returns, or
- 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, or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' report

Reeves & Co LLP

Michael Procter BSc FCA (Senior Statutory Auditor)
for and on behalf of

Reeves & Co LLP
Statutory Auditors
Chartered Accountants
Third Floor
24 Chiswell Street
London
EC1Y 4YX

Date **26 SEPTEMBER 2012**

Reeves & Co LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006

THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE THAMES VALLEY GROUNDWORK TRUST LIMITED)

(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2012

	Note	Restricted funds 2012 £	Unrestricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	64,915	28,096	93,011	21,816
Investment income	3	-	1,586	1,586	1,343
Incoming resources from charitable activities	4	3,223,519	1,275,316	4,498,835	4,328,154
Other incoming resources	5	-	73,231	73,231	70,160
Total incoming resources		3,288,434	1,378,229	4,666,663	4,421,473
Resources expended					
Costs of generating funds					
Fundraising and publicity costs		-	8,009	8,009	16,782
Charitable activities		3,277,229	1,325,963	4,603,192	4,314,692
Governance costs		-	15,450	15,450	15,618
Total resources expended	6	3,277,229	1,349,422	4,626,651	4,347,092
Net income before transfers		11,205	28,807	40,012	74,381
Transfers between Funds	14	94,276	(94,276)	-	-
Net movement in funds for the year		105,481	(65,469)	40,012	74,381
<i>Total funds at 1 April 2011</i>		<i>6,288</i>	<i>568,199</i>	<i>574,487</i>	<i>500,106</i>
Total funds at 31 March 2012		111,769	502,730	614,499	574,487

The notes on pages 27 to 41 form part of these financial statements

THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE THAMES VALLEY GROUNDWORK TRUST LIMITED)
(A company limited by guarantee)

PARENT COMPANY STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2012

	Note	Restricted funds 2012 £	Unrestricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	209,370	1,000	210,370	21,816
Investment income	3		444	444	508
Incoming resources from charitable activities	4	3,065,297	66,065	3,131,362	2,821,608
Other incoming resources	5		44,855	44,855	32,093
Total incoming resources		3,274,667	112,364	3,387,031	2,876,025
Resources expended					
Costs of generating funds					
Fundraising and publicity costs			2,538	2,538	7,885
Charitable activities		3,116,773	106,947	3,223,720	2,829,370
Governance costs			11,850	11,850	9,388
Total resources expended	6	3,116,773	121,335	3,238,108	2,846,643
Net incoming/(outgoing) resources before transfers		157,894	(8,971)	148,923	29,382
Transfers between Funds	14	(46,378)	46,378	-	-
Net movement in funds for the year		111,516	37,407	148,923	29,382
<i>Total funds at 1 April 2011</i>		<i>-</i>	<i>364,295</i>	<i>364,295</i>	<i>334,913</i>
Total funds at 31 March 2012		111,516	401,702	513,218	364,295

The notes on pages 27 to 41 form part of these financial statements

THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE THAMES VALLEY GROUNDWORK TRUST LIMITED)

(A company limited by guarantee)
REGISTERED NUMBER: 01982077

**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2012**

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	9		(52,429)		(55,929)
Tangible assets	10		143,142		124,137
			<u>90,713</u>		<u>68,208</u>
Current assets					
Debtors	11	1,199,625		1,126,425	
Cash at bank and in hand		1,457,295		1,223,318	
		<u>2,656,920</u>		<u>2,349,743</u>	
Creditors: amounts falling due within one year	12	(2,083,134)		(1,843,464)	
Net current assets			<u>573,786</u>		<u>506,279</u>
Total assets less current liabilities			<u>664,499</u>		<u>574,487</u>
Creditors: amounts falling due after more than one year	13	(50,000)			-
Net assets			<u>614,499</u>		<u>574,487</u>
Charity Funds					
Restricted funds	14	111,769			6,288
Unrestricted funds	14	502,730			568,199
			<u>614,499</u>		<u>574,487</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Trustees on 20 SEPTEMBER 2012 and signed on their behalf, by


J Bradley, Chair


R Morley, Vice Chair

The notes on pages 27 to 41 form part of these financial statements

THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE THAMES VALLEY GROUNDWORK TRUST LIMITED)

**(A company limited by guarantee)
REGISTERED NUMBER 01982077**

**COMPANY BALANCE SHEET
AS AT 31 MARCH 2012**

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	10		129,115		7,887
Current assets					
Debtors	11	1,091,694		985,488	
Cash at bank and in hand		875,066		751,682	
		<u>1,966,760</u>		<u>1,737,170</u>	
Creditors' amounts falling due within one year	12	<u>(1,582,657)</u>		<u>(1,380,762)</u>	
Net current assets			<u>384,103</u>		<u>356,408</u>
Net assets			<u>513,218</u>		<u>364,295</u>
Charity Funds					
Restricted funds	14		111,516		-
Unrestricted funds	14		401,702		364,295
			<u>513,218</u>		<u>364,295</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Trustees on 20 SEPTEMBER 2012 and signed on their behalf, by


J Bradley, Chair


R Morley, Vice Chair

The notes on pages 27 to 41 form part of these financial statements

THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE THAMES VALLEY GROUNDWORK TRUST LIMITED)
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, Charities Act 2011, applicable accounting standards and the Companies Act 2006.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

1.2 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the company where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

Income or grants received in advance are held in deferred income, either as part of unrestricted or restricted funds, and carried forward to future accounting periods to be released when measurable stages of work have been completed, approved or certified. Any grants restricted to future accounting periods are deferred and recognised in those accounting periods.

THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE THAMES VALLEY GROUNDWORK TRUST LIMITED)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

The Trust has irrecoverable VAT arising due to partial exemption, which is included within resources expended.

1.5 Intangible fixed assets and amortisation

The negative goodwill arising on acquisition of subsidiary undertakings is being written off as follows:

Tangible fixed assets	-	20 years
Net current assets	-	current year

Negative goodwill is written off on disposal.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	-	20% straight line
Fixtures, fittings and computer equipment	-	20% straight line
Floating classroom superstructure-	50 years	
Floating classroom fixtures and fittings	-	20 years

1.7 Investments

During the year ended 31 March 2008, the company acquired control of the board of Blue Sky Development and Regeneration, a company registered in England and Wales. The company was incorporated on 29 November 2005 and registered with the Charity Commission on 14 March 2007.

Additionally, the company acquired control of the board of West London Floating Classroom on 12 April 2006. West London Floating Classroom is a company registered in England and Wales. The company was incorporated on 12 December 2002 and registered with the Charity Commission on 6 April 2004. As from 1 April 2011, this company became a project of The Thames Valley Groundwork Trust Limited, and ceased being a separate subsidiary.

THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE THAMES VALLEY GROUNDWORK TRUST LIMITED)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

1. ACCOUNTING POLICIES (continued)

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Statement of financial activities

1.10 Pensions

The pension costs charged in the accounts represent the contributions payable by the charity during the year in accordance with FRS 17

1.11 Capital grants

Grants that relate to specific capital expenditure are treated as deferred income that is released to the credit of the Statement of Financial Activities over the related assets useful life

1.12 Taxation

The company is a registered charity and is exempt from income tax and corporation tax under S505(1) of the Income and Corporation Taxes Act 1988

2. VOLUNTARY INCOME

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Donations and gifts	93,011	21,816	64,915	21,816
Donated assets	-	-	145,455	-
Total	93,011	21,816	210,370	21,816

THE GROUNDWORK SOUTH TRUST LIMITED (PREVIOUSLY THE THAMES VALLEY GROUNDWORK TRUST LIMITED)

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

3. INVESTMENT INCOME

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank interest receivable	1,586	1,343	444	508

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Grant income	4,498,835	4,328,154	3,131,362	2,821,608

Included within income received for charitable activities are the following grants

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Central government programme development funding	65,000	91,000	65,000	91,000
Government regional offices	231,601	38,548	231,601	38,548
Local government	1,656,768	1,592,678	1,629,768	1,539,728
Private sector	2,458,025	2,499,481	1,117,552	1,125,455
National Lottery	87,441	106,447	87,441	26,877
Total	4,498,835	4,328,154	3,131,362	2,821,608

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Included within incoming resources from local government are the following core grants

	2012	2011
	£	£
Buckinghamshire County Council	12,050	12,050
Hillingdon Borough Council	33,000	35,302
Slough Borough Council	18,242	19,098
South Buckinghamshire District Council	7,470	7,470
Total	70,762	73,920

5. OTHER INCOMING RESOURCES

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Management fees	44,855	-	44,855	-
Other income	28,376	70,160	-	32,093
Total	73,231	70,160	44,855	32,093

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6 TOTAL RESOURCES EXPENDED - CONSOLIDATED

	Fundraising & publicity costs £	Communities £	Education & Learning £	Environment £	Other charitable expenditure £	Governance costs £	2012 £	2011 £
Charitable activities								
Staff costs	-	498,087	358,016	735,306	-	-	1,591,409	1 432 808
Project costs	-	400,675	118,425	328,170	-	-	847,270	857,989
Construction and maintenance	-	57,918	57,918	1,042,515	-	-	1,158,351	1 098 721
Transport and travel	-	13,627	9,148	50,087	919	-	73,781	59,627
	-	970,307	543,507	2,156,078	919	-	3,670,811	3,449,145
Support costs								
Staff costs	-	-	-	471,547	194,487	-	666,034	608 953
Temporary staff and consultants	-	7,818	5,249	11,667	527	-	25,261	16,796
Administration	-	18,946	12,719	48,108	1,277	-	81,050	102,448
Communication and IT	-	10,056	6,751	22,245	679	-	39,731	37 135
Accommodation	-	16,405	11,013	30,410	1,106	-	58,934	32,788
Recruitment and training	-	2,210	1,484	24,373	149	-	28,216	26 487
Marketing	8,009	-	-	-	-	-	8,009	16 782
Audit fees	-	-	-	-	-	15,450	15,450	15,618
Professional fees	-	830	557	12,547	56	-	13,990	17 290
Depreciation	-	3,619	2,430	3,873	244	-	10,166	8 277
Amortisation	-	-	-	(3,500)	-	-	(3,500)	(3 500)
Other	-	1,525	708	10,195	71	-	12,499	18,873
Total	8,009	1,031,716	584,418	2,787,543	199,515	15,450	4,626,651	4,347,092

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

6 TOTAL RESOURCES EXPENDED - COMPANY

	Fundraising and publicity costs £	Communities £	Education and Learning £	Environment £	Other charitable expenditure £	Governance costs £	2012 £	2011 £
Charitable activities								
Staff costs	-	499,041	358,016	110,202	-	-	967,259	605,769
Project costs	-	458,592	176,343	1,217,583	-	-	1,852,518	1,823,245
Transport and travel	-	13,627	9,148	14,584	919	-	38,278	28,023
	-	971,260	543,507	1,342,369	919	-	2,858,055	2,457,037
Support costs								
Staff costs	-	-	-	-	194,487	-	194,487	239,905
Temporary staff and consultants	-	7,818	5,249	8,367	527	-	21,961	16,569
Administration	-	18,946	12,719	20,276	1,277	-	53,218	42,173
Communication and IT	-	10,057	6,751	10,763	678	-	28,249	27,650
Accommodation	-	16,405	11,013	17,557	1,106	-	46,081	32,788
Recruitment and training	-	2,210	1,484	2,365	149	-	6,208	2,884
Marketing	2,538	-	-	-	-	-	2,538	7,885
Audit fees	-	-	-	-	-	11,850	11,850	9,388
Professional fees	-	830	557	888	56	-	2,331	5,362
Depreciation	-	3,619	2,430	3,873	244	-	10,166	3,527
Other	-	1,054	707	1,128	75	-	2,964	1,475
Total	2,538	1,032,199	584,417	1,407,586	199,518	11,850	3,238,108	2,846,643

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7. TRUSTEES

None of the trustees (or any persons connected with them) received any remuneration during the year, but three trustees were reimbursed a total of £754 (2011 £1,108) travelling expenses

One Trustee of the subsidiary Blue Sky Development and Regeneration received £2,700 (2011 £Nil) for consultancy services

During the year the charity paid £1,853 (2011 £14,241) for trustees' liability insurance

8 STAFF COSTS

The average monthly number of employees during the year was as follows

	2012 No.	2011 No
The Groundwork South Trust Limited	44	36
Blue Sky Development and Regeneration	59	66
	103	102

The number of higher paid employees was

	2012 No.	2011 No
In the band £60,001 - £70,000	3	1

Employment costs

	2012 £	2011 £
Wages and salaries	2,003,020	1,825,316
Social security costs	172,546	165,604
Pension and health	75,875	72,850
Total	2,251,441	2,063,770

Contributions totalling £8,943 (2011 £Nil) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000

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**NOTES TO THE FINANCIAL STATEMENTS
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9. INTANGIBLE FIXED ASSETS

	Goodwill £
Group	
Cost	
At 1 April 2011 and 31 March 2012	(131,962)
Amortisation	
At 1 April 2011	(76,033)
Charge for the year	(3,500)
At 31 March 2012	(79,533)
Net book value	
At 31 March 2012	(52,429)
<i>At 31 March 2011</i>	(55,929)

10. TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Floating classroom £	Total £
Group					
Cost					
At 1 April 2011	-	-	57,809	140,000	197,809
Additions	19,425	7,998	7,146	-	34,569
At 31 March 2012	19,425	7,998	64,955	140,000	232,378
Depreciation					
At 1 April 2011	-	-	49,922	23,750	73,672
Charge for the year	5,398	1,200	4,232	4,734	15,564
At 31 March 2012	5,398	1,200	54,154	28,484	89,236
Net book value					
At 31 March 2012	14,027	6,798	10,801	111,516	143,142
<i>At 31 March 2011</i>	-	-	7,887	116,250	124,137

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Company	Fixtures & fittings £	Computer equipment £	Floating classroom £	Total £
Cost				
At 1 April 2011	-	57,809	-	57,809
Additions	7,998	7,146	116,250	131,394
At 31 March 2012	7,998	64,955	116,250	189,203
Depreciation				
At 1 April 2011	-	49,922	-	49,922
Charge for the year	1,200	4,232	4,734	10,166
At 31 March 2012	1,200	54,154	4,734	60,088
Net book value				
At 31 March 2012	6,798	10,801	111,516	129,115
At 31 March 2011	-	7,887	-	7,887

As at 1 April 2011, the assets and liabilities of West London Floating Classroom were transferred to The Groundwork South Trust Limited. This included the floating classroom.

11. DEBTORS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	871,214	728,070	776,331	609,061
Amounts owed by group undertakings	-	-	2,741	22,679
Other debtors	153,822	283,380	144,876	280,603
Prepayments and accrued income	174,589	114,975	167,746	73,145
	1,199,625	1,126,425	1,091,694	985,488

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12 CREDITORS

Amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	452,370	483,181	435,162	455,164
Amounts owed to group undertakings	-	-	-	1,017
Social security and other taxes	85,864	91,453	49,073	51,260
Other creditors	148,511	283,797	137,942	258,856
Deferred landfill income account	87,407	71,557	87,407	71,577
Accruals and deferred income	1,308,982	913,476	873,073	542,888
	2,083,134	1,843,464	1,582,657	1,380,762

Deferred income

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Balance as at 1 April	822,580	847,318	525,698	675,233
Income received in the year	2,501,826	1,273,262	1,871,683	561,465
Credited to statement of financial activities	(2,125,811)	(1,238,000)	(1,565,600)	(711,000)
Balance as at 31 March	1,198,595	882,580	831,781	525,698

13. CREDITORS:

Amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Other loans	50,000	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

14. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Unrestricted funds					
General Funds - all funds	568,199	1,378,229	(1,349,422)	(94,276)	502,730
Restricted funds					
Elsdale Boat	-	-	-	111,516	111,516
Communities	-	1,127,555	(1,156,004)	28,449	-
Parks and play	-	1,276,000	(1,308,195)	32,195	-
Learning	-	726,658	(648,774)	(77,884)	-
Crime reduction	6,288	158,221	(164,256)	-	253
	6,288	3,288,434	(3,277,229)	94,276	111,769
Total of funds	574,487	4,666,663	(4,626,651)	-	614,499

The purpose of the restricted fund is to ensure that the funding is spent on specific projects designated by the funder

In addition to the balance brought to cover specific employee training costs, numerous grants have been received in the year to enhance the training of employees on specific projects

There has also been funding to cover specific positions across the activities of the charity. All money in relation to this year has been used to cover salary costs

Funding has also been received in the year to help grow the recycling activities of the charity. All money has been used in the year to help this aim and increase the amount of recycling projects the charity is involved in

Details of the restricted funds for The Groundwork South Trust Limited are detailed in the Objectives and Activities section of the Trustees' Report

During the year a transfer from restricted funds to unrestricted funds of £94,276 (2011: £187,969) was made to adequately reflect the reserves position of the group and transactions between them, as stated in the individual financial statements

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**NOTES TO THE FINANCIAL STATEMENTS
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14 STATEMENT OF FUNDS (continued)

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
General funds	568,199	1,378,229	(1,349,422)	(94,276)	502,730
Restricted funds	6,288	3,288,434	(3,277,229)	94,276	111,769
	<u>574,487</u>	<u>4,666,663</u>	<u>(4,626,651)</u>	<u>-</u>	<u>614,499</u>

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2012 £	Unrestricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Tangible fixed assets	125,543	17,599	143,142	124,137
Intangible fixed assets	-	(52,429)	(52,429)	(55,929)
Current assets	1,047,200	1,609,721	2,656,921	2,349,742
Creditors due within one year	(1,010,974)	(1,072,161)	(2,083,135)	(1,843,463)
Creditors due in more than one year	(50,000)	-	(50,000)	-
	<u>111,769</u>	<u>502,730</u>	<u>614,499</u>	<u>574,487</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. OPERATING LEASE COMMITMENTS

At 31 March 2012 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings			
	2012	2011	2012	Other
	£	£	£	2011
Group				£
Expiry date:				
Within 1 year	-	24,000	2,816	3,384
Between 2 and 5 years	8,000	-	18,605	8,321

At 31 March 2012 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			
	2012	2011	2012	Other
	£	£	£	2011
Company				£
Expiry date:				
Within 1 year	-	24,000	1,412	2,546
Between 2 and 5 years	8,000	-	18,605	4,950

17. POST BALANCE SHEET EVENTS

On 3 July 2012, The Thames Valley Groundwork Trust Limited changed its name to The Groundwork South Trust Limited, charity number 293705 and company number 01982077

As at 1 April 2012, Groundwork Solent, charity number 1073049 and company number 03647444, became a subsidiary of The Groundwork South Trust Limited. Groundwork Solent has one subsidiary, Green Insight Limited, company number 06703523

On 21 June 2012, Blue Sky Development and Regeneration Limited, charity number 1118372 and company number 05639379 incorporated a new fully owned subsidiary, Blue Sky Inside Limited, charity number 1148245 and company number 08115282

18. CONTROLLING PARTY

The charity is controlled by the Board of Trustees

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19. PRINCIPAL SUBSIDIARY

Company name	Country	Description
Blue Sky Development and Regeneration	England and Wales	Limited by guarantee

Blue Sky Development and Regeneration is a company limited by guarantee and therefore has no share capital. Groundwork South is currently the sole company member.

The charitable objectives of Blue Sky Development and Regeneration are to provide employment and to support offenders, ex-offenders and those likely to offend.