

Registered number: 01982077
Charity number: 293705

The Groundwork South Trust Limited
(A company limited by guarantee)

Trustees' report and financial statements
for the year ended 31 March 2014

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The Groundwork South Trust Limited
(A company limited by guarantee)

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The Groundwork South Trust Limited
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Trustees' report
for the year ended 31 March 2014

The Trustees present their report and accounts for the year ended 31st March 2014. The accounts have been prepared in accordance with accounting policies set out in note 1 to the accounts and comply with the Charity's Memorandum and Articles of Association, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000 and revised in 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 during the year reported on, are detailed below.

Nominated Trustees

| Nominated Trustees | Nominating Member | Appointments and Resignations Within Period |
|---------------------------|---------------------------------|--|
| Jeremy Bennett | Federation of Groundwork Trusts | |

Co-opted Trustees

| Co-opted Trustees | Appointments and Resignations Within Period |
|--------------------------|--|
| Jenny Bradley (Chair) | |
| Rob Morley (Vice Chair) | |
| Sarah Graham | |
| Peter Hinde | Resigned 29/10/2013 |
| Hugh Somerville | |
| Mick May | |
| George Cooper | |
| Rob Harrison | Appointed 14/5/13 |
| Mark Heeley | Appointed 14/5/13 |

Notes

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

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Reference and Administrative Details

Groundwork South Executive Management Team

| | |
|---------------|-----------------------------------|
| Lou Kizwini | Managing Director |
| Gary Jacobs | Executive Director |
| Tim Knight | Development & Innovation Director |
| Helen Coppock | Business Services Director |
| Ruth Holland | Finance Director |

Company Secretary

Yvonne Childs (until 15th November 2013)
Ruth Holland (from 15th November 2013)

Charity's Principal Address

The Colne Valley Park Centre, Denham Court Drive, Denham, Uxbridge. UB9 5PG

Auditors

Reeves & Co LLP, Third Floor, 24 Chiswell Street, London. EC14YX

Bankers

HSBC, 31 St Peter's Court, High Street, Chalfont St Peter, Bucks. SL9 9QQ
CAF Bank Limited, 25 Kings Hill Avenue, Kings Hill, West Malling, ME19 4JQ

Solicitors

Owen White, Senate House, 62-70 Bath Road, Slough, Berks. SL1 3SR
Bates, Wells & Braithwaite, 2-6 Cannon Street, London. EC4M 6YH
IBB, Capital Court, 30 Windsor Street, Uxbridge, Middlesex, UB8 1AB

(Note: For details relating to Blue Sky see individual Trustees' Report)

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Trustees' report (continued)
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1 Structure, Governance and Management

1.1 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 5th December 2012.

1.2 The members of the Groundwork South Trust

The Trust was established with nine founder members. The Board may admit to membership such organisations whether incorporated or unincorporated and individuals 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 or person as a member. The current members are:-

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

In addition, and in accordance with the Memorandum and Articles of Association approved at the General Meeting on the 5th December 2012, all Trustees for the time being are members of the company.

1.3 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 shall comprise a minimum of six and not more than twelve Trustees one of which shall be the Trustee nominated by the Federation of Groundwork trusts.

1.4 Terms of Office

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

1.5 Induction and Training

Members of the Board of Trustees have received Governance Training. The Chairman of the Staff, Finance and Audit Committee of the Board will brief new members of the Board of Trustees on the role and responsibility of a Trustee.

1.6 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. The Federation recognises 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.

However, 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 Membership 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. In 2014, a membership fee has been introduced that all Groundwork Trusts are obliged to pay to remain as members of the federation and receive the associated membership benefits.

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Trustees' report (continued)
for the year ended 31 March 2014

1.7 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 there are 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 Company Secretary and, in accordance with the Trust's policy, withdraw from decisions where a conflict of interest arises.

1.8 Public benefit statement

The Trustees confirm that they have referred to 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.

1.9 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 South East and South West regions of England, and the administrative areas of the London Borough of Hillingdon, the London Borough of Hounslow, and that part of the District of Three Rivers within the Colne Valley Regional Park ("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 whosoever.
- 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 and throughout England (BSDR has a larger 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.

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- 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.

2 Strategic Report

2.1 Achievements and Performance

Performance against the Objectives for the year (Note: For details relating to Blue Sky see the BSDR Trustees' Report)

Outputs and Outcomes

Over the past year we have worked extensively with local communities delivering projects to improve their quality of life. This work has resulted in us engaging with over 49,000 young people and over 500 schools in the design, delivery and enjoyment of these projects. Adults too have been involved (over 30,000 in total) and we have supported over 300 community organisations.

We have recognised that employment is a key issue and in this context we have created over 140 new jobs and through training programmes have helped them achieve over 180 formal qualifications.

Our projects have also had a positive impact on the environment with our Green Doctor programme reducing carbon dioxide emissions by over 10,000 tonnes and diverting over 75,000 tonnes of waste from landfill through recycling.

We have summarised below our progress against our Key Objectives for the year and are pleased to report that during Groundwork South's first year we have established a robust and flexible organisation across the south of England.

| Business Objective | 2013/14 Target | 2013/14 Achievement |
|---|--|--|
| Develop a pipeline of projects to ensure an appropriate level of new business development. | Pipeline of work being developed £10m Success rate of bids = 10% of pipeline = £1m Value of bids under active development £8m Success rate of bids = 64% of active development = £5.12m | End of year result = £14.7m End of year result = £11.8m |
| Develop and deliver projects and services to ensure achievement of business plan targets | Turnover target = £8.6m Contribution target = £1.3m Surplus target = £153k | Turnover = £7.6m Contribution = £1.0m Surplus = £279k |

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| | | |
|--|---|--|
| Diversify our sources of income to become more resilient and sustainable. | Test out different methods to new sources of income, e.g. legacies. Deliver public campaign to support Groundwork South's new income streams generation Target = £25K | An income generation strategy is being developed which includes several new sources of funding to be progressed. Income generation achieved =£0 (plans for opening of charity store were delayed to 2014/15). |
| Develop and implement a marketing and communications strategy. | Regularly carry out competitor analysis and analyse our income sources and clients needs Maintain regular contact with key partners at strategic and operational level Deliver 'Going public' campaign. | Analysis completed and used to inform 2014/15 business plan. All key stakeholders have been made aware of contact arrangements across the area and Executives and Area Managers have maintained close contact with key existing and potential clients. The capacity building has been done to support a public campaign in the summer of 2014. |
| Continue to improve business management processes to underpin successful delivery of growth | Achieve OHSAS 18001 and maintain existing accreditations | Action plan for OHSAS 18001 deferred till 2014/15 to align with activity on other quality standards. Investors in People (IiP) accreditation extended and maintained across all areas of GS. ISO14001 extended and maintained across all relevant areas of GS. |
| Ensure effective evaluation (internal and external including Social Return on Investment (SROI)). | Maintain existing internal evaluation. Engage external consultants re: SROI on headline project Assess value of initial SROI work. Develop portfolio of 'proved' projects.. | Case study completed by external consultants on GS Green Doctor's service. We have established 5 key service offers which are being delivered across the GS area. |
| Disaster Recovery and Business Continuity | Articulate current arrangements into a formal plan. Test existing plan and implement learning as appropriate. | A business continuity plan has been developed. Elements of which have been tested leading to improvements in the plan. |

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Trustees' report (continued)
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| | | |
|---|---|---|
| Develop effective IT Strategy to enable optimum operational delivery and effective central management. | Maintain rolling hardware replacement programme. | Plan has been implemented and new plan in place for 2014 to 2017. |
| Develop and equip our people to achieve high levels of success | <p>Continue to apply appraisal process.</p> <p>Determine strategic training plan and personal development plans. Implement an effective succession plan</p> <p>Maintain staff feedback system and provide regular feedback.</p> <p>Develop skills and capacity to respond to tenders and opportunities.</p> | <p>Performance management training provided to all line managers.</p> <p>Appraisal process conducted for 2013/14 for all staff.</p> <p>Revised training and development plan in place and rolling forward into 2014/15.</p> |

We have also continued to work extensively with local communities and the outcomes from this work are detailed in the table below. These measures are under review for 2014/15 to assess the applicability to reporting against our charitable outcomes rather than simply reporting outputs.

| PERFORMANCE MEASURES | |
|--|-----------|
| Number of schools involved | 503 |
| Number of businesses supported | 126 |
| Number of organisations supported | 315 |
| Number of Green Doctor visits | 27,792 |
| Domestic CO2 emissions avoided by Green Doctor visits (tonnes) | 21,768 |
| No of green spaces improved | 342 |
| No of people benefitting from spaces improved | 4,446 |
| Area of land improved (m2) | 5,970,254 |
| Area of land maintained (m2) | 4,338,046 |
| Number of trees planted | 22,375 |
| Adults involved in projects | 33,878 |
| Young People involved in projects | 49,927 |
| Number of qualifications gained | 180 |
| Number of jobs created/safeguarded | 249 |
| Volume of waste diverted from landfill (m3) | 79,692 |

2.2 Transition to Groundwork South

In the 2012/13 year Groundwork Solent operated as a wholly owned subsidiary of Groundwork South. In early 2013 the Groundwork Solent Board passed a resolution to merge into Groundwork South. The Groundwork South Board accepted this resolution and all staff, assets and liabilities were transferred to Groundwork South on the 1st April 2013.

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Trustees' report (continued)
for the year ended 31 March 2014

3. Financial Review

3.1 Review of Financial Position

The Statement of Financial activities for the year is set out on page 18 of the Financial Statements.

The consolidated accounts for GS, including the subsidiary BSDR, show an increase in income to £9,149,510 from £6,721,316 in 2012/13 and the group returned an overall surplus of £158,229 against a surplus of £346,217 in 2012/13.

The income to the Parent charity (i.e. excluding the subsidiary BSDR) showed an increase to £7,669,249 from £4,283,725 in 2012/13 and the Parent returned a surplus of £260,083 against £136,128 in 2012/13.

Separate reporting for the subsidiary company is available.

Donated services were valued at £193,005 (2012/13: £197,126) being unpaid volunteer time valued at the market value of the services provided. The Financial Statements do not reflect any of the donated services.

The balance sheet continues to be strong with sufficient unrestricted reserves to meet the Trust's Reserve Policy.

3.2 Reserves Policy

The Board and the Executive Management Team reviewed the Reserves Policy in July 2013 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; 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 a minimum 3 month's management and support staff salary costs and office related expenditure, and 1 month's project officers' salary costs

However, it was recognised by the Board that future trading margins are likely to remain extremely tight and funding available to the public sector in particular may continue to decline. In addition, Groundwork South will no longer receive any central government development funding which necessitates investment into securing new sources of funding.

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In order to balance our projected income downturns over the next two years without the necessity of reducing charitable activity, the Trustees consider that holding reserves at this level plus a further £100,000 is prudent and will enable us to operate in a sustainable manner and address the cyclical nature of funding receipts.

3.3 Principal Funding Sources

The major sources of funding during the year for the Trust were from Local Government and the Private Sector. For details of Blue Sky's funding sources please see their Trustees' report.

All grants and payments received in advance are treated as restricted income and identified on the balance sheet as 'Deferred Income'.

We are extremely grateful to all our funders who provide the financial backing to enable us to deliver real improvements to our local communities.

The Terms and Conditions of investments from three organisations require us to formally recognise the funders involved. As such, the trustees would like to recognise the following;

- The City Bridge Trust has provided funding to enable us to continue operating the Elsdale, our Floating classroom on the Grand Union Canal in west London.
- The Heritage Lottery Fund which has provided funding for 'Go with the Flow' our programme on the Hermitage Stream in Hampshire.
- The Big Lottery Fund which has provided funding for Love Local Food projects.

3.4 Plans for Future Periods

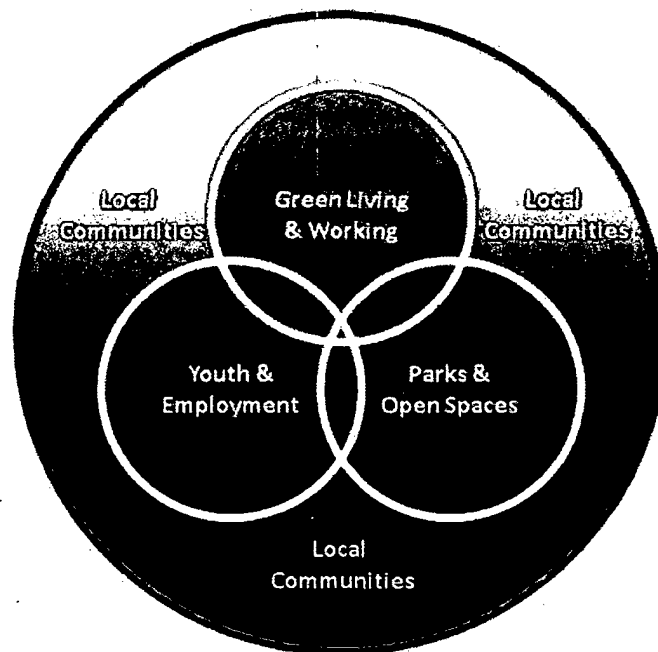
A five year business plan has been developed for Groundwork South (GS) and was approved by the Board in March 2014. The plan clearly identifies objectives, measures and targets as summarised below.

Blue Sky has produced a separate, comprehensive Trustee's Report in which its future plans are detailed and 2014-15 will see significant change. Groundwork is proud of its track record in developing successful and viable social enterprises like Blue Sky that help to address some of the most challenging issues facing our society. On 1st October 2014 Groundwork South accepted the Rehabilitation for Addicted Prisoners Trust (RAPt) as a company member of Blue Sky and resigned its own membership allowing Blue Sky to become a wholly owned subsidiary of RAPt. In RAPt, Blue Sky has a partner with aims and objectives that are similarly focussed to their own and an organisation that will enable and support Blue Sky to achieve an even greater social impact in coming years. Groundwork wishes both organisations the best of future success.

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Trustees' report (continued)
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3.4.1 Charitable outcomes



Greener Living & Working. Groundwork South helps people save energy, water, money and reduce their impact on the environment. Against a backdrop of climate change and rising energy prices we deliver environmental education and advice programmes to families, schools and businesses to cut energy, save money, and create less waste. Each year, we will make **10,000 visits** to households, community groups, and businesses. And each year we will work with **26,000 young people** through our environmental education. We are aiming to extend this activity in future and in this context will be acquiring the Goblin Combe Environment Centre in 2014. This is a 130 acre site near Bristol with residential facilities which will enable significant interaction with local schools and colleges. **Outcome: We will save £4,500 tonnes of CO₂, saving bill payers £1.3M per year.**

Youth & Employment. Groundwork South supports Young People to develop their skills and find jobs. At a time when one in five young people are out of work we are providing advice, training and job opportunities to young people struggling to find employment. Each year we will support **450** young people with training, obtaining qualifications and to access employment. **Outcome: We will make a saving to society of £42M.**

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Trustees' report (continued)
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Parks and Open Spaces. Groundwork South protects and improves parks and open spaces for the benefit of local communities. We work directly with local communities, government, landowners and other partners to design and implement improvements in parks and open spaces, safeguarding them for future generations.

Outcome: Each year we will improve and maintain 650 hectares of open spaces, visited by 35,000 people per year

Our charitable outcomes are delivered through the following core services that are delivered to a consistent cost model and quality standards.

- Green Doctor
- Environmental education
- Youth services
- Training and skills programmes for young people
- Landscape design services

3.4.2 Our People

A strategic priority for GS is to foster a culture to attract, develop and retain highly motivated people that are committed to delivering the GS charitable outcomes. This section outlines how we plan to achieve this objective.

3.4.3 Financial Performance

At the time of finalising this report (October 2014) the financial position of the Trust is healthy, with current performance indicating over 70% income secured of its requirement in terms of meeting the overheads and with a strong development plan to address the gap. Analysis of the development trackers provides confidence that future income gaps can be closed.

The position for 2015-16 is as would be expected less positive in terms of secured business but within the normal pattern experienced in Groundwork South with most contracts and commissions being single year in length. However, we do have circa 20% secured already for 2015/16 and the volume of work already in development with a 'highly likely' expectation of success is healthy. As we move through 2014/15 the position for the following years will be tracked and managed to ensure a sustainable order book is in place.

3.4.4 Business management processes

GS use a systematic approach to making our workflow more effective, more efficient and more capable of adapting to an ever-changing environment. To do this we adopt a Plan Do Check Act method for the control and continuous improvement of our processes. We are working towards ISO9001, a standard based on a number of quality management principles, including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement.

3.4.5 Quality standards

GS has always maintained a strong quality ethos as evidenced by our attainment and retention of the following accreditations:

- **ISO14001** – the environmental quality standard demonstrating that we clearly 'practice what we preach'. In addition to raising our own environmental performance, it provides further strength in our ability to win commercially contracted work.

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- **Investors in People** – reflecting our commitment to being an employer of choice for current and prospective staff.
- **Disability Two Ticks** – As part of our commitment to a diverse workforce, we hold Positive About Disabled People status

Groundwork South are working towards an Integrated Management System to ensure continued certifications with Investors in People and ISO 14001 and to prepare effectively for new accreditations - OHSAS 18001, ISO 9001 and Investors In Volunteers

These new accreditations will reflect our commitment to the health and safety of all people associated with our work, our commitment to quality, customers and a willingness to work towards improving efficiency as well as a testimony to our commitment to volunteering and the valuable contribution our volunteers make.

4. Principal Risks and Uncertainties

4.1 Risk 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. Strategic risks are those that could 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. These risks are identified and assessed by the Board and the Executive Management Team and are mitigated by planning and implementing appropriate management actions. The identified risks and the mitigating actions are incorporated into a risk register.

Each month the Executive Management team undertakes a review of the risks and progress against mitigating actions. This is reported on a quarterly basis in the first instance to the Staff, Finance and Audit Committee and then subsequently to the Board for its review and comment.

The Executive Management Team, Staff, Finance and Audit 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:

- Legal compliance. GS does not comply with minimum legal statutory requirements across in all areas of its business.
- Financial management. GS does not have adequate financial processes to ensure the appropriate level of management and control of finances.
- Operational processes. GS does not have adequate operational processes to ensure the appropriate level of management and scrutiny of operational activity.
- Staff management. GS does not have adequate staff management processes in place to ensure high performance.
- Business Development. Lack of investment and management focus applied to business development activity.

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for the year ended 31 March 2014

- Client management. Communications with clients are ineffective and as such GS does not have a good understanding of their level of satisfaction with GS as an organisation and their satisfaction with the quality of our service.
- Disaster/pandemic. A disaster or pandemic destroys physical assets (e.g. through flood/fire) and/or causes serious disruption to operational activity.
- Global/national economy. Significant changes in global and national economies such as recession and financial crisis and the impact on the political environment.
- Client requirements change. Shifts and changes in clients' priorities and requirements lead to Groundwork's offer becoming less relevant or out of date.
- Competitor advantage. Competitors offer more relevant and cost effective services to our existing and potential clients.

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 system, 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.

4.2 Health Safety & Environment Arrangements

The Groundwork South Trust is a company limited by guarantee and a charity. Groundwork South delivers a series of projects aimed at improving the quality of life of local communities. Groundwork South is also the sole company member of Blue Sky Development and Regeneration Ltd (BSDR) providing employment opportunities to ex-offenders.

BSDR 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.

The **first tier** is the Policy of the Groundwork South Trust 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 H&S management system.

The **second tier** is specific to operations of Groundwork South and BSDR as independent entities and manages the individual activities and organisational arrangements of these organisations. 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
- Provides effective communications

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The **third tier** is a document that provides practical guidance around specific activities (eg CDM regulations, management of asbestos) through reference to HSE guidelines.

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. It is the Trust's intention to achieve formal accreditation to OHSAS 18001 in 2014/15.

In addition to health and safety, we are 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.

In 2013/14 Groundwork South achieved ISO 14001 for all operating areas. This achievement demonstrates our commitment to managing our environmental impacts and it is identified within the GS Business Plan to maintain the ISO 14001 accreditation.

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.

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

5. Auditors

The auditors Reeves & Co LLP have indicated their willingness to continue in office. The designated Trustees will propose a motion that they be re-appointed at the Annual General Meeting.

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6. Statement of trustees' responsibilities

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the charitable company's state of affairs at the end of the year and of its income and expenditure for that period.

In preparing those accounts, the trustees are required to:

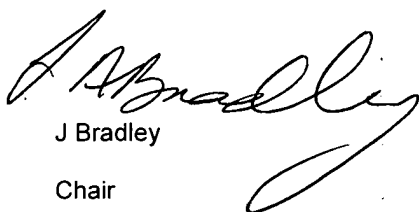
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

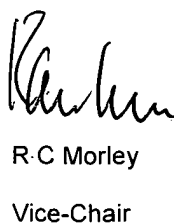
7. Statement of disclosure to the auditor

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report, incorporating the Group Strategic report, was approved by the Trustees in their capacity as company directors, and signed on their behalf by:


J Bradley
Chair

Dated 11 Dec 2014


R-C Morley
Vice-Chair

Dated 11 Dec 2014

The Groundwork South Trust Limited
(A company limited by guarantee)

Independent auditors' report to the members of The Groundwork South Trust Limited

We have audited the financial statements of The Groundwork South Trust Limited for the year ended 31 March 2014 set out on pages 18 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity'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 charity'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 charity 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 charity 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

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 charity'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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 charity's affairs as at 31 March 2014 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

The Groundwork South Trust Limited
(A company limited by guarantee)

Independent auditors' report to the members of The Groundwork South Trust Limited


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Group strategic 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 parent charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity 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.



Peter Hudson BA 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: 22 Dec 2014

The Groundwork South Trust Limited
(A company limited by guarantee)

Consolidated statement of financial activities
(incorporating income and expenditure account)
for the year ended 31 March 2014

| | Note | Restricted funds 2014 £ | Unrestricted funds 2014 £ | Total funds 2014 £ | Total funds 2013 £ |
|---|------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Incoming resources | | | | | |
| Incoming resources from generated funds: | | | | | |
| Voluntary income | 2 | 21,655 | 2,462 | 24,117 | 130,077 |
| Investment income | 3 | - | 4,997 | 4,997 | 2,090 |
| Incoming resources from charitable activities | 4 | 7,667,715 | 1,425,375 | 9,093,090 | 6,431,581 |
| Other incoming resources | 5 | - | 27,306 | 27,306 | 157,568 |
| Total incoming resources | | 7,689,370 | 1,460,140 | 9,149,510 | 6,721,316 |
| Resources expended | | | | | |
| Costs of generating funds: | | | | | |
| Fundraising and publicity costs | | - | 8,171 | 8,171 | 5,924 |
| Charitable activities | | 7,575,197 | 1,385,047 | 8,960,244 | 6,336,876 |
| Governance costs | | - | 22,866 | 22,866 | 25,765 |
| Total resources expended | 6 | 7,575,197 | 1,416,084 | 8,991,281 | 6,368,565 |
| Net incoming resources before transfers | | 114,173 | 44,056 | 158,229 | 352,751 |
| Transfers between Funds | 14 | (118,823) | 118,823 | - | - |
| Net incoming resources before revaluations | | (4,650) | 162,879 | 158,229 | 352,751 |
| Gains and losses on revaluations of investment assets | | - | - | - | (6,534) |
| Net movement in funds for the year | | (4,650) | 162,879 | 158,229 | 346,217 |
| <i>Total funds at 1 April 2013</i> | | <i>106,950</i> | <i>853,766</i> | <i>960,716</i> | <i>614,499</i> |
| Total funds at 31 March 2014 | | 102,300 | 1,016,645 | 1,118,945 | 960,716 |

All activities relate to continuing operations.

The notes on pages 24 to 39 form part of these financial statements.

The Groundwork South Trust Limited
(A company limited by guarantee)

Charity statement of financial activities
(incorporating income and expenditure account)
For the year ended 31 March 2014

| | Note | Restricted funds 2014 £ | Unrestricted funds 2014 £ | Total funds 2014 £ | Total funds 2013 £ |
|---|------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Incoming resources | | | | | |
| Incoming resources from generated funds: | | | | | |
| Voluntary income | 2 | 21,663 | 2,453 | 24,116 | 81,808 |
| Investment income | 3 | - | 423 | 423 | 630 |
| Incoming resources from charitable activities | 4 | 7,400,556 | 67,550 | 7,468,106 | 4,067,755 |
| Other incoming resources | 5 | - | 176,605 | 176,605 | 133,532 |
| Total incoming resources | | 7,422,219 | 247,031 | 7,669,250 | 4,283,725 |
| Resources expended | | | | | |
| Costs of generating funds: | | | | | |
| Fundraising and publicity costs | | - | 3,575 | 3,575 | 1,584 |
| Charitable activities | | 7,319,735 | 67,797 | 7,387,532 | 4,133,730 |
| Governance costs | | - | 18,059 | 18,059 | 12,080 |
| Total resources expended | 6 | 7,319,735 | 89,431 | 7,409,166 | 4,147,394 |
| Net incoming/(outgoing) resources before transfers | | 102,484 | 157,600 | 260,084 | 136,328 |
| Transfers between Funds | | (107,134) | 107,134 | - | - |
| Net movement in funds for the year | | (4,650) | 264,734 | 260,084 | 136,328 |
| <i>Total funds at 1 April 2013</i> | | <i>106,950</i> | <i>542,598</i> | <i>649,548</i> | <i>513,218</i> |
| Total funds at 31 March 2014 | | 102,300 | 807,332 | 909,632 | 649,546 |

The notes on pages 24 to 39 form part of these financial statements.

The Groundwork South Trust Limited
(A company limited by guarantee)

Consolidated statement of total recognised gains and losses
for the year ended 31 March 2014

| | | Restricted funds 2014 £ | Unrestricted funds 2014 £ | Total funds 2014 £ | Total funds 2013 £ |
|---|----------------|--|--|---------------------------------------|---------------------------------------|
| Net income for the year | Note 14 | (4,650) | 162,879 | 158,229 | 352,751 |
| Gains and losses on revaluations of investment assets | | - | - | - | (6,534) |
| Total gains and losses recognised since 1 April 2013 | 14 | (4,650) | 162,879 | 158,229 | 346,217 |

There is no difference between the (expenditure)/income on ordinary activities for the year stated above and its historical cost equivalent.

The notes on pages 24 to 39 form part of these financial statements.

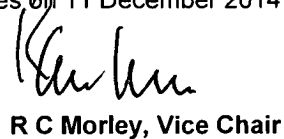
The Groundwork South Trust Limited
(A company limited by guarantee)
Registered number: 01982077

Consolidated balance sheet
as at 31 March 2014

| | Note | £ | 2014 £ | £ | 2013 £ |
|--|------|-------------|------------------|------------------|----------------|
| Fixed assets | | | | | |
| Intangible assets | 9 | | (45,429) | | (48,929) |
| Tangible assets | 10 | | 165,484 | | 146,071 |
| | | | <u>120,055</u> | | <u>97,142</u> |
| Current assets | | | | | |
| Stocks | | | - | 2,372 | |
| Debtors | 11 | 1,494,588 | | 1,480,278 | |
| Cash at bank and in hand | | 1,474,558 | | 1,409,149 | |
| | | | <u>2,969,146</u> | <u>2,891,799</u> | |
| Creditors: amounts falling due within one year | 12 | (1,898,407) | | (2,028,225) | |
| Net current assets | | | <u>1,070,739</u> | | <u>863,574</u> |
| Total assets less current liabilities | | | <u>1,190,794</u> | | <u>960,716</u> |
| Creditors: amounts falling due after more than one year | 13 | | (71,849) | | - |
| Net assets | | | <u>1,118,945</u> | | <u>960,716</u> |
| Charity Funds | | | | | |
| Restricted funds | 14 | | 102,300 | | 106,950 |
| Unrestricted funds | 14 | | 1,016,645 | | 853,766 |
| Total funds | | | <u>1,118,945</u> | | <u>960,716</u> |

The financial statements were approved by the Trustees on 11 December 2014 and signed on their behalf, by:


J A Bradley, Chair


R C Morley, Vice Chair

The notes on pages 24 to 39 form part of these financial statements.

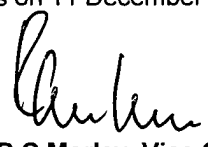
The Groundwork South Trust Limited
(A company limited by guarantee)
Registered number: 01982077

Charity balance sheet
as at 31 March 2014

| | Note | £ | 2014 £ | 2013 £ |
|--|------|--------------------|-----------------------|-----------------------|
| Fixed assets | | | | |
| Tangible assets | 10 | | 146,811 | 138,524 |
| Current assets | | | | |
| Debtors | 11 | 1,369,252 | 1,223,495 | |
| Cash at bank and in hand | | 973,634 | 579,645 | |
| | | <u>2,342,886</u> | <u>1,803,140</u> | |
| Creditors: amounts falling due within one year | 12 | <u>(1,508,216)</u> | <u>(1,292,116)</u> | |
| Net current assets | | | <u>834,670</u> | <u>511,024</u> |
| Total assets less current liabilities | | | <u>981,481</u> | <u>649,548</u> |
| Creditors: amounts falling due after more than one year | 13 | <u>(71,849)</u> | | |
| Net assets | | | <u><u>909,632</u></u> | <u><u>649,548</u></u> |
| Charity Funds | | | | |
| Restricted funds | 14 | 102,300 | | 106,950 |
| Unrestricted funds | 14 | 807,332 | | 542,598 |
| Total funds | | | <u><u>909,632</u></u> | <u><u>649,548</u></u> |

The financial statements were approved by the Trustees on 11 December 2014 and signed on their behalf, by:


J A Bradley, Chair


R C Morley, Vice Chair

The notes on pages 24 to 39 form part of these financial statements.

The Groundwork South Trust Limited
(A company limited by guarantee)

Consolidated cash flow statement
for the year ended 31 March 2014

| | Note | 2014 £ | 2013 £ |
|---|-------------|-------------------------|-------------------------|
| Net cash flow from operating activities | 16 | 84,910 | (209,402) |
| Returns on investments and servicing of finance | 17 | 4,997 | 2,090 |
| Capital expenditure and financial investment | 17 | (46,347) | 159,166 |
| Cash inflow/(outflow) before financing | | 43,560 | (48,146) |
| Financing | 17 | 21,849 | - |
| Increase/(Decrease) in cash in the year | | 65,409 | (48,146) |

Reconciliation of net cash flow to movement in net funds
for the year ended 31 March 2014

| | 2014 £ | 2013 £ |
|--|-------------------------|-------------------------|
| Increase/(Decrease) in cash in the year | 65,409 | (48,146) |
| Cash outflow from decrease in debt and lease financing | (21,849) | - |
| Movement in net funds in the year | 43,560 | (48,146) |
| Net funds at 1 April 2013 | 1,359,149 | 1,407,295 |
| Net funds at 31 March 2014 | 1,402,709 | 1,359,149 |

The notes on pages 24 to 39 form part of these financial statements.

Statement of changes in resources applied for fixed assets for charity use
for the year ended 31 March 2014

| | Restricted funds 2014 £ | Unrestricted funds 2014 £ | Total funds 2014 £ | Total funds 2013 £ |
|--|--|--|---|---|
| Net movement in funds for the year | (4,650) | 162,879 | 158,229 | 346,217 |
| Net movement in funds available for future activities | (4,650) | 162,879 | 158,229 | 346,217 |

The notes on pages 24 to 39 form part of these financial statements.

The Groundwork South Trust Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2014

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. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the charity 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 charity 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 or which have been raised by the charity for particular purposes. The costs 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 charity has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 charity 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
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2014

1. Accounting policies (continued)

1.4 Resources expended

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 charity and include project management. Governance costs are those incurred in connection with administration of the charity 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 |

The Groundwork South Trust Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2014.

1. Accounting policies (continued)

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 charity 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 Groundwork South Trust Limited, and ceased being a separate subsidiary.

The charity also acquired control of the board of Groundwork Solent, a company registered in England and Wales, on 1 April 2013. As from 1 April 2014, this company became a project of The Groundwork South Trust Limited, and ceased being a separate subsidiary.

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Investments in subsidiaries are valued at cost less provision for impairment.

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.

The Groundwork South Trust Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2014

2. Voluntary Income

| | Group | | Charity | |
|------------------------|---------------|----------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Donations and gifts | 24,117 | 127,852 | 24,116 | 81,808 |
| Other voluntary income | - | 2,225 | - | - |
| Total | 24,117 | 130,077 | 24,116 | 81,808 |

3. Investment income

| | Group | | Charity | |
|--------------------------|--------------|-------------|----------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Bank interest receivable | 4,997 | 2,090 | 423 | 630 |

4. Incoming resources from charitable activities

| | Group | | Charity | |
|--------------|--------------|-------------|----------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Grant income | 9,093,090 | 6,431,581 | 7,468,106 | 4,067,755 |

Included within incoming resources from charitable activities are the following grants:

| | Group | | Charity | |
|--|------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Central government programme development funding | 174,745 | 107,000 | 67,000 | 45,000 |
| Government regional offices | 1,011,549 | 1,213,937 | 1,067,099 | 1,199,914 |
| Local government | 1,601,156 | 1,280,220 | 1,545,606 | 1,009,584 |
| Private sector | 5,891,251 | 3,702,979 | 4,374,012 | 1,706,968 |
| National Lottery | 414,389 | 127,445 | 414,389 | 106,289 |
| Total | 9,093,090 | 6,431,581 | 7,468,106 | 4,067,755 |

The Groundwork South Trust Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2014

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

| | 2014 | 2013 |
|--|---------------|---------------|
| | £ | £ |
| Buckinghamshire County Council | 12,050 | 12,050 |
| Hillingdon Borough Council | 33,000 | 33,000 |
| Slough Borough Council | - | 6,000 |
| South Buckinghamshire District Council | - | 7,470 |
| Total | 45,050 | 58,520 |

5. Other incoming resources

| | Group | | Charity | |
|-----------------|---------------|----------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Management fees | - | 62,490 | - | 62,490 |
| Other income | 27,306 | 95,078 | 176,605 | 71,042 |
| Total | 27,306 | 157,568 | 176,605 | 133,532 |

The Groundwork South Trust Limited
(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2014

6. Total resources expended - consolidated

| | Fundraising & publicity costs £ | Greener living £ | Youth & employment £ | Parks & open spaces £ | Other charitable expenditure £ | Governance costs £ | 2014 £ | 2013 £ |
|---------------------------------|--|---------------------|----------------------------|-----------------------------|---|--------------------------|------------------|------------------|
| Charitable activities | | | | | | | | |
| Staff costs | - | 1,787,112 | 1,913,740 | 616,635 | 452,428 | - | 4,769,915 | 3,092,631 |
| Project costs | - | 893,033 | 446,903 | 1,086,622 | - | - | 2,426,558 | 2,092,120 |
| Recruitment and training | - | - | 18,397 | - | - | - | 18,397 | - |
| Transport and travel | - | 147,386 | 115,309 | 57,970 | 39,136 | - | 359,801 | 168,446 |
| | - | 2,827,531 | 2,494,349 | 1,761,227 | 491,564 | - | 7,574,671 | 5,353,197 |
| Support costs | | | | | | | | |
| Staff costs | - | - | 520,591 | - | 498,728 | - | 1,019,319 | 807,360 |
| Temporary staff and consultants | - | 4,245 | 31,364 | 1,671 | 1,126 | - | 38,406 | 3,091 |
| Administration | - | 47,872 | 46,130 | 18,830 | 12,711 | - | 125,543 | 133,989 |
| Communication and IT | - | 28,324 | 32,447 | 11,141 | 7,521 | - | 79,433 | 77,514 |
| Accommodation | - | 11,098 | 15,434 | 4,365 | 2,948 | - | 33,845 | 80,721 |
| Recruitment and training | - | 8,426 | 4,652 | 3,314 | 2,237 | - | 18,629 | 20,903 |
| Marketing | 8,171 | - | - | - | - | - | 8,171 | 5,924 |
| Audit fees | - | - | - | - | - | 22,866 | 22,866 | 25,765 |
| Professional fees | - | 4,395 | 39,250 | 1,729 | 1,167 | - | 46,541 | 24,165 |
| Depreciation | - | 6,652 | 3,672 | 2,616 | 1,767 | - | 14,707 | 14,509 |
| Amortisation | - | - | (3,500) | - | - | - | (3,500) | (193,908) |
| Other | - | 2,829 | 6,561 | 1,112 | 751 | - | 11,253 | 15,335 |
| Finance costs | - | - | 1,397 | - | - | - | 1,397 | - |
| Total | 8,171 | 2,941,372 | 3,192,347 | 1,806,005 | 1,020,520 | 22,866 | 8,991,281 | 6,368,565 |

The Groundwork South Trust Limited
(A company limited by guarantee)

Notes to the financial statements for the year ended 31 March 2014

Total resources expended - charity

| | Fundraising and publicity costs £ | Greener living £ | Youth & employment £ | Parks & open spaces £ | Other charitable expenditure £ | Governance costs £ | 2014 £ | 2013 £ |
|---------------------------------|--|---------------------|----------------------------|-----------------------------|---|--------------------------|------------------|------------------|
| Charitable activities | | | | | | | | |
| Staff costs | - | 1,787,112 | 1,202,026 | 616,635 | 452,428 | - | 4,058,201 | 1,858,886 |
| Project costs | - | 893,033 | 273,394 | 1,086,623 | - | - | 2,253,050 | 1,750,656 |
| Transport and travel | - | 147,386 | 81,367 | 57,970 | 39,136 | - | 325,859 | 94,775 |
| | - | 2,827,531 | 1,556,787 | 1,761,228 | 491,564 | - | 6,637,110 | 3,704,317 |
| Support costs | | | | | | | | |
| Staff costs | - | - | - | - | 498,728 | - | 498,728 | 238,197 |
| Temporary staff and consultants | - | 4,245 | 2,344 | 1,670 | 1,126 | - | 9,385 | 3,590 |
| Administration | - | 47,872 | 26,429 | 18,829 | 12,711 | - | 105,841 | 64,000 |
| Communication and IT | - | 28,324 | 15,636 | 11,141 | 7,521 | - | 62,622 | 48,965 |
| Accommodation | - | 11,098 | 6,127 | 4,365 | 2,948 | - | 24,538 | 35,918 |
| Recruitment and training | - | 8,426 | 4,652 | 3,314 | 2,237 | - | 18,629 | 11,841 |
| Marketing | 3,575 | - | - | - | - | - | 3,575 | 1,584 |
| Audit fees | - | - | - | - | - | 18,059 | 18,059 | 12,080 |
| Professional fees | - | 4,395 | 2,426 | 1,729 | 1,167 | - | 9,717 | 5,008 |
| Depreciation | - | 6,652 | 3,672 | 2,616 | 1,767 | - | 14,707 | 13,719 |
| Other | - | 2,829 | 1,562 | 1,112 | 752 | - | 6,255 | 8,175 |
| Total | 3,575 | 2,941,372 | 1,619,635 | 1,806,004 | 1,020,521 | 18,059 | 7,409,166 | 4,147,394 |

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Notes to the financial statements
for the year ended 31 March 2014

7. Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, but four trustees were reimbursed a total of £1,210 (2013: five trustees receiving £1,004) travelling expenses.

During the year one Trustee of the subsidiary Blue Sky Development and Regeneration received £7,760 (2013: £2,806) for consultancy services. The Trustees of the subsidiary Blue Sky Development and Regeneration received £410 (2013: £289) for the reimbursement of travel expenses.

8. Staff costs

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

| | 2014 No. | 2013 No. |
|---------------------------------------|-------------|-------------|
| The Groundwork South Trust Limited | 193 | 92 |
| Blue Sky Development and Regeneration | 58 | 63 |
| Groundwork Solent | 0 | 27 |
| | <u>251</u> | <u>182</u> |

The number of higher paid employees was:

| | 2014 No. | 2013 No. |
|-------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 3 | 2 |
| In the band £70,001 - £80,000 | 2 | 1 |
| | <u>5</u> | <u>3</u> |

Employment costs

| | 2014 £ | 2013 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 5,213,529 | 3,462,251 |
| Social security costs | 399,803 | 277,993 |
| Pension and health | 162,231 | 108,435 |
| Total | <u>5,775,563</u> | <u>3,848,679</u> |

Contributions totalling £26,943 (2013: £15,352) were made to defined contribution pension schemes on behalf of 5 (2013: 3) 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 2013 | (322,370) |
| Disposals | 190,408 |
| At 31 March 2014 | <u>(131,962)</u> |
| Amortisation | |
| At 1 April 2013 | (273,441) |
| Charge for the year | (3,500) |
| On disposals | 190,408 |
| At 31 March 2014 | <u>(86,533)</u> |
| Net book value | |
| At 31 March 2014 | <u><u>(45,429)</u></u> |
| At 31 March 2013 | <u><u>(48,929)</u></u> |

10. Tangible fixed assets

| | Motor vehicles £ | Fixtures & fittings £ | Computer equipment £ | Floating classroom £ | Total £ |
|-----------------------|---------------------------------|--|-------------------------------------|-------------------------------------|-----------------------|
| Group | | | | | |
| Cost | | | | | |
| At 1 April 2013 | 25,080 | 11,985 | 42,191 | 116,250 | 195,506 |
| Additions | 36,813 | - | 9,534 | - | 46,347 |
| Disposals | - | - | (1,885) | - | (1,885) |
| At 31 March 2014 | <u>61,893</u> | <u>11,985</u> | <u>49,840</u> | <u>116,250</u> | <u>239,968</u> |
| Depreciation | | | | | |
| At 1 April 2013 | 12,809 | 3,298 | 24,028 | 9,300 | 49,435 |
| Charge for the year | 14,234 | 2,398 | 5,652 | 4,650 | 26,934 |
| On disposals | - | - | (1,885) | - | (1,885) |
| At 31 March 2014 | <u>27,043</u> | <u>5,696</u> | <u>27,795</u> | <u>13,950</u> | <u>74,484</u> |
| Net book value | | | | | |
| At 31 March 2014 | <u><u>34,850</u></u> | <u><u>6,289</u></u> | <u><u>22,045</u></u> | <u><u>102,300</u></u> | <u><u>165,484</u></u> |
| At 31 March 2013 | <u><u>12,271</u></u> | <u><u>8,687</u></u> | <u><u>18,163</u></u> | <u><u>106,950</u></u> | <u><u>146,071</u></u> |

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**Notes to the financial statements
for the year ended 31 March 2014**

| | Motor vehicles £ | Fixtures & fittings £ | Computer equipment £ | Floating classroom £ | Total £ |
|-----------------------|------------------------|-----------------------------|----------------------------|----------------------------|------------|
| Charity | | | | | |
| Cost | | | | | |
| At 1 April 2013 | 5,655 | 11,985 | 42,191 | 116,250 | 176,081 |
| Additions | 13,460 | - | 9,534 | - | 22,994 |
| Disposals | - | - | (1,885) | - | (1,885) |
| At 31 March 2014 | 19,115 | 11,985 | 49,840 | 116,250 | 197,190 |
| Depreciation | | | | | |
| At 1 April 2013 | 931 | 3,298 | 24,028 | 9,300 | 37,557 |
| Charge for the year | 2,007 | 2,398 | 5,652 | 4,650 | 14,707 |
| On disposals | - | - | (1,885) | - | (1,885) |
| At 31 March 2014 | 2,938 | 5,696 | 27,795 | 13,950 | 50,379 |
| Net book value | | | | | |
| At 31 March 2014 | 16,177 | 6,289 | 22,045 | 102,300 | 146,811 |
| At 31 March 2013 | 4,724 | 8,687 | 18,163 | 106,950 | 138,524 |

11. Debtors

| | Group | | Charity | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Trade debtors | 740,662 | 1,149,997 | 624,071 | 956,974 |
| Amounts owed by group undertakings | - | - | 3,220 | 44,756 |
| Other debtors | 3,368 | 13,491 | 391 | 1,124 |
| Prepayments and accrued income | 750,558 | 316,790 | 741,570 | 220,641 |
| | 1,494,588 | 1,480,278 | 1,369,252 | 1,223,495 |

**12. Creditors:
Amounts falling due within one year**

| | Group | | Charity | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Other loans | - | 50,000 | - | - |
| Trade creditors | 360,496 | 267,286 | 334,424 | 163,284 |
| Other taxation and social security | 269,407 | 229,568 | 238,178 | 176,717 |
| Other creditors | - | 147,950 | 63,300 | 139,031 |
| Deferred landfill income account | 265,623 | 124,235 | 190,874 | 124,236 |
| Accruals and deferred income | 1,002,881 | 1,209,186 | 681,440 | 688,848 |
| | 1,898,407 | 2,028,225 | 1,508,216 | 1,292,116 |

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Notes to the financial statements
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Deferred income

| | Group | | Charity | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Balance as at 1 April | 1,067,984 | 1,198,595 | 664,619 | 831,781 |
| Income received in the year | 3,483,799 | 3,603,316 | 2,970,460 | 2,988,356 |
| Credited to statement of financial activities | (3,655,800) | (3,733,927) | (3,022,042) | (3,155,518) |
| Balance as at 31 March | 895,983 | 1,067,984 | 613,037 | 664,619 |

13. Creditors:
Amounts falling due after more than one year

| | Group | | Charity | |
|------------|---------------|-------------|----------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Bank loans | 71,849 | - | 71,849 | - |

The Groundwork South Trust Limited
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Notes to the financial statements
for the year ended 31 March 2014

14. Statement of funds

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Carried Forward £ |
|-----------------------------|------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|------------------------------------|
| Unrestricted funds | | | | | |
| General Funds | 853,766 | 1,460,140 | (1,416,084) | 118,823 | 1,016,645 |
| Restricted funds | | | | | |
| Elsdale Boat | 106,950 | - | (4,650) | - | 102,300 |
| Greener Living | - | 3,357,071 | (3,310,716) | (46,355) | - |
| Youth & Employment | - | 2,120,488 | (2,078,550) | (41,938) | - |
| Parks & Open Spaces | - | 1,320,413 | (1,302,181) | (18,232) | - |
| Other charitable activities | - | 891,398 | (879,100) | (12,298) | - |
| | 106,950 | 7,689,370 | (7,575,197) | (118,823) | 102,300 |
| Total of funds | 960,716 | 9,149,510 | (8,991,281) | - | 1,118,945 |

At the year end the parent charity unrestricted reserves were £807,332.

Restricted Funds:

Elsdale Boat - to provide a unique learning venue to discover and explore the inland waterways.

Greener Living & Working - to help people save energy, water, money and reduce their impact on the environment.

Youth & Employment - to support Young People to develop their skills and find jobs. To provide employment and to support offenders, ex-offenders and those likely to offend.

Parks and Open Spaces - to protect and improve parks and open spaces for the benefit of local communities.

Other charitable activities - to develop and enhance our activities to deliver our charitable outcomes.

Transfers:

During the year a transfer from restricted funds to unrestricted funds of £118,823 (2013: £134,450) was made to adequately reflect the reserves position of the group and transactions between them, as stated in the individual financial statements.

The Groundwork South Trust Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2014

14. Statement of funds (continued)

Summary of funds

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Carried Forward £ |
|------------------|-----------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------|
| General funds | 853,766 | 1,460,140 | (1,416,084) | 118,823 | 1,016,645 |
| Restricted funds | 106,950 | 7,689,370 | (7,575,197) | (118,823) | 102,300 |
| | <u>960,716</u> | <u>9,149,510</u> | <u>(8,991,281)</u> | <u>-</u> | <u>1,118,945</u> |

15. Analysis of net assets between funds

| | Restricted funds 2014 £ | Unrestricted funds 2014 £ | Total funds 2014 £ | Total funds 2013 £ |
|-------------------------------------|---|---|--|--|
| Tangible fixed assets | 102,300 | 63,184 | 165,484 | 146,071 |
| Intangible fixed assets | - | (45,429) | (45,429) | (48,929) |
| Current assets | - | 2,969,146 | 2,969,146 | 2,891,796 |
| Creditors due within one year | - | (1,898,407) | (1,898,407) | (2,028,222) |
| Creditors due in more than one year | - | (71,849) | (71,849) | - |
| | <u>102,300</u> | <u>1,016,645</u> | <u>1,118,945</u> | <u>960,716</u> |

16. Net cash flow from operations

| | 2014 £ | 2013 £ |
|--|------------------|------------------|
| Net incoming resources before revaluations | 158,229 | 352,751 |
| Returns on investments and servicing of finance | (4,997) | (2,090) |
| Amortisation of intangible fixed assets | (3,500) | (193,908) |
| Depreciation of tangible fixed assets | 26,934 | 21,779 |
| Decrease/(increase) in stocks | 2,372 | (2,372) |
| Increase in debtors | (14,310) | (280,650) |
| Decrease in creditors | (79,818) | (104,912) |
| Net cash inflow/(outflow) from operations | <u>84,910</u> | <u>(209,402)</u> |

17. Analysis of cash flows for headings netted in cash flow statement

| | 2014 £ | 2013 £ |
|--|------------------|------------------|
| Returns on investments and servicing of finance | | |
| Interest received | <u>4,997</u> | <u>2,090</u> |

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Notes to the financial statements
for the year ended 31 March 2014

17. Analysis of cash flows for headings netted in cash flow statement (continued)

| | 2014 £ | 2013 £ |
|--|-----------------|----------------|
| Capital expenditure and financial investment | | |
| Purchase of intangible fixed assets | - | 190,408 |
| Purchase of tangible fixed assets | (46,347) | (27,078) |
| Sale of tangible fixed assets | - | 2,370 |
| Sale of unlisted and other investments | - | (6,534) |
| Net cash (outflow)/inflow capital expenditure | <u>(46,347)</u> | <u>159,166</u> |
| | 2014 £ | 2013 £ |
| Financing | | |
| Repayment of loans | (50,000) | - |
| Other new loans | 71,849 | - |
| Net cash inflow from financing | <u>21,849</u> | <u>-</u> |

18. Analysis of changes in net funds

| | 1 April 2013 £ | Cash flow £ | Other non-cash changes £ | 31 March 2014 £ |
|--|----------------------|----------------|-----------------------------------|-----------------------|
| Cash at bank and in hand: | 1,409,149 | 65,409 | - | 1,474,558 |
| Debt: | | | | |
| Debts due within one year | (50,000) | 50,000 | - | - |
| Debts falling due after more than one year | - | (71,849) | - | (71,849) |
| Net funds | <u>1,359,149</u> | <u>43,560</u> | <u>-</u> | <u>1,402,709</u> |

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Notes to the financial statements
for the year ended 31 March 2014

19. Operating lease commitments

At 31 March 2014 the group had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | | Other | |
|-------------------------|--------------------|--------|--------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| Group | £ | £ | £ | £ |
| Expiry date: | | | | |
| Within 1 year | 13,705 | 14,420 | 13,209 | - |
| Between 2 and 5 years | 8,000 | 2,000 | 64,933 | 97,164 |
| After more than 5 years | - | - | - | 9,000 |

At 31 March 2014 the charity had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | | Other | |
|-------------------------|--------------------|--------|--------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| Charity | £ | £ | £ | £ |
| Expiry date: | | | | |
| Within 1 year | 4,333 | 14,420 | 13,209 | - |
| Between 2 and 5 years | 8,000 | 2,000 | 64,933 | 97,164 |
| After more than 5 years | - | - | - | 9,000 |

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Notes to the financial statements
for the year ended 31 March 2014

20. Principal subsidiaries

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

Blue Sky Development and Regeneration

Blue Sky Development and Regeneration is a company limited by guarantee and therefore has no share capital. For the period of this report Groundwork South was 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.

Blue Sky Development and Regeneration has two wholly owned dormant subsidiaries - Blue Sky Inside Limited and Blue Sky North Limited.

21. Post balance sheet events

On 1st October 2014 Blue Sky ceased to be a subsidiary of Groundwork South.

22. Controlling party

The charity is controlled by the Board of Trustees.