

THE MERTHYR AND RHONDDA CYNON TAFF GROUNDWORK TRUST
(A company limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2000



Registered Number 2087537
Charity Registration Number 518632

CONTENTS

	PAGE
Administrative and legal information	3
Report of the Directors	4 – 13
Report of the Auditors	14
Statement of Financial Activities	15 – 16
Balance Sheet	17
Notes to the Financial Statements	18 – 25

COMPANY MEMBERS

Merthyr Tydfil County Borough Council
Rhondda Cynon Taff County Borough Council
Groundwork UK
Countryside Council for Wales

PRESIDENT

Sir Richard Lloyd Jones KCB

CHAIRMAN

Cllr P Saunders MBE

EXECUTIVE DIRECTOR

Margaret Hannigan Popp

COMPANY SECRETARY

Sandra Cathcart Greig

REGISTERED OFFICE

Fedw Hir
Llwydcoed
Aberdare
CF44 0DX

REGISTERED NUMBER

2087537, Wales

AUDITORS

Pricewaterhouse Coopers
1 Kingsway
Cardiff
CF10 3PW

BANKERS

National Westminster Bank Plc
High Street
Merthyr Tydfil
CF47 8BN

REPORT OF THE DIRECTORS

The directors submit their annual report and the audited financial statements for the year ended 31 March 2000. The directors who served during the year were:-

DIRECTORS

Sir Richard Lloyd Jones	- President
Cllr P Saunders (Chairman)	- Merthyr Tydfil Borough Council
P Walters (Vice Chairman)	- Graeme John & Partners
Cllr D Games	- Merthyr Tydfil County Borough Council (Resigned 28 July 1999)
Cllr R Thomas	- Merthyr Tydfil County Borough Council (Resigned 28 July 1999)
Cllr M Williams	- Rhondda Cynon Taff County Borough Council (Resigned 28 July 1999)
Cllr W Myring	- Rhondda Cynon Taff County Borough Council (Resigned 28 July 1999)
Cllr J Lintern	- Rhondda Cynon Taff County Borough Council (Resigned 28 July 1999)
R Baldwin	- Long Term Volunteer
B Evans	- Consultant
P Lee	- Tubex Ltd (Resigned 14 April 2000)
B Williams	- Crownford Training and Consultants (Resigned 6 August 1999)
Mr J Richards	- Sekisui (UK) Ltd (Appointed 8 December 1999)
Mr C Davies	- Group 4 Securitas (Appointed 6 December 1999)
Cllr Glenys Evans	- Merthyr Tydfil County Borough Council (Appointed 25 June 1999)
Cllr Lynda Williams	- Merthyr Tydfil County Borough Council (Appointed 25 June 1999)
Cllr John Daniel	- Rhondda Cynon Taff County Borough Council (Appointed 1 June 1999)
Cllr Vyvyan Williams	- Rhondda Cynon Taff County Borough Council (Appointed 1 June 1999)

DIRECTORS' RESPONSIBILITIES

The Directors are required by UK Company Law to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the surplus or deficit of the Company for that period.

Directors' Report for the year ended 31st March 2000

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2000. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The Trust is a Registered Charity and a Company Limited by Guarantee and is governed by its Memorandum and Articles of Association.

The Groundwork vision is for a society made up of sustainable communities which are vibrant, healthy and safe, which respect the local and global environment and where individuals and enterprise prosper. Groundwork adopts an holistic approach which embraces people, places and prosperity.

The Trust is part of a national federation of independent Trusts which has grown to over 40, co-ordinated by the Groundwork UK and the Trust continues to play a leading role in the expansion of Groundwork in Wales and the UK. For its part it is benefiting from being within what is now a national network (with overseas links) through the abilities to fundraise, to communicate the role of Groundwork, to train staff and to develop operational systems.

The Trust recognises its development into a successful partnership role in major Community Regeneration Strategies. This change is demonstrated through retitling the Community Involvement and Development Programme as Community Regeneration. This change process also embraces the refocus of Countryside and Access into a totally community led priority programme now titled Community Environments.

- | | |
|-------------------------------------|---|
| 1. Community Regeneration | To work with and empower communities through effective partnerships, raising resources, prioritising local need to achieve a strategic approach to the achievement of agreed objectives for local regeneration. |
| 2. Community Environments | To foster and develop proactive partnerships for conserving, protecting and improving the natural and built environment through sustainable community networks and local access projects for local people. |
| 3. Strategic Landscape Improvements | Using the principles of Sustainable Development to provide a professional service for creating new landscapes through an ecologically informed approach. |

Directors' Report for the year ended 31st March 2000

- | | |
|----------------------------|--|
| 4. Business Services (BUS) | To enhance the efficiency and competitiveness of SME's through environmental improvements, advice and support and to engage them in wider regeneration strategies. |
|----------------------------|--|

with the support, resourcing and specialist skills from:-

- | | |
|--|--|
| 5a Central Support Services and | To resource and overall manage the Trust as a sustainable and total quality organisation and to provide support services across the Trust and to our strategic partners and to promote a culture of empowerment, team working and continuous development of all staff, for the furtherance of the Trust's aims and objectives. |
| 5b Business Management and Development | |

The Trust has full accreditation as an Investors in People organisation.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Results for the year

The net incoming resources for the year amounted to £5,715 [1999: £6,710] and was a surplus on restricted funds which has been transferred to unrestricted funds because the restrictions of the funders had been met.

The results for the year are set out on page 15 of the Financial Statements.

Incoming resources of £2,080,525 for the 1999/00 financial year was a decrease of only 5% or £102,681 compared to the previous year. However, the comparison of incoming resources achieved to the budget for the year shows a more significant decrease of 23% or £610,475 mainly due to a rescheduling of spend by partners on the Community Millennium Park Project at Taff Bargoed and the delay in completion of the reclamation works.

The delay reduced levels of fee earned income, however, this was off set by delaying the appointment of new and replacement posts.

The surplus generated for the year of £5,715 is a decrease of 15% on the level of the previous year and a decrease of 21% on the budgeted level for the year.

The Trust continues its strategic role in working in partnership with the Local Authorities, public agencies and the communities of Merthyr and Rhondda Cynon Taff to bring about Community Revival Strategies, and the involvement of local business and to obtain the additionality from ERDF and the Millennium Commission. This partnership approach has secured the commitment of significant funds from ERDF ISW for expenditure up to December 2001. Through the Groundwork federation and in partnership with the WDA, Merthyr Tydfil Borough Council and the Taff Bargoed Development Trust, the Trust has secured £3,500,000 from the Millennium Commission for expenditure from 1995/96 to the year 2001.

Review of business 1999/2000

Notwithstanding the delays and rescheduling of the major project, 1999/00 has been an extremely successful year. Set objectives, both financial and physical have been achieved and the Trust has undertaken development work, trailing new initiatives and submitting bids for funding which have substantially secured our work programme for the next two years. In particular the Trust, in partnership with the communities of Merthyr and Rhondda Cynon Taff, successfully developed and secured European grant assistance of almost £1,200,000 for forward Programmes. Conversely, the changing nature of the Trust work and the increasing complexities of managing and resourcing the work programme create uncertainties and stresses. The Trust is mindful of the need to adapt to and to anticipate change.

Overview of 1999/00

The work programme for 1999/00 was built on the key strategic areas of activity and given focus by the individual programme teams. These are:-

Community Regeneration Programme - Community Involvement

In Merthyr the key Community Regeneration Partnership Strategies on the Gurnos and on the Gellideg Housing Estates achieved the formation of community led and resourced Company Limited by Guarantee status with applications lodged for Charitable Registration.

This formation was the outcome of the capacity building and development measures and a huge amount of commitment from the community and partners. Practical projects were also undertaken including Environmental, Community Safety, Artist in Residence Projects and the completion of a new Community Resource Centre at Old Gurnos and further developments at the Community Skills Centre at New Gurnos.

Working together the partnerships and community led organisations developed and secured European and other funding to undertake further elements of regeneration for their communities.

In Rhondda Cynon Taff, the development of a partnership and Community Empowerment Strategy for the Fernhill Housing Estate achieved major steps forward in the structuring of the roles and remit of the Youth Facilities Co-ordinator role and the Millennium Youth Officer, which will be led by Save the Children Wales as a support partner. This was a very significant outcome as the community perceive youth to be the prime priority in addressing their problems. In the year the various Community Groups worked with the Groundwork Fernhill Co-ordinator through a series of capacity building measures and achieved the outcome of agreeing the role of a shared community led post and how the specifics and remit of each Group would form a part of a co-ordinated strategy for Fernhill.

The support and financial contribution from the Nat West Charitable Group to the Fernhill Strategy enabled the development of the successful European bid and this, together with ongoing community led funding bids, resource this strategy and the drive for the sustainable improvements.

Community Environments

There are two aspects of this Programme – Environment and Access.

Community Environments – Empowering Local Environmental Action

The Trust has worked productively towards the integration and inter-relationship of the practical environmental projects undertaken with Community Groups, volunteers and voluntary groups, community services and community organisations. This led to the success in attracting EU funding for a 3 year Development Programme for the Greencare Networks as a model Sustainable Development Project delivering LA 21 objectives in communities right across our area and includes working with over 80 groups. The Community Environments Project with groups in Rhondda Fach achieved significant steps forward with the development of a Community Practical Projects Post successfully recruited from within the community to be managed by Blaenllechau Community Regeneration Trust. The partners now have a resource to liaise with the community, to develop and to undertake local measures. The European assistance and other funding secured by the partners will fund this work. The Trust has been a key promoter of the Youth Enterprise Initiative as the Chair of the Local Area Board and sponsor the Environmental Award for the Youth Enterprise Cymru National Competition.

Community and Access - Conserving Natural Resources

The strategic approach of the Trust to developing Projects and working with the community was informed by and contributed to the policies and aims of the National Cycle Route Programme, Local Authority Countryside Strategies, Countryside Council for Wales Programmes. A significant step in our relationship with Countryside Council for Wales and the Authorities was our decision to state our dissatisfaction with being asked to play a proactive role in PROW Projects when so much of the approvals needed for implementation lay outside our control.

Whilst fully committed to the PROW Network a new role and support for that role was accepted by Countryside Council for Wales and created more productive opportunities for schemes like the Merthyr Heritage Trails, Valley Lines Recreational Routes from Railway Stations, Cross Valley Walks in Taff Bargoed, the Maerdy Community Woodland in the Rhondda Fach and other Community Conservation and Countryside Projects which are building up the Local Biodiversity Action Plan.

In the year, two successful applications for European grant assistance were developed with key partners and were secured, together with the matching funding, to resource the forward strategies for improved facilities along the Taff Trail route in the Merthyr and Rhondda Cynon Taff County Borough areas and for marketing this strategic route.

Business Environments Support Service

The Business Environments Services Programme of the Trust is designed to offer a comprehensive Environmental Audit, economic efficiency to local businesses to enhance their business performance, address compliance with the framework of operational legislation and achieve economic development for the area. The Programme is designed to be delivered to a consistent standard across the Groundwork Trust areas in South Wales and compliments and interacts with the services of the Wales Environment Centre. In 1999/00 the Trust has managed the delivery of the Programme through a Service Level Agreement for management support and additional resource support with Groundwork Wales. The placements and support of Graduates with local businesses, with the outcome of permanent jobs, was a very successful element of the Trust's Integrated Business Environmental Support Services Programme which is part funded by European grant.

This Programme supports businesses across the County Borough Council areas of Merthyr and Rhondda Cynon Taff.

Strategic Landscape Improvements

The design approach of the Trust's Landscape Architect Team has underpinned the whole Landscape Programme of both the Business Support Services and the Community Environmental Project Work.

In Rhondda Cynon Taff working with the Urban Renewal Team and the Welsh Development Agency Environment Section has led to a Rolling Programme of landscape studies and improvement projects linked to the economic development targets of the Authority. In Merthyr, as the co-ordinator of the Environment Working Party and members of the Technical Team the phased development of key business sites have been progressed with EU, Welsh Development Agency and Local Authority funds.

On the Taff Bargoed Millennium Project the overall landscape design reflects the outcomes identified through Community Consultation and the needs of partners and led to the successful granting of RECHAR funding to the Park Landscaping for Eco Tourism development, ERDF for new facilities on the Taff Bargoed Development Trust site and RECHAR for Habitat/Landscape creation on the Coal Authority site. The delay in the completion of the Reclamation Works meant delays to the Trust's schedule of Community Projects at Taff Bargoed.

This Team of the Trust have contributed to our Flagship Projects in Taff Bargoed and the Gurnos, providing a professional service to the other Programmes to protect the Trust's approach to sustainable development. Additional design demands have been resourced by the commissioning of freelance Architects working in the office or at home which has greatly enhanced the Trust's output but retained our overall control on 'product', partnership and liaison.

In 1999/00 the Strategic Landscape Implementation Team successfully developed and secured European grant assistance to support a Brightsite approach to sustainable development and environments of key industrial sites and for the development of studies to inform integrated forward strategies across both the County Borough Council areas of Merthyr and Rhondda Cynon Taff

Business Management and Development and Central Support Services - Development Researching and Implementation of Overall Programme

This has been a challenging first year for the Trust's new Executive Director. However, her previous experience as the Development Manager and together with the other members of the Trust's senior Business Management and Development Team, combined to secure in the year £1,200,000 European grant assistance to support future Programmes of partnership work in the Merthyr and in Rhondda Cynon Taff County Borough Council areas.

The capacity building and support measures of the major Community Regeneration Partnerships in Gurnos, Gellideg and Fernhill successfully achieved key empowerment stages with the setting up of locally resourced community led Companies Limited by Guarantee and applications for registration as Charities.

The Trust and other partners roles needed to change to reflect this achievement. The Groundwork roles in overall policy and strategy development and financial and project management will continue, but as support roles, with the community development and liaison roles being undertaken by the new local community organisations.

EU Objective 1 and new Central and Local Government approach to Neighbourhood Strategies and People in Communities offer further opportunities for communities and regeneration and there is an increasing level of requests for the involvement of the Business Management and Development Team.

The Executive Director led a series of staff workshops on the development of the Business Plan and to determine the most effective recruitment strategy to meet these changes and the subsequent outcome was built into the forward 3 Year Plan now approved by the Board.

Employee Involvement

The Trust registered as an Investors in People Organisation in 1994/95 and continues to work on the ongoing process of review and improvement to the practical process and changes of working practices on a staff led and fully participative basis. The objectives are to address issues raised in each year, by the staff through the appraisal process, by the Board, through the annual review process, and to meet the needs of the Trust as a developing and effective organisation fulfilling the objectives and aims of the business plan.

The Investors in People process involves the full commitment of all staff, the Board and those involved with the Trust's work to work through, achieve consensus and effect the key structural and management culture changes. All staff are aware that this is an ongoing commitment to change to ensure that the efforts translate into cost effective, quality and sustainable outputs, which benefit the local communities we serve and to achieve the goals and targets of our business plan. The Trust achieved full IIP accreditation in Spring 1997 and will meet with the IIP Evaluator in the year 2000/01 for a 3 year review.

Directors' Report for the year ended 31st March 2000

The Trust has in place a number of detailed, Board approved policies in relation to specific areas of personnel matters, including:-

- Human resources management
- Equal opportunity
- Volunteers
- Health and safety
- COSHH
- Environment

A Personnel Pack incorporating the practical processes of recruitment, appointment, induction, training and support management is in operation.

Budget 2000/01

The budget for 2000/01 has been approved by the Board as a part of the rolling three year Business Plan and includes a target of £3,121,300 for incoming resources for 2000/01. This is an increase of 50% over the achievement of the previous year and includes the delayed Millennium Commission income and spend due to the reclamation works not being completed as scheduled. This accounts for £611,000 or 60% of the year on year increase in the incoming resources and the balance of the increase reflects the income and spend on the new European and match funded projects approved and secured at the end of 1999/00. The budget also addresses the resourcing strategy of delivering the work programme through a mix of the Trust's own staff, bought in specialists, other partner organisations including Groundwork Wales and a commitment to use local companies and resources wherever possible. Staff costs of £509,723 were approved for the budget year and the 20% increase on the previous year reflects the delayed recruitment of 3 additional posts to resource the work programme budgeted for the year and a contingency for Job Evaluation and bought in assistance for the Business Management and Development Team. Office running costs of £199,500 were approved for the budget year and the 6% increase on the previous year is for recruitment of the new posts and an increased budget for training.

The Trust has developed a 5 year Strategic Focus and this is summarised as follows:-

- Offering a service for project development, ecologically informed landscape design, community lead and involvement projects to all sectors in the Merthyr and Rhondda Cynon Taff areas which is noted for quality, innovation, commitment and community values in regeneration partnerships.
- A partnership development role to promote and represent Voluntary Sector interests in the Objective 1 Strategy for Merthyr and Rhondda Cynon Taff Local and Regional Plans through the Executive Director.
- An Eco Tourism park in the Taff Bargoed Valley as an asset for the Taff Bargoed Development Trust, a key Green Tourism attraction and a demonstration of the Greening the Valleys principles.

- A Model Village on the Gurnos as an asset for the Gurnos Development Trust in Merthyr and a key social economy objective for the People in Communities Programme of the National Assembly for Wales.
- Development of a community recreational and heritage landscape strategic project sustained by tourism and facility income in Taff Ely or the Rhondda in a partnership with Rhondda Cynon Taff County Borough Council and the Welsh Development Agency and a model of good practice for the Objective 1 Programme in the EU.
- A community owned Youth and Family Social Enterprise complex on the Fernhill Estate as an asset for the Fernhill Forum partnership in the Cynon Valley and a partnership initiative with the Save the Children Fund supported by Groundwork UK and the Youth Works Charity.
- Development of Fedw Hir as an income generating asset or alternatively as a social, entrepreneurial, innovation and environmental initiative.
- An Integrated Community Routeway and Cycle Network in Merthyr and Rhondda Cynon Taff linked to neighbouring areas through the Taff Trail, Cynon Trail, Celtic Trail, Taff Bargoed Trail, Rhondda Fach River Route and a Taff Ely Network.
- A Greencare Network for sustainable Community Environmental Projects, Local Tourism, local accessibility and available to every community in Merthyr and Rhondda Cynon Taff for local capacity building and local ownership.
- A commitment to Groundwork themes on Education for schools and Lifelong Learning, Environmental Business Services for SME's, Sustainable Communities, Arts and the Environment and Evaluation of Groundwork practice backed up by financial and support resources secured by Groundwork UK.

Partners

The Trust's major partners in the year were the National Assembly for Wales, the County Borough Councils of Merthyr Tydfil and Rhondda Cynon Taff, the Welsh Development Agency, Henry Smith Charities, NatWest charitable group, the Countryside Council for Wales, Environment Wales, the BBC, Mid Glamorgan TEC, Sustrans, the Millennium Commission, the Groundwork National Office and the funds and efforts of the local groups, volunteers and communities of Merthyr and Rhondda Cynon Taff.

Directors and members

The members and Directors are as set out on Pages 3 and 4.

Auditors

A resolution to reappoint PricewaterhouseCoopers as Auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



Fedw Hir
Llwydcoed
Aberdare

SANDRA GREIG
COMPANY SECRETARY

20 November 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF THE MERTHYR AND RHONDDA CYNON TAFF GROUNDWORK TRUST

We have audited the Financial Statements on pages 15 to 25 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 18 to 20.

Respective responsibilities of directors and auditors

The Trustees who are also Directors of the Trust for the purpose of Company Law are responsible for preparing the Annual Report. As described on Pages 4 and 5, this includes responsibility for preparing the Financial Statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent Auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the Financial Statements, if the Charitable Company has not kept proper accounting records, if we have not received all the information and explanations we require for our Audit, or if information specified by law regarding Directors' Remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements.

Basis of audit opinion

We conducted our Audit in accordance with Auditing Standards issued by the Auditing Practices Board. An Audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Charitable Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the Financial Statements give a true and fair view of the state of the Charitable Company's affairs at 31st March 2000 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

Cardiff

20 November 2000

Groundwork Merthyr & Rhondda Cynon Taff
Statement of Financial Activities for the year ended 31st March 2000

	Notes	Unrestricted Funds £	Restricted Funds £	Totals 2000 £	Totals 1999 £
INCOMING RESOURCES					
Core funding		0	167,000	167,000	165,000
Project funding		0	2,015,861	2,015,861	1,839,993
Movement in deferred income		0	(149,767)	(149,767)	116,531
Interest received		0	45,681	45,681	59,645
Other income		0	1,750	1,750	2,037
Total income	2	0	2,080,525	2,080,525	2,183,206
RESOURCES EXPENDED					
Direct charitable expenditure:-					
Community Regeneration		0	543,377	543,377	1,294,964
Community Environments		0	432,331	432,331	354,654
Strategic Landscape and Physical Improvements		0	725,319	725,319	237,908
Business Support Services		0	155,344	155,344	52,628
			1,856,371	1,856,371	1,940,154
Other expenditure:-					
Fundraising and publicity		0	0	0	0
Management and administration of the charity		0	218,439	218,439	236,342
Total resources expended	4	0	2,074,810	2,074,810	2,176,496
Net incoming resources before transfers.		0	5,715	5,715	6,710
Transfers between funds		5,715	(5,715)	0	0
Net incoming resources for the year		5,715	0	5,715	6,710
Unrealised surplus on revaluation of tangible fixed assets		0	0	0	49,677
Fund balances brought forward at 1 April 1999		458,345	0	458,345	401,958
Fund balances carried forward at 31 March 2000		464,060	0	464,060	458,345
REPRESENTED by:					
Fixed assets		341,854	0	341,854	364,525
Cash		313,806	832,440	1,146,246	945,195
Debtors		17,450	423,207	440,657	373,151
Creditors		(209,050)	(1,255,647)	(1,464,697)	(1,224,526)
		464,060	0	464,060	458,345

All of the above results are derived from continuing activities.

Statement of Total Recognised Gains and Losses for the year ended 31st March 2000

Statement of total recognised gains and losses

	2000	1999
	£	£
Surplus for the financial year	5,715	6,710
Unrealised surplus relating to freehold property revaluation during the year	0	49,677
Total gains relating to the year	5,715	56,387

Note of historical cost surpluses and deficits

	2000	1999
	£	£
Reported net incoming resources	5,715	6,710
Difference between historical cost depreciation and the actual depreciation charge for the year calculated on the revalued amount	2,343	2,476
Historical cost net incoming resources	8,058	9,186

Groundwork Merthyr & Rhondda Cynon Taff

Balance Sheet as at 31st March 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	5	341,854	364,525
CURRENT ASSETS			
Debtors	6	440,657	373,151
Cash at bank in hand		1,146,246	945,195
		1,586,903	1,318,346
CREDITORS: amounts falling due within one year	7	1,274,099	1,020,292
Net current assets		312,804	298,054
Total assets less current liabilities		654,658	662,579
CREDITORS: amounts falling due after more than one year	8	190,598	204,234
Net assets		464,060	458,345
FUNDS			
Unrestricted funds:			
General funds	10	347,175	336,590
Funds arising from Revaluation	10	116,885	121,755
Restricted funds	10	0	0
Total funds		464,060	458,345

The financial statements on pages 15 to 25 were approved by the directors on 26 November 2000 and signed on their behalf by:

Peter Saunders MBE Director

Rhonda King Director

The notes on pages 15 to 25 form part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and, except for the format of the Statement of Financial Activities and Balance Sheet, in accordance with the Companies Act 1985. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The Financial Statements have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets. The recommendations of the SORP "Accounting by Charities" have been followed in the preparation of these Financial Statements. The Company is a Registered Charity and so achievements cannot be measured by normal commercial criteria. Accordingly, the directors consider that it would be inappropriate to present the Financial Statements in either of the formats set out by the Companies Act 1985. Therefore, as permitted by the Companies Act, in order to reflect the special nature of the Company's activities, the directors are of the opinion that it would be more appropriate to present a Statement of Financial Activities (rather than a Profit and Loss Account and a Statement of Recognised Gains and Losses) and a modified Balance Sheet.

Company status

Groundwork Merthyr & Rhondda Cynon Taff is incorporated as Merthyr and Rhondda Cynon Taff Groundwork Trust and is a Company Limited by Guarantee. The guarantors are the Groundwork federation and the County Borough Councils of Merthyr Tydfil and Rhondda Cynon Taff. The liability in respect of the guarantee, as set out in the memorandum, is limited to £1 per member of the Company. The Trust has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the Company's activities.

Fund accounting

General funds are available for use at the discretion of the Directors in furtherance of the general objectives of the Trust.

Restricted funds are funds subject to specific restrictive conditions imposed by funders or by the purpose of the grant. The purpose and use of the restricted funds is set out in note 10 to the Financial Statements.

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

**Resources arising
Income**

Income or grants received in advance are held in deferred income, as part of restricted funds, and carried forward to future accounting periods to be released when the 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.

Gifts in Kind

Gifts in kind are not valued in the accounts.

Resources expended

The cost headings comprise expenditure, including staff costs, directly attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources.

Support costs comprise all services supplied centrally identifiable as wholly or mainly in support of charitable expenditure and include an appropriate proportion of general overheads.

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

Tangible fixed assets and depreciation

Freehold land and buildings were revalued at 31 March 1999 by professionally qualified valuers. Other tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation.

Depreciation

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

Freehold land	-	nil
Freehold buildings	-	over 25 years
Motor vehicles	-	over 4 years
Office equipment	-	over 5 years
Computer equipment	-	over 3 years

Capital Grants

Grants that relate to specific capital expenditure are treated as deferred income which is released to the credit of the income and expenditure account over the related asset's useful life.

Pension Costs

The Trust contributes to employees' own personal pension schemes. This pension cost charge represents contributions payable by the Trust to the individual schemes.

Notes to the Financial Statements for the year ended 31st March 2000

Finance and Operating Leases

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

Finance charges are written off to the income and expenditure account over the period of the lease so as to produce a constant periodic rate of charge on fixed interest contracts.

Cash Flow

The Company qualifies as a small Company under the terms of Section 247 of the Companies Act. As a consequence it is exempt from the requirement to publish a cash flow statement.

2. TOTAL INCOMING RESOURCES	2000	1999
	£	£
Central government	115,000	116,000
Regional offices	0	0
Public agencies	109,156	121,263
Local government	182,680	204,895
European Union	721,120	1,022,492
Private Sector	906,888	658,911
	2,034,844	2,123,561
Interest Received	45,681	59,645
	2,080,525	2,183,206
3. NET INCOMING RESOURCES BEFORE TRANSFERS is stated after charging:	2000	1999
	£	£
Staff costs (see Note 4)	425,923	498,312
Depreciation on tangible owned fixed assets	14,000	11,788
Depreciation on tangible fixed assets held under hire purchase	9,613	12,239
Auditors' remuneration:		
- Audit fee	9,000	8,150
- Accountancy, taxation and other services	6,150	7,715
And after crediting:		
- Amortisation of Deferred Capital Grant	1,750	1,750

Notes to the Financial Statements for the year ended 31st March 2000

4.	TOTAL RESOURCES EXPENDED	Staff costs £	Other direct costs £	Other allocated costs £	Total 2000 £	Total 1999 £
	Community Regeneration	51,474	448,640	43,263	543,377	1,294,964
	Community Environments	93,630	252,175	86,526	432,331	354,654
	Strategic Landscape and Physical Improvements	58,775	634,096	32,448	725,319	237,908
	Business Support Services	18,493	126,035	10,816	155,344	52,628
	Management and Administration	203,551	187,941	(173,053)	218,439	236,342
		425,923	1,648,887	0	2,074,810	2,176,496
	Staff costs:				2000 £	1999 £
	Wages and salaries				377,292	441,675
	Social security costs				33,732	40,657
	Pension costs				14,899	15,980
					425,923	498,312

No employee earned £40,000 pa or more.

The directors neither received nor waived any emoluments during the year (1999: £ Nil)

The average number of employees, analysed by function was:-	2000	1999
Direct charitable expenditure	20	23
Management and administration of the charity	4	4

Other allocated costs	2000 £	1999 £
Premises	21,056	24,194
Centralised Services	101,942	98,361
Travel	4,582	10,640
Other operating costs	45,473	23,125
	173,053	156,320

Notes to the Financial Statements for the year ended 31st March 2000

5.	TANGIBLE FIXED ASSETS	Freehold land and buildings	Project equipment	Motor vehicles	Office and computer equipment	Total
		£	£	£	£	£
	Cost or valuation					
	1 April 1999	350,000	1,544	51,714	63,006	466,264
	Additions	0	0	0	2,087	2,087
	Disposal	0	0	(31,884)	(9,364)	(41,248)
	31 March 2000	350,000	1,544	19,830	55,729	427,103
	Depreciation					
	1 April 1999	0	1,544	49,878	50,317	101,739
	Charge for year	14,000	0	691	8,922	23,613
	Disposals	0	0	(30,739)	(9,364)	(40,103)
	31 March 2000	14,000	1,544	19,830	49,875	85,249
	Net book value					
	31 March 2000	336,000	0	0	5,854	341,854
	31 March 1999	350,000	0	1,836	12,689	364,525

Cost or valuation at 31 March 2000 is represented by

Valuation in 1999	350,000	0	0	0	350,000
Cost	0	1,544	19,830	55,729	77,103
	350,000	1,544	19,830	55,729	427,103

The freehold land and buildings were valued at 31st March 1999 on an existing use basis by Cooke and Arkwright, a firm of independent chartered surveyors. The Directors consider that the 1999 valuation is still appropriate at the Balance Sheet date.

If freehold land and buildings had not been revalued they would have been included at the following amounts:-

	2000	1999
	£	£
Cost	291,413	291,413
Aggregate depreciation based on cost	(80,148)	(68,492)
Net book value based on cost	211,265	222,921

The net book value at 31 March 2000 represents fixed assets which are held as unrestricted for the furtherance of the Trust's general charitable objectives and costed to project activity through depreciation charges.

Motor vehicles include assets with a net book value of nil held under finance leases (1999:£4,793)

Computer equipment includes assets with a net book value of £7,314 held under finance leases (1999:£11,633)

Notes to the Financial Statements for the year ended 31st March 2000

	2000 £	1999 £
6. DEBTORS:- amounts falling due within one year		
Trade debtors	432,870	372,891
Other debtors	7,787	260
	<u>440,657</u>	<u>373,151</u>
7. CREDITORS:- amounts falling due within one year	2000 £	1999 £
Bank mortgage loan	12,066	11,368
Trade creditors	271,149	159,617
Other creditors	990	5,174
Accruals and deferred income	984,507	834,740
Obligations under finance leases	3,637	7,643
Deferred capital grant	1,750	1,750
	<u>1,274,099</u>	<u>1,020,292</u>

Included in deferred income is an amount of approximately £290,000 for contract and other maintenance work in respect of the ten year Taff Trail maintenance and Merthyr Tydfil Joint Venture projects which are funded by ERDF funds and will be incurred from 2000/01 onwards. The Trust is performing a co-ordinating role on behalf of various statutory authorities in respect of these ERDF funds which are repayable upon demand if certain conditions are not met.

8. CREDITORS: amounts falling due after more than one year.	2000 £	1999 £
Bank mortgage loan	165,908	174,275
Obligations under finance leases	0	3,519
Deferred capital grant	24,690	26,440
	<u>190,598</u>	<u>204,234</u>

An analysis of the loans by due date of repayment is set out below:	2000 £	1999 £
Bank mortgage loan		
Repayable between two and five years	48,267	77,536
Repayable after five years by instalments	117,641	96,739
	<u>165,908</u>	<u>174,275</u>

The total value of loans repayable by instalments, any part of which falls due after more than five years.	177,974	185,643
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The bank mortgage loan amounting to £177,974 (1999: £185,643) is secured by a first legal charge on the company's freehold buildings. The loan is repayable over 15 years. Repayments total £12,067 per annum.

Notes to the Financial Statements for the year ended 31st March 2000

9.	OBLIGATIONS UNDER FINANCE LEASES	2000	1999
		£	£
	The amounts fall due as follows:		
	Within one year	3,637	7,643
	Between two and five years	0	3,519
		3,637	11,162

10.	FUNDS	Balance at 31 March 1999 £	Movement in year £	Transfer re depreciation £	Balance at 31 March 2000 £
	Unrestricted funds:				
	General funds	336,590	5,715	4,870	347,175
	Funds arising from revaluation	121,755	0	(4,870)	116,885
	Restricted funds	0	0	0	0
		458,345	5,715	0	464,060

All funds are raised and given for specific purposes and projects and are output related. These outputs incorporate both internal and external fees, consultancies, project spend and implementation work. The conditions governing the income or grants restrict these funds and when these conditions have been met the earned income becomes unrestricted and used as a contribution to the Trust's unrestricted funds. The Trust's unrestricted funds are used to provide the necessary cashflow for projects funded on a retrospective basis and to cover running costs until earned income is certified from measurable stages of work and can be used, with the approval of the Trust's Board, to fund any expenditure relating to projects or general running costs which fall within the Trust's general aims and objectives.

11. **PENSION COSTS**

The Trust contributes to employees' own personal pension schemes. The pension cost charge represents contributions paid by the Trust to the individual schemes and amounted to £14,899 (1999 £16,729).

12. GRANT INCOME

The following have provided grant income for support costs and direct charitable expenditure in excess of £2,000 to the Trust which has been recognised in the year 1999/00.

Name of Funder	Amount awarded £	Purpose of grant
The National Assembly for Wales	115,000	Sponsorship
Merthyr Tydfil County Borough Council	22,000	Sponsorship
Rhondda Cynon Taff County Borough Council	30,000	Sponsorship
Merthyr Tydfil County Borough Council	36,729	Direct Project Expenditure
Rhondda Cynon Taff County Borough Council	75,302	Direct Project Expenditure
Mid Glamorgan County Council	18,649	Direct Project Expenditure
ERDF	721,119	Direct Project Expenditure
Millennium Commission	666,781	Direct Project Expenditure
Henry Smith Charities via The South East Wales Community Development Foundation	5,775	Direct Project Expenditure
Countryside Council for Wales	67,814	Direct Project Expenditure
Nat West Charitable Group	25,000	Direct Project Expenditure
Groundwork Foundation	19,146	Direct Project Expenditure
Environment Wales	14,196	Direct Project Expenditure
Welsh Development Agency	8,000	Direct Project Expenditure
Private Sector via Groundwork National Office	19,146	Direct Project Expenditure
Barnardos	5,273	Direct Project Expenditure
3G's Development Trust	5,000	Direct Project Expenditure
GEAR	4,211	Direct Project Expenditure
Gellideg Foundation Group	5,191	Direct Project Expenditure
Green Dragons	4,939	Direct Project Expenditure
BBC	3,000	Direct Project Expenditure
Cefn Pennar District Association	7,100	Direct Project Expenditure
Royal Crescent Allotments	2,227	Direct Project Expenditure