

Groundwork Caerphilly

**Annual Report and
Financial Statements 2018/19**

Groundwork Caerphilly

**Charity registration no. 1006811
Company registration no. 2501792**

Registered office

Ty Mynyddislwyn Offices, Bryn Road, Pontllanfraith, Blackwood, Gwent NP12 2BH



Contents

Page

2	About Groundwork Caerphilly
3	Governance
4	Objectives and public benefit
6	Strategic report
7	Our plans for the future
8	Financial performance
11	Statement of trustees' responsibilities
12	Independent auditor's report
15	Statement of financial activities
16	Balance sheet
17	Cash flow statement
18	Notes forming part of the financial statements
32	Advisors
33	The Board of Trustees

About Groundwork Caerphilly

Groundwork Caerphilly is a charity, working within the federation of Groundwork Trusts, locally and nationally to transform lives in the UK's most disadvantaged communities.

We're passionate about creating a future where every neighbourhood is vibrant and green, every community is strong and able to shape its own destiny and no-one is held back by their background or circumstances.

We help people gain confidence and skills, get into training and work, protect and improve green spaces, lead more active lives and overcome significant challenges such as poverty, isolation, low skills and poor health.

Groundwork Caerphilly is registered as a company and charity. This report outlines the activity, priorities and financial position of Groundwork. More information on our work can be found in our Impact Report and on our website.

Chairman's statement

Groundwork Caerphilly and especially the Furniture Revival have again had a good year bringing many benefits to the people of Caerphilly as we have continued to find our way through a difficult financial year.

Furniture Revival has had a change of manager and our new manager, who came from the private retail sector, has great experience in the sector and is taking the business to the next level. We look forward to the development of the service over the next year and more.

Groundwork Caerphilly is an integral part of Groundwork Wales contributing strongly to the success of the Groundwork movement in Wales. It continues to be recognised by the Welsh Government for its contributions to the economic revival of the South Wales Valleys. We look forward to another strong year in 2020.

Bryn Davies MBE

Governance

Registration numbers

Charity registration no. 1006811

Company registration no. 2501792

Structure

Groundwork Caerphilly's governing documents are its Memorandum and Articles of Association, which were last amended by written resolution in 2012.

Board of trustees

The board of trustees sit in accordance with the Charities Act 2011, and are also the directors of the company in accordance with the Companies Act 2006. The majority of our trustees are co-opted, with one nominated member from Caerphilly council. We seek a broad skills base on our board of trustees to enable us to benefit from specialist expertise and networks.

We take our governance responsibilities very seriously, recognising the need to ensure as much of our resource as possible is expended on delivering our charitable mission while ensuring our organisation is strong, well-managed and financially viable in the long term.

New trustees are provided with an induction to the organisation, which includes a specific focus on their role and responsibilities.

Trustees are responsible for ensuring sound organisational systems, processes and policies are maintained and embedded in the way Groundwork UK is managed. This includes policies governing our fundraising standards, our investments and our responsibilities to our staff, volunteers and beneficiaries. We pay particular attention to issues of health and safety, safeguarding, data protection and information security, each of which has a champion on our board, and maintains comprehensive business continuity arrangements. We undertake a regular skills audit of our board to ensure we have access to the expertise needed to run our organisation efficiently, effectively and safely.

Groundwork Wales' Management Team is led by the Chief Executive and includes senior staff members responsible for financial and business management, business development, communications and fundraising and programme management. Groundwork Wales management team manage Groundwork Caerphilly. This team is fully accountable to the Board and its Committees. It operates through delegated powers outlined in our financial regulations and provides regular reports on financial and operational performance and risk management.

Related party transactions

Each Groundwork Trust is an independent charity with similar aim. We operate within a group structure and Groundwork Caerphilly is a wholly owned subsidiary. Each Trust is therefore responsible for its own management and administration, and for developing and delivering projects that meet its objectives and core purposes. The appointed trustees of Groundwork Wales are also trustees of Groundwork Caerphilly. Groundwork Caerphilly is a related party to Groundwork Wales.

Groundwork Caerphilly has considered the other disclosure requirements of the SORP and believes that there are no other related party transactions.

Our commitments

Everything Groundwork Caerphilly does is underpinned by a set of values, which inform the way we work and behave. We are environmentally aware and focused on communities in need. We are collaborative, show integrity and strive for quality in everything we do. Our decisions, actions and operations are also guided by our sustainable development policy, which sets out how we aim to contribute to creating a strong and just society living within environmental limits.

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes".

All of our fundraising is managed internally and we do not employ commercial participators or professional third-party fundraisers. The day to day management of all income generation activity is delegated to the senior management team, who are accountable to the trustees.

Groundwork Caerphilly is not required to be bound by any regulatory scheme.

As a charity dedicated to supporting people who may be vulnerable we are committed to ensuring our operations are delivered safely and to the highest ethical standards. We have a Groundwork-wide commitment to effective safeguarding and aim to meet best practice standards in terms of management, governance and transparent reporting.

Objectives and public benefit

Groundwork Caerphilly's charitable objectives are set down in its Memorandum of Association and date from the interpretation of charitable activities when they were drafted, as amended at annual general meetings and by written resolution in 2012. They commit Groundwork Caerphilly to delivering and promoting regeneration and sustainable development as follows.

To promote the conservation, protection and improvement of the physical and natural environment in the County Boroughs of Caerphilly and other South Wales Local Authority areas including Torfaen, Newport and Monmouthshire.

To provide facilities in the interests of social welfare for recreation and leisure time occupation with the objective of improving the conditions of life for those living in or working in or resorting to the Area.

To advance public education in environmental matters and of the ways of better conserving, protecting and improving the same wheresoever.

To promote for the public benefit, urban or rural regeneration in areas of social and economic deprivation within the Area by all or any of the following means:

- the relief of poverty in such ways as may be thought fit;
- the relief of unemployment in such ways as may be thought fit including assistance to find employment;
- the advancement of education, training or re-training particularly amongst unemployed people and providing unemployed people with work experience;

- the provision of financial assistance, technical assistance, business advice or consultancy in order to provide training and employment opportunities for unemployed people in cases of financial or other charitable need through help:
 - (a) in setting up their own businesses; or
 - (b) to existing businesses;
- the creation of training and employment opportunities by the provision of work space, buildings and/or land for use on favourable terms;
- the provision of housing for those who are in conditions of need and the improvement of housing in the public sector or in charitable ownership provided that such power shall not extend to relieving any local authorities or other bodies of a statutory duty to provide or improve housing;
- the maintenance, improvement or provision of public amenities, including the provision of routeways such as footpaths and cycleways and access to main transport routes;
- the preservation of buildings or sites of historic or architectural importance;
- the provision or assistance in the provision of recreational facilities for the public at large and/or those who by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances, have need of such facilities;
- the protection or conservation of the environment, including the reclamation of derelict land for use as open space;
- the provision of public health facilities and childcare, including the provision of schemes to promote healthier lifestyles and crèche facilities to increase the ability of parents to take up employment;
- the promotion of public safety and prevention of crime, including the alleviation of anti-social behaviour;
- such other means as may from time to time be determined subject to the prior written consent of the Charity Commissioners for England and Wales.

To promote sustainable development for the benefit of the public within the Area by:

- the preservation, conservation and the protection of the environment and the prudent use of resources;
- the relief of poverty and the improvement of the conditions of life in socially and disadvantaged communities;
- the promotion of sustainable means of achieving economic growth and regeneration.

To advance the education of the public in subjects relating to sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such study are disseminated to the public at large.

Sustainable development in this Article and in Article 1 above means "development which meets the needs of the present without compromising the ability of future generations to meet their own needs".

To promote the efficiency and effectiveness of charities within the Area in the direct furtherance of their objects (or any one of them) by the provision of information, advice and assistance in the establishment, administration and management of such charities including assistance of all types in connection with the raising and distribution of funds.

To promote the efficiency and effectiveness of the voluntary sector for the benefit of the public by the provision of information, support and advice to local community based groups anywhere in the Area.

Groundwork Caerphilly's trustees have referred to the Charity Commission's general guidance on public benefit when reviewing the organisation's objectives and planning future activities. In particular, the trustees consider how planned activities will contribute to the charitable objectives set out above. Further details about the impact of Groundwork UK's activities during 2018/19 can be found on the following pages.

Our work is designed to address the needs of all sections of the community and we provide equal access to our services regardless of race, gender, disability or sexual orientation.

For further details about our work visit www.groundwork.org.uk

Strategic report for the year ended 31 March 2019

The Board of Trustees presents its report for the year ended 31 March 2019. This includes statements about our organisation (page 2), its objectives and its governance (page 3), our financial and operational review for the year (pages 7-10), our plans for the future (pages 7) and details of our trustees, senior staff and advisers (pages 32-33).

1. Performance overview

2018/19 has been a year of positive performance for Groundwork Caerphilly with good achievement rates against our financial and operational KPIs, high levels of staff and partner satisfaction and positive feedback from those benefiting from our services.

The majority of activities set out in our business plan for the year have been progressed well. We have had one major issue of suspected serious fraud which we have reported to the Charity Commission, the Police and our insurers. This suspected fraud has been considered by police who intend to arrest the alleged perpetrator, and our insurers have agreed to pay our claim. We have made considerable changes to our processes for cash and card payment handling as a result.

Levels of income generated for the year were down on our expectations by £45,000 as a result of a challenging operating environment and the disruption of a change in leadership.

During the year we have recruited a new manager from the private sector with very considerable experience of retail management. This appointment has proven very valuable, in supporting the enterprise to operate more efficiently and effectively.

We have achieved grant funding of £33k from the Garfield Western Foundation, which has enabled us to invest in new carpeting, an Electronic Point of Sale system and a new van.

Across the group, our main people metrics show very positive results and staff satisfaction and commitment remain strong. We have retained our Investors in People status, reflecting the priority we put on ensuring we have a strong and committed team.

Activity highlights

Groundwork continues to deliver a rich variety of local projects, programmes and services that are transforming lives in local communities and helping more people get involved in taking action to improve their personal circumstances and the quality of life in their area.

Last year we sourced £309k of funding or enterprising income to support our mission.

2. Our plans for the future

In order to ensure Groundwork Caerphilly's activities are fully aligned with the needs and expectations of our wider federation, our forward plans are clearly and explicitly driven by Groundwork's collectively agreed strategy. This can be summarised as follows.

Groundwork 2020
Our mission
Changing Places, Changing Lives.
Our strategy
Between 2018 and 2020 we have collectively committed ourselves to:
<ul style="list-style-type: none">• improving people's prospects• creating better places• promoting greener living and working
by delivering projects, programmes and services with the following targets:
<ul style="list-style-type: none">• mobilising people of all ages to give 1 million hours of their time to social action in their local communities• inspiring and supporting 100,000 young people to learn, achieve and develop as more active citizens• helping 10,000 people to progress in education, access training or start work• providing advice, funding and practical support to 15,000 community groups• improving and helping look after 5,000 green spaces• helping 150,000 people save money on their bills or stay warm and well in their homes• supporting 5,000 businesses to reduce their impact on the environment or increase their commitment to the community.
and by transforming our organisation through the following priority actions:
<ul style="list-style-type: none">• improving our communications and building a network of ambassadors and supporters giving their time, voice and money to support our mission• strengthening and diversifying our income base by demonstrating our distinctive value to public sector commissioners and engaging more creatively with business partners• increasing the quality and impact of our local projects and services by enabling our specialist staff to operate at bigger scale with better systems and support from high quality and consistent enabling functions.

3. Financial performance

Groundwork Caerphilly net incoming resources for 2018/19 totalled £308,706 (compared to

£142,705 in 2017/18), with an unrestricted deficit of £35,503. It is important to note overall that operationally, the charity delivered a small surplus, but that the surplus was eroded by the suspected fraudulent activity.

Our long-term financial strategy has two clear and linked strands as follows:

- to manage our overhead costs to ensure discretionary spending is focused on supporting front line delivery and generating more income while maintaining the capacity we need to operate effectively and safely
- to achieve an operating surplus so that we can hold a level of reserves sufficient to sustain our charitable operations and strengthen our balance sheet to support commercial services and manage the risk of outcome-based funding arrangements.

3.1 Reserves

In line with this financial strategy our trustees have agreed that we should aim to hold 3 months operating costs (circa £78,860) in liquid reserves. We believe this is appropriate for the following reasons:

- to absorb short term setbacks such as loss or delays in funding
- to provide the working capital required to finance retrospective programme funding which can result in considerable timing differences between expenditure and receipt of funds
- to cover the cost of investing in staff training and development to develop new and improved services for Groundwork
- to cover the cost of developing new services, such as improved communications, research and quality and business information systems
- to set aside funds for capital assets such as ICT equipment
- to provide funding to cover any unforeseen downturn in activity, allowing alternative activity to be generated and/or a planned down-sizing of our staff team.

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 and funders, our member Trusts within Groundwork and the communities we serve
- the need to avoid the creation or retention of unnecessary surpluses for which there is no future planned requirement or that bear no relation to our charitable aims.

Our level of free liquid reserves at the end of 2018/19 stands at £37k. Our general fund reserve does not include designated funds which have been set aside for specific purposes, or restricted funds which represent advance payments by funders held by Groundwork Caerphilly.

Unrestricted reserves, excluding designated reserves, total £51k (2018: £86k) with restricted funds of £168k (2018: £140k). Designated funds of £50k will be spent for future maintenance costs to the Ty Mynyddislwyn premises.

Restricted funds can only be used in accordance with agreements reached with funders relating to programmes of work and therefore do not form part of the general reserves that are under the control of the trustees. These funds will all be distributed during 2019/20. The future movements on any such restricted funds reflect the long-term nature of Groundwork Caerphilly's programme activity and in no way reflects on the organisation's financial efficiency or performance.

3.2 Investments

The majority of the grant funds obtained by Groundwork Caerphilly are provided against specified projects for particular needs and are therefore of a restricted nature.

We do not invest monies.

3.3 Principal funding sources

Our major sources of funding during the last year are set out below.

- Income through charitable trading:
 - The selling on of reusable furniture to customers in need
 - The rental of facilities at Ty Mynyddislwyn Environment Centre
 - The delivery of contracts under SLA with Caerphilly Council for the collection of bulky household waste and white goods
 - The delivery of contracts for battery collections
 - The delivery of contracts for the supply of market stall services
- Public sector grants and contracts - £39k (£22k in 2017/18)
 - Caerphilly County Borough Council SLAs
 - Merthyr Tydfil Market Stalls
- Charitable Donations
 - Garfield Weston - £33k

3.4 Expenditure on charitable objectives

In line with the objectives set in our Groundwork 2020 strategy and the Groundwork Caerphilly business plan, our expenditure in the year was directed towards the following activities.

- The selling on of reusable furniture to customers in need
- The rental of facilities at Ty Mynyddislwyn Environment Centre
- The delivery of contracts under SLA with Caerphilly Council for the collection of bulky household waste and white goods
- The delivery of contracts for battery collections
- The delivery of contracts for the supply of market stall services

3.5 Key Performance Indicators

Data against a number of key performance indicators is presented to our trustees on a quarterly basis to measure our success in profile raising, income generation, programme management and continual improvement. These KPIs are tracked on a rolling basis and compared to target levels of performance outlined in our annual business plan.

Monthly management accounts track progress against our financial targets and reforecasts to the year-end are made quarterly. A key performance indicator is the amount of income secured as a percentage of forecast salaries and operating costs. This informs year-end forecasts based on prior years' experience.

3.6 Sustainable Development Report

Groundwork's charitable mission is to promote sustainable development – helping communities and individuals develop the understanding and capability to take action and make choices that deliver social equity and economic prosperity while recognising the need to live within the earth's finite natural resources. In order to have credibility as an organisation we need to demonstrate that the principles of sustainable development underpin the way we go about our work. Our

sustainable development policy commits us to reporting on how these principles are integral to the way we plan and manage our operations, support our employees and utilise our resources.

3.7 Principal risks and uncertainties

Our board of trustees understands 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.

Within our Group, Trustees regularly review the development and operation of our risk management process and receive quarterly updates on actions put in place to mitigate the most significant ongoing risks. Risks are identified by our staff teams and reviewed on a regular basis by our management team.

The major areas of potential risk, for which we have active mitigation strategies in place, are as follows:

- Slow recovery in financial climate, inability to secure income and threat to bottom line and business viability
- Increased competition / Diminishing Grant funds
- Lower Business Viability/Pressure on reserves - Significant reduction in core funding WG , Significant reduction in funding Local Authorities

Groundwork Caerphilly 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 organisation, and that these processes are used to help identify at an early stage issues that affect performance or the achievement of our purpose.

However, trustees also recognise that our process 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.

3.8 Financial instruments

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

4 Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

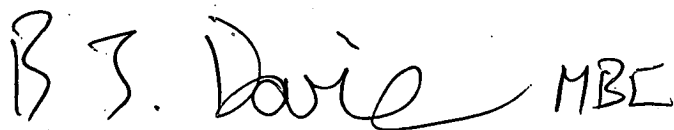
Events after the year end

None.

Disclosure of information by the trustees to the auditor

Each of the trustees has confirmed that, so far as they are aware, there is no relevant audit information of which Groundwork Caerphilly's auditor is unaware, and that they have taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that Groundwork Caerphilly's auditor is aware of that information.

Signed on behalf of the Board of trustees



Bryn Davies MBE
Chairman

Date:

Opinion

We have audited the financial statements of Groundwork Caerphilly ("the Charitable Company") for the year 31 March 2019 ended which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31st March 2019 and of the incoming resources and application of resources 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: the Annual report. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements; our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

- adequate accounting records have not been kept by the Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Directors' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Ian Thomas BSc FCA DChA

(Senior Statutory Auditor)

For and on behalf of Baldwins Audit Services

Chartered Accountants and Statutory Auditors

Ty Derw

Lime Tree Court

Cardiff Gate Business Park

Cardiff

CF23 8AB

Date: 18 November 2019

Groundwork Caerphilly

Statement of financial activities for the year ended 31 March 2019

Including Income and Expenditure Accounts

	Note	2019 Unrestricted funds £	2019 Restricted funds £	2019 Total £	2018 Total £
Income From					
Charitable activities	3	270,521	35,754	306,275	123,762
Other trading activities	2	2,423	-	2,423	18,861
Investments	2	8	-	8	82
TOTAL		272,952	35,754	308,706	142,705
Expenditure on					
Charitable activities	4	308,455	6,979	315,434	22,369
TOTAL		308,455	6,979	315,434	22,369
Net movement in funds		(35,503)	28,775	(6,728)	120,336
Reconciliation of funds					
Fund balances brought forward	15	135,579	139,507	275,086	154,750
Fund balances carried forward	15	100,076	168,282	268,358	275,086

Incoming resources and resources expended derive from continuing operations.

The company has no other recognised gains or losses other than those passing through the statement of financial activities.

The statement of financial activities also complies with the requirement for an income and expenditure account under the Companies Act 2006.

The notes pages 18 to 33 form part of these financial statements.

Groundwork Caerphilly

Balance sheet at 31 March 2019

<i>Company number 02501792</i>	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible assets	8		6,872		-
Tangible assets	9		175,423		156,612
Investments			100		100
			<u>182,395</u>		<u>156,712</u>
Current assets					
Stock		7,407		1,770	
Debtors	10	47,434		44,491	
Cash at bank		285,048		333,945	
		<u>339,889</u>		<u>380,206</u>	
Creditors: amounts falling due within one year	11	(253,926)		(261,832)	
Net current assets			85,963		118,374
Net assets			<u>268,358</u>		<u>275,086</u>
Reserves					
Unrestricted funds:					
General Funds	15		50,076		85,579
Designated funds	15		50,000		50,000
Restricted funds	15		168,282		139,507
			<u>268,358</u>		<u>275,086</u>

These finance statements were approved by the Board of trustees and authorised for issue on 18 November 2019 and were signed on its behalf by:

Mr B Davies MBE
Chairman

B. S. Davies MBE

The notes pages 18 to 33 form part of these financial statements.

Groundwork Caerphilly

Cash flow statement for the year ended 31 March 2019

	Note	2018/19 £	2017/18 £
Cash flow from operating activities			
Net cash provided by operating activities	17	(12,473)	239,922
Cash flows from investing activities			
Dividends, interest and rents from investments		8	82
Purchase of property, plant and equipment		(31,444)	(10,585)
Purchase of intangibles		(6,988)	-
Proceeds from disposal of fixed assets		2,000	-
Net cash provided by investment activities		<u>(36,424)</u>	<u>(10,503)</u>
Change in cash and cash equivalents in the reporting period		(48,897)	229,419
Cash and cash equivalents at the beginning of the reporting period		333,945	104,526
Cash and cash equivalents at the end of the reporting period		<u>285,048</u>	<u>333,945</u>

The notes pages 18 to 33 form part of these financial statements.

Groundwork Caerphilly

Notes forming part of the financial statements for the year ended 31 March 2019

1 Charity information

Groundwork Caerphilly is a charitable company limited by guarantee, incorporated in England and Wales. The registered office is Mynyddislwyn Offices, Bryn Road, Pontllanfraith, Blackwood, Gwent, NP12 2BH.

Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the charity's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Rounding

Figures contained in the financial statements have been rounded to the nearest pound.

Presentation of the accounts on a going concern basis

The charity reported a net unrestricted outflow of £35,503 for the year. The charity has sufficient free reserves and is monitoring results on a frequent basis. The trustees are of the view that on this basis the charity is a going concern and there are no material uncertainties about the charity's ability to continue as a going concern.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the trust's general objectives.

Restricted funds are funds subject to specific restrictive conditions imposed by the terms of the grant or funding body.

Designated funds are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Income and grants are included in incoming resources when receivable, except as follows:-

- When donors specify that the grants must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.
- When donors specify that grants are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Allocation of expenditure

Expenditure incurred by the charity in the year has been split between restricted and unrestricted funds. Costs have been analysed between direct charitable expenditure, fundraising and publicity and the administration and management of the charity. Expenditure relating directly to a cost category has been charged to that account. Expenditure, which includes more than one cost category, has been apportioned on a reasonable, justifiable and consistent basis to the categories involved. Committed expenditure that has yet to be invoiced is, in line with best accounting practice, not recognised in these accounts. It is intended that such expenditure will be funded by future income flows.

Charitable activities

This includes all expenditure directly related to the aims of the charity as follows:

- To promote the conservation, protection and improvement of the physical and natural environment.
- 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, working and visiting in the area.
- To advance public education in environmental matters and in the ways of better conserving, protecting and improving the environment.

Governance costs

These costs include the costs of governance arrangements, which relate to the general running of Groundwork Caerphilly as opposed to the direct management functions inherent in generating funds, service delivery and programme of project work. These include such items as external audit, legal advice for trustees and costs associated with constitutional and statutory requirements.

Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure has been allocated to management and administration of the trust, where it relates to the management of the trust's assets, organisational administration and compliance with constitutional and statutory requirements.

Resources expended are recognised in the period in which they are incurred.

Intangible assets

Intangible assets are capitalised at costs and amortised over its expected useful life. The amortisation rate used is 20% on cost.

Tangible fixed assets

Fixed assets are capitalised at cost. Depreciation is calculated so that the cost of tangible assets or valuation less any residual value is written off over their estimated useful lives on the following basis:-

Computers	33.33% on cost
Office equipment	20% on cost
Plant and machinery	20% on cost
Buildings	2.5% on cost
Land	0% on cost

Investments

Investments relate to 100% of the share capital of the charity's wholly owned trading subsidiary and are recognised at cost less provision for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on the estimated selling price after taking into account all further costs and excess stocks that are slow moving.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Pensions

The charity operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are held separately from those of the charity. Contributions payable are charged to the profit and loss account in the year they are payable and are charged against both restricted and unrestricted funds.

Taxation

As a registered charity, Groundwork Caerphilly is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

Capital grants received

Grants that relate to capital expenditure on specific projects are treated as restricted funds that are charged to the income and expenditure account at acquisition. This treatment is due to the nature of the funding as the grants are received to provide equipment to specifically run the projects and services.

Operating lease costs

The rentals under operating leases, where substantially all the benefits and risks of ownership remain with the lessor, are charged against profit as incurred.

Critical accounting estimates and judgements

In the application of charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2 Incoming resources

Incoming resources from generated funds

	2019 Unrestricted £	2019 Restricted £	2019 Total £	2018 Total £
Other trading activities				
Disposals of fixed assets	2,000	-	2,000	-
Other income	423	-	423	-
Transfer from GC Enterprises	-	-	-	18,861
	<u>2,423</u>	<u>-</u>	<u>2,423</u>	<u>18,861</u>
Investments				
Bank interest	8	-	8	82
	<u>8</u>	<u>-</u>	<u>8</u>	<u>82</u>

3 Incoming resources

Incoming resources from charitable activities provided by:

	2019 Unrestricted £	2019 Restricted £	2019 Total £	2018 Total £
Local authorities	17,090	-	17,090	21,676
Public agencies and national charities	30,956	35,754	66,710	47,639
Private sector	222,475	-	222,475	54,447
	<u>270,521</u>	<u>35,754</u>	<u>306,275</u>	<u>123,762</u>
Income was allocated to:				
People	13,194	-	13,194	11,886
Places	-	-	-	14,419
Prosperity	52,334	-	52,334	57,761
Partnership	3,085	-	3,085	5,718
Furniture Revival	201,908	35,754	237,662	33,978
	<u>270,521</u>	<u>35,754</u>	<u>306,275</u>	<u>123,762</u>

4 Charitable activities

Expenditure on projects related to the following activities:

	2019 Unrestricted £	2019 Restricted £	2019 Total £	2018 Total £
Direct costs				
Staff costs	155,305	1,503	156,808	28,386
Volunteer costs	1,761	-	1,761	466
Material & direct purchases	31,758	2,635	34,393	25,217
Subcontractors & consultancy	3,715	-	3,715	469
Training and recruitment	461	-	461	2,924
Project travel and transport	14,778	-	14,778	1,203
Project publicity	690	-	690	256
Depreciation	-	2,841	2,841	1,210
	<u>208,468</u>	<u>6,979</u>	<u>215,447</u>	<u>60,131</u>
			2019 Total £	2018 Total £
Support costs				
Historical provision written off			-	(107,987)
Premises expenses			28,718	26,975
Depreciation/Amortisation			9,908	10,192
Motor Travel and expenses			5,413	10,572
Communications & IT			6,053	7,092
Administration & sundry			15,079	9,044
Staff costs			33,806	-
Governance			1,010	6,350
			<u>99,987</u>	<u>(37,762)</u>
Analysed between:			2019 £	2018 £
Unrestricted			308,455	12,440
Restricted			6,979	9,929
			<u>315,434</u>	<u>22,369</u>

Expenditure

	Unrestricted £	Restricted £	2019 £	2018 £
People	25,321	1,503	26,824	4,076
Places	-	5,476	5,476	9,418
Prosperity	50,948	-	50,948	21,490
Partnership	(6,521)	-	(6,521)	63,979
Furniture Revival	238,707	-	238,707	31,393
Other	-	-	-	(107,987)
	<u>308,455</u>	<u>6,979</u>	<u>315,434</u>	<u>22,369</u>

Expenditure on projects:

	Direct £	Support £	2019 £	2018 £
People	11,630	15,194	26,824	4,076
Places	-	5,476	5,476	9,418
Prosperity	15,578	35,370	50,948	21,490
Partnership	(13,421)	6,900	(6,521)	63,979
Furniture Revival	201,660	37,047	238,707	31,393
Other	-	-	-	(107,987)
	<u>215,447</u>	<u>99,987</u>	<u>315,434</u>	<u>22,369</u>

5 Employees

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

	2019	2018
Direct charitable	10	9
Management and admin	1	1
	<u>11</u>	<u>10</u>

The aggregated cost of these persons was as follows.

	2019 £	2018 £
Wages and salaries	184,108	26,236
Social security costs	4,200	934
Pension costs (see note 20)	2,307	392
	<u>190,615</u>	<u>27,562</u>

Note: 2018 figures for staff costs relate solely to the period 1 January 2018 to 31 March 2019 when the trading company's staff were TUPE'd over to the charity. The charity did not have any employees before that date.

Key management personnel

The key senior management personnel of the charity is the Chief Executive Officer. The Chief Executive Officer is paid by Groundwork Wales, the parent company.

6 Transactions with trustees

No trustees received any remuneration for services performed on behalf of the charity (2018: none).

No trustee expenses were paid during the current and previous year.

7 Net incoming resources

	2019 £	2018 £
Net incoming resources for the year is stated after charging:		
Auditor's remuneration:		
Audit – company	3,500	6,350
Depreciation/Amortisation	12,749	11,402
	<u> </u>	<u> </u>

8 Intangible fixed assets

	£
<i>Cost</i>	
At 1 April 2018	-
Additions	6,988
	<u> </u>
At 31 March 2019	6,988
	<u> </u>
<i>Amortisation</i>	
At 1 April 2018	-
Additions	116
	<u> </u>
At 31 March 2019	116
	<u> </u>
Net book value	
At 31 March 2019	6,872
	<u> </u>
At 31 March 2018	-
	<u> </u>

9 Tangible assets

	Plant and machinery	Motor vehicles	Buildings	Total
<i>Cost or Valuation</i>				
At 1 April 2018	97,335	28,618	150,000	275,953
Additions	8,544	22,900	-	31,444
Disposals	(78,430)	(19,995)	-	(98,425)
At 31 March 2019	27,449	31,523	150,000	208,972
<i>Depreciation</i>				
At 1 April 2018	85,438	20,778	13,125	119,341
Charged for the year	3,951	6,807	1,875	12,633
Disposals	(78,430)	(19,995)	-	(98,425)
At 31 March 2019	10,959	7,590	15,000	33,549
<i>Net book value</i>				
At 31 March 2019	16,490	23,933	135,000	175,423
At 31 March 2018	11,897	7,840	136,875	156,612

10. Investments

The investment relates to the charity's dormant subsidiary undertaking G C Enterprises (Wales) Limited, company registration no 06296414 with a share capital of £100. The registered office is Mynyddislwyn Offices, Bryn Road, Pontllanfraith, Blackwood, Gwent, NP12 2BH

11 Debtors

	2019 £	2018 £
Trade debtors	34,633	32,283
Prepayments and Accrued Income	10,641	12,208
Other debtors	2,160	-
	<u>47,434</u>	<u>44,491</u>

12 Creditors

	2019 £	2018 £
Trade Creditors	30,740	8,803
Amount due to group entities	195,487	205,450
Accruals & Deferred Income	27,699	45,969
Taxation & social security	-	1,610
	<u>253,926</u>	<u>261,832</u>

13 Deferred income

Contained in the accruals and deferred balance above is deferred income in relation to performance related grants which relates to the 2019/20 financial year.

	Balance at 1 April 2018 £	Transferred from deferred income £	Balance at 31 March 2019 £
Programmes	18,395	17,145	1,250

Net incoming resources as shown in the Statement of Financial Activities result from the following.

	Income Received £	Transferred from deferred income £	Net incoming resources £
Unrestricted funds	289,129	306,275	17,145

Deferred income related to income received for programmes with delivery in the next year.

14 Analysis of net assets at 31 March 2019

	Unrestricted funds £	Restricted funds £	Total £
Intangible & Tangible fixed assets	14,264	168,031	182,295
Investments	100	-	100
Net current assets	85,712	251	85,963
	<u>100,076</u>	<u>168,282</u>	<u>268,358</u>

Analysis of net assets at 31 March 2018

	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	19,740	136,872	156,612
Investments	100	-	100
Net current assets	115,739	2,635	118,374
	<u>135,579</u>	<u>139,507</u>	<u>275,086</u>

15 Statement of funds

Unrestricted funds

	Designated fund £	General fund £	Total £
At 1 April 2019	50,000	85,579	135,579
Incoming resources	-	272,952	272,952
Resources expended	(3,055)	(305,400)	(308,455)
Transfers	3,055	(3,055)	-
At 31 March 2019	50,000	50,076	100,076
At 1 April 2018	-	41,517	41,517
Incoming resources	-	247,148	247,148
Resources expended	-	(153,186)	(153,186)
Transfers	50,000	(50,000)	-
At 31 March 2018	50,000	85,479	135,479

The income funds of the company included the following designated funds which have been set aside out of unrestricted funds by the Trustees in respect of providing for future building maintenance.

Designated funds

	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2019 £
Building maintenance costs	50,000	-	(3,055)	3,055	50,000
At 31 March 2019	50,000	-	(3,055)	3,055	50,000
	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2018 £
Building maintenance costs	-	-	-	50,000	50,000
At 31 March 2018	-	-	-	50,000	50,000

Restricted funds

Restricted funds comprise performance related grants as follows.

	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Balance at 31 March 2019 £
CAT project	136,872	-	(1,875)	134,997
Garfield Weston	-	33,000	(938)	32,062
Windpower	-	-	-	-
Community Fund	-	1,000	(28)	972
Intern/EMP fund	-	1,754	(1,503)	251
Healthy Rivers	2,635	-	(2,635)	-
At 31 March 2019	139,507	35,754	(6,979)	168,282

CAT project – grant funding received for the purchase of the property at Mynydd Islwyn. The property is being depreciated in line with the charity's depreciation policy. Resources expended represents the depreciation charge for the year.

Garfield Weston – grant funding provided for capital expenditure and the funding is being depreciated in line with charity's depreciation policy. Resources expended represents the depreciation charge for the year.

Windpower Community Fund – grant funding provided for capital expenditure and the funding is being depreciated in line with charity's depreciation policy. Resources expended represents the depreciation charge for the year.

Intern/EMP fund was provided for costs associated with the charity employing interns.

Healthy Rivers – funding to support the clean up of rivers. This work is now being carried out by the charity's parent charity Groundwork Water.

	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Balance at 31 March 2018 £
CAT project	138,747	-	(1,875)	136,872
Healthy Rivers	-	10,689	(8,054)	2,635
At 31 March 2018	138,747	10,689	(9,929)	139,507

16 Related party transactions

As at 31 March 2019, the charity's parent charity Groundwork Wales owed the charity £10,817 (2018: nil).

As at 31 March 2019, the charity owed Groundwork Wales £206,304 (2018: £205,450).

During the year the charity recharged £28,255 (2018 £11,380) to Groundwork Wales for expenditure made on its behalf.

The trading subsidiary GC Enterprises (Wales) Limited has been dormant since 1 January 2018. There were no balances outstanding at that date.

17 Reconciliation of net income to net cash flow from operating activities

	2019 £	2018 £
Net income for the reporting period (as per the SOFA)	(6,728)	120,338
Adjusted for:		
Dividends, interest and rents from investments	(8)	(82)
Depreciation charge	12,749	11,402
Proceeds from sale of fixed assets	(2,000)	-
(Increase)/decrease in stocks	(5,636)	(1,771)
(Increase)/decrease in debtors	(2,942)	601,994
Increase/(decrease) in creditors	(7,908)	(491,959)
Net cash provided by operating activities	<u>(12,473)</u>	<u>239,922</u>

Advisors

Auditors

Baldwins Audit Services
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

Bankers

HSBC
91 High Street
Blackwood
NP12 1PN

The Board of Trustees

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

Appointed trustees	First appointed	Last appointed	Retired/resigned
Mr B Davies MBE	15 July 2004		
Councillor C Mann	18 July 2012		
Ms Valerie Steel	4 June 2018		19 January 2019
Ms Bethan Taylor	11 January 2019		
Mr P Gaskell	25 February 2010		15 May 2019

Chair

Mr B Davies MBE

Chief Executive

Ms K Stevenson