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GROUNDWORK CAMDEN AND ISLINGTON

(A COMPANY LIMITED BY GUARANTEE)

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2006



**GROUNDWORK CAMDEN AND ISLINGTON
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2006**

REFERENCE AND ADMINISTRATIVE DETAILS

Directors and Trustees	Anna Berent	
	Marcus Brown	
	Ewan Cameron	
	Beatriz Echeverri	(resigned 26 th April 2005)
	Cllr Bridget Fox	
	Jerome Frost	
	Cllr Sheila Gunn	
	Robin Hirsch	(Treasurer)
	Anne Marie Morris Daley	
	Dinah Nichols	
	Cllr Roy Shaw	
	Dr Jennifer Somerville	
	Maria Papoui	(appointed 19 th July 2005)

Board members are appointed at Annual General Meetings; nominated directors for a period of three years, co-optee directors for a period of two years.

During the year the position of Honorary Treasurer was held by Robin Hirsch. The position of Chair was held by Dinah Nichols. The position of Vice-Chair was held by Marcus Brown.

EXECUTIVE DIRECTOR	Pieter Johnson
PRINCIPAL & REGISTERED OFFICE	12 Baron Street London N1 9LL
COMPANY NUMBER	02897074
REGISTERED CHARITY NUMBER	1040347
AUDITORS	Maurice Apple One Hyde Park Place London W2 2LH
BANKERS	The Royal Bank of Scotland plc London Holborn (A) Branch 127 High Holborn London WC1 6PQ
SOLICITORS	Bates, Wells & Braithwaite 61 Charterhouse Street London EC1M 6HA

GROUNDWORK CAMDEN AND ISLINGTON

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2006

The directors who are also the trustees of the charity have pleasure in presenting their report and financial statements of Groundwork Camden & Islington ("The Trust") for the year ended 31 March 2006.

VISION AND MISSION

The Trust is a member of the Federation of Groundwork Trusts and subscribes to Groundwork's vision of a society made up of sustainable communities which

- are vibrant, healthy and safe
- respect the local and global environment and
- where individuals and enterprise prosper.

The Trust carries out its work in accordance with a set of core values:

- Equality and diversity – valuing difference and treating everybody with respect
- Innovation and learning – always looking for new and better ways of working
- Subsidiarity – making decisions at a level as close as possible to the communities we serve
- Integrity and professionalism – maintaining personal and professional standards
- Partnership – working with others to deliver maximum benefits
- Sustainability – respecting nature's limits and the needs of future generations

Everything the Trust does is underpinned by the principle of sustainable development. The Trust sets out what this means in a sustainable development policy for the organisation.

The Trust has agreed that all of the work carried out will be achieved in partnership with others and aims to bring benefits equally for:

- People – creating opportunities for people to learn new skills and become more active citizens
- Places – delivering environmental improvements that create cleaner, safer and greener neighbourhoods
- Prosperity – helping businesses and individuals fulfil their potential

What is the Trust aiming to achieve?

The Trust's overarching aim is to be the outstanding deliverer of local environmental projects in the area of need

In order to achieve this the Trust will need:

- A strong reputation for delivering local regeneration projects where they are needed most
- Staff and volunteers who reflect and understand the needs of the diverse communities they serve
- Proof that our work is effective so that our projects are seen as models of excellence
- A structure that allows us to operate where we are needed most
- A close working relationship with Government and local authorities so that our work adds value to their priorities
- A structure that makes the most of our different strengths

STRUCTURE, GOVERNANCE AND MANAGEMENT

Groundwork is a Federation of Trusts in England, Wales and Northern Ireland, each working with partners to improve the quality of the local environment, the lives of local people and the success of local businesses in areas in need of investment and support. The Partnership Agreement is a bilateral agreement signed by the Trust and the Federation of Groundwork Trusts, setting out the obligations, defining the minimum quality and ethical standards, setting out the core values of membership and defining the circumstances and procedures whereby Trusts may be required to leave the Federation.

Each Trust is a partnership between the public, private and voluntary sectors with its own Board of Trustees. The work of each Trust is supported by the national and regional offices of Groundwork UK.

**GROUNDWORK CAMDEN AND ISLINGTON
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006**

The Trust is a registered charity and company limited by guarantee and is governed by its Memorandum and Articles of Association.

The objects of the Trust are to promote the conservation, protection and improvement of the physical and natural environment anywhere in the London Boroughs of Camden and Islington, to provide facilities in the interest 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 of the London Boroughs of Camden and Islington and thirdly to advance public education in environmental matters and of the ways of better conserving, protecting and improving the same whatsoever.

This is the Trust's 12th year of operation in Camden and 5th year in Islington.

The Governing body of the Trust is the Board of Trustees whose members are unpaid. The Board comprises not more than 15 directors of whom not more than 6 are nominated by the members and not more than 9 co opted by the Board itself. Nominated directors serve for a fixed period not exceeding 3 years and co opted directors serve for a period not exceeding 2 years.

At 31st March 2006 there were 3 vacant posts on the Board.

The members of the Trust may nominate directors (not more than 6) as follows:

The Federation of Groundwork Trusts	2
London Borough of Camden	2
London Borough of Islington	2

New Board Members are inducted into the organisation through a structured process, including a Regional induction process run by Groundwork UK.

The Board is involved in major strategic decisions and has ultimate responsibility for the conduct and financial stability of the organisation. The full Board meets formally four times a year. Specific HR and Finance Sub Groups of the Board have been established with specialised responsibility. The HR Sub Group meets routinely twice a year and the Finance Sub Group quarterly and as and when required.

The Trust continues to benefit from an enthusiastic and involved Board. 2006/07 will provide significant opportunity for Board Members to provide strategic and operational focus to the Trust. The Board's skills and experience will be harnessed to ensure that the Trust benefits from all the available resources open to it.

The current Honorary Treasurer has indicated the intention to step down from the role of Treasurer to the Board during the year and a new Treasurer will be appointed during 2006.

It is anticipated that the membership and structure of the Board may change in 2006/07 to encompass the extension into Westminster. Approval for Westminster would require the Board to allocate 2 positions (one Council and one independent) to the current Board.

A full review of the Board was undertaken by the Chair during 2005. This highlighted a keen and dedicated Board. It is intended that the knowledge and skills of the Board members be fully maximized through closer working opportunities with staff, which will be explored during 2006.

People

The Board delegates day to day financial and managerial control of the organisation to the Executive Director. The Executive Director and the Management Team meet bi monthly to discuss the operational and financial status of the Trust.

The Trust carried out an annual staff survey in November 2005. The results revealed that on the whole staff morale was higher this year than in the preceding year and that the average job satisfaction was 4 out of 5. In particular,

GROUNDWORK CAMDEN AND ISLINGTON
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006

staff felt that communication between colleagues, teams and managers had greatly improved. The main issues for consideration over the next financial year were:

- The average "score" for staff satisfaction with their jobs was 4 out of 5. The Trust should aim to improve this score.
- Managers need to manage their staff's expectations, internal working relationships and relationships with the Board and other external partners.
- The Trust needs to trumpet its successes and share positive feedback with staff.
- Staff should be encouraged to get to know their counterparts in London Trusts and try to more effectively share good practice and information in the region.
- One or two projects to be identified that could be used to try out new or innovative consultation/engagement techniques.
- Staff need to be made more aware of the non-salary benefits available to them

The Internal HR Group continued to function as an effective forum for discussion of staff concerns and queries and assisted with the review and updating of 13 Trust policies.

The Trust has followed through on its commitment to flexible working and work/life balance in collaboration with staff. In 2005/06 7 members of staff reduced their hours for personal work/life balance reasons.

The Trust recognizes that both the amount and extent of recent change within its operating environment has created pressure and uncertainty on both staff and managers. Combined with a high level of staff turnover this means managers are constantly addressing issues relating to change, not only in terms of the types of projects being run but also relating to sources of funding, staffing levels, fluctuating levels of work, changes in key partnerships etc. Whilst this uncertainty is a fact of life at present the Trust recognises that managers are the key building blocks of the organisation and is working to support them through the challenges they face.

The Trust has an Equal Opportunities & Diversity Strategy for trying to ensure that Trust employees, volunteers and Board are representative of the communities served by the Trust. There is a Diversity Sub-Group within the Trust. Progress on the diversity strategy is reported to the Board annually.

The Trust is compliant with new DDA requirements and expects to gain the √√ symbol in 2006/07.

Internal Control and Risk Management

The directors have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the Trust and are satisfied that systems are in place to mitigate exposure to major risks.

Quarterly reports to the Board monitor income and expenditure and progress towards financial targets. Detailed management accounts are examined by the Finance Sub Group which meets 2 weeks after the period end (to ensure accurate information for that period) and 1 week prior to each Board meeting.

At the six month period the Trust carries out a 'Best Case, Worse Case' risk assessment which informs planning and management for the second half of the financial year.

The Trust submits detailed quarterly accounts to the Federation and is monitored on security of income and financial stability.

Grant Making Policy

The Trust administers applications for Small Community Grants schemes on behalf of partnerships with local authorities and the Government Office for London. The Applications are reviewed against specific criteria and business objectives which are set out by the grants panels. Grants are awarded to constituted groups on an annual basis.

GROUNDWORK CAMDEN AND ISLINGTON
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006

Principal activities

Groundwork's approach is to develop and implement programmes which concentrate on three key areas, which summarises the objects of the Trust:

- bringing about physical environmental improvements;
- educating and involving the community;
- *integrating the economy and the environment*

Regionally, the Trust is one of seven Groundwork Trusts working together as Groundwork London with the support of a Regional Director and team. Groundwork London has developed a Groundwork London Strategy with the overall objective to: 'Establish itself as the environmental regeneration delivery partner of choice of the key London agencies, including the Greater London Authority, the London Development Agency, Government Office for London and the London Boroughs'. Groundwork London has developed a Business Plan that sets out the actions necessary to achieving this objective, including a commitment to ensure that Groundwork's services are delivered all over London by 2007. Groundwork Camden & Islington is working in conjunction with Westminster City Council and ODPM on the formal extension of the Trust into the Borough. The Trust has developed a proposal for the extension which is being considered by ODPM and which has been agreed by Westminster. With Haringey and Groundwork London the Trust has begun to research into need and a potential role and to undertake demonstration projects in order to develop relationship and establish working partnerships.

OBJECTIVES, ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

The Trust had four key strategic objectives in 2005/6:

1. To demonstrate how our programmes deliver public policy objectives of key partners, and that the sum total of many small individual projects add up to a programme with strategic impact.

The Trust has worked hard over the year to improve relationships with key partners and put ourselves in a position where we are able to communicate our ability to help them meet their targets and show the strength of our work. For example we have held very positive "heads of service" meetings with Islington and Camden. We also now circulate project up-dates to key partners on a quarterly basis. Although we have made progress there is a significant way to go.

2. To deliver high quality programmes that meet the needs of all stakeholders. The Trust will develop innovative responses to the needs of local and sub regional partners, particularly expanding our new programmes to address their priorities.

Due to changes in the way projects are being funded nearly all the Trust's work this year directly reflects the needs of stakeholders. We are increasingly being commissioned to deliver stakeholders agendas and have expanded our programme in Westminster considerably as well as operating in Haringey and Barnet. The Trusts employment programme has really taken off, though has not grown as quickly as had been anticipated at the start of the year. The Trust is an active member of the Islington Strategic Partnership and has an agreed Service Level Agreement with Islington.

3. To achieve financial viability in the long term; maintaining the incremental growth of the Trust until it reaches a size that is more efficient and sustainable, whilst retaining core strengths and offering maximum development and retention opportunities for staff.

Growth in 2005/06 was predicted to be 34% on income of £2.9m with surplus of £63k. In fact the Trust's income has increased by 8.3% with surplus of £5k. Growth had been expected in Westminster with the formal extension of the Trust in 2005/06 together with PDF and Local Authority Sponsorship funding. The Trust did not receive expected PDF funding as a result of Groundwork UK Board's decision to hold extension funding until the changes in the regional distribution of PDF funding is agreed although Local Authority funding was in place for the second half of the 2005/06 financial year. The growth result was positive given the challenges during the year.

Growth in unrestricted reserves was £5k for 2005/06 increasing Unrestricted Reserves from 125 to 142 days against

**GROUNDWORK CAMDEN AND ISLINGTON
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006**

a longer term target of 180 days. The Trust has made this reserves increase within a difficult funding regime, tightening of budgets by partners and with unexpected changes in the nature of project income including the reduction in income from Westminster projects.

The integration of the Groundwork Project Management System (GPMS) into management information has ensured the Trust receives information more quickly and accurately than ever before.

4. To deliver the Groundwork London Strategic Plan and contribute to the development of Groundwork London. The Trust has been a positive supporter of Groundwork London, in particular in acting as Regional Quality Champion and promoting GPMS to regional Trusts. The Trust is helping to agree the London Strategic Plan and is helping to achieve the Groundwork Strategy by completing the expansion into Westminster and completing the feasibility study for expansion into Haringey.

FINANCIAL REVIEW

The Trust had total incoming resources for the year of £2,512,619 (2004/5 £2,319,660).

The net incoming resources for the year were £102,751 (2004/5 £34,451). This consisted of £97,332 of restricted funds for specific projects which span more than one year and unrestricted funds of £5,419 which has been added to those funds.

Managed projects, where the Trust provides technical expertise and project management to a partnership, continued to be a significant feature of the Trust's activities. In addition to the income that passed through the Trust's books, staff managed an additional £351,393 of managed project work. Equally important is the amount of time, resources, 'gift in kind' given by partners and volunteers from the public, private and voluntary sectors, which adds significant value to the long term impact of Trust programmes and projects but which is not quantified in the accounts.

A key contribution that cannot be overrated is the amount of time, expertise and enthusiasm brought by volunteers across all operational areas. These contributions do not appear in the accounts but they bring considerable value to the successful completion of projects.

RESERVES POLICY

The Board of Trustees have agreed a long term aim of holding unrestricted, free reserves equivalent to six months' (180 days) running costs. The Board believes this is a prudent level of reserves for a Charity based in Central London and is in line with other Groundwork Trusts.

The Board have agreed that a reasonable level of Reserves is required

- to absorb short term set backs such as loss or delays in funding
- to finance working capital needs and fund time delays between the expenditure and receipt of funds
- to set aside funds for appropriate capital assets such as IT equipment and securing and developing suitable premises

The Board will monitor unrestricted reserves on a quarterly basis and the Reserves Policy will be reviewed on an annual basis to assess the needs of the organisation.

The Board have agreed a strategy of moving towards this objective over the next 5 years.

At the year end reserves shown in the balance sheet covered 142 days running costs (2004/05 125 days).

**GROUNDWORK CAMDEN AND ISLINGTON
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006**

PLANS FOR FUTURE PERIODS

Objective 1. We will develop and diversify our approach to the market and increase income for our work.

We will consolidate existing income streams and explore and develop new ones, reflecting the change and challenge in the market place. This will include building our capacity to exploit more contracting and commissioning opportunities whilst retaining the ability to secure grants and sponsorships. The increase in local authority funding will come from Westminster and Haringey and not from Camden and Islington, where we will consolidate our position.

Measures & Targets:

- Maintain breadth of funding from 2005/06.

Source	2005/06 £'000	%	2006/07 £'000	%
Central Government	219	8.71%	196	6.02%
Local Authorities	1,413	56.23%	2,101	64.49%
Public Agencies	455	18.11%	380	11.66%
Private Sector	276	10.98%	400	12.28%
National Lottery	87	3.46%	150	4.60%
Other	63	2.51%	31	0.95%
	2,513	100.00%	3,258	100.00%

- We will increase the programme in Haringey to £265k and to achieve this we will identify new sources of funding for Haringey projects
- We will increase the programme in Westminster to £570k and to achieve this we will identify new sources of funding for Westminster projects
- 10.70% increase in income.

Objective 2: We will review our shape and structure with other London Trusts and ensure our effectiveness, efficiency and viability.

We will play a full and active part in developing the Groundwork London strategy. This will include reviewing the size of the Trust in cooperation with Groundwork London to take account of a possible extension into Haringey and subsequently to consider the implications of how Groundwork may be delivered in Barnet and Enfield. Any extension would of course require Board approval and a full review of Board membership and structure. While addressing the need to provide greater sub regional coverage the Trust will also need to ensure that it continues to be locally accountable to stakeholders.

Measures & Targets:

- Expansion into LB Haringey following formal approval, by April 2007.
- In partnership with Groundwork London to ensure that the Trust is the delivery mechanism for pilot projects in Barnet and other North London Boroughs.
- Reach agreement with other London Trusts over the future shape/ structure/area of coverage of Groundwork in London.

**GROUNDWORK CAMDEN AND ISLINGTON
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006**

- Increase the Board's target reserves figure to 157 days towards the desired 180 days operating expenses.
- Strengthen the Trust's asset base and balance sheet by continuing to pursue the options for future accommodation, including purchasing a property and maximizing rental income from excess space.
- As a result of the Strategic Plan Objectives the Trust will return to and maintain "green light" status.

Objective 3: We will ensure excellence in delivery so that we can evidence our impact and know we are succeeding.

The Trust will deliver high quality projects and programmes that meet the needs of all stakeholders. The Trust will develop innovative responses to the needs of local and sub regional partners, particularly expanding our projects and programmes to address their priorities. We will always strive for excellence as the acceptable standard.

Quality will be addressed through the continuous improvement plan which builds on our annual beta self assessment, and regular programme reviews and evaluation with project partners.

Measures & Targets:

- Introduce recording of new Groundwork Performance Measures so that the Trust can better measure its achievements and promote these to stakeholders from April 2006.
- Carry out PAR in mid 2006.
- Carry out annual beta assessment before April 2007.
- Partner/client satisfaction surveys carried out for all completed projects. 20% of projects to score 5-10; 80% of projects to score 0-5; 0 projects to score 0 to -10.
- Ensure wash up meetings held for all major projects and feedback reported to the Board quarterly.
- "1 year after" evaluation will be carried out on 5 projects (NEW).
- Implement Aftercare Strategy for all land projects from April 2006.
- Continue to reach BS8555 standards and promote this to partners.
- All staff to have Personal Development Plans setting out training needs at start of the year and these to be achieved by year end.
- Deliver all time limited grant funded projects on time (eg NRF, Groundwork UK Programmes, etc).
- Continue the excellent work in developing GPMS for the Federation and promote GWCI's Best Practice model to other Trusts. To become recognized as the premier Trust for GPMS use.
- Work within the Federation to develop GWCI's Key Performance Indicators into nationally accepted indicators (both financial and non financial).
- Work with the Federation to develop the Full Cost Recovery Model.
- Work at strengthening the Federation through attendance at local, regional and National GW for a (Finance, Operations, IT, HR, marketing, OGA etc).

Objective 4. We will improve our relationships with key partners in order to better deliver projects and programmes in deprived communities.

The support of key partners is crucial to the success of the Trust in providing income, commissioning work and delivering projects and programmes. The twelve year review highlighted that partners do not always understand what we do and what our role is and recommended that the Trust revitalise our relationship with the boroughs of Camden and Islington and increase key partners' engagement, improving their understanding of what we can do for them and finding ways to demonstrate the unique value of our approach.

Measures & Targets:

**GROUNDWORK CAMDEN AND ISLINGTON
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006**

- Service Agreements signed with boroughs of Camden, Islington and Westminster by April 2007.
- Heads of Service meetings held every 6 months with LB Camden and LB Islington. Agree Heads of Service meeting (or similar) with LB Westminster by April 2007.
- Up-to-date projects bulletin e-mailed to key partners at end of each quarter.
- Relationship management system in place and kept up-to date from May 2006.
- Agreed procedures for working with boroughs of Camden, Islington and Westminster by April 2007. Discussions underway with LB Haringey.
- Increase in income from local authorities by 20%.
- Attend regular meetings with Groundwork UK and other London Trusts in order to work more closely with them (eg Regional EDs, Operations, HR, GPMS meetings).
- Membership of key partnerships, eg Islington Strategic Partnership, Community Network Partnerships, A1 Borough Board plus others.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements the directors have:-


- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution reappointing Maurice Apple as auditors to the company will be put to the Annual General Meeting. Approved by the Board on 25th July 2006

and signed on its behalf by:


R C D A Hirsch Treasurer

**GROUNDWORK CAMDEN AND ISLINGTON
REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF GROUNDWORK CAMDEN & ISLINGTON**

We have audited the financial statements of Groundwork Camden and Islington for the year ended 31 March 2006 on pages 11 to 19 which have been prepared under the historical cost convention and the accounting policies set out on page 13 and 14.

This report is made solely for the company's members, as a body, in accordance with S.235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

The charity's trustees who are also the directors of Groundwork Camden and Islington for the purpose of company law are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors 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 trustees' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

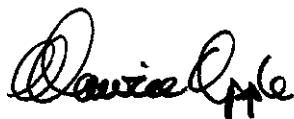
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 judgments made by the trustees 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 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 as at 31 March 2006 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 Companies Act 1985



Maurice Apple
Chartered Accountants and Registered Auditors
Date

21 August 2006

One Hyde Park Place
London
W2 2LH

GROUNDWORK CAMDEN AND ISLINGTON
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2006
(Incorporating an income and expenditure account)

	Notes	Unrestricted Funds	Restricted Funds	2006	2005 Restated
Incoming Resources					
Incoming Resources from Generated Funds	2				
Voluntary Income		306,735		306,735	224,885
Investment Income		30,382		30,382	21,380
Activities for generating funds		1,177		1,177	14,310
Incoming Resources from Charitable Activities	3	436,655	1,737,670	2,174,325	2,059,085
Total Incoming Resources		774,949	1,737,670	2,512,619	2,319,660
Resources Expended					
Cost of Generating Funds	4				
Costs of generating voluntary income		23,616		23,616	38,515
Charitable Activities		293,441	1,640,338	1,933,779	1,767,439
Governance costs	5	15,818		15,818	15,768
Grantmaking activity	3	436,655		436,655	463,487
Total Resources Expended		769,530	1,640,338	2,409,868	2,285,209
Net income/(expenditure) for the year		5,419	97,332	102,751	34,451
Reconciliation of funds					
Total funds brought forward		378,352	365,756	744,108	709,657
Total funds carried forward		383,771	463,088	846,859	744,108

All incoming resources and resources expended are derived from continuing activities
The Statement of Financial Activities contains all the gains and losses recognised in the current and preceding year.
The notes on pages 13 to 19 form part of these financial statements

GROUNDWORK CAMDEN AND ISLINGTON
(a Company Limited by Guarantee)
BALANCE SHEET
AS AT 31 MARCH 2006

	Notes		Total 2006	Total 2005
		£	£	£
FIXED ASSETS				
Tangible fixed assets	9		35,009	74,127
CURRENT ASSETS				
Debtors	10	447,417		566,550
Cash at bank and in hand		<u>557,502</u>		<u>525,072</u>
		1,004,919		1,091,622
CREDITORS: amounts falling due within one year	11	<u>193,069</u>		<u>421,641</u>
NET CURRENT ASSETS			<u>811,850</u>	<u>669,981</u>
NET ASSETS			<u>846,859</u>	<u>744,108</u>
FUNDS				
Unrestricted	15		383,771	378,352
Restricted	14		<u>463,088</u>	<u>365,756</u>
			<u>846,859</u>	<u>744,108</u>

The notes on pages 13 to 19 form part of these financial statements

Approved by the Board on
and signed on its behalf by:



R C D A Hirsch

Treasurer

25th July 2006

**GROUNDWORK CAMDEN AND ISLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, Companies Act 1985 and Accounting and Reporting by Charities - Statement of Recommended Practice (revised 2005) ("SORP 2005").

This is the first year in which SORP 2005 has been applied and the presentation of comparative figures in the statement of financial activities has been restated in accordance with the changed requirements.

The company has taken advantage of Paragraph 3(3) of Schedule 4 of the Companies Act 1985 and adapted the format to reflect the special nature of its charitable activities.

b) Fund accounting

Unrestricted funds are available for use at the discretion of the directors/trustees in furtherance of the general objectives of the charity.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

c) Incoming Resources

All incoming resources are recognised when the charity is legally entitled to the income, there is certainty of receipt and the amount can be quantified with sufficient reliability.

Where grants or other arrangements giving rise to income require the charity to provide services or which are linked to the performance of particular services, these are recognised to the extent that the service has been provided or performance carried out. Where conditions are attached to grants or donations, the charity recognises these as income to the extent that it is certain that the conditions imposed can be met.

Gifts in kind, including donated facilities and services, and managed income, are recognised as income at the estimated value to the charity.

d) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the activity. An analysis of staff time has been used to produce a ratio by which overheads have been allocated to the various activities. The cost of generating funds includes the time spent promoting the Trust.

e) Charitable activities

The charity incurs costs on charitable objects in the categories set out below. Many projects span multiple charitable objects and costs are allocated between these based on the estimated useage of resources for each category.

Community projects – activities to build stronger neighbourhoods
Land projects – reconnecting people with their surroundings
Employment projects – training for work and stimulating enterprise
Education projects – Learning, citizenship and sustainability projects

GROUNDWORK CAMDEN AND ISLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

Business projects – integrating the economy and the environment
Youth project – costs involved in helping young people realise their potential

f) Tangible fixed assets and 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:

Leasehold improvements	- Term of the lease
Office equipment	- 5 years
Computer equipment	- 3 years

f) Pension Costs

The Trust subscribes to individual portable pensions covering all of its permanent employees. The trust's contributions are defined and no further liability accrues to the Trust under the scheme.

f) Leases

Rental costs under operating leases are charged to the statement of financial activities over the period of the leases.

g) Company Status

The Trust is a company limited by guarantee. The liability in respect of the guarantee, as set out in the memorandum, is limited to £1 per member of the company. There are 3 members.

GROUNDWORK CAMDEN AND ISLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

2. Incoming Resources from Generated funds

	Unrestricted Funds	Restricted Funds	2006	2005
Voluntary Income				
Grants for core funding	306,735		306,735	224,885
	<u>306,735</u>		<u>306,735</u>	<u>224,885</u>
Investment income				
Bank Interest	30,382		30,382	21,380
	<u>30,382</u>		<u>30,382</u>	<u>21,380</u>
Activities for Generating Funds				
Rental and other income	1,177		1,177	14,310
	<u>1,177</u>		<u>1,177</u>	<u>14,310</u>

3. Charitable Activities

Income was received for:	Unrestricted Funds	Restricted Funds	2006	2005
Community Projects	436,655	338,722	775,377	877,967
Land Projects		1,046,886	1,046,886	688,731
Employment Projects		212,359	212,359	182,948
Education Projects		974	974	24,243
Business Projects		27,720	27,720	121,896
Youth Projects		111,009	111,009	163,300
	<u>436,655</u>	<u>1,737,670</u>	<u>2,174,325</u>	<u>2,059,085</u>

Income was provided by:	Unrestricted Funds	Restricted Funds	2006	2005
Central Government	163,592	55,506	219,098	245,166
Local Authorities	579,798	832,953	1,412,751	910,458
Public Agencies		455,360	455,360	798,112
Private and Charitable Trusts		276,028	276,028	267,283
Lottery		86,532	86,532	37,523
Other	31,559	31,291	62,850	61,118
	<u>774,949</u>	<u>1,737,670</u>	<u>2,512,619</u>	<u>2,319,660</u>

Charitable Activities	Basis of allocation	Direct Costs	Support costs	2006	2005
Community Projects	Staff time	141,217	339,882	481,099	385,033
Land Projects	Staff time	704,974	347,394	1,052,368	716,007
Employment Projects	Staff time	102,469	181,904	284,373	232,251
Education Projects	Staff time	-116	862	747	55,309
Business Projects	Staff time	12,494	23,552	36,045	159,427
Youth Projects	Staff time	19,366	59,781	79,147	219,412

GROUNDWORK CAMDEN AND ISLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

	980,404	953,375	1,933,778	1,767,439
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Grantmaking Activities	Basis of allocation	Direct Costs	Support Costs	2006	2005
Community Projects	Direct	436,655		436,655	463,487

4. Total resources expended

	Voluntary income	Charitable Activities	Governance Costs	Grantmaking Activities	2006	2005
Direct costs		980,405	9,614	436,655	1,426,674	1,179,557
Staff costs	18,291	733,224	6,204		757,719	876,173
Travel	116	4,680			4,796	4,367
Accommodation	2,408	97,348			99,756	93,359
Office administration	788	31,826			32,614	30,276
Communications	679	27,443			28,122	28,428
Recruitment, training	412	16,674			17,087	18,248
PR and marketing	65	2,618			2,683	8,015
Depreciation	857	39,561			40,418	46,785
	23,616	1,933,779	15,818	436,655	2,409,868	2,285,209

5. Governance costs

	2006	2005
Meeting costs	123	693
Legal and professional	3,486	2,371
Audit fees	6,005	5,070
Staff costs	6,204	7,634
	15,818	15,768

6. Staff and Trustee costs

	2006	2005
Salaries and wages	632,597	716,319
Social security costs	65,088	74,711
Pension costs	60,034	85,143
	757,719	876,173

The average number of employees during the year, analysed by category was:

	2006	2005
Direct charitable	23	23
Governance, management and administration	3	4
	26	27

No employees had emoluments in excess of £60,000 (2005 Nil)

GROUNDWORK CAMDEN AND ISLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

7. Trustees

Trustees were not remunerated for any services in the year

8. Net incoming/(outgoing) resources before transfers is stated after charging/(credited)

	2006	2005
Auditors' remuneration		
- audit services	6,005	5,070
Depreciation of owned assets	40,418	41,879
Operating lease rentals		
-land and buildings	81,583	80,000
-plant and machinery	984	984

9. Tangible Fixed Assets

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1st April 2005	92,823	38,670	36,236	167,729
Additions			1,300	1,300
At 31st March 2006	92,823	38,670	37,536	169,029
Depreciation				
At 1st April 2005	54,989	20,993	17,620	93,602
Charge	22,691	7,734	9,992	40,418
At 31st March 2006	77,680	28,727	27,612	134,020
Net Book Value				
At 1st April 2005	37,834	17,677	18,616	74,127
At 31st March 2006	15,143	9,943	9,924	35,009

10. Debtors

	2006	2005
Trade debtors	401,757	487,992
Other debtors and prepayments	45,660	78,558
	447,417	566,550

Included within other debtors and prepayments are £20,000 in respect of a rent deposit which is repayable after more than one year

11. Creditors - amounts falling due within one year

	2006	2005
Trade creditors	141,744	385,119
Other taxes and social security costs	32,306	22,275
Other creditors and accruals	19,019	14,247
	193,069	421,641

12. Obligations under operating leases

2006 2005

GROUNDWORK CAMDEN AND ISLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

Within one year	80,984	80,984
After more than one year but less than five years	321,230	322,214
	<u>402,214</u>	<u>403,198</u>

13. Analysis of assets and liabilities between funds

	Restricted Fund	Unrestricted General Fund	Total
Tangible Fixed Assets		35,009	35,009
Current assets excluding cash at bank and in hand	244,661	202,756	447,417
Cash at bank and in hand	324,002	233,500	557,502
Creditors: amounts falling due within one year	-105,575	-87,494	-193,069
	<u>463,088</u>	<u>383,771</u>	<u>846,859</u>

14. Movement in restricted funds

	At 1st April 2005	Income	Expenditure	At 31st March 2006
Leasehold improvements	8,593		4,907	3,686
Community Projects	139,032	338,722	390,174	87,580
Land Projects	183,309	1,048,736	935,040	297,005
Employment Projects	5,959	212,359	220,583	-2,265
Education Projects	678	974	191	1,461
Business Projects	26,500	25,870	30,380	21,990
Youth Projects	1,685	111,009	59,063	53,631
	<u>365,756</u>	<u>1,737,670</u>	<u>1,640,338</u>	<u>463,088</u>

Community projects – activities to build stronger neighbourhoods

Land projects – reconnecting people with their surroundings

Employment projects – training for work and stimulating enterprise

Education projects – Learning, citizenship and sustainability projects

Business projects – integrating the economy and the environment

Youth project – costs involved in helping young people realise their potential

15. Movement in unrestricted funds

	At 1st April 2005	Income	Expenditure	At 31st March 2006
Unrestricted general fund	378,352	774,949	769,530	383,771

16. Pensions

The Trust makes payments to defined contribution scheme which is available to all employees on completion of their probationary period. The charge for the period was £60,034 (2005: £85,143)

17. VAT

Residual input tax, where non reclaimable through non business activities, is charged to the accounts. The charge for 2006 was £6,741 (2005: £2,970)

**GROUNDWORK CAMDEN AND ISLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

18. Community Grants

The 50 largest grants made during the year were as follows:

Camden City & Islington Scout Centre	7,000
Kentish Town Community Organisation	5,000
New River Green Family Project	5,000
Friends of King Henry's Walk	5,000
William Tyndale School Association	5,000
Highbury Quadrant School Association	5,000
St Andrews Barnsbury	5,000
The Rowan Arts Project	5,000
Disability Action Islington	5,000
Palmers Estate	5,000
Eleanor Palmer School Association	5,000
Durdan House TRA	5,000
Kent House TA	5,000
Camden Bangladesh MELA	5,000
Midway Community Partnership	5,000
Community in Focus	5,000
Freightliners Farm Ltd	5,000
Nagorik Mancha Civic Forum	4,990
ACLI-ENAIP	4,967
Listen to the Voices	4,920
Amphill Square TA	4,807
Somali Elderly Disability Centre	4,800
Action Space London Events Ltd	4,738
Congolese Action Group	4,728
Ethiopian Community in Britain	4,690
Adrenalin Dance Productions	4,686
Iranian & Kurdish Women's Rights Organisation	4,677
Sudanese Children in Need	4,625
Calthorpe Project	4,593
Volunteer Reading Help	4,530
Goobjoog Information Centre	4,543
Pooles Park Primary School	4,500
Highgate Newtown Community Centre	4,500
Age Concern Camden	4,418
St Joseph's School	4,400
Maiden Lane Local Management Association	4,310
Creative Training & Development Trust	4,145
Friends of Gillespie	4,060
Crumbles Castle	4,000
Hanover School Association	3,980
Albanian Community "Faik Konica" in the UK	3,900
Esforal	3,890
Thornhill Primary School	3,718
Hanover Play Group	3,700
Morland School	3,700
Brecknock Road Estate TRA	3,656
Dance Around the World	3,600
Friends of Kentish Town School	3,575
The Rowan Arts Project	3,500
Elderly African Care Services	3,475
Smaller grants and partner expenses	208,334
	<u>436,655</u>