

# **Annual Report and Financial Statements 2017/18**

## **Groundwork London**

**(A company limited by guarantee)  
18 – 21 Morley Street  
London  
SE1 7QZ**

Registered Charity No. 1121105  
Registered Company No. 04212532 (England and Wales)

# Contents

	Page
<b>Report of the Trustees</b>	<b>3</b>
<b>Chair's Report</b>	<b>4</b>
<b>About Groundwork</b>	<b>5</b>
<b>Objectives and Activities</b>	<b>6</b>
<b>Public Benefit Statement</b>	<b>6</b>
<b>Strategic Report</b>	<b>7</b>
<b>Achievements and Performance</b>	<b>8</b>
<b>Financial Review</b>	<b>12</b>
<b>Future Plans 2018/19</b>	<b>13</b>
<b>Principal Risks and Uncertainties</b>	<b>15</b>
<b>Reference and Administrative Details</b>	<b>16</b>
<b>Structure, Governance and Management</b>	<b>17</b>
<b>Statement of Trustees' Responsibilities</b>	<b>20</b>
<b>Independent Auditors' Report</b>	<b>21</b>
<b>Consolidated Statement of Financial Activities</b>	<b>24</b>
<b>Charity Statement of Financial Activities</b>	<b>25</b>
<b>Consolidated Balance Sheet</b>	<b>26</b>
<b>Charity Balance Sheet</b>	<b>27</b>
<b>Consolidated Cash Flow Statement</b>	<b>28</b>
<b>Notes to the Financial Statements</b>	<b>29-45</b>

## Report of the Trustees for the year ending 31 March 2018

The trustees are pleased to present their annual directors report together with the consolidated financial statements of the charitable company and its subsidiaries for the year ending 31 March 2018 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, 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) (effective 1 January 2015).

Groundwork London's operational focus is primarily on London; the City of London and the 32 London Boroughs. Groundwork London is also the sole company member of Groundwork South whose operational focus is on the South East and South West regions of England, and that part of the District of Three Rivers within the Colne Valley Regional Park. Where specialist services are required, these are delivered across both Trust areas by specialist teams.

Both Trusts have a Board of Trustees who are principally responsible for the strategic oversight and governance of Groundwork activities within their operational areas. Each Trust has its own business plan defining the activities it plans to deliver in its area of operation. Each Trust will produce an Annual Report and Financial Statements. This report includes the consolidated financial statements of Groundwork London and its subsidiaries, details of charitable activities within the two operation areas will be described separately within each company's annual report.

## Chair's Report

Groundwork enables communities to find practical, long-term solutions for many of the challenges communities in London are facing today. Challenges including; fuel poverty, social isolation, gang activity, difficulty getting into work, pollution and run down, un-safe open spaces. At Groundwork we take a holistic approach to tackling these challenges.

We know that strong communities are built from within which is why people are always at the heart of our work. Last year, in 2017/18, we delivered over 550 projects in many of London's most disadvantaged communities.

We are pleased to present our Annual Report demonstrating how we continue to make a difference to the lives of thousands of Londoners every year and the places they live and work. Our programmes and services are tailored to the needs of the communities we work with and the priorities we share with our local partners. We have three overarching objectives:

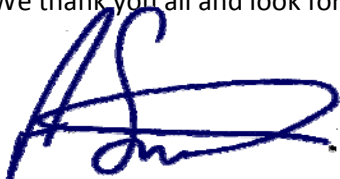
- **Creating better places;** projects that empower communities to come together and transform their neighbourhoods into greener, cleaner and healthier places to live.
- **Greener living and working;** projects that offer energy and resource efficiency measures and advice to residents and small businesses.
- **Improving people's prospects;** projects that offer skills and training opportunities for people who are facing significant barriers to employment.

Our success is rooted in the relationships we have and the innovative partnerships we form with local authorities, housing associations, London regional agencies, the private sector and with other voluntary organisations. We would also not be able to do the work we do without the thousands of committed, Londoners who work with us every day. We are grateful and thank them all for sharing our vision for a cleaner, safer, healthier London.

Our enormous thanks and recognition are also due to our hard-working staff, trustees and volunteers for their commitment and passion which enables us to deliver our projects to continue to improve Londoners' lives and the places where they live.

We are a member of the Groundwork Federation and we are proud to support our neighbouring Trust Groundwork South as a wholly owned subsidiary of Groundwork London. Groundwork South has undergone significant change in the last 12 months to ensure the effectiveness and efficiency in its operations whilst continuing to deliver high quality services across the South East and South West of England.

We thank you all and look forward to working with you in the future.



**Alan Smith**

**Chairman**

# About Groundwork

## Vision

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

## Mission

Our mission is to transform lives and places in communities in need.

## Our core values:

- equality and diversity - valuing differences and treating everybody and all things 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 high personal and professional standards
- partnership - working alongside communities, public bodies, private companies and other voluntary sector organisations to deliver maximum benefits to people, places and businesses
- sustainability - respecting nature's limits and the needs of future generation

## Our Aim

We aim to be an outstanding deliverer of local environmental projects and programmes in areas of need. Our work will result in:

- better local environments with people more satisfied with the places where they live and work
- environments more resilient and adapted to changes in climate and increasing demands and impacts of a growing population
- people more empowered to engage in local decision-making and voluntary action to improve local communities
- young people motivated to stay in employment or training, and more opportunities for employment for all
- more people helping the environment and helping themselves through saving energy and water, reuse and recycling

To achieve our vision we are working together with individuals, communities, Local Authorities and other public sector organisations, regional bodies and the private sector.

# Objectives and Activities

## Charitable Objectives

Groundwork London's charitable objectives are set down in its Articles of Association, they include:

- to advance public education in environmental matters and other ways of better conserving, protecting and improving the same wheresoever;
- to advance the education of the public in subjects relating to sustainable development and the protection, enhancement and rehabilitation of the environment and promote study and research in such subjects;
- to promote the efficiency and effectiveness of charities in the direct furtherance of their objects;

And within the area defined as London, the South East and South West regions of England, and that part of the District of Three Rivers within the Colne Valley Regional Park;

- to promote the conservation, protection and improvement of the physical and natural environment
- 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 or working in or resorting to the area;
- to promote for the public benefit urban and rural regeneration in areas of social and economic deprivation;
- to promote sustainable development for the benefit of the public;
- 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.

## Strategic Objectives

To deliver our charitable objectives we:

- Create and deliver programmes and projects to meet the needs of local communities:
  - Improving people's prospects
  - Promoting greener living and working
  - Creating better places
- Build productive relationships and partnerships, influence and shape policies and share learning
- Maintain a strong, viable business, achieving excellence in service delivery

## Public Benefit Statement

All Groundwork London's activities contribute to the achievement of our strategic aims & objectives and are undertaken to further our charitable purposes for the public benefit. Our main activities and who we try to help are described below. We review our aims, objectives and activities each year in the Business Planning process. This review looks at what we achieved and the outcomes of our work in the previous 12 months. The review looks at the success of each key activity and the benefits they have brought to those groups of people we are established to help. The review also helps us ensure our aim, objectives and activities remained focused on our stated purposes. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aim and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

## Grant Making Policy

The Trust administers applications for various grants schemes on behalf of partnerships with local authorities and other Public Agencies. The Applications are reviewed against specific criteria and business objectives, which are set out by the grants panels and awarded to constituted groups.

# Strategic Report

## Working with Groundwork South

Groundwork London is a member of the Groundwork Federation, together we are working locally and nationally to transform lives in the UK's most disadvantaged communities. In 2017 Groundwork London agreed to provide financial support and to become the sole company member of Groundwork South, to enable the Groundwork South Trust to continue to deliver Groundwork services in areas of need.

Groundwork South continues to operate with its own identity, its own geographical focus and with its own Board of trustees as an independent charity and company limited by guarantee. We are proud to support the Trust which has undergone significant change in the last 12 months to ensure the effectiveness and efficiency in its operations whilst continuing to deliver high quality services across the South East and South West of England.

In future years, Groundwork South will continue to operate as an independent Trust, and will benefit from both Trusts working together through executive, finance and support services functions. Groundwork South, does not currently deliver all 'Groundwork services' across its area, in future, highly specialised services will be provided with leadership from Groundwork London whilst delivery will continue to be embedded in local areas and delivered by the Groundwork South team.

Groundwork South has produced its own annual accounts 2017/18 and business plan for 2018/19. Their annual report and accounts demonstrate the considerable contribution the Trust is making to Changing Places and Changing lives in the South East and South West of England.

## Financial Review

Groundwork London has determined to voluntarily provide a Statement of Financial Activity for 2017/18 as well as the required consolidated accounts for Groundwork London and Groundwork South (as its wholly owned subsidiary) for the same period.

The consolidated statement of financial activities for Groundwork London and for Groundwork South for the year ended 31<sup>st</sup> March 2018 shows a total income of £19.9m. The consolidated balance sheet shows total Charity Funds of £8.392m of which £3.3m is designated and restricted reserves.

The remainder of this Strategic report focuses on Groundwork London.

# Strategic Report

Groundwork London's principal focus is on delivering activity to meet the needs of London and Londoners.

## Achievements and Performance

Why Groundwork?

The environmental and social challenges facing the city, as well as its regeneration opportunities are unique in scale and complexity. The difficult economic climate and Government austerity measures continue to have a significant impact on our communities, on local authorities and on our other public and private sector partners. With two million people living in deprivation in London and 10% of the city's households experiencing fuel poverty, the human impact is being felt in communities across the Capital. Last year we responded by delivering 550 projects targeting the most disadvantaged, hardest hit communities.

Our work is delivered in partnership with Local Authorities, Housing Associations, London regional agencies, the private sector and other voluntary organisations.

We have progressed positive working relationships within the London Boroughs of Haringey, Camden, Barnet, Brent, Islington, Hammersmith & Fulham, Ealing, Hounslow, Wandsworth, Lambeth, Southwark, Lewisham, Newham, Hackney, Waltham Forest, Enfield, the Royal Boroughs of Kensington & Chelsea and Greenwich, and the City of Westminster.

We increased the number of projects involving Housing Association partners in the last two years, from 52 in 2015/16 to 85 last year, reflecting the needs of residents supported by Housing Associations. We also set out to expand our corporate partnership portfolio, aiming to attract new corporate partners, as well as encouraging ongoing relationships with current partners; during the year we worked with 87 (up from 60 last year) corporate clients.

We have built on productive relationships with regional bodies; the Greater London Authority (GLA) and the London Legacy Development Corporation, delivering 20 programmes involving regional agencies. As part of our strategic work, we continued to serve on the Cross River Partnership Board, the London Sustainability Exchange Board, the All London Green Grid Steering Group and our CIC – *Our Park Life* with Engie, Renaisi and Idverde.

Internally, we delivered a number of business performance measures – we retained our environmental management standard ISO:14001EMS, which we have held since 2008 and we continued to maximise our property usage to raise income, lower our costs and our environmental impact. Health, safety and wellbeing is of the utmost importance - our commitment to ensuring a safe and healthy environment for all our employees and all those who work with us, is demonstrated through our ongoing CHAS and Achilles accreditations. We continue to operate our financial management on the basis of full cost recovery achieving our target staff utilisation rate of 82% and maintaining total indirect staff and overheads at 9% (+1% on 16/17) of total income.

The on-going investment in specialist staff to ensure high levels of expertise across all our activities, our strong performance in securing grants and commissions and our continued drive to ensure that business operations are effective and efficient have contributed to our success throughout 2017/18.

We have set out below the headline achievements across our three priority objectives for the year.

### **Improving people's prospects** – *delivering support to increase the confidence, skills, well*

*-being and employability of those furthest removed from the labour market, in particular young people.*

We believe that supporting people into long-term, sustainable work brings them the economic and social stability that can be life changing for individuals and is an important factor contributing to strong and thriving communities. This is why we deliver an extensive portfolio of employment and skills programmes in London. Through these programmes we help hundreds of Londoners every year to grow in confidence, gain new skills and take that step into work. We work with young people, people with disabilities or health conditions, refugees, and many other Londoners who are facing barriers to employment.



Last year we supported over 500 adults and young people into education, training or work. They gained over 800 accredited qualifications and so far 127 of them have gone to get jobs, with hundreds of others still in training and working towards that goal.

In 2017/18 we launched several new employment programmes including: WAVES, a lottery ESF programme, testing new routes into work through volunteering in the corridor from Croydon down to the south coast. Our Work and Health programme in Barnet, is a DWP funded contract supporting long term unemployed people with disabilities and health conditions back into work.

Our *Achievement Coaches* work in schools supporting young people to make the most out of the educational and training opportunities they have available to them. Last year our Achievement Coaches worked with over 500 young people who had been identified as being most at risk of exclusion or dropping out of school. Our coaches spend up to 18 months in 1-2-1 mentoring sessions with each young person. Recently we have expanded the programme to include working with young people attending Pupil Referral Units who are at risk of being involved in gang related activity and other serious barriers to them being able to remain in education or training. Over 80% of the young people on our Achievement Coaches programme last year remained in education or training. This may be staying in school, going into further education or training, or securing apprenticeships.

We continued to deliver our 'Green Team' waged horticultural training programmes that support young people to gain experience and qualifications in horticulture and grounds maintenance. Last year 12 new trainees successfully completed the 26 week training programme.

We remain committed to supporting and promoting volunteering in London. This year our volunteering service expanded into two further boroughs – Barnet and Westminster – and so we delivered across 6 London Boroughs - engaging almost 4,000 people looking to volunteer and supporting over 2,000 organisations to promote and to recruit to their volunteering opportunities.

**Creating better places**, – *supporting people to work collectively to make their surroundings greener, safer and healthier and be actively involved in the way decisions are made about services in their area.*

Last year we worked with communities across London to create and improve over 150 public open spaces, including public parks, playgrounds, housing estates, community gardens, nature reserves, roof gardens and many more of London's valuable public open spaces. The combined area of these spaces is equivalent to 261 full size football pitches.

We manage a portfolio of environmental and community grant schemes on behalf of our national and regional partners. Last year in total we awarded over £3m to community groups in London who used their grants to transform forgotten places, plant thousands of trees and to realise hundreds of life changing projects across the capital.

In August 2017 the Mayor of London's Greener City Fund was launched, in support of London's campaign to be the first National Park City. Last year we awarded £1.49m to 85 new tree-planting and green space projects in the city. As a result 17,809 new trees are being planted in the city, helping to reduce air pollution, cooling the city and helping to prevent flooding. We estimate that these trees alone will remove 4.74 tonnes of air pollution each year and divert over 7 million litres of storm water from London's already stretched drainage system.

Groundwork continues to administer Tesco's Bags of Help community grants throughout the UK. Last year 635 projects in London were awarded close to £1.5m, improving open spaces and bringing communities together. We continue to manage the Housing Estate Improvement Programme in Hammersmith & Fulham, with seven projects receiving almost £400,000 funding last year to make significant improvements to seven housing estates in the borough.

The strong partnerships we have with the private sector enable us to offer significant added value to the communities and public sector partners we work with. Groundwork is fast becoming the 'go to' community charity for corporate volunteering in London. Last year 840 employees from 56 companies helped improve 43 community open spaces in London, adding over £104,000 additional value to our projects.

Whether reclaiming urban woodland or creating wildlife ponds in schools, volunteers are guaranteed a fun filled day with their colleagues and a real sense of achievement. This is almost a 100% increase on 2016/17 corporate volunteering activity

Our Landscape Architects specialise in Water Sensitive Urban Design, an integrated solution to the increasing threat of flooding, drought and pollution. Last year we further enhanced the Sustainable Urban Drainage Systems (SUDS) we designed for three housing estates in Hammersmith & Fulham. This multi-award winning project continues to be recognised as an exemplar model in the UK and Europe; demonstrating how affordable, climate adaptation measures can be effectively retrofitted into social housing landscapes. In December 2017, we completed a cycle path scheme incorporating rain-gardens on the banks of River Wandle in Earlsfield, reducing surface water run off entering and polluting the river.

Air pollution is increasing the incidence of short and longer term health problems among Londoners, and improving air quality has rightfully become one of the Mayor's key environmental priorities. In response, we've been developing our expertise in designing landscape solutions that directly mitigate air pollution. Last year we were commissioned by Defra to design a scheme for Horn Lane in Ealing, a pollution hotspot that suffers from a lot of HGV traffic and industrial pollution. We aimed to demonstrate that smart public realm design can mitigate particulate matter (particle pollution) along the public highway. Our Landscape Architects carefully selected specific planting, which have been proven to most effectively 'capture' particle pollution. This barrier planting was also combined with sustainable urban drainage to reduce rain water run-off pollution. An air quality monitoring station has been installed close by to monitor the effects of the mitigation measures in this area.

With funding from the Postcode Lottery Dream Fund, we've been continuing to work with Repowering London and communities across London to create thriving gardens on London Overground stations. By the end of the financial year we completed 30 stations on the Overground network, transforming grey platforms into greener, more attractive places for Londoners to enjoy as they move around the city. Energy Gardens is now being taken forward by Energy Garden Ltd, set up and supported through a community share investment offer that will fund the maintenance of existing gardens and the investment, in due course, of additional gardens.

**Promoting greener living & working** – *helping people and businesses learn more (about their environmental impact and act responsibly to reduce natural resource use and improve their health.*

As the cost of living continues to rise in London, fuel poverty is unfortunately affecting more Londoners than ever before. The latest Government research, published in 2017, has shown that 10% of London households are experiencing fuel poverty\*. Fuel poverty impacts heavily on the health and well-being of some of London's most vulnerable residents, including families with young children and the elderly.

Our home energy advisors - *Green Doctors* - visited over 3,300 households in London last year helping people to reduce their energy bills, improve their health and wellbeing and save energy. On average the households we visit save £350 a year. With the average annual shortfall that places a household into fuel poverty being £298, the Green Doctor service is effectively lifting thousands of households out of fuel poverty each and every year.

London's water supplies are being stretched further and further each day as the capital's population continues to grow. By 2050, if we keep using water as we are today, we will need an extra 250 million litres a day. One of the solutions is for Londoners to use, and waste, less water.

As part of the Thames Water Efficiency Programme we have visited tens of thousands of homes, offering residents free practical support and advice to help them reduce the amount of water they use. Often this involves doing small jobs like fitting shower heads and taps with aerators and converting toilets to dual-flush. These small changes have a big impact. With our help, residents save an average of £180 a year on their combined water and energy bill. For London this means a saving of 2.1 million litres of water, each day, every day.

Last year we embarked on an innovative new food campaign, *Small Change, Big Difference*. We are delivering this two year campaign in partnership with London Waste & Recycling Board and WRAP (Waste & Resources Action Programme), funded by the EU LIFE Programme.

The London wide behaviour change campaign aims to promote sustainable eating, waste prevention and food recycling. We're delivering a programme of workshops and training events in schools and community groups. Last year this engagement resulted in over 1,100 individual pledges made to reduce food waste.

The community reuse hubs we set up in 2016 on the Pembury Estate and Graham Park Estate, as part of the EU LIFE funded REPURPOSE programme continue to thrive. After the funding concluded, we secured additional funding to take these two 'Loops', as they are known, into a second phase of delivery. Our teams oversee the collection of unwanted furniture and household appliances from resident's homes, and fly-tipping hotspots on the estates. Where possible, they refurbish them and sell them on to residents, giving new life to hundreds of items that would otherwise have been destined for landfill. All the money raised from sales is reinvested into the project, to buy workshop equipment, and to provide free training to residents in reuse skills like furniture up-cycling and restoration. At our REWORK workshop in Wandsworth, our trainees repair and refurbish unwanted white goods, furniture and other electrical items. Instead of ending up as costly and polluting landfill waste, we deliver the refurbished goods to charity shops where they are sold at affordable prices. Last year our 10 trainees refurbished 4,500 electrical items and 5,500 pieces of furniture. We also launched our eBay store, which we use to sell hundreds of items online, including a large selection of refurbished appliance parts.

Our REUSE activity resulted in diverting 327 tonnes of waste from landfill, which contributed to an overall saving of over 5,000 tonnes of CO<sub>2</sub> emissions across all our activities.

*\* BEIS sub-regional fuel poverty England statistics (2015), published 28 June 2017.*

# Groundwork London Financial Review

Groundwork London has determined to voluntarily provide a Statement of Financial Activity for Groundwork London 2017/18 as well as the required consolidated accounts for Groundwork London and Groundwork South (as its wholly owned subsidiary) for the same period. The financial review of the group is described earlier in this report.

Groundwork London shows income achieved in the year of £14.1m with expenditure of £13.4m.

## Principal Funding Sources

Funding for Groundwork London was provided by the following sources:

	£
Local Authorities	1,903,997
Public and Regional Agencies	2,304,309
European Union	1,866,412
Private Sector	7,420,021
National Lottery	621,090
	<u>14,115,829</u>

## Reserves Policy

The Board of Trustees has 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 has agreed that a reasonable level of reserves is required to:

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

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

At the year-end unrestricted reserves shown in the balance sheet covered 165 days (2017: 143 days) running costs. The reserves days includes the consolidation of Groundwork South's accounts into the Groundwork London accounts.

## Future Plans 2018/19

In line with our strategy: Groundwork 2020, our ambition is to build our reputation, our visibility and our resource base so that we can continue to be a significant force for changing places and changing lives across London. During 2018/19 Groundwork London will work to the following strategic objectives:

### 1. Creating and delivering programmes and projects across three thematic areas

The value of our offer lies in the strategic combination of all these elements and the particular qualities we bring to them. Delivering high quality, innovative actions and being the best at whatever we do is central to all our thinking. During the year we will progress over 500 projects aimed at:

**Improving people's prospects** – *delivering support to increase the confidence, skills, wellbeing and employability of those furthest removed from the labour market, in particular young people.*

We will deliver projects that engage, motivate and inspire people:

- Providing coaching and support to young people particularly those at risk of NEET or NEET to stay and succeed in education, to gain accredited qualifications or to progress into work
- Providing coaching to vulnerable young people involved in, or victims of, gang violence. Building their resilience and supporting them into positive activities, education and training.
- Running clubs and safe places for young people to develop themselves and their skills
- Encouraging and supporting participation and leadership of positive action for the environment
- Helping young people and adults, including those with long term health conditions and disabilities improve their skills and confidence and move from welfare into sustained employment
- Providing work placements and trials, with integrated training and access to volunteering placements
- Delivering accredited training and skills development programmes

**Creating better places** – *supporting people to work collectively to make their surroundings greener, safer and healthier and be actively involved in the way decisions are made about services in their area. We will develop and deliver programmes that focus on:*

- Building empowered, engaged and resilient communities
- Supporting community led improvements to spaces and neighbourhood environments
- Engaging communities in the effective management and maintenance of green and open spaces
- Enhancing communities' and individuals' health and wellbeing
- Lifelong learning and citizenship within an educational environment
- Building resilience, confidence and wellbeing in vulnerable and isolated adults, elderly & young people
- Providing sporting, healthy lifestyle and cultural activities
- Inspiring and promoting volunteering including brokerage services and corporate volunteering
- Supporting the private sector to engage with and support the communities local to them

We will continue integrating landscape design and community development delivering urban environments that meet the needs of local communities we will focus on:

- Improving housing landscapes, parks and open space improvements, play and recreation areas and finding new uses for temporary underused space
- Retrofitting green infrastructure in support of flood risk management, climate change adaptation and air quality improvements
- Sharing learning and developing expertise in sustainable landscape management
- Managing open grant schemes including the GLA's Greener City Fund community grants and TfL's Cycling Grants London, and the Our Space Awards
- Providing grant 'enabler' support for community groups bidding to Tesco's 'Bag of Help' Community Grant Scheme, and on the new HS2 grant programmes managed by Groundwork UK.
- Providing geospatial and data services to enable Groundwork and our clients to understand, visualise and measure impacts

**Promoting greener living and working** – helping people and businesses learn more about their environmental impact and act responsibly to reduce natural resource use and improve their health. We will deliver programmes which focus on:

- Behaviour change, helping people adopt more sustainable lifestyles
- Tackling climate change and other environmental issues
- Encouraging and supporting young people to participate in positive environmental action
- Reducing environmental impact through waste management, reuse, upcycling and recycling
- Providing advice and guidance on energy and water efficiency to residents and businesses
- Tackling causes and effects of air pollution and air quality
- Exploring the potential of implementing small scale renewable energy installations
- Supporting communities and public, private and voluntary sector organisations to benefit from new government initiatives and meet their social responsibility targets
- Creating opportunities for social and community enterprise development

## **2. Building productive relationships and partnerships, influence and shape policies and share learning**

The success of our work is reliant on building long-term, cross sector alliances to develop collaborative business opportunities and by adding value to local and regional strategic partnerships. We will focus on:

- Developing and expanding our associations with the London Boroughs and the Housing sector
- Exploring and creating new programme activities with the GLA and TfL, London Councils, London Legacy Development Corporation, and the London Strategic Waste Authorities, Health commissioners and providers and academic institutions
- Develop new services for residents with utilities companies and expanding our work with the corporate sector
- Provide management and Board support to Cross River Partnership, London Community Resource Network and Our Park Life
- Working with the voluntary sector and other community support organisations
- Working with the members of the Groundwork Federation on business development, peer support and the future development of the Federation

## **3. Maintaining a strong, viable business, achieving excellence in service delivery**

The performance of our business will be driven by increasing the quality, consistency and efficiency of our operations through investments in staff training and development, and specialist skills; by developing our ability to secure income from diverse sources; and targeting communications & marketing to key sectors and audiences.

We will:

- Continue to measure the quality of our delivery and the impact we make
- Diversify our income and make best use of our property, IT and treasury resources
- Attract, develop and support highly skilled and motivated teams
- Deliver communications to raise the profile of the organisation and internal communications, helping to build one strong, cohesive staff team in London.

We will also support Groundwork South to sustain and develop Groundwork activity across the South of England. We will do this via financial support in the form of loans and through leadership and management of defined specialist activities.

## Principal Risks and Uncertainties

The Board accepts its responsibility under the Charity Commission's Statement of Recommended Practice (SORP) for ensuring the major risks to which the charity is exposed are identified and reviewed and that there are systems in place to mitigate against them.

The risk management analysis continues to be an integral part of the business planning and business review and reporting process. The Trust maintains a comprehensive risk register in which all risks are evaluated and graded. Each risk is allocated both an Impact and Probability rating to provide an overall risk score.

The Board reviews the most significant risks quarterly.

The principal risks to Groundwork London are:

- Failure to secure funding for the projected Operations Plans
- Inability of the organisation to meet its utilisation targets or chargeable rates
- Failure to deliver targets in 'payment by results' contracts
- Poor performance and partner dissatisfaction with the quality of delivery
- Failure to implement effectively legal requirements such as GDPR and Safeguarding
- Reputational and financial issues affecting Groundwork UK and/or other Trusts

Whilst our response to each of these will vary, there are some common features that help us address these risks:

- Continued emphasis on demonstrating the value and benefits of Groundwork's services
- Expanding our offer to existing and new partnerships with local authorities, housing associations and private sector
- Prioritising development and marketing and communications to grow our visibility and broaden our access to new income sources
- Increasing our competencies and professionalism to meet the growing demands of commissioning, audit and evaluation
- Ongoing review of our structures and investing in specialist skills to drive up quality across all our services
- Monitoring delivery and financial performance
- Effective implementation of internal processes and procedures
- Providing training and support to improve project and performance management and client focus skills to ensure projects are delivering required outcomes, on time and to budget
- Engaging with Groundwork South and the Federation to provide support to business management and development and specialist delivery services

Financial management of projects is controlled using PIMS (Project Information Management System). The Trust has strong skills within the senior management and project officer teams in its use. Expenditure is only made on projects once income has been secured. The amount of secured and unsecured income and the expenditure and revenue on all projects is analysed on a monthly basis. Detailed management information is imported from the system to provide up to date financial and operational performance against targets.

The Executive Team reviews, on a monthly basis, income and contribution secured against business plan, team capacity and project performance together with other business information. These are also reported to the staff teams at monthly Operations and Development meetings and on a quarterly basis to the Board, to focus Trust attention on achieving Business Plan targets.

In addition to reviewing the risk register, quarterly reports to the Board monitor income & expenditure and progress towards financial targets. Detailed management accounts are examined at each meeting. The Trust submits these accounts to Groundwork Federation on a quarterly basis and is monitored on security of income and financial stability.



## Reference and Administrative Details

**Registered Company number**  
04212532 (England and Wales)

**Registered Charity number**  
1121105

**Registered office of the company and principal office of the charity**  
18-21 Morley Street, London, SE1 7QZ

### Our advisers

Auditors	Hartley Fowler	4 <sup>th</sup> Floor, Tuiton House, 27/37 St George's Road, London, SW19 4EU
Bankers	Lloyds	Blackheath Branch, PO Box 1000, BX1 1LT
Solicitors	Bates, Wells & Braithwaite	61 Charterhouse Street, London EC1M 6HA

### Key management personnel: Directors and Trustees

The directors of the charity are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

<b>Co-opted</b>	Alan Smith (Chair 1/4/14)	appointed	20/02/2012
	John Smith	appointed	24/05/2010
	Graham Beal	appointed	10/03/2014
	Dan Davidson	appointed	08/05/2014
	Phil Stokes	appointed	17/07/2014
	Marilyn Baxter	appointed	20/03/2017
	Keith Taylor	appointed	20/03/2017
	Heather Acton	resigned	11/06/2018
<b>Groundwork UK nominee</b>	Cate Newnes-Smith	resigned	11/06/2018
	Peter Head	resigned	11/06/2018
<b>Appointed</b>	Susan Wise	appointed	01/06/2015
	Claire Clay	resigned	07/12/2015

### Company Secretary

Stuart Harrison

### Key management personnel: Senior Managers

Executive Director	Lindy Kelly
Director, Finance & Corporate Services	Stuart Harrison
Director, Communities & Environmental Services	Ben Coles
Director, Youth, Employment & Skills	Graham Parry



# Structure, Governance and Management

## Structure

Groundwork London is a registered charity and company limited by guarantee and is governed by its Articles of Association. Groundwork London was registered as a limited company on 8<sup>th</sup> May 2001 under the name Groundwork London Partnership and changed its name by Special Resolution to Groundwork London on 10<sup>th</sup> September 2007. On 1<sup>st</sup> November 2007 Groundwork London merged with Groundwork Southwark & Lambeth, Groundwork South East London and Groundwork Merton. On 1<sup>st</sup> April 2008 Groundwork London merged with Groundwork West London and incorporated the London activities of Groundwork Federation (non-legal incorporation). Groundwork North and Groundwork East London transferred as mergers on 1<sup>st</sup> April 2009.

Groundwork London is a member of the Federation of Groundwork 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 Federation Membership Agreement is a bilateral agreement jointly signed by both the Trust and the Federation, setting out the obligations, defining the minimum quality and ethical standards, setting out the core values and defining the circumstances and procedures whereby Trusts may be required to leave the Federation.

Groundwork London became the sole company member of The Groundwork South Trust Ltd on the 14th March 2017. Groundwork South continues to operate as an independent company with its own Board.

### The Members of Groundwork London

The company members are the Federation of Groundwork Trusts, Dan Davidson, Eugenie White, Alan Smith, Cate Newnes-Smith and Susan Wise.

## Governance

As Groundwork London has evolved so has our Governance ensuring that it is both relevant and effective as well as being resilient to future changes in our operating environment.

### Board of Trustees

The Governing body of the Trust is the Board of Trustees. The Board is responsible for major strategic decisions and has ultimate responsibility for the conduct and financial viability of the organisation, it meets formally four times a year. The Board comprises of not more than 15 Directors of whom not more than 6 are either nominated or appointed and 9 co-opted Trustees:

- 4 appointed Local Authority members, elected from the Local Authority Strategic Input Board
- 2 Groundwork Federation nominees
- 9 co-opted members

Trustees generally serve terms of between 12 months and 3 years and can be reappointed by the Board. The Board has an agreed strategy to enable Board succession to occur on a rolling basis.

### Committees

The Board has established a number of committees:

- Finance & Audit Committee is responsible for reviewing the overall status of financial and investment resources and for making appropriate recommendations to the Board. It meets four times a year.
- The Executive Recruitment & Remuneration Committee is appointed to assist the Board in the appointment of the Executive Director and to support the Executive Director in the appointment of members of the Executive Team and to consider and approve their remuneration. The Remuneration Committee meets at least once per year or when required.
- Local Authority Members Board enables Local Authorities to shape the strategic direction of Groundwork within London boroughs, to keep their LA's informed about the breadth of Groundwork London's expertise and appoint, via an electoral process, members to the Groundwork London Board. The Local Authority members Board has played an important role as an interactive forum for the exchange of ideas on what priorities are required from Groundwork London in local communities.

## Induction & Training

New members of the Board of Trustees are provided with the Groundwork London Governance handbook and other key documents and have an induction meeting with the Executive Director. The induction includes an overview of the objects of Groundwork London and its Vision and Mission, the structure, its staff and volunteers and finance. Trustees are also encouraged and supported in visiting projects.

## Community Interest Company – *Our Park Life*

Our Park Life was formally constituted in September 2014 by company members; Engie UK (previously known as Cofely Workplace Ltd prior to name change); Groundwork London; Renaisi and Idverde (previously known as The Landscape Group prior to acquisition). Engie UK appoint two members to the Board and all other members appoint one Director. Groundwork London's appointed Director is Graham Parry (Director, Youth, Employment & Skills).

The objects of the Company are to carry on activities which benefit the community and in particular (without limitation) to promote the social, economic and environmental well-being of residents in the boroughs immediately surrounding the Queen Elizabeth Olympic Park in Stratford by providing opportunities in the Park:

- for employment and training; improving skills and knowledge; and encouraging entrepreneurship, innovation and business skills;
- within the operations of the Members across London for employment and training and improving skills and knowledge;
- for new and existing residents to meet and mix to promote cohesion and inclusion; and
- for local people to volunteer, to learn about environmental sustainability and to undertake initiatives in their own neighbourhoods and provide educational opportunities for schools and young people.

## Management

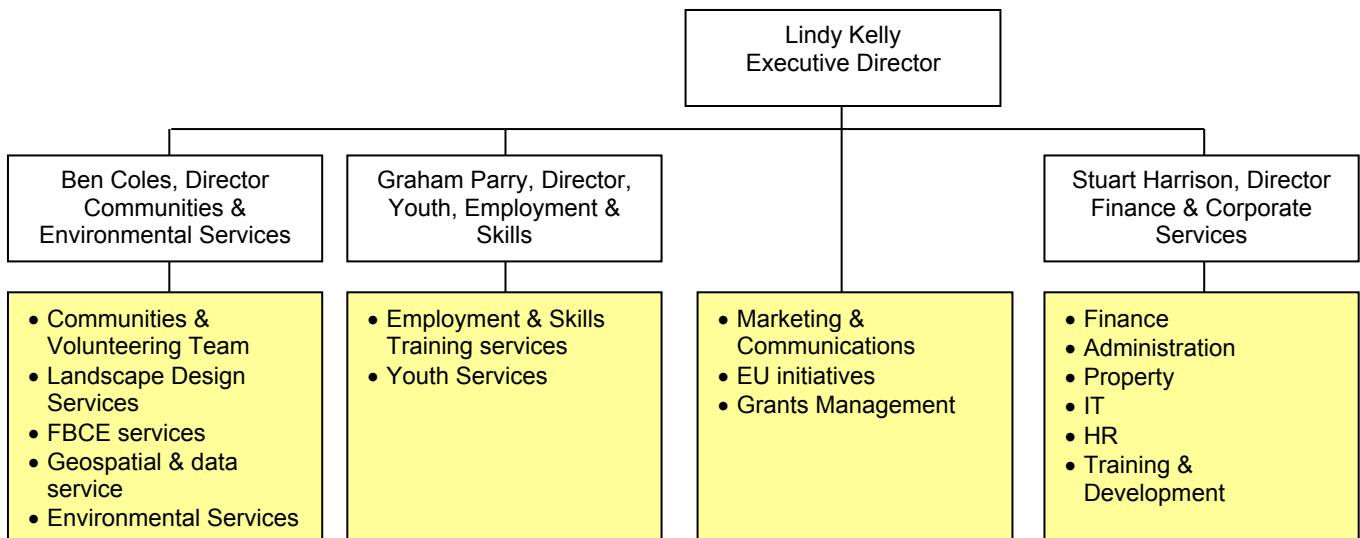
The Board delegates day-to-day financial and managerial control of the organisation to the Executive Director. The Executive Director, together with the Executive Team, meets monthly to discuss the operational and financial status of the Trust.

Pay and remuneration for the Charity’s key management personnel is considered and approved by the Recruitment and Remuneration Committee in consideration of industry standard pay for equivalent posts.

Groundwork London’s professional team continues to evolve in response to changes to our organisational structure and changes to the scale of the activities across each of our thematic areas and the needs of our business operational requirements. The framework within which our teams are organised are guided by the following principles:

- We must remain embedded in the local community, with local delivery at the core of what we do
- We must be able to operate a seamless, consistent and high quality delivery service across London
- We need to be a credible local and regional partner able to operate at a strategic level
- We must be a strong and viable organisation

Projects and programmes continue to be delivered by local teams, with management organised through area management structures, services and directorates. At the end of the 2017/18 we had 208 FTE employees.



# Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of Groundwork London for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to 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 the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board of trustees



Trustee

Date: 17<sup>th</sup> September 2018

# Report of the Independent Auditors

## To the members of Groundwork London

### Independent auditor's report to the members of Groundwork London

#### Opinion

We have audited the financial statements of Groundwork London (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the 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 group's and the parent charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

#### 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council'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 relating 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 group's or the parent 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 trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, including the strategic report, other than the financial statements and our auditor's report thereon. 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.

### **Opinion 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' annual report, including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the trustees' annual report, including the strategic report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report, including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 require us to report to you if, in our opinion:

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

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out in the trustees' annual report, the trustees (who are also the directors of the parent 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 determine 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 group's and the parent 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

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 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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 auditors' 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Jonathan Askew, FCA (Senior statutory auditor)

for and on behalf of Hartley Fowler LLP  
Statutory Auditor  
Chartered Accountants  
Fourth Floor, Tuition House  
27/37 St George's Road  
London  
SW19 4EU

Hartley Fowler LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

(A company limited by guarantee)

Registered Number: 04212532

## Consolidated Statement of Financial Activities for the year ended 31<sup>st</sup> March 2018

		Unrestricted Funds £	Restricted Funds £	31.3.18 Total Funds £	31.3.17 Total Funds £
<b>INCOME</b>					
Investment income	3	394,108	-	394,108	362,611
Income from charitable activities	4	10,323,590	9,188,594	19,512,184	15,002,865
<b>Total Income</b>		<u>10,717,698</u>	<u>9,188,594</u>	<u>19,906,292</u>	<u>15,365,476</u>
<b>EXPENDITURE</b>					
Cost of raising funds	5	250,383	-	250,383	323,066
Charitable activities	6	9,848,222	9,223,991	19,072,213	13,415,849
<b>Total expenditure</b>		<u>10,098,605</u>	<u>9,223,991</u>	<u>19,322,596</u>	<u>13,738,915</u>
<b>Net income before gains/ (losses) on investments</b>		619,093	(35,397)	586,696	1,626,561
Net (losses)/ gains on property investments	14	-	(19,559)	(19,559)	(19,559)
Net gains / (losses) on cash investments	18	48,062	-	48,062	190,321
Goodwill written off	29	-	-	-	(185,966)
<b>Net income</b>		<u>667,155</u>	<u>(54,956)</u>	<u>612,199</u>	<u>1,611,357</u>
Transfers between funds	23	(30,396)	30,396	-	-
<b>Net movement in funds</b>		<u>636,759</u>	<u>(24,560)</u>	<u>612,199</u>	<u>1,611,357</u>
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		<u>6,559,539</u>	<u>1,220,441</u>	<u>7,779,980</u>	<u>6,168,623</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	24	<u>7,196,298</u>	<u>1,195,881</u>	<u>8,392,179</u>	<u>7,779,980</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.  
All incoming resources and resources expended derive from continuing activities.

The notes on pages 29 to 45 form part of these financial statements.



## Groundwork London

(A company limited by guarantee)

Registered Number: 04212532

### Charity Statement of Financial Activities for the year ended 31<sup>st</sup> March 2018

	Notes	Unrestricted Funds £	Restricted Funds £	31.3.18 Total Funds £	31.3.17 Total Funds £
<b>INCOME</b>					
Investment income	3	394,043	-	394,043	362,607
Income from charitable activities	4	9,586,798	4,134,988	13,721,786	14,723,316
<b>Total Income</b>		<u>9,980,841</u>	<u>4,134,988</u>	<u>14,115,829</u>	<u>15,085,923</u>
<b>EXPENDITURE</b>					
Cost of raising funds	5	250,383	-	250,383	323,066
Charitable activities	6	9,229,417	3,981,314	13,210,731	13,087,336
<b>Total expenditure</b>		<u>9,479,800</u>	<u>3,981,314</u>	<u>13,461,114</u>	<u>13,410,402</u>
<b>Net income before gains/ (losses) on investments</b>		501,041	153,674	654,715	1,675,521
Net (losses)/ gains on property investments	14	-	(19,559)	(19,559)	(19,559)
Net gains / (losses) on cash investments	18	48,062	-	48,062	190,321
<b>Net income</b>		<u>549,103</u>	<u>134,115</u>	<u>683,218</u>	<u>1,846,283</u>
Transfers between funds	23	158,675	(158,675)	-	-
<b>Net movement in funds</b>		<u>707,778</u>	<u>(24,560)</u>	<u>683,218</u>	<u>1,846,283</u>
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		<u>6,794,465</u>	<u>1,220,441</u>	<u>8,014,906</u>	<u>6,168,623</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	24	<u>7,502,243</u>	<u>1,195,881</u>	<u>8,698,124</u>	<u>8,014,906</u>

The Statement of Financial Activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

The notes on pages 29 to 45 form part of these financial statements.

# Groundwork London

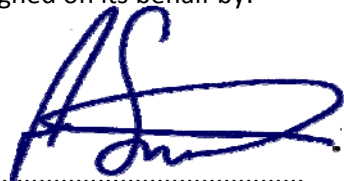
(A company limited by guarantee)

Registered Number: 04212532

## Consolidated Balance Sheet as at 31<sup>st</sup> March 2018

	Notes	31.3.18 £	31.3.17 £
<b>FIXED ASSETS</b>			
Tangible assets	12	3,425,155	3,508,381
Intangible assets	13	35,832	49,720
Property investments	14	930,882	950,441
<b>TOTAL FIXED ASSETS</b>		4,391,869	4,508,542
<b>CURRENT ASSETS</b>			
Debtors	17	4,623,876	4,807,216
Current asset investments	18	2,798,779	2,750,717
Cash at bank		2,368,443	2,803,514
<b>TOTAL CURRENT ASSETS</b>		9,791,098	10,361,447
<b>LIABILITIES</b>			
Creditors falling due within one year	19	(5,790,788)	(7,090,009)
<b>NET CURRENT ASSETS</b>		4,000,310	3,271,438
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,392,179	7,779,980
<b>NET ASSETS</b>			
		8,392,179	7,779,980
<b>THE FUNDS OF THE CHARITY</b>			
	23		
General funds		5,090,576	4,433,817
Designated funds		2,105,722	2,125,722
Restricted funds		1,195,881	1,220,441
<b>TOTAL CHARITY FUNDS</b>		8,392,179	7,779,980

The financial statements were approved by the Board of Trustees on 17<sup>th</sup> September 2018 and were signed on its behalf by:



Trustee

The notes on pages 29 to 45 form part of these financial statements

# Groundwork London

(A company limited by guarantee)

Registered Number: 04212532

## Charity Balance Sheet as at 31<sup>st</sup> March 2018

	Notes	31.3.18 £	31.3.17 £
<b>FIXED ASSETS</b>			
Tangible assets	12	2,290,989	2,318,976
Property investments	14	<u>930,882</u>	<u>950,441</u>
<b>TOTAL FIXED ASSETS</b>		3,221,871	3,269,417
<b>NON CURRENT ASSETS</b>			
	16	1,257,648	314,834
<b>CURRENT ASSETS</b>			
Debtors	17	3,262,938	3,892,209
Current assets investments	18	2,798,779	2,750,717
Cash at bank		<u>2,118,813</u>	<u>2,718,378</u>
<b>TOTAL CURRENT ASSETS</b>		8,180,530	9,361,304
<b>LIABILITIES</b>			
Creditors falling due within one year	19	(3,961,925)	(4,930,649)
<b>NET CURRENT ASSETS</b>		<u>4,218,605</u>	<u>4,430,655</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,698,124	8,014,906
<b>NET ASSETS</b>		<u>8,698,124</u>	<u>8,014,906</u>
<b>THE FUNDS OF THE CHARITY</b>			
	24		
Unrestricted funds		5,396,521	4,668,743
Designated funds		2,105,722	2,125,722
Restricted funds		<u>1,195,881</u>	<u>1,220,441</u>
<b>TOTAL CHARITY FUNDS</b>		<u>8,698,124</u>	<u>8,014,906</u>

The financial statements were approved by the Board of Trustees on 17<sup>th</sup> September 2018 and were signed on its behalf by:



Trustee

The notes on pages 29 to 45 form part of these financial statements

## Groundwork London

(A company limited by guarantee)

Registered Number: 04212532

### Consolidated Cashflow statement for the year ended 31<sup>st</sup> March 2018

	Notes	31.3.18 £	31.3.17 £
<b>Cash flows from operating activities</b>	25	(773,499)	1,493,957
<b>Cash flow from investing activities</b>			
Investment income received		394,108	362,611
Payments to acquire cash investments		-	(1,000,000)
Purchase of fixed assets		(55,680)	(70,650)
<b>Net cash used in investing activities</b>		338,428	(708,039)
<b>Net Increase/(decrease) in cash and cash equivalents</b>		(435,071)	(785,918)
Cash and cash equivalents at the beginning of the year		2,803,514	2,017,596
<b>Cash and cash equivalents at the end of the year</b>		<u>2,368,443</u>	<u>2,803,514</u>

The notes on pages 29 to 45 form part of these financial statements

# Groundwork London

(A company limited by guarantee)

Registered Number: 04212532

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2018

### 1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

#### a) **Basis of preparation and assessment of going concern**

The financial statements have been prepared in accordance with 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Groundwork London meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. With respect to the next reporting period, 2018-19, the most significant areas of uncertainty are the impacts of Brexit on Government and Local Authority funding commitments.

#### b) **Estimates and judgements**

The investment property valuations referred to in note 14 are based on the professional opinion of fair value from a qualified chartered surveyor.

#### c) **Income**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. Grants receivable, where related to performance are accounted for as the charity earns the right to consideration by its performance. Where income is received in advance, recognition is deferred and included in creditors and where entitlement arises before income is received the income is accrued.

#### d) **Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

#### e) **Allocation of support and governance costs**

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs. These costs are allocated to projects based on the ration of project time incurred.

#### **f) Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life. Items over £2,000 are capitalised.

Long leasehold	-over the term of the lease
Buildings	-2% per annum
Fixtures and fittings	-at varying rates on cost
Motor vehicles	-at varying rates on cost
Computer equipment	-at varying rates on cost

#### **g) Investment property**

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

#### **h) Realised gains and losses**

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year.

Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

#### **i) Taxation and VAT**

The charity is exempt from corporation tax on its charitable activities. The company is registered for VAT and all resources expended are inclusive of irrecoverable VAT. Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

#### **j) Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the note 20 to the financial statements.

#### **k) Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the period of the lease.

#### **l) Consolidation**

The financial statements consolidate the results of the charitable company and its wholly owned subsidiary, The Groundwork South Trust Ltd, on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charitable company has also been presented. The charitable company also has two dormant subsidiaries as set out in the notes to the accounts.

#### **m) Pensions**

Employees of the charity are entitled to join a defined contribution 'money purchase' scheme. The company pays fixed contributions, charged to the statement of financial activities in the period to which they relate. The charity contribution is restricted to the contributions disclosed in note 11.

The money purchase plan is managed by AEGON and the plan invests the contributions made by the employee and employer in an investment fund to build up over the term of the plan.

The Trust has no liability beyond making its contributions and paying across the deductions for the employee's contributions. A similar defined contribution scheme is operated by the subsidiary company, The Groundwork South Trust Ltd.

**n) Debtors**

Trade and other debtors are recognised at the settlement amount due. No discounts are offered. Prepayments are valued at the amount prepaid

**o) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**p) Investment policy**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Trust aims to have a portfolio of Financial Investments consistent with a "Balanced Portfolio" profile of risk, return, and liquidity, as identified in an externally conducted assessment of attitude to risk of the trustees when investing the Trust's assets. In order to achieve this it will select Investment Managers which are able to make informed and timely asset allocation decisions consistent with the objectives of this Investment Policy and which may include Government and Corporate Bonds (UK and Overseas), UK and overseas Equities, Property, Gold and other commodities (excluding coal) and cash.

The Trust aims to utilise returns from financial investments for its day to day operations.

The Trust wishes to keep at least 40% of total assets in investments which can be realised within three months.

A minimum of 10% of total assets should be capable of being liquidated within 7 working days.

The Trust will not invest directly in any organisation whose main business activity is:

- The production of tobacco or narcotics
- The production of pornographic material
- The manufacture of weapons of war
- Encouraging or enabling gambling
- Providing Home Credit (Doorstep Lending)
- Using child labour or other exploitative employment practices

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

**q) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts available.

## 2. LEGAL STATUS

Groundwork London is a company limited by guarantee and has no share capital. The registered office and principal place of business is 18-21 Morley Street, London, SE1 7QZ. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

## 3. INVESTMENT INCOME

	<b>Charity</b>	
	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>
Rents received	249,460	278,161
Bank and investment interest	144,583	84,446
	<u>394,043</u>	<u>362,607</u>

	<b>Group</b>	
	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>
Rents received	249,460	278,165
Bank and investment interest	144,648	84,446
	<u>394,108</u>	<u>362,611</u>

Investment income includes income received for the leasing out of business units at Artichoke Mews, a public house adjacent to Denmark Hill railway station and income received for leasing out space at Morley Street and Lower Clapton Road. Investment income also includes deposit interest received and income from Trust current investments.

### Future minimum lease payments under non-cancellable operating leases

	<b>Charity</b>	
	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>
Within one year	235,266	273,048
Between two and five years	571,715	583,596
After more than five years	<u>139,795</u>	<u>190,800</u>

	<b>Group</b>	
	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>
Within one year	394,363	460,093
Between two and five years	1,021,236	1,053,916
After more than five years	<u>292,406</u>	<u>538,986</u>

## 4. INCOME FROM CHARITABLE ACTIVITIES

	<b>Charity</b>			
<b>Income was received for:</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Communities and Environmental Service	5,948,789	1,683,768	7,632,557	8,488,774
Landscape Design Services	1,254,094	389,445	1,643,539	2,510,654
Youth, Employment & Skills Training	1,927,058	1,726,070	3,653,128	2,687,689
Strategic Partnerships & Programmes	456,857	335,705	792,562	1,036,199
	<u>9,586,798</u>	<u>4,134,988</u>	<u>13,721,786</u>	<u>14,723,316</u>



#### 4. INCOME FROM CHARITABLE ACTIVITIES (cont'd)

Income was received for:	Unrestricted funds		Restricted funds		Group	
	£	£	£	£	31.3.18	31.3.17
Communities and Environmental Service	6,444,361		4,787,186		11,231,547	8,616,016
Landscape Design Services	1,360,607		1,250,572		2,611,179	2,585,420
Youth, Employment & Skills Training	2,061,765		2,815,131		4,876,896	2,765,230
Strategic Partnerships & Programmes	456,857		335,705		792,562	1,036,199
	<u>10,323,590</u>		<u>9,188,594</u>		<u>19,512,184</u>	<u>15,002,865</u>

Income was provided by:	Charity	
	31.3.18	31.3.17
	£	£
Local Authorities	1,903,997	3,079,897
Public and Regional Agencies	2,304,309	3,793,041
European Union	1,866,412	557,370
Private Sector	7,025,978	6,666,721
National Lottery	621,090	626,287
	<u>13,721,786</u>	<u>14,723,316</u>

	Group	
	31.3.18	31.3.17
	£	£
Local Authorities	4,338,952	3,153,540
Public and Regional Agencies	2,729,189	3,805,833
European Union	1,866,412	557,370
Private Sector	9,282,662	6,837,219
National Lottery	1,294,969	648,903
	<u>19,512,184</u>	<u>15,002,865</u>

Income arose from:	Charity	
	31.3.18	31.3.17
	£	£
Sale of goods	334,805	348,417
Rendering of services	9,373,050	9,910,136
Grants	3,455,817	3,627,357
Government grants – employment programmes	558,114	837,406
	<u>13,721,786</u>	<u>14,723,316</u>

	Group	
	31.3.18	31.3.17
	£	£
Sale of goods	334,805	348,417
Rendering of services	15,155,647	10,189,134
Grants	3,463,618	3,627,908
Government grants – employment programmes	558,114	837,406
	<u>19,512,184</u>	<u>15,002,865</u>

## 5. COSTS OF RAISING FUNDS

	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>
Other operating leases	93,276	93,276
Administrative expenses	157,107	229,790
	<u>250,383</u>	<u>323,066</u>

Administrative costs relate to the management of business units at Artichoke Mews and a public house adjacent to Denmark Hill railway station, offices at Morley Street and rental space at Lower Clapton Road.

## 6. CHARITABLE ACTIVITIES COSTS

	<b>Direct costs</b>	<b>Governance and support costs (see note 7)</b>	<b>31.3.18</b>	<b>Charity 31.3.17</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Communities and Environmental Services	6,554,385	878,481	7,432,866	7,990,075
Landscape Design Services	1,402,885	73,640	1,476,525	2,136,297
Youth, Employment & Skills Training	3,080,304	338,848	3,419,152	2,041,414
Strategic Partnerships & Programmes	875,628	6,559	882,187	919,549
	<u>11,913,202</u>	<u>1,297,528</u>	<u>13,210,730</u>	<u>13,087,335</u>

In 2018 the expenditure on charitable activities was £13,210,730 (2017: £13,087,335) of which £9,229,416 (2017: £10,590,100) was expenditure from unrestricted funds and £3,981,314 (2017: £2,497,235) was expenditure from restricted funds.

	<b>Direct costs</b>	<b>Governance and support costs (see note 7)</b>	<b>31.3.18</b>	<b>Group 31.3.17</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Communities and Environmental Services	9,782,515	1,297,153	11,079,668	8,138,306
Landscape Design Services	2,512,990	200,300	2,713,290	2,224,540
Youth, Employment & Skills Training	3,984,747	412,321	4,397,068	2,133,454
Strategic Partnerships & Programmes	875,628	6,559	882,187	919,549
	<u>17,155,880</u>	<u>1,916,333</u>	<u>19,072,213</u>	<u>13,415,849</u>

In 2018 the expenditure on charitable activities was £19,072,213 (2017: £13,415,849) of which £9,848,222 (2017: £10,623,818) was expenditure from unrestricted funds and £9,223,991 (2017: £2,792,031) was expenditure from restricted funds.

## 7. GOVERNANCE AND SUPPORT COSTS

The Trust identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs, together with the governance costs are apportioned between the thematic programme areas in the year. The costs are allocated by staff time. The breakdown of support costs and how these were allocated between governance and other support costs, included in note 6, are as follows:

Cost type			Charity
	Support costs	Governance costs	Total 2018
	£	£	£
Staff costs	762,283	23,536	785,819
Office and other costs	443,823	67,886	511,709
Total costs	<u>1,206,106</u>	<u>91,422</u>	<u>1,297,528</u>

			Group
	Support costs	Governance costs	Total 2018
	£	£	£
Staff costs	1,103,167	23,536	1,126,703
Office and other costs	721,744	67,886	789,630
Total costs	<u>1,824,911</u>	<u>91,422</u>	<u>1,916,333</u>

## 8. GOVERNANCE COSTS

	Charity and Group	
	31.3.18	31.3.17
	£	£
Staff costs	23,536	22,094
Legal fees	56,886	15,493
Auditor's remuneration	11,000	11,000
Total costs	<u>91,422</u>	<u>48,587</u>

## 9. NET INCOMING/ (OUTGOING) RESOURCES

Net resources are stated after charging	Charity	
	31.3.18	31.3.17
	£	£
Auditors' remuneration – audit services	11,000	11,000
Depreciation – owned assets	83,667	74,601
Other operating leases	<u>132,854</u>	<u>143,912</u>

	Group	
	31.3.18	31.3.17
	£	£
Auditors' remuneration – Groundwork London	11,000	11,000
Auditor's remuneration – Groundwork South	13,729	629
Depreciation – owned assets	138,906	74,601
Other operating leases	<u>132,854</u>	<u>143,912</u>

## 10. TRUSTEES REMUNERATION AND BENEFITS

During the year Groundwork London Trustees claimed £78 (£78 2017) expenses for the year ended 31 March 2018 for travel to Board meetings.

## 11. STAFF COSTS

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

	<b>Charity</b>	
	<b>31.3.18</b>	<b>31.3.17</b>
Direct charitable	216	206
Fundraising	6	5
Governance	2	2
	<u>224</u>	<u>213</u>

	<b>Group</b>	
	<b>31.3.18</b>	<b>31.3.17</b>
Direct charitable	344	335
Fundraising	6	5
Governance	2	2
	<u>352</u>	<u>342</u>

### Staff costs were as follows

	<b>Charity</b>	
	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>
Wages and salaries	6,131,575	5,793,786
Social security costs	569,293	526,622
Pension costs	227,482	192,438
	<u>6,928,350</u>	<u>6,512,846</u>

	<b>Group</b>	
	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>
Wages and salaries	9,393,051	5,957,590
Social security costs	839,002	538,930
Pension costs	466,107	199,704
	<u>10,698,160</u>	<u>6,696,224</u>

The company operated a defined contribution pension scheme. The assets of the scheme were held separately from those of the company in an independently administered fund. Contributions payable for the year were charged to the Statement of Financial Activities.

	<b>Charity</b>	
	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>
Amount of outstanding pension contributions	<u>436</u>	<u>283</u>

	<b>Group</b>	
	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>
Amount of outstanding pension contributions	<u>10,485</u>	<u>283</u>

## Staff costs (cont'd)

Number of employees whose emoluments (excluding pension contributions) exceeded £60,000 in the year:

	Charity	
	31.3.18	31.3.17
£60,000 - £69,999	1	1
£70,000 - £79,999	2	2
£80,000 - £89,999	1	1
£90,000 - £99,999	-	-
	<u>4</u>	<u>4</u>

The total employer's contributions paid to defined contribution schemes for the above higher paid employees was £19,565 (2017 - £19,141). The key management personnel of the charity, the Trust, comprise the Executive Director, Director Finance & Corporate Services, Director Youth, Employment & Skills Training and Director Communities & Environmental Services. The total employee benefits of the key management personnel of the Trust were £416,280 (2017 £390,961).

	Group	
	31.3.18	31.3.17
£60,000 - £69,999	2	2
£70,000 - £79,999	2	2
£80,000 - £89,999	1	1
£90,000 - £99,999	-	-
	<u>5</u>	<u>5</u>

The total employer's contributions paid to defined contribution schemes for the above higher paid employees was £28,338 (2017 - £19,141). The key management personnel of the charity, the Trust, comprise the Executive Directors, Director Finance & Corporate Services, Director Youth, Employment & Skills Training and Director Communities & Environmental Services. The total employee benefits of the key management personnel of the Trust were £497,226 (2017 £390,961)

## 12. TANGIBLE FIXED ASSETS - Group

	Freehold land and buildings £	Building improve- ments £	Fixtures and fittings £	Computer Equip't £	Motor vehicles £	Floating Classroom £
<b>COST</b>						
At 1 <sup>st</sup> April 2017	3,603,300	33,414	189,218	443,912	51,086	88,350
Additions	-	15,166	11,945	28,569	-	-
Disposals	-	-	-	-	(9,137)	-
At 31 <sup>st</sup> March 2018	<u>3,603,300</u>	<u>48,580</u>	<u>201,163</u>	<u>472,481</u>	<u>41,949</u>	<u>88,350</u>
<b>DEPRECIATION</b>						
At 1 <sup>st</sup> April 2017	395,278	4,158	96,851	367,973	36,639	-
Disposals	-	-	-	-	(9,137)	-
Charge for year	46,900	8,579	36,520	33,972	8,285	4,650
At 31 <sup>st</sup> March 2018	<u>442,178</u>	<u>12,737</u>	<u>133,371</u>	<u>401,945</u>	<u>35,787</u>	<u>4,650</u>
<b>NET BOOK VALUE</b>						
At 31 <sup>st</sup> March 2018	<u>3,161,122</u>	<u>35,843</u>	<u>67,792</u>	<u>70,536</u>	<u>6,162</u>	<u>83,700</u>
At 31 <sup>st</sup> March 2017	<u>3,208,022</u>	<u>29,256</u>	<u>92,367</u>	<u>75,939</u>	<u>14,447</u>	<u>88,350</u>

## 12. TANGIBLE FIXED ASSETS – Group (continued)

	<b>Total Tangible Fixed Assets £</b>
<b>Cost</b>	
At 1 April 2017	4,409,280
Additions	55,680
Disposals	(9,137)
At 31 March 2018	<u>4,455,823</u>
<b>Depreciation</b>	
At 1 April 2017	900,899
Disposals	(9,137)
Charge for year	138,906
At 31 March 2018	<u>1,030,668</u>
<b>Net Book Value</b>	
At 31 March 2018	<u>3,425,155</u>
At 31 March 2017	<u>3,508,381</u>

## 12. TANGIBLE FIXED ASSETS - Charity

	Freehold land and buildings £	Building improve- ments £	Fixtures and fittings £	Computer Equip't £	Motor vehicles £	Total £
<b>COST</b>						
At 1 <sup>st</sup> April 2017	2,620,000	33,414	117,755	405,724	42,982	3,219,875
Additions	-	15,166	11,945	28,569	-	55,680
Disposals	-	-	-	-	(9,137)	(9,137)
At 31 <sup>st</sup> March 2018	<u>2,620,000</u>	<u>48,580</u>	<u>129,700</u>	<u>434,293</u>	<u>33,845</u>	<u>3,266,418</u>
<b>DEPRECIATION</b>						
At 1 <sup>st</sup> April 2017	395,278	4,157	96,851	367,973	36,639	900,899
Disposals	-	-	-	-	(9,137)	(9,137)
Charge for year	38,500	8,579	12,706	19,652	4,230	83,667
At 31 <sup>st</sup> March 2018	<u>433,778</u>	<u>12,737</u>	<u>109,557</u>	<u>387,625</u>	<u>31,732</u>	<u>975,429</u>
<b>NET BOOK VALUE</b>						
At 31 <sup>st</sup> March 2018	<u>2,186,222</u>	<u>35,843</u>	<u>20,143</u>	<u>46,668</u>	<u>2,113</u>	<u>2,290,989</u>
At 31 <sup>st</sup> March 2017	<u>2,224,722</u>	<u>29,256</u>	<u>20,904</u>	<u>37,751</u>	<u>6,343</u>	<u>2,318,976</u>

### 13. INTANGIBLE FIXED ASSETS – Group

	Software £
<b>Cost</b>	
At 1 April 2017	49,720
Subsidiary intangible assets at fair value	-
Disposals	-
At 31 March 2018	<u>49,720</u>
<b>Depreciation</b>	
At 1 April 2017	-
Disposals	-
Charge for year	13,888
At 31 March 2018	<u>13,888</u>
<b>Net Book Value</b>	
At 31 March 2018	<u>35,832</u>
At 31 March 2017	<u>49,720</u>

### 14. PROPERTY INVESTMENTS

	Group and charity		
	Short leasehold £	Long leasehold £	Total £
Fair Value at 1 <sup>st</sup> April 2017	140,441	810,000	950,441
Net loss on revaluation	(19,559)	-	(19,559)
Fair Value at 31 <sup>st</sup> March 2018	<u>120,882</u>	<u>810,000</u>	<u>930,882</u>

The investment properties are held in the UK. The historical cost of the properties is £373,000.

Artichoke Mews was revalued for a sum of £620,000 in 2016 by Avison Young, Chartered Surveyors, on an open market value in accordance with the guidelines issued by the Royal Institute of Chartered Surveyors.

The above represents investment at fair value in the following properties which were transferred from Groundwork Southwark and Lambeth on 1 November 2007 as follows:

Artichoke Mews (125 year lease from 1 July 1990) - £810,000. Historical cost £183,000.

Denmark Hill (41 year lease from 5 June 1983) - £120,882. Historical cost £190,000.

### 15. SUBSIDIARY COMPANIES

	31.3.18	Charity 31.3.17
	£	£
Shares in Group Undertakings	2	2

The charity holds 100% of the issued ordinary share capital of Groundwork Environmental Services (West London) Limited (company number 03810135) and Groundwork Environmental Services (East London) Limited (company number 04308777). Both companies are incorporated in England and Wales. Both companies were dormant during the year.

## 15. SUBSIDIARY COMPANIES (cont'd)

On 14<sup>th</sup> March 2017 Groundwork London became the sole member of The Groundwork South Trust Ltd (registered co number 01982077, registered charity no. 293705) for no consideration and the Group has consolidated its accounts from that date.

The separate accounts for The Groundwork South Trust Limited show the following for the year ended 31 March 2018.

	<b>31.3.18</b>
	<b>£</b>
Total income for the year	6,693,587
Total expenditure for the year	<u>(6,764,606)</u>
Total deficit for the year	<u>(71,019)</u>
Aggregate amount of assets	2,780,566
Aggregate amount of liabilities	<u>(3,086,511)</u>
Aggregate deficit on unrestricted funds	<u>(305,945)</u>

## 16. NON CURRENT ASSETS

	<b>Charity</b>	
	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>
Loans to subsidiary undertakings	<u>1,257,648</u>	<u>314,834</u>
	<u>1,257,648</u>	<u>314,834</u>

Loans to The Groundwork South Trust Ltd are not expected to be repaid within one year.

## 17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>Group</b>		<b>Charity</b>	
	<b>31.3.18</b>	<b>31.3.17</b>	<b>31.3.18</b>	<b>31.3.17</b>
			<b>£</b>	<b>£</b>
Trade debtors	3,208,911	3,651,575	2,415,192	2,787,861
Prepayments and accrued income	1,407,700	1,124,673	844,401	981,208
Amounts owed by subsidiary undertakings	-	-	-	100,649
Other debtors	<u>7,265</u>	<u>30,968</u>	<u>3,345</u>	<u>22,491</u>
	<u>4,623,876</u>	<u>4,807,216</u>	<u>3,262,938</u>	<u>3,892,209</u>

## 18. CURRENT ASSETS INVESTMENTS

	<b>Group and Charity</b>	
	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>
Quoted market price at start of year	2,750,717	1,560,396
Additions in year at cost	-	1,000,000
Net gain/ (loss) on revaluation	<u>48,062</u>	<u>190,321</u>
Quoted market price at year end	<u>2,798,779</u>	<u>2,750,717</u>



## 19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>Group</b>		<b>Charity</b>	
	<b>31.3.18</b>	<b>31.3.17</b>	<b>31.3.18</b>	<b>31.3.17</b>
			<b>£</b>	<b>£</b>
Trade Creditors	1,309,795	777,004	904,753	341,160
Bank loans and overdrafts	127,609	28,632	-	-
Taxation and social security	687,115	926,938	502,406	635,429
Accruals and deferred income	3,546,233	4,814,458	2,464,594	3,377,427
Other creditors	120,036	542,977	90,172	576,633
	<u>5,790,788</u>	<u>7,090,009</u>	<u>3,961,925</u>	<u>4,930,649</u>

## 20. DEFERRED INCOME

Movements in group deferred income during the year were as follows:

	<b>Group</b>		
	<b>Balance at 1 April 2017</b>	<b>Transferred from deferred income</b>	<b>Balance at 31 March 2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Income from charitable activities	<u>4,655,654</u>	<u>(1,195,261)</u>	<u>3,460,393</u>

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

	<b>Group</b>		
	<b>Income received</b>	<b>Transferred to deferred income</b>	<b>Net income</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Income from charitable activities	<u>18,316,923</u>	<u>1,195,261</u>	<u>19,512,184</u>

Movements in charity deferred income during the year were as follows:

	<b>Charity</b>		
	<b>Balance at 1 April 2017</b>	<b>Transferred from deferred income</b>	<b>Balance at 31 March 2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Income from charitable activities	<u>3,377,427</u>	<u>(912,833)</u>	<u>2,464,594</u>

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

	<b>Charity</b>		
	<b>Income received</b>	<b>Transferred to deferred income</b>	<b>Net income</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Income from charitable activities	<u>12,808,953</u>	<u>912,833</u>	<u>13,721,786</u>

## 21. COMMITMENTS UNDER OPERATING LEASES

Future minimum lease payments under non-cancellable operating leases for each of the following periods:

	<b>Group</b>		<b>Charity</b>	
	<b>31.3.18</b>	<b>31.3.17</b>	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Not later than one year	162,744	253,620	19,699	110,575
Later than one year and not later than five years	558,212	674,458	263,892	380,138
Later than five years	<u>566,000</u>	<u>346,000</u>	<u>330,000</u>	<u>110,000</u>

## 22. ANALYSIS OF NET ASSETS BETWEEN FUNDS – Group

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>31.3.18 Total funds</b>	<b>31.3.17 Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets	3,460,987	-	3,460,987	3,558,101
Investments	-	930,882	930,882	950,441
Current assets	9,395,237	395,861	9,791,098	10,361,447
Current liabilities	<u>(5,599,068)</u>	<u>(191,720)</u>	<u>(5,790,788)</u>	<u>(7,090,009)</u>
	<u>7,257,156</u>	<u>1,135,023</u>	<u>8,392,179</u>	<u>7,779,980</u>

## ANALYSIS OF NET ASSETS BETWEEN FUNDS - Charity

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>31.3.18 Total funds</b>	<b>31.3.17 Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets	2,290,989	-	2,290,989	2,318,976
Investments	-	930,882	930,882	950,441
Current assets	9,042,317	395,861	9,438,178	9,672,244
Current liabilities	<u>(3,770,205)</u>	<u>(191,720)</u>	<u>(3,961,925)</u>	<u>(4,926,755)</u>
	<u>7,563,101</u>	<u>1,135,023</u>	<u>8,698,124</u>	<u>8,014,906</u>

### 23. THE FUNDS OF THE GROUP

	Brought forward	Incoming Resources	Resources Expended	Net gains / (losses) on investments	Transfers In / (Out)	Carried Forward
	£	£	£	£	£	£
<b>Unrestricted Funds</b>						
General funds	4,668,743	9,980,841	(9,479,800)	48,062	178,675	5,396,521
Groundwork South	(234,926)	736,857	(618,805)	-	(189,071)	(305,945)
Total General funds	<u>4,433,817</u>	<u>10,717,698</u>	<u>(10,098,605)</u>	<u>48,062</u>	<u>(10,396)</u>	<u>5,090,576</u>
Total Designated funds	2,125,722	-	-	-	(20,000)	2,105,722
Total Unrestricted Funds	<u>6,559,539</u>	<u>10,717,698</u>	<u>(10,098,605)</u>	<u>48,062</u>	<u>(30,396)</u>	<u>7,196,298</u>
<b>Restricted Funds</b>						
Revaluation fund	699,218	-	-	(19,559)	9,499	689,158
Property fund	521,223	-	(5,000)	-	(9,500)	506,723
Programme funds	-	4,134,988	(3,976,314)	-	(158,674)	-
Groundwork South	-	5,956,730	(6,145,801)	-	189,071	-
Inter Group trans.	-	(903,124)	903,124	-	-	-
Total Restricted Funds	<u>1,220,441</u>	<u>9,188,594</u>	<u>(9,223,991)</u>	<u>(19,559)</u>	<u>30,396</u>	<u>1,195,881</u>
<b>Total Funds</b>	<u><u>7,779,980</u></u>	<u><u>19,906,292</u></u>	<u><u>(19,322,596)</u></u>	<u><u>28,503</u></u>	<u><u>-</u></u>	<u><u>8,392,179</u></u>

### THE FUNDS OF THE CHARITY

	Brought forward	Incoming Resources	Resources Expended	Net gains / (losses) on investments	Transfers In / (Out)	Carried Forward
	£	£	£	£	£	£
<b>Unrestricted Funds</b>						
General funds	4,668,743	9,980,841	(9,479,800)	48,062	178,675	5,396,521
Designated funds	2,125,722	-	-	-	(20,000)	2,105,722
Total Unrestricted Funds	<u>6,794,465</u>	<u>9,980,841</u>	<u>(9,749,800)</u>	<u>48,062</u>	<u>158,675</u>	<u>7,502,243</u>
<b>Restricted Funds</b>						
Revaluation fund	699,218	-	-	(19,559)	9,499	689,158
Property fund	521,223	-	(5,000)	-	(9,500)	506,723
Programme funds	-	4,134,988	(3,976,314)	-	(158,674)	-
Total Restricted Funds	<u>1,220,441</u>	<u>4,134,988</u>	<u>(3,981,314)</u>	<u>(19,559)</u>	<u>(158,675)</u>	<u>1,195,881</u>
<b>Total Funds</b>	<u><u>8,014,906</u></u>	<u><u>14,115,829</u></u>	<u><u>(13,461,114)</u></u>	<u><u>28,503</u></u>	<u><u>-</u></u>	<u><u>8,698,124</u></u>

## **24. THE FUNDS OF THE CHARITY**

### **Unrestricted Funds**

#### **General Funds**

Funds available are sufficient to permit the company to continue in operation in the short term given the continued support of the funders. Should this support not continue in the longer term, further financial support would need to be sought to replace it. Where funds which are regarded as restricted are awarded based on outputs rather than actual costs any funds not applied against directly identified costs are transferred at the year end to unrestricted funds to cover overhead costs not directly recharged.

Income that has not been fully delivered or earned is deferred.

#### **Designated Funds**

The Board approved a transfer of £400k 2013/14 to a Designated Fund for Groundwork London development. This is in addition to the Morley Street property fund. The purchase of this property completed in April 2012. The value of the property was £2m with a mortgage of £600k. The value of the Designated Property Fund at 31 March 2018 is £2.1m (2017 £2.13m). The depreciation of the building at 2% is deducted on an annual basis (2018 £20,000 2017 £20,000).

#### **Groundwork South**

These financial statements include the results of The Groundwork South Trust Ltd (registered co number 01982077, registered charity no. 293705) following Groundwork London becoming sole company member on 14<sup>th</sup> March 2017. The funds held in the group accounts represent the general funds of The Groundwork South Trust Ltd at 31<sup>st</sup> March 2018. Funds are transferred from unrestricted to restricted at the year-end on the basis that no restrictions exist on the income and expenditure recognised.

### **Restricted Funds**

#### **Revaluation Fund**

A revaluation fund is required by the Companies Act 2006 where investment properties are revalued subsequent to their acquisition, or in the case of assets held prior to the mergers, transfer to the control of Groundwork London. The balance shown on the revaluation reserve in the accounts, represents the difference between the revaluation of the investment in the Denmark Hill property (in 2003) and its original cost.

#### **Property Fund**

The investment property fund represents the valuation of the properties. The properties are the public house at Denmark Hill Station, the workshops and flats at Artichoke Mews and the property at Lower Clapton Road.

The properties at Denmark Hill and Artichoke Mews are intended to be set aside so that the returns are used for the day to day expenses of the charity in relation to projects undertaken within the London Borough of Southwark. The property at Lower Clapton Road is a freehold property transferred from Groundwork East London. The trustees have set aside the amount equivalent to the value of the investment properties as designated funds. The revaluation surplus following the most recent valuation of the properties for Denmark Hill is held in a separate Revaluation Fund.

The investment income less the investment management costs are allocated to a "Property" restricted fund.

#### **Programme Funds**

Grants, which are received for specific programmes (Communities & Young People, Urban Landscapes and Open Space, Employment & Skills Training and Environmental Services), are accounted for as restricted funds. The balances on restricted funds arise from grants received for these programmes on which some expenditure is still to be incurred in the coming financial year. Where funds which are regarded as restricted are awarded based on outputs rather than actual costs, any funds not applied against directly identified costs are transferred at the year end to unrestricted funds to cover overhead costs not directly recharged. There were no restricted balances on these grant funded programmes at 31st March 2018.

## **Groundwork South**

Income which is received for specific programmes (greener living and working, youth & employment, parks and open spaces) are accounted for as restricted funds. These financial statements include the results for the year of The Groundwork South Trust Ltd (registered co number 01982077, registered charity no. 293705) following Groundwork London becoming sole company member on 14<sup>th</sup> March 2017. The balance of funds in the group accounts at 31<sup>st</sup> March 2018 represent the total funds held by The Groundwork South Trust Ltd at this date.

### **25. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>
Net movement in funds	612,199	1,611,357
Investment income	(394,108)	(362,611)
Subsidiary assets/liabilities net of cash (note 29)	-	320,062
Depreciation	152,794	74,601
Increase /Decrease in debtors	183,340	(725,343)
Net gains on cash investments	(28,503)	(170,762)
Increase/Decrease in creditors	(1,299,221)	746,653
<b>Cash flows from operating activities</b>	<b><u>(773,499)</u></b>	<b><u>1,493,957</u></b>

### **26. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

At 31<sup>st</sup> March 2018 there were no capital commitments or contingent liabilities for Groundwork London.

Under an agreement with the Football Foundation there is an obligation on Groundwork South to resurface the pitch at Saltmill by 2020. The estimated works are in the region of £220k and the Trust is actively fundraising for this amount to enable replacement works by the required date. No provision has been made in the 2017/18 accounts as the liability is not due in this financial year.

### **27. ACKNOWLEDGEMENTS**

Groundwork London thanks all its supporters. We have been asked specifically to acknowledge the support of the following funders

<b>Source</b>	<b>Project</b>	<b>Income</b>
Royal British Legion	Royal British Legion	£25,000
BIG Lottery	BBO Refugee Central	£74,235
BIG Lottery	BBO ILM North	£19,000
BIG Lottery	BBO ILM South	£15,138
BIG Lottery	BBO Coast to Capital	£61,737

### **28. BUSINESS CONSOLIDATION**

On 14<sup>th</sup> March 2017 Groundwork London became the sole company member of The Groundwork South Trust Ltd and the Group is consolidating its accounts from that date. The net operating deficit for the year ended 31st March 2018 in respect of The Groundwork South Trust Ltd was £71,019.