

Groundwork North Yorkshire
(A Company Limited by Guarantee)

Report of the Directors and

Financial Statements for the Year Ended 31 March 2017

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Report of the Directors
For the Year Ended 31 March 2017

The directors present their report with the audited financial statements of the company for the year ended 31 March 2017.

OBJECTIVES & ACTIVITIES

Groundwork North Yorkshire's charitable objectives are set down in its Articles of Association and are as follows:

- To promote the conservation, protection and improvement of the physical and natural environment in the Area
- To provide facilities in the interests of social welfare for recreation and leisure time occupation with the objective of improving the conditions of life for those living in or working in or resorting to the Area
- To advance public education in environmental matters and of the ways of better conserving, protecting and improving the same wheresoever.
- To promote sustainable development for the benefit of the public within the Area
- To advance the education of the public in subjects relating to sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such study are disseminated to the public at large
- Sustainable development means "development which meets the needs of the present without compromising the ability of future generations to meet their own needs"
- To promote the efficiency and effectiveness of charities in the direct furtherance of their objects (or any one of them) by the provision of information, advice and assistance in the establishment, administration and management of such charities including assistance of all types in connection with the raising and distribution of funds
- To promote the efficiency and effectiveness of the voluntary sector for the benefit of the public by the provision of information support and advice to local community based anywhere in the Area.
- To promote for the public benefit, urban or rural regeneration in areas of social and economic deprivation within the Area

From these objects the Trust develops its vision, aims and values:

Vision – the kind of world we want to see

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

Mission - our role in making this vision a reality.

To transform lives and places in our communities.

Values – what we stand for

- **Local delivery:** *our role as a local development and delivery organisation remains paramount and we will maximise investment in the delivery of local projects and services.*
- **Social justice:** *we will deliver change in disadvantaged communities, improving spaces, tackling worklessness and low skills, changing behaviour and building confidence and cohesion.*
- **Sustainability:** *we will deliver social and economic regeneration in a way which promotes environmentally responsible behaviour.*
- **Partnership:** *we will recognise the strengths of other organisations and will contribute to local, regional and national partnerships.*
- **Learning:** *we will learn from our own organisation and others and translate what we learn into practical change within our organisation.*
- **Quality:** *our structures, systems and processes will be robust, joined up and streamlined.*
- **Passion:** *we will be committed to improving lives and places and will encourage creativity, innovation and dynamism in our staff and volunteers.*

Report of the Directors
For the Year Ended 31 March 2017

Themes

Our work will predominantly focus on three themes:

- Improving people's prospects
- Promoting greener living and working
- Creating better places

Our impact – what will change as a result of our involvement

We will be an outcome driven organisation that will measure the impact of our work. Our work will result in:

- Better local environments
- People more satisfied with the places they live in
- People more empowered to engage in local decision making
- People and organisations better equipped to connect with economic opportunity
- People behaving in ways which are healthier, more community-minded and more respectful of the environment.

PUBLIC BENEFIT STATEMENT

All Groundwork North Yorkshire's activities contribute to the achievement of our strategic aims & objectives and are undertaken to further our charitable purposes for the public benefit.

The aims, objectives and activities are reviewed each year in the Business Planning process. This looks at:

- What we achieved and the outcomes of our work in the previous 12 months.
- 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 aims, objectives and activities remained focused
- Our stated purposes.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims 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.

ACHIEVEMENTS AND PERFORMANCE

'Operation Groundwork' was launched in St Helens during the recession of the early 1980s to respond to issues created through the collapse of many traditional industries. The model proved successful and 2016/17 was the fifteenth year of operation for the North Yorkshire Trust. Through the commitment and hard work of the staff and Board of Directors the Trust made a significant and positive impact within the communities of North Yorkshire through the delivery of its services. This was particularly in the areas of greatest deprivation in the Selby District and Scarborough Borough.

Whilst 2016/17 was another challenging year for organisations in the voluntary and community sector who seek to work with the most disadvantaged communities. It has been particularly challenging for organisations like Groundwork who derive a significant portion of our income from the provision of services. Whilst the demand for these has increased, funding available has decreased and competition has increased significantly. Our surplus for the year of £17,776 is a major step on our recovery programme and is particularly welcome following the deficit of £79,981 in the previous year. Despite the challenging financial times the Trust still maintains a significant degree of resilience and continues to successfully deliver a number of our services.

Achieving the result was only possible thanks to the hard work and dedication of all my colleagues in the Trust. Working through the current economic climate is a constant challenge and the successful delivery of so many projects is a reflection of the commitment, enthusiasm and resilience of our fantastic staff team. It reflects the effective delivery of a substantial programme of works, and real successes in developing a strong portfolio of projects delivering tangible benefits to deprived communities in a very challenging operating environment.

**Report of the Directors
For the Year Ended 31 March 2017**

The Trust continued to operate a Service Level Agreement during the year with Groundwork Wakefield which has been in place since the establishment of Groundwork North Yorkshire. This Agreement provides the support of an Executive Director, Finance, Resource and Landscape Design departments.

Strategically, the Trust has continued to work closely with its local authority partners in Selby District and Scarborough Borough. In addition, through participation on key partnership boards the Trust has aligned its business plan and activity to the key strategies and activities of the sub region. In turn, shared, clear priorities have ensured a complementary and coordinated approach with the other agencies and clarity of purpose, identity and niche. This has enabled an increased effectiveness in achieving social and economic outputs as well as environmental.

Operationally, the Trust has continued to develop and deliver schemes that span the thematic programmes of people, places and prosperity. Through these programmes and the hard work of the team, the following outputs demonstrate Groundwork North Yorkshire's impact from its activities:

270	Trees planted
318,670	Area of land improved (square metres)
159,250	Area of land maintained (square metres)
1,457	Young people actively involved (person days)
3,862	Adults actively involved in projects (person days)
88	Training qualifications gained

FINANCIAL REVIEW

The Trust had a total income for the year of £399,009 with an unrestricted surplus of £7,005.

RESERVES POLICY

The Trust's policy on reserves, which has been approved by the Board, is to continue to build the unrestricted reserves to the level of 90 days of expenditure. The Board monitors unrestricted reserves on a quarterly basis and the Reserves Policy is reviewed on an annual basis to assess the needs of the organisation.

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, secure and develop suitable premises, invest in social enterprises for future income generation

The above increases the Trust's viability and falls in line with the best practice recommendations provided by Groundwork UK. The level of unrestricted reserve at the last day of the financial year was £67,305 representing 71% of the Trust's target reserves. Our plans to improve the level of reserves are set out below.

FUTURE PLANS 2017/18

As an organisation we are firmly focusing on completing the organisational and business changes necessary to ensure we remain a partner of choice in the delivery of our services. Over the past year we have reduced in size and refocused our senior management team; developed a broader funding base for a number of our projects and teams; focused development activity towards more commercially viable projects and worked hard with regional and national colleagues to revise and review the "Groundwork offer" in a way that will maximise the benefit brought to our charitable area. This has led to significant changes in the way Groundwork is managed at a regional level which will continue to have a positive impact on our cost base during 2017/18 whilst also helping us maximise the benefits of shared experience and knowledge with neighbouring Trusts.

A key part of this change process has been the creation of Groundwork North, East and West Yorkshire. As part of this we have established a series of shared values and business objectives and all partners have concluded that we are both stronger together and, critically, through joint working better able to deliver the services that meet our charitable objectives.

Building upon structural, organisational and business changes initiated during 2015/16 our key targets for 2017/18

Report of the Directors
For the Year Ended 31 March 2017

are to:

- Having made the transition of our services from single to multiple funding stream dependency to enhance their financial resilience, we now need to identify larger 'core' funding sources, including commercial contracts, for our services.
- Where possible expand our current funding profiles to include a diversity of sources from contracted service income to charitable grants that provide specific income streams.
- Increase the proportion of our projects that are commercially sustainable – either through private or public contracts.
- Having reviewed our central overhead costs implement changes that will generate significant savings through joint working with neighbouring Trusts.
- Share development resources, experience and knowledge with neighbouring Trusts to enhance our bidding potential.
- Develop regional and sub-regional funding approaches to ensure we are well placed to bid for any new rounds of European Union and Leeds City Region, North and East Yorkshire LEP managed funding.

As part of our future strategy we are looking to develop and grow services where opportunities arise. In some cases, such as landscape design/consultancy work, this will increasingly be with private sector developers. In other cases we will seek to win and deliver successful public sector contracts in areas such as adult learning and social care. We also recognise the importance of continuing to have a strong focus on work and activities that contribute to meeting our charitable objectives in North Yorkshire. We also recognise that the continuing emphasis on public sector austerity places even greater strain on our partners' ability to fund or commission our services.

Whilst we recognise that there are new and emerging opportunities, competition is likely to be fierce and we need to ensure that we enter new areas with a clear commercial focus and rationale for the work beyond its contribution to our charitable objectives. We also recognise that some of our services and projects will become increasingly difficult to sustain and that we may need to manage future challenges of this type differently. As a result we have reviewed and adjusted the level of expected financial contribution that all our services can make. This has led to changes in overhead apportionment within the organisation to reflect the ability of some services to make their planned contributions. We are also working closely with the Board to ensure that there is a clear understanding of the importance of all sections to the delivery of our charitable objectives as well as the financial contribution that can be expected from these services.

It is inevitable that the scale of change we are facing, and the transition we are seeking to go through, raises real concerns over the sustainability of our charitable business model. We are confident that the steps we have already taken, together with further identified plans, will ensure that we remain an active and successful partner within North Yorkshire. We are, however, in no way complacent about this and recognise that the next twelve months will be particularly challenging, especially in the area of cash flow management as an increasing proportion of our work becomes dependent on payment in arrears and by results.

The Trust will continue to focus its activities in Selby District and Scarborough Borough, and will deliver across the range of our core operational activities of:

- People – engaging communities and realising the potential of young people
- Prosperity – skills training and employment
- Places – improving the public realm

Additionally, progress has been made regarding the establishment of new partnerships in the East Riding of Yorkshire and the City of York and further work will be undertaken to build on these, with the aim of securing growth.

Continued emphasis will also be placed upon securing increased activity with the private sector, helping to diversify our funding base.

Report of the Directors
For the Year Ended 31 March 2017

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity registration number: 1094878

Company registration number: 4331238 (England and Wales)

Registered Office: Civic Centre
Doncaster Road
Selby
North Yorkshire
YO8 9FT

DIRECTORS

Cllr M Donohue-Moncrieff (Resigned 5.9.16)
D. Kelly (Resigned)
Cllr C Pearson
Cllr A Price (Resigned)
J M Readshaw
N Sykes (Chair)
P D Tomlinson
Cllr A J Thurlow (Resigned 30.6.16)
Cllr M Hobson

SECRETARY

L Jennings

SENIOR MANAGEMENT PERSONNEL

A Curtis – Executive Director
H Sandhu – Finance Director
P Murphy – Operations Director
E Thompson – Operations Director

AUDITORS

Allotts Business Services Ltd
Chartered Accountants
Registered Auditors
The Old Grammar School
13 Moorgate Road
Rotherham
S60 2EN

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

Groundwork North Yorkshire (the Trust) is a registered charity and a company limited by guarantee and is governed by its Memorandum and Articles. In May 2010 the Trust became a 49% owner of Groundwork Pride Limited, a jointly owned trading company with Groundwork Wakefield.

The Trust is also part of the Groundwork Federation, a network of independent Trusts covering England, Wales and Northern Ireland, coordinated by Groundwork UK. As a member of the Federation, the Trust plays a leading role in its development, delivery of strategic objectives and expansion programme in Yorkshire and the Humber.

Members

As set out in the articles of association the Members of the Company are The Federation of Groundwork Trusts; Selby District Council; Scarborough Borough Council; North Yorkshire County Council; Selby Town Council

Board of Trustees

The trustees are also directors of the charity for the purposes of the Companies Act 2006. None of the directors are members of the company.

Report of the Directors
For the Year Ended 31 March 2017

The Board comprises of no more than twenty directors of whom not more than eight shall be nominated directors and not more than 12 co-opted directors. The Members of the company, so long as they remain members, may appoint directors as follows:

The Federation of Groundwork Trusts	2
Selby District Council	2
Scarborough Borough Council	2
North Yorkshire County Council	1
Selby Town Council	1

Re-nomination is made after 2 years for co-opted directors and 2 years for nominated directors.

The Board is responsible for major strategic decisions and has ultimate responsibility for the conduct and financial viability of the organisation. The Board meets formally four times a year.

As part of our structural change process the Board has played an active role in the creation of our new regional structures – including the Regional Partnership Board, Finance and Personnel Committees. The Board has also contributed to regional business review and development meetings.

Induction & training

New Trustees have an induction meeting with the Executive Director. The induction includes an overview of Groundwork North Yorkshire's objectives, its Vision and Mission, the structure, its staff and volunteers and finance. In addition new Trustees are also provided with a Trustee Pack to inform them of their legal obligations under charity and company law, the content of the Memorandum and Articles of Association and details of the committee structure and decision making process.

All directors are encouraged to attend appropriate ongoing internal and external training events where these facilitate and support the undertaking of their role.

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, meet on a regular basis to discuss the operational and financial status of the Trust. Groundwork North Yorkshire'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 is 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 our geographical charitable area
- 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 structures and specialist services.

Pay policy for key management personnel

The Board of Trustees is responsible for defining Groundwork's pay policy, and deciding on the salaries of the Executive Director and his or her leadership team of executive directors, who are deemed to be key management personnel. To do this, the Chair, attends a Performance and Remuneration Committee, which includes the Chairs from Groundwork Wakefield and Leeds. This Committee oversees proper administration of the pay policy, evaluates executive performance, and decides on any changes to executive pay. The Committee meets once a year

RISK MANAGEMENT

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.

Report of the Directors
For the Year Ended 31 March 2017

The Policy of the Trust is to identify all risks and associated mitigation across all aspects of the organisation within the Business Plan. The Plan is approved by the Board on an annual basis. The monitoring of these risks is then undertaken throughout the course of the year by the Board and the Corporate Management Team, alongside the monitoring of the overall Business Plan.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The trustees (who are also the directors of Groundwork North Yorkshire for the purposes of company law) are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity 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 charitable company will continue in business.

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

PROVISION OF INFORMATION TO AUDITORS

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Allotts Business Services Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (FRS102) and the provisions of the Companies Act 2006 relating to small companies

This report was approved by the board on December 2017 and signed on its behalf by:

.....J Readshaw, Director

**Independent Auditors' Report to the Trustees of
Groundwork North Yorkshire**

We have audited the financial statements of Groundwork North Yorkshire for the year ended 31 March 2017 on pages ten to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard 102: The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the 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.

The trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 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 applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

(continued)

Independent Auditors' Report to the Trustees of
Groundwork North Yorkshire (continued)

Emphasis of matter

Without modifying our opinion on the financial statements, we draw attention to the disclosures made in note 1 to the financial statements concerning the charity's ability to continue operating. The company is dependent on trading with and operational and management support from The Leeds Groundwork Trust and Groundwork Wakefield Limited and its group companies. The company's net current assets of £67,256 include £91,687 due from those groups. The Leeds Groundwork Trust and Groundwork Wakefield Limited have emphasis of matter paragraphs on going concern in their own audit reports.

These and the other conditions detailed in note 1 to the accounts indicate the existence of a material uncertainty which may cast significant doubt about the charity's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the charity was unable to continue as a going concern.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Directors' Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Allotts Business Services Ltd
Chartered Accountants
Statutory Auditor
The Old Grammar School
13 Moorgate Road
Rotherham
South Yorkshire
S60 2EN

December 2017

Allotts Business Services Ltd is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities (Including Income and Expenditure Account)
For the Year ended 31 March 2017

	Notes	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
INCOME FROM:					
Donations	2, 6	35,015	-	35,015	35,026
Charitable activities	3, 6	315,326	48,398	363,724	510,252
Investments		270	-	270	30
		<u>350,611</u>	<u>48,398</u>	<u>399,009</u>	<u>545,308</u>
EXPENDITURE ON:					
Charitable activities	3, 6	343,386	48,398	391,784	625,289
		<u>343,386</u>	<u>48,398</u>	<u>391,784</u>	<u>625,289</u>
NET EXPENDITURE FOR THE YEAR		7,225	-	7,225	(79,981)
Transfers between funds	14	-	-	-	-
Net movement in funds		<u>7,225</u>	<u>-</u>	<u>7,225</u>	<u>(79,981)</u>
RECONCILIATION OF FUNDS					
Fund balances brought forward		60,080	-	60,080	140,061
Net movement in funds		7,225	-	7,225	(79,981)
Fund balances carried forward		<u>67,305</u>	<u>-</u>	<u>67,305</u>	<u>60,080</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes attached form part of these financial statements.

Balance Sheet
31 March 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Investments	9	49	49
CURRENT ASSETS			
Debtors due within one year	10	43,901	247,374
Debtors due in more than one year	10	112,172	-
Cash at bank and in hand		59,378	70,087
		215,451	317,461
CREDITORS: Amounts falling due within one year	11	(148,195)	(257,430)
NET CURRENT ASSETS		67,256	60,031
NET ASSETS		67,305	60,080
FUNDS			
Unrestricted Funds	14	67,305	60,080
Restricted Funds		-	-
		67,305	60,080

For the year ending 31 March 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies but as this company is a charity, it is subject to audit under the Charities Act 2011.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the accounts.

These financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard 102: *The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland.*

The financial statements were approved by the trustees on December 2017 and are signed on its behalf by:

..... J READSHAW Trustee

Notes to the Financial Statements
For the Year ended 31 March 2017

1 ACCOUNTING POLICIES

a) Accounting Convention and Basis of Preparing the Financial Statements

The financial statements have been prepared under the historical cost convention, in accordance with the Financial Reporting Standard 102, the Statement of Recommended Practice: Accounting and Reporting by Charities (effective January 2015), applicable accounting standards and the Companies Act 2006. The charitable company is a public benefit entity as defined in FRS102.

The company has applied the exemption contained in FRS102 section 1A from the requirement to produce a cashflow statement.

Formats have been changed from those used previously to reflect the requirements of the new SORP. This has affected presentation and disclosure only.

After suffering deficits in the previous two years the charity has achieved a positive financial return. The funding environment remains incredibly difficult and shows no signs of significantly easing. The charity is operationally dependent on administrative and managerial support from The Leeds Groundwork Trust and Groundwork Wakefield Limited and its group and is also dependent on trading receipts from that group. It is unlikely that the charity would be able to continue in isolation if for any reason those companies were unable to continue providing that support. As disclosed in their own accounts, The Leeds Groundwork Trust and Groundwork Wakefield Limited are also facing challenging operational environments.

However the charity has taken steps to reduce overheads through closer co-operation with other Groundwork trusts and remains confident that sufficient work can be obtained for the foreseeable future. Therefore the trustees consider the going concern basis remains appropriate.

b) Company Status

Groundwork North Yorkshire is a company limited by guarantee. The guarantors are The Federation of Groundwork Trusts, Selby District Council, North Yorkshire County Council, Selby Town Council, and Scarborough Borough Council. The liability in respect of the guarantee, as set out in the memorandum, is limited to £1.

c) Fund Accounting

Funds held by the charity are either:

- Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.
- Restricted funds - these are funds that can only be used for specific restricted purposes within the objects of the charity. Restrictions arise when specified by the donor / grant making body or when funds are raised for particular restricted purposes.

d) Income

Income is recognised in the Statement of Financial Activities (SoFA) when the charity has entitlement to the funds, any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity, for example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS102).

Fixed asset gifts in kind are recognised when receivable and are included at fair value. They are not deferred over the life of the asset.

Notes to the Financial Statements
For the Year ended 31 March 2017

1 ACCOUNTING POLICIES (CONTINUED)

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity receives government grants in respect of its charitable activities. Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

e) Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Expenditure on charitable activities includes direct and indirect costs of delivering the charity's charitable activities.

f) Pension costs

The charity contributes to defined contribution pension schemes including individual personal pensions. The assets of the schemes are held separately from those of the charity. Pension costs charged in the Statement of Financial Activities represent the contributions payable by the charity in the year.

g) Corporation tax

The company is exempt from corporation tax on its charitable activities.

h) Debtors

Debtors are valued at the amount receivable less provision for irrecoverable amounts.

i) Creditors

Creditors are valued at the amount expected to be payable, less any future interest or similar charges.

2 DONATIONS

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Grants for core funding	29,015	-	29,015	29,026
Gifts in kind	6,000	-	6,000	6,000
Other	-	-	-	-
	<u>35,015</u>	<u>-</u>	<u>35,015</u>	<u>35,026</u>

Notes to the Financial Statements
For the Year ended 31 March 2017

3 CHARITABLE ACTIVITIES

	Unrestrict ed Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Income:				
Community projects	43,414	-	43,414	13,423
Land projects	232,982	-	232,982	391,107
Employment projects	38,930	-	38,930	28,083
Education projects	-	48,398	48,398	77,639
Business projects	-	-	-	-
Youth projects	-	-	-	-
	<u>315,326</u>	<u>48,398</u>	<u>363,724</u>	<u>510,252</u>
Expenditure:				
Community projects	33,232	-	33,232	43,451
Land projects	271,224	-	271,224	450,824
Employment projects	38,930	-	38,930	53,161
Education projects	-	48,398	48,398	77,853
Business projects	-	-	-	-
Youth projects	-	-	-	-
	<u>343,386</u>	<u>48,398</u>	<u>391,784</u>	<u>625,289</u>
	Direct Costs 2017 £	Support Costs 2017 £	Total Funds 2017 £	Total Funds 2016 £
Expenditure comprised:				
Community projects	24,006	9,226	33,232	43,451
Land projects	188,319	82,905	271,224	450,824
Employment projects	38,930	-	38,930	53,161
Education projects	48,398	-	48,398	77,853
Business projects	-	-	-	-
Youth projects	-	-	-	-
	<u>299,653</u>	<u>92,131</u>	<u>391,784</u>	<u>625,289</u>

4 SUPPORT COSTS

	Comm- unity £	Land £	Employ- ment £	Education £	Business £	Youth £	Total £	2016 £
Staff costs	5,453	49,006	-	-	-	-	54,459	56,728
Travel	755	6,786	-	-	-	-	7,541	9,092
Marketing	-	-	-	-	-	-	-	43
Premises	1,658	14,897	-	-	-	-	16,555	6,000
Communications	298	2,678	-	-	-	-	2,976	2,508
Professional fees	290	2,603	-	-	-	-	2,893	4,812
Insurance	347	3,122	-	-	-	-	3,469	4,215
Sundry	-	-	-	-	-	-	-	-
Service agreement	-	-	-	-	-	-	-	48,000
Trustees' expenses	-	-	-	-	-	-	-	-
<i>Governance costs</i>								
Audit fees	401	3,599	-	-	-	-	4,000	4,000
Non-audit services	-	-	-	-	-	-	-	-
Other governance	24	214	-	-	-	-	238	37
	<u>9,226</u>	<u>82,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,131</u>	<u>135,435</u>

Notes to the Financial Statements
For the Year ended 31 March 2017

5 STAFF COSTS	2017	2016
	£	£
Salaries and wages	110,438	157,075
Social security costs	11,066	13,864
Pension costs	4,918	4,473
	<u>126,422</u>	<u>175,412</u>

The above include redundancy costs of £nil (2016: £1,000).

The average monthly head count of employees during the year, analysed by category, was:

Direct charitable	<u>5</u>	<u>7</u>
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No employees earned over £60,000 in the current or previous year.

The charity does not employ any key management personnel.

6 INCOME AND EXPENDITURE BY FUND FOR THE PRIOR YEAR

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £
INCOME FROM:			
Donations	35,026	-	35,026
Charitable activities	304,229	206,023	510,252
Investments	30	-	30
	<u>339,285</u>	<u>206,023</u>	<u>545,308</u>
EXPENDITURE ON:			
Charitable activities	419,266	206,023	625,289
	<u>419,266</u>	<u>206,023</u>	<u>625,289</u>
NET EXPENDITURE FOR THE YEAR	(79,981)	-	(79,981)
Transfers between funds	-	-	-
Net movement in funds	<u>(79,981)</u>	<u>-</u>	<u>(79,981)</u>
RECONCILIATION OF FUNDS			
Fund balances brought forward	140,061	-	140,061
Net movement in funds	(79,981)	-	(79,981)
Fund balances carried forward	<u>60,080</u>	<u>-</u>	<u>60,080</u>

7 TRUSTEES

Trustees were not remunerated for any services in the year.

No trustees were reimbursed for travel costs (2016: none).

8 NET INCOME/(EXPENDITURE) FOR THE YEAR

	2017	2016
	£	£
This is stated after charging:-		
Auditors' remuneration		
- audit services	4,000	4,000
- non-audit services	<u>-</u>	<u>-</u>

Government grants represent a substantial part of the charity's income and mostly fund specific costs which would not be incurred had the grant not been received. Hence the effect on the results of government grants cannot be quantified.

Notes to the Financial Statements
For the Year ended 31 March 2017

9 FIXED ASSET INVESTMENT

	£
COST	
At 1 April 2016	49
Additions	-
Disposals	-
At 31 March 2017	49

The trust owns 49% of the issued ordinary share capital of Groundwork Pride Limited, a company registered in England and Wales.

It undertakes environmental projects similar to those of the charity but which, because of their location or nature could not be performed by the charity. It also provides the same services for the 51% shareholder Groundwork Wakefield Limited. Profits are shared between the owners based on the work performed in each charity's area.

A summary of the trading results is shown below.

	2017	2016
	£	£
Turnover	285,213	661,067
Cost of sales	(253,310)	(695,027)
Gross profit	31,903	(33,960)
Administrative expenses	(40,669)	(111,783)
Gift aid payment	-	-
Interest	(480)	-
Net profit/(loss)	(9,246)	(145,743)
Assets	118,411	194,138
Liabilities	(543,694)	(610,175)
Capital and reserves	(425,283)	(416,037)

This deficit is attributable to the two owners as follows:

Groundwork North Yorkshire	11,000	11,000
Groundwork Wakefield Limited	414,283	405,037

10 DEBTORS Due within one year

	2017	2016
	£	£
Trade debtors	12,730	199,641
Other debtors	5,538	-
Prepayments and accrued income	25,633	47,733
	43,901	247,374
DEBTORS Due after one year		
Other debtors	112,172	-

11 CREDITORS (Amounts falling due within one year)

	2017	2016
	£	£
Trade creditors	54,572	86,093
Social security and other tax	-	6,291
Other creditors	55,278	86,527
Accruals	2,818	4,518
Deferred income	35,527	74,001
	148,195	257,430

Notes to the Financial Statements
For the Year ended 31 March 2017

12 DEFERRED INCOME

	2017	2016
	£	£
Balance brought forward	74,001	167,795
Income received	(71,517)	529,422
Income released to SOFA	33,043	(623,216)
Balance carried forward	<u>35,527</u>	<u>74,001</u>

Income has been deferred because it relates to future accounting periods as stipulated by the funders or where the performance conditions imposed have not yet been met.

13 ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Restricted Funds	Unrestricted Funds	Total Funds
	£	£	£
Investments	-	49	49
Current assets	-	215,451	215,451
Creditors due within one year	-	(148,195)	(148,195)
Net assets	<u>-</u>	<u>67,305</u>	<u>67,305</u>

14 MOVEMENTS IN FUNDS

	Opening Balance	Incoming Resources	Outgoing Transfers	Closing Balance
	£	£	£	£
Restricted general funds				
Land projects	-	-	-	-
Employment projects	-	-	-	-
Education projects	-	48,398	(48,398)	-
	<u>-</u>	<u>48,398</u>	<u>(48,398)</u>	<u>-</u>
Unrestricted funds				
General funds	60,080	350,611	(343,386)	67,305
	<u>60,080</u>	<u>350,611</u>	<u>(343,386)</u>	<u>67,305</u>
Total funds	<u>60,080</u>	<u>399,009</u>	<u>(391,784)</u>	<u>67,305</u>

Unrestricted funds are the retained surpluses of the charity and are available to be used for any purpose specified within the trust's objectives and are the only funds that are available for use at the discretion of the trustees.

Restricted funds represent unspent balances on grants received for specific projects. The restrictions are generally imposed by the funding body and often include the type of expenditure allowed and geographical area of project and the activity to be supported.

There were no transfers or movement of funds between projects.

Notes to the Financial Statements
For the Year ended 31 March 2017

15 RELATED PARTY TRANSACTIONS

The Federation of Groundwork Trusts, Selby District Council, North Yorkshire County Council, Selby Town Council and Scarborough Borough Council are the members of Groundwork North Yorkshire. The Federation of Groundwork Trusts is also a member of Groundwork Wakefield Limited, which has subsidiary undertakings Groundwork Pride Limited and Job Match (UK) Limited. It is also a member of The Leeds Groundwork Trust which has a subsidiary undertaking Groundwork Environmental Services (Leeds) Limited.

During the year in the ordinary course of business, the charity entered into transactions with the above as follows.

	2017	2016
	£	£
Incoming resources recognised		
The Federation of Groundwork Trusts	-	10,000
North Yorkshire County Council	-	10,940
Selby District Council	38,355	25,856
Selby Town Council	8,880	3,000
Scarborough Borough Council	51,493	88,571
Groundwork Wakefield Limited	801	83
Groundwork Pride Limited	13,000	61,802
The Leeds Groundwork Trust	36,000	18,000
Resources expended		
North Yorkshire County Council	-	10,161
Selby District Council	112,143	115,006
Scarborough Borough Council	19,454	30,436
Job Match (UK) Limited	-	600
Groundwork Wakefield Limited	144,116	138,503
Groundwork Pride Limited	2,513	48,818
The Leeds Groundwork Trust	14,629	6,185
Groundwork Environmental Services (Leeds) Limited	-	74
Trade Debtors		
Selby District Council	-	31,028
Scarborough Borough Council	-	4,800
Groundwork Pride Limited	-	117,218
The Leeds Groundwork Trust	3,600	10,800
Loan Debtor		
Groundwork Pride Limited	117,218	-
Creditors		
Scarborough Borough Council	9,297	3,540
Groundwork Wakefield Limited	18,280	35,575
The Leeds Groundwork Trust	10,851	3,753
Groundwork Environmental Services (Leeds) Limited	-	89

Notes to the Financial Statements
For the Year ended 31 March 2017

16 LEGAL FORM

The charity is a private company limited by guarantee and incorporated in England and Wales. Its registered office is Civic Centre, Doncaster Road, Selby, North Yorkshire, YO8 9FT. Its principal place of business is Environment & Business Centre, Merlyn Rees Avenue, Morley, Leeds, LS27 9SL.

The charity provides community led environmental improvements and training opportunities.

17 FUNDS HELD AS AGENT

	2017	2016
	£	£
Funds brought forward	49,334	201,631
Funds received	80,711	107,949
Funds paid	<u>(100,520)</u>	<u>(260,246)</u>
Funds carried forward	<u><u>29,525</u></u>	<u><u>49,334</u></u>