

REGISTERED COMPANY NUMBER: 1613085 (England and Wales)  
REGISTERED CHARITY NUMBER: 284907

**REPORT OF THE TRUSTEES AND**  
**FINANCIAL STATEMENTS**  
**For The Year Ended 31 March 2011**  
**FOR**  
**THE MUDCHUTE ASSOCIATION**  
**(GROUP ACCOUNTS)**

Hewitt Warin Limited  
Chartered Accountants and Registered Auditors  
Harlow Enterprise Hub  
Edinburgh Way  
Harlow  
Essex  
CM20 2NQ

**THE MUDCHUTE ASSOCIATION (GROUP ACCOUNT)**

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**for the Year Ended 31 March 2011**

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## **THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)**

### **REPORT OF THE TRUSTEES** **for the Year Ended 31 March 2011**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2010. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**

1613085 (England and Wales)

**Registered Charity number**

284907

**Registered office**

Mudchute Farm  
Pier Street  
Isle of Dogs  
London  
E14 9HP

**Trustees**

|                  |                      |
|------------------|----------------------|
| M Barraclough    |                      |
| M Bowater        | - resigned 24.11.10  |
| P Fordham        |                      |
| M Frith          |                      |
| T J Lyle         |                      |
| H Wynne          | - resigned 24.11.10  |
| Cllr R Eckhardt  |                      |
| J Abbott         | Chair                |
| C Pomeroy        | - resigned 24.11.10  |
| Mrs L Cavanagh   |                      |
| Mrs K P McTasney |                      |
| Rev P Turner     | - resigned 24.11.10  |
| C Stuart         | - appointed 18.8.10  |
| B Teece          | - appointed 18.8.10  |
| Cllr M Francis   | - appointed 24.11.10 |
| A Bates          | - appointed 24.11.10 |
| Mrs V Scott      | - appointed 13.5.11  |

**Company Secretary**

Cllr R Eckhardt

**Auditors**

Hewitt Warin Limited  
Chartered Accountants and Registered Auditors  
Harlow Enterprise Hub  
Edinburgh Way  
Harlow  
Essex  
CM20 2NQ

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document**

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

## **THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)**

### **REPORT OF THE TRUSTEES** **for the Year Ended 31 March 2011**

#### **REVIEW OF THE YEAR**

The year began with a range of challenges for the Mudchute, principally in finance and organisation. It is a testament to the skill and dedication of the staff and volunteers that the year proved to be extremely successful, the Mudchute emerging with a financial surplus after two years of deficit, and a strong team promising much for the years ahead. The range and popularity of activities has never been greater.

Mina Bowater, Christina Pomeroy, Christina Rene, Peter Turner and Howard Wynne all departed during the year as Trustees. Each made significant contributions during their time as Trustees, and gratitude for their work and commitment was recorded at the AGM in November, and separately by staff and Trustees. As new Trustees we welcomed Andrew Bates, Carol Stuart and Bronwen Teece, together with Cllr Marc Francis. Sally Dowman joined briefly as Treasurer, and made a great contribution, but unfortunately for personal reasons was unable to continue. While the Mudchute has lost a great deal of combined experience in departing Trustees, we continue to benefit from the voluntary work of some (in particular Peter Turner), and the Trustee body itself, together with its sub-committees has had a useful injection of fresh blood.

There has also been significant change among staff, with some departures but a strong management team in place at year end. It was noted in the report for the year ending 31st March, 2010 that the then Chief Executive had decided to leave to pursue other opportunities. In September we were sorry also to see the departure of Julia Houghton, who had made a great impact over a number of years in developing the corporate events as well as playing a key role in administration. Jackie Cheeseman, in charge of the stables, decided to move to a part time role. We were fortunate that we were able to restructure the staff team to fit within our budgetary constraints through the skill and flexibility of other staff members whose roles were adapted.

Margaret Tracey, previously Director of Children and Young People's Services, became Director of the Mudchute. Margaret has done a fantastic job in managing the Mudchute from the challenges in which it found itself at the beginning of the year. Vicky Strong took on overall responsibility for the Children's Services, as well as the events department. Staff across all departments have done a remarkable job in continuing to develop the scope of the Mudchute's activities over the year.

#### **1. The Association**

##### **1.1 Children's Services**

The services provided at very low cost to our local community continue to flourish and grow, combining the Muddy Boots Nursery, After Schools Club and other children services. Held in high regard by local families, community groups and the local authority, the success of the Mudchute Children's Services stands out. We were disappointed that public spending cuts stopped the plans for the extension of the Nursery, for which approval had been given, however we are still pursuing finding sources to continue with the project as this will be an important contributor to the future financial strength and therefore development of the Mudchute.

The Children's Services have again operated at full capacity for the entire year. Excellently managed and staffed by a devoted and loyal team, this provides an essential service for local families. Following reviews of pricing, a small increase in charges was made this year, but the Mudchute Childcare Services with its Outstanding Ofsted Report which it achieved this year continues to offer best value on the Isle of Dogs and probably in Tower Hamlets.

These services provide an invaluable support to local families and operate a programme twelve months of the year which enables children and young people to be encouraged and supported both in their learning and their growing. Play activities during term time and school holidays which have grown over the years have thanks to generous support from the National Lottery Play Matters and Inclusive Play administered by the London Borough of Tower Hamlets and IDCF. However, we are concerned that another adverse affect of the cuts has been the great reduction in level of Play Provision this year as funding streams have ceased and not been replaced. It is recognised that play is vital to the positive development of children and we will continue to seek funding for this crucial service.

## **THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)**

### **REPORT OF THE TRUSTEES** **for the Year Ended 31 March 2011**

#### **1.2 The Education Project**

Record numbers have visited the Education Project this year with an estimate of some 47,000 child attendances to Mudchute in the year throughout all the projects of the Children and Young People's area. There have been some notable successes in developing an Open Access programme for children and families during the holiday period and also an expanding capacity in serving special needs groups such as the Phoenix School for autistic children who visit every week during term time.

Bluegate Fields Junior have taken the opportunity to participate in the Children's growing project and children with challenging and behaviour issues have flourished like the project over the course of the year. Cubitt Town Infants and St. Paul's Way Trust Secondary School are now experiencing the wonders of 'hands on' bespoke programmes of gardening and farming tasks.

The shop has become an additional educational tool and the results have been outstanding and highly rewarding for some students with very limited communication, who have mastered the till. The shop has also been a commercial success, and has been welcomed across the Mudchute with this helping hand in raising money. The shop is also key for the visiting public in the main courtyard, and acts as an information point at weekends with the informative staff resolve on hand to deal with the busy flow of events.

The restoration project of one of the World War II anti-aircraft guns took shape during the year, with completion expected in the coming year, together with a number of events and exhibitions.

Together with the Farm, the Education Project is also focusing on the community and through running open access and animal handling sessions, which have had very positive feedback from the local community and visiting public, this has been a wonderful opportunity to promote all the good works of the Park & Farm.

#### **1.3 The Farm**

Mudchute's Farm has gone from strength to strength and now has over 200 animals and birds, many of which are recognised British Rare Breeds. An initiative has begun to re-invigorate the small animals area, and this has had excellent early success. The Farm staff have worked hard throughout the year on this and other aspects of running the Farm, in particular during the very difficult winter months. The Farm has been subject to an environmental overhaul due to a national increase in incidents of Zoonosis which has led to us having to erect double fencing around animal enclosures and bring in additional hand washing facilities to meet current legislation requirements. Despite its extraordinary attractions and appeal, the farm remains unfunded and therefore reliant on any surpluses generated elsewhere by the Association. Achieving a better funding position for the Farm is a top priority for the year ahead.

#### **1.4 The Park**

An immensely valuable green space in the heart of the Isle of Dogs, the Park has seen a record number of visitors during the year. Together with the Farm, the Park (and the very limited overhead costs) are the areas which have limited funding. The Mudchute continues to make use of very considerable amounts of voluntary labour to support the Farm, including corporate groups as described in Events below, community service work supervised by John Cavanagh, and a number of Trustees, in particular Mike Barraclough and Peter Turner, the combination of which delivers services to the public significantly in excess of those which would be available by the monies from the Service Level Agreement.

#### **1.5 Events**

The Events section had another excellent year, and continues as a major income source for the charitable work of the Association. It was a busy year for children's birthday parties, team building sessions, conferences and our Corporate Volunteer Programme with over 750 volunteers from 50 organisations taking part in a range of activities that included building and remedial work. Mudchute was featured on an episode of the BBC's Junior Apprentice and hosted an episode of The Bill. Free community events included our Summer Open Day, Spooky Halloween and our Christmas Living Crib.

HSBC funded a project for the Children's Services where their Corporate Volunteers have created a wonderful woodland and play area for children.

## **THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)**

### **REPORT OF THE TRUSTEES** **for the Year Ended 31 March 2011**

The Mudchute hosted a high profile product launch for BMW during the summer. While this contributed a significant amount of much needed revenue to the charity, those running the event breached the agreements reached with the Mudchute and LBTH regarding timing and noise, which caused considerable disruption to the local community, and the Mudchute has been sure to learn from this experience for future events.

#### **2. The Allotments**

There remains an unsatisfactory position of no formal agreement between the Association and the allotments, the holders of which therefore currently have no formal status. The Association has again proposed a management agreement between the Association and the Allotment, and we are still awaiting the input of London Borough of Tower Hamlets legal department (which was also the case a year ago).

#### **3. Administration, Finance and Marketing and Staffing**

A key figure in the administration team, Julia Houghton, left during the year. A combination of Margaret Tracey, Vicky Strong and finance officer Ze Abrha took over her duties, and they combined with a number of other staff ensured the smooth administration of the Mudchute and its finances.

The finance function was supported for much of the year by the consulting work of Paul Cooper. Accounting was moved in-house, and as a result we saw internal capacity building, cost savings, and also better and more timely management information.

The removal of overhead, and the continuation of successful fundraising turned round the financial performance of the Mudchute into a healthy surplus for the year; this was required to begin to offset the deficits of the two previous years, and work remains to be done to improve the financial strength of the Mudchute, for which there are many promising signs.

Warren Bunce has continued to play a much appreciated role as IT volunteer. The website has been skilfully managed by Double-Sided with website traffic increasing steadily

Membership numbers remained low and this is now a priority for the coming year.

#### **4. Mudchute Park and Farm Limited**

The trading company had a successful year making a strong financial contribution to the Mudchute charity. This was particularly true for the Mudchute Equestrian Centre which saw some changes over the year with new job roles and rota changes yet continued to deliver high levels of activity and income. The big success of the year was winning the London Riding Schools Championship, Team London, which proves that our commitment to quality tuition pays off. The down side to the business is that we sometimes have to say goodbye to faithful friends and at the end of the summer we lost two of our ponies. We are now at the stage where we need to buy some new stock and we are preparing an appeal for this. We would like to thank Schroders and some of our clients for their contributions.

The Pony Club has been very active with some 30 members attending in the evenings for tuition and fun. They have had two visits to Newmarket Races, and some attended Pony Club camp in Suffolk during the summer holidays. Various achievement badges have been obtained and some have obtained Riding and Road Safety qualifications and their Pony Club 'D' test.

The Mudchute Kitchen had a disappointing year. We started with an agreement with the Shoreditch Trust to operate the Café. However, their performance was poor, and in the autumn it was decided to terminate their involvement; monies owed by them to the Mudchute were subsequently recovered. After this disappointment, we sought to find a replacement, and after year end we re-opened the Café, now managed successfully by Frizzante, who operate also Hackney and Surrey Docks City Farm cafes, and are making a good financial contribution to the Farm.

**THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)**

**REPORT OF THE TRUSTEES**  
**for the Year Ended 31 March 2011**

**5. Procedures and policies**

Risk management policy and a reserves policy and a financial procedures policy have all now been put in place. A risk register is in place and is reviewed by both staff and trustees annually.

A fresh review of the management structure was made during the course of the year, in part as a consequence of funding pressures. Post the departure of the Chief Executive, a revised structure was implemented, with senior managers reporting directly to the board of Trustees.

Recruitment takes place using a formalised procedure of advertisement, short listing, interviewing and selection. An equal opportunities policy is in place.

**6. Governance**

The departure of some very experienced and greatly appreciated Trustees has been matched by some fresh input. The Sub-committee structure has been updated slightly as a way for trustees to work alongside both staff and expert volunteers to enhance the knowledge base of the organisation, together with the establishment of a Trustee Executive Committee as a delegated team to act as a day-to-day conduit with staff management.

**PUBLIC BENEFIT**

The trustees have considered the Charity Commission guidance on public benefit and consider that the activities of the charity meet its charitable objects and provide a benefit to the public.

**STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees (who are also the directors of The Mudchute Association for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and 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;
- 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

**AUDITORS**

The auditors, Hewitt Warin Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



.....  
J Abbott - Trustee

Date: 22/11/2011

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)**

We have audited the financial statements of The Mudchute Association for the year ended 31 March 2011 on pages nine to seventeen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 the charitable company's members 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 Statement of Trustees' Responsibilities, 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.

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 financial statements to identify material inconsistencies with the audited financial statements. 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 2011 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

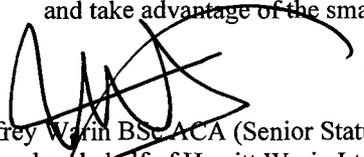
In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)**

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Trustees.



Jeffrey Warin BSc ACA (Senior Statutory Auditor)  
for and on behalf of Hewitt Warin Ltd  
Chartered Accountants and Registered Auditors  
Harlow Enterprise Hub  
Edinburgh Way  
Harlow  
Essex  
CM20 2NQ

Date: ..... 12<sup>th</sup> December 2011 .

**THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**for the Year Ended 31 March 2011**

|   | Notes | Unrestricted<br>Funds<br>£ | Restricted<br>funds<br>£ | 31.3.11<br>Total<br>funds<br>£ | 31.3.10<br>Total<br>Funds<br>£ |
|---|-------|----------------------------|--------------------------|--------------------------------|--------------------------------|
| <b>INCOMING RESOURCES</b>                                 |       |                            |                          |                                |                                |
| <b>Incoming resources from generated funds</b>            |       |                            |                          |                                |                                |
| Voluntary income  | 2     | 100,534                    | 365,693                  | 466,227                        | 378,526                        |
| Investment income   | 3     | 44,879                     | -                        | 44,879                         | 27,003                         |
| <b>Incoming resources from charitable activities</b>      |       |                            |                          |                                |                                |
| Operation of park and farm                                | 4     | <u>798,405</u>             | <u>-</u>                 | <u>798,405</u>                 | <u>848,895</u>                 |
| <b>Total incoming resources</b>                           |       | 943,818                    | 365,693                  | 1,309,511                      | 1,254,424                      |
| <b>RESOURCES EXPENDED</b>                                 |       |                            |                          |                                |                                |
| <b>Costs of generating funds</b>                          |       |                            |                          |                                |                                |
| Fundraising trading: cost of goods sold and other costs   | 5     | 240,017                    | -                        | 240,017                        | 359,330                        |
| <b>Charitable activities</b>                              |       |                            |                          |                                |                                |
| Operation of park and farm                                | 6     | 508,352                    | 403,824                  | 912,176                        | 943,565                        |
| Governance costs  | 7     | <u>50,554</u>              | <u>-</u>                 | <u>50,554</u>                  | <u>31,020</u>                  |
| <b>Total resources expended</b>                           |       | 798,923                    | 403,824                  | 1,202,747                      | 1,333,915                      |
| <b>NET INCOMING/(OUTGOING) RESOURCES before transfers</b> |       |                            |                          |                                |                                |
|   |       | 144,895                    | (38,131)                 | 106,764                        | (79,491)                       |
| <b>Gross transfers between funds</b>                      | 15    | <u>(33,564)</u>            | <u>33,564</u>            | <u>-</u>                       | <u>-</u>                       |
| <b>Net incoming/(outgoing) resources</b>                  |       | 111,331                    | (4,567)                  | 106,764                        | (79,619)                       |
| <b>RECONCILIATION OF FUNDS</b>                            |       |                            |                          |                                |                                |
| <b>Total funds brought forward</b>                        |       | 27,084                     | 523,178                  | 550,262                        | 629,753                        |
| <b>TOTAL FUNDS CARRIED FORWARD</b>                        |       | <u>138,415</u>             | <u>518,611</u>           | <u>657,026</u>                 | <u>550,262</u>                 |

The notes form part of these financial statements

**THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)****CONSOLIDATED BALANCE SHEET****At 31 March 2011**

|   |             | <b>Group</b>     |                 | <b>Company</b>   |                 |
|---|-------------|------------------|-----------------|------------------|-----------------|
|   | <b>Note</b> | <b>2011</b>      | <b>2010</b>     | <b>2011</b>      | <b>2010</b>     |
|   |             | <b>£</b>         | <b>£</b>        | <b>£</b>         | <b>£</b>        |
| <b>FIXED ASSETS</b>                                   |             |                  |                 |                  |                 |
| Tangible assets                                       | 11          | 548,351          | 558,123         | 533,224          | 540,031         |
| Investments   |             | -                | -               | 2                | 2               |
|   |             | <u>548,31</u>    | <u>558,123</u>  | <u>533,226</u>   | <u>540,033</u>  |
| <b>CURRENT ASSETS</b>                                 |             |                  |                 |                  |                 |
| Stocks  | 12          | 2,811            | 467             | -                | -               |
| Debtors   | 13          | 58,983           | 950             | 56,732           | 950             |
| Cash at bank and in hand                              |             | 121,929          | 68,849          | 114,018          | 66,280          |
|   |             | <u>183,723</u>   | <u>70,266</u>   | <u>170,750</u>   | <u>67,230</u>   |
| <b>CREDITORS: Amounts falling due within one year</b> | 14          | <u>(75,048)</u>  | <u>(78,127)</u> | <u>(48,873)</u>  | <u>(81,524)</u> |
| <b>NET CURRENT (LIABILITIES) / ASSETS</b>             |             | <u>(108,675)</u> | <u>(7,861)</u>  | <u>(121,877)</u> | <u>(14,294)</u> |
| Net assets  |             | <u>657,026</u>   | <u>550,262</u>  | <u>655,103</u>   | <u>525,739</u>  |
| <b>RESERVES</b>                                       |             |                  |                 |                  |                 |
|   | 15          |                  |                 |                  |                 |
| Unrestricted funds                                    |             | 138,415          | 27,084          | 136,492          | 2,561           |
| Restricted funds                                      |             | 518,611          | 523,178         | 518,661          | 523,178         |
|   |             | <u>657,026</u>   | <u>550,262</u>  | <u>655,103</u>   | <u>525,739</u>  |

The notes form part of these financial statements

**THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)**

**CONSOLIDATED BALANCE SHEET - CONTINUED**

**At 31 March 2011**

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on .....22 / 11 / 2011..... and were signed on its behalf by:



.....  
J H Abbott - Trustee

The notes form part of these financial statements

## **THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)**

### **NOTES TO THE FINANCIAL STATEMENTS** **for the Year Ended 31 March 2011**

#### **1. ACCOUNTING POLICIES**

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

##### **Incoming resources**

Donations and gifts are accounted for when receivable either as income or for capital tangible assets as appropriate. All other income is credited to the Statement of Financial Activities (SOFA) on an accruals basis. Income received for specific purposes relating to the achievement of the Association's objectives, are treated as restricted income.

##### **Resources expended**

Direct charitable expenditure comprises direct expenses incurred for the defined charitable purposes of the charity and includes direct staff costs attributable to charitable activities. All management and overhead costs are shown as management and administration costs of the charity.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

|                       |                             |
|-----------------------|-----------------------------|
| Short leasehold       | -over the term of the lease |
| Fixtures and fittings | -25% on reducing balance    |
| Motor vehicles        | -25% on reducing balance    |
| Computer equipment    | -15% on reducing balance    |

Additions of new buildings constructed after 31 March 2000 will be depreciated over the lower of 20 years or the unexpired term of the lease on the net costs to the company after crediting all grants received for these building works.

Following the publication of FRS15 - Tangible Fixed Assets, the company has taken advantage of the transitional arrangements prior to the effective date of 23 March 2000 to retain the company's own revalued assets, certain leasehold land and buildings, at their book value of £538,766. The asset continues to be depreciated over the lease term, with annual transfers being made between the Revaluation Reserve and the Income Fund as set out in the accounting policies above.

##### **Taxation**

The Association is a registered charity and is not liable to Income Tax or Corporation Tax on income derived from its charitable activities. Any taxable profits arising in the subsidiary non-trading company are liable to Corporation tax. Income for non-charitable activities may be subject to taxation. The Association is not registered for VAT although its subsidiary company is so registered. Amounts in the financial statements are shown inclusive of VAT, where relevant.

##### **Fund accounting**

Unrestricted funds comprise those monies which may be used for the defined charitable purposes of the charity at the discretion of the Committee of Management.

Restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to conditions imposed by donors.

##### **Pension costs and other post-retirement benefits**

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

**THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**for the Year Ended 31 March 2011**

**1. ACCOUNTING POLICIES – continued**

**Going Concern**

The financial statements have been prepared on a going concern basis as the Committee of Management consider that the current and future sources of funding or support will be adequate for the Charity's needs.

**2. VOLUNTARY INCOME**

|                  | 31.3.11<br>£   | 31.3.10<br>£   |
|------------------|----------------|----------------|
| Voluntary Income | 72,181         | 92,227         |
| Grants           | <u>394,046</u> | <u>286,299</u> |
|                  | <u>466,227</u> | <u>378,526</u> |

Grants received, included in the above, are as follows:

|                                   | 31.3.11<br>£   | 31.3.10<br>£   |
|-----------------------------------|----------------|----------------|
| London Borough of Tower Hamlets   | 314,082        | 212,836        |
| Isle of Dogs Community Foundation | 27,348         | 29,495         |
| Jack Petchy                       | 400            | 400            |
| NEF Grant                         | -              | 4,888          |
| DEFRA                             | -              | 850            |
| Canary Wharf SPS                  | 1,000          | 1,000          |
| NHMF Lottery Fund                 | 25,000         | -              |
| St Katherine & Shadwell Trust     | 3,400          | -              |
| London Youth Future Jobs Fund     | 22,816         | -              |
| Variety Club                      | -              | 16,500         |
| Rufford Maurice Laing Foundation  | -              | 14,000         |
| Other grants                      | -              | <u>6,330</u>   |
|                                   | <u>394,046</u> | <u>286,299</u> |

**3. INVESTMENT INCOME**

|                          | 31.3.11<br>£  | 31.3.10<br>£  |
|--------------------------|---------------|---------------|
| Rents received           | 10,920        | 26,827        |
| Hire of Facilities       | 33,787        | -             |
| Deposit account interest | <u>172</u>    | <u>176</u>    |
|                          | <u>44,879</u> | <u>27,003</u> |

**4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

|   | Activity                   | 31.3.11<br>£   | 31.3.10<br>£   |
|---|----------------------------|----------------|----------------|
| Incoming resources from Charitable Activities | Operation of park and farm | <u>798,405</u> | <u>848,895</u> |

**THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**for the Year Ended 31 March 2011**

**5. FUNDRAISING TRADING: COST OF GOODS SOLD AND OTHER COSTS**

|                     | 31.3.11        | 31.3.10        |
|---------------------|----------------|----------------|
|                     | £              | £              |
| Opening stock       | 467            | 973            |
| Purchases and wages | 242,361        | 358,824        |
| Closing stock       | <u>(2,811)</u> | <u>(467)</u>   |
|                     | <u>240,017</u> | <u>359,330</u> |

**6. CHARITABLE ACTIVITIES COSTS**

|                            | Direct costs   | Totals         |
|----------------------------|----------------|----------------|
|                            | £              | £              |
| Operation of park and farm | <u>912,176</u> | <u>912,176</u> |

**7. GOVERNANCE COSTS**

|                        | 31.3.11       | 31.3.10       |
|------------------------|---------------|---------------|
|                        | £             | £             |
| Legal fees             | 69            | -             |
| Consultancy fees       | 35,272        | 18,070        |
| Accountancy fees       | 10,893        | 7,016         |
| Auditors' remuneration | <u>4,320</u>  | <u>5,934</u>  |
|                        | <u>50,554</u> | <u>31,020</u> |

**8. NET INCOMING/(OUTGOING) RESOURCES**

Net resources are stated after charging/(crediting):

|                             | 31.3.11       | 31.3.10      |
|-----------------------------|---------------|--------------|
|                             | £             | £            |
| Auditors' remuneration      | 4,320         | 5,934        |
| Depreciation - owned assets | 47,565        | 50,231       |
| Accountancy fees            | <u>10,893</u> | <u>7,016</u> |

**9. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31 March 2011 nor for the year ended 31 March 2010.

**Trustees' Expenses**

There were no trustees' expenses paid for the year ended 31 March 2011 nor for the year ended 31 March 2010.

**THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**for the Year Ended 31 March 2011**

**10. STAFF COSTS**

|                       | 31.3.11        | 31.3.10        |
|-----------------------|----------------|----------------|
|                       | £              | £              |
| Wages and salaries    | 709,649        | 804,159        |
| Social security costs | 50,533         | 49,763         |
| Other pension costs   | <u>1,400</u>   | <u>5,606</u>   |
|                       | <u>761,582</u> | <u>859,528</u> |

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

|                       | 31.3.11   | 31.3.10   |
|-----------------------|-----------|-----------|
| Charitable activities | 32        | 34        |
| Office and management | 2         | 3         |
| Trading company       | <u>6</u>  | <u>9</u>  |
|                       | <u>40</u> | <u>46</u> |

No employee earned over £60,000 p.a.

**11. TANGIBLE FIXED ASSETS**

|                       | Short leasehold<br>£ | Fixtures and fittings<br>£ | Motor vehicles<br>£ | Totals<br>£    |
|-----------------------|----------------------|----------------------------|---------------------|----------------|
| <b>COST</b>           |                      |                            |                     |                |
| At 1 April 2010       | 809,690              | 102,774                    | 47,479              | 959,943        |
| Additions             | <u>33,564</u>        | <u>4,229</u>               | <u>-</u>            | <u>37,793</u>  |
| At 31 March 2011      | <u>843,254</u>       | <u>107,003</u>             | <u>47,479</u>       | <u>997,736</u> |
| <b>DEPRECIATION</b>   |                      |                            |                     |                |
| At 1 April 2010       | 306,762              | 70,272                     | 24,786              | 401,820        |
| Charge for year       | <u>33,069</u>        | <u>8,822</u>               | <u>5,674</u>        | <u>47,565</u>  |
| At 31 March 2011      | <u>339,831</u>       | <u>79,094</u>              | <u>30,460</u>       | <u>449,385</u> |
| <b>NET BOOK VALUE</b> |                      |                            |                     |                |
| At 31 March 2011      | <u>503,423</u>       | <u>27,909</u>              | <u>17,019</u>       | <u>548,351</u> |
| At 31 March 2010      | <u>502,928</u>       | <u>32,502</u>              | <u>22,693</u>       | <u>558,123</u> |

The historical cost of the original leasehold land and buildings acquired on 14 June 1994 is £Nil and was valued by the Directors at £650,000 on acquisition. The company has adopted the transitional arrangements available on the introduction of FRS 15 - Tangible Fixed Assets, and will retain these leasehold land and buildings at cost being equivalent to their net book value at 31 March 2000 (£538,766). By taking advantage of the transitional arrangements, the Directors will not be required to carry out a periodic valuation of these land and buildings assets.

Additions of new buildings erected after 31 March 2000 will be shown at cost less related capital grants received.

**THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**for the Year Ended 31 March 2011**

**12. STOCK**

|                                  | <b>2011</b>         | <b>Group</b>      | <b>2011</b>     | <b>Company</b>  |
|----------------------------------|---------------------|-------------------|-----------------|-----------------|
|                                  | <b>£</b>            | <b>2010</b>       | <b>£</b>        | <b>2010</b>     |
|                                  |                     | <b>£</b>          |                 | <b>£</b>        |
| Goods for resale and other stock | 2,811               | 467               | -               | -               |
|                                  | <u>2,811</u>        | <u>467</u>        | <u>-</u>        | <u>-</u>        |
|                                  | <u><u>2,811</u></u> | <u><u>467</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |

**13. DEBTORS**

|                                 | <b>2011</b>          | <b>Group</b>      | <b>2011</b>          | <b>Company</b>    |
|---------------------------------|----------------------|-------------------|----------------------|-------------------|
|                                 | <b>£</b>             | <b>2010</b>       | <b>£</b>             | <b>2010</b>       |
|                                 |                      | <b>£</b>          |                      | <b>£</b>          |
| Other debtors                   | 58,983               | 950               | 46,832               | 950               |
| Due from subsidiary undertaking | -                    | -                 | 9,900                | -                 |
|                                 | <u>58,983</u>        | <u>950</u>        | <u>56,732</u>        | <u>950</u>        |
|                                 | <u><u>58,983</u></u> | <u><u>950</u></u> | <u><u>56,732</u></u> | <u><u>950</u></u> |

**14. CREDITORS**

|                               | <b>2011</b>          | <b>Group</b>         | <b>2011</b>          | <b>Company</b>       |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|
|                               | <b>£</b>             | <b>2010</b>          | <b>£</b>             | <b>2010</b>          |
|                               |                      | <b>£</b>             |                      | <b>£</b>             |
| Bank loans and overdrafts     | 15,039               | 27,904               | 14,839               | 24,379               |
| Trade creditors               | 17,110               | 14,889               | 17,039               | 14,889               |
| Taxes and social security     | 10,978               | 15,665               | 9,532                | 11,999               |
| Accruals                      | 9,321                | 19,669               | 7,463                | 10,389               |
| Due to subsidiary undertaking | -                    | -                    | -                    | 19,868               |
| Provisions                    | 22,600               | -                    | -                    | -                    |
|                               | <u>75,048</u>        | <u>78,127</u>        | <u>48,873</u>        | <u>81,524</u>        |
|                               | <u><u>75,048</u></u> | <u><u>78,127</u></u> | <u><u>48,873</u></u> | <u><u>81,524</u></u> |

The provision included in creditors above of £22,600 relates to a potential liability of VAT. The Mudchute Association are currently in discussion with HM Revenue and Customs over an item of VAT legislation concerning treatment of riding lessons which may result in the provided payment. The trustees are confident that, having taken appropriate professional advice, they have complied correctly with legislation, but consider it to be the most prudent course of action to make a provision of this amount.

**THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**for the Year Ended 31 March 2011**

**15. MOVEMENT IN FUNDS**

|                           | At 1.4.10<br>£ | Net movement<br>in funds<br>£ | Transfers<br>between funds<br>£ | At 31.3.1<br>£ |
|---------------------------|----------------|-------------------------------|---------------------------------|----------------|
| <b>Unrestricted funds</b> |                |                               |                                 |                |
| General fund              | 27,084         | 144,895                       | (33,564)                        | 138,415        |
| <b>Restricted funds</b>   |                |                               |                                 |                |
| Building                  | 502,928        | (33,069)                      | 33,564                          | 503,423        |
| Minibus                   | <u>20,250</u>  | <u>(5,062)</u>                | <u>-</u>                        | <u>15,188</u>  |
|                           | 523,178        | (38,131)                      | 33,564                          | 518,611        |
|                           | <u>550,262</u> | <u>106,764</u>                | <u>-</u>                        | <u>657,026</u> |

Net movement in funds, included in the above are as follows:

|                                  | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Movement in<br>funds<br>£ |
|----------------------------------|----------------------------|----------------------------|---------------------------|
| <b>Unrestricted funds</b>        |                            |                            |                           |
| General fund                     | 943,818                    | (798,923)                  | (144,895)                 |
| <b>Restricted funds</b>          |                            |                            |                           |
| Building                         | -                          | (33,069)                   | (33,069)                  |
| Isle of Dogs Community Fund      | 21,898                     | (21,898)                   | -                         |
| Minibus                          | 1                          | (5,063)                    | (5,062)                   |
| LB Tower Hamlets Children's Work | 291,178                    | (291,178)                  | -                         |
| Restricted grants                | <u>52,616</u>              | <u>(52,616)</u>            | <u>-</u>                  |
|                                  | 365,693                    | (403,824)                  | (38,131)                  |
|                                  | <u>1,309,511</u>           | <u>(1,202,747)</u>         | <u>106,764</u>            |

This page does not form part of the statutory financial statements