

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

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
For The Year Ended 31 March 2010
FOR
THE MUDCHUTE ASSOCIATION
(GROUP ACCOUNTS)

Connor Warin Limited
Chartered Accountants and Registered Auditors
Trinity House
Sewardstone Road
Waltham Abbey
Essex
EN9 1PH

THE MUDCHUTE ASSOCIATION (GROUP ACCOUNT)

CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 31 March 2010

| | Page |
|--|----------|
| Report of the Trustees | 1 to 5 |
| Report of the Independent Auditors | 6 to 7 |
| Consolidated Statement of Financial Activities | 8 |
| Consolidated Balance Sheet | 9 to 10 |
| Notes to the Financial Statements | 11 to 16 |

THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)

REPORT OF THE TRUSTEES **for the Year Ended 31 March 2010**

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 | | |
| P Fordham | | |
| M Frith | | |
| T J Lyle | | |
| C Rene | | - resigned 1.6.10 |
| H Wynne | | |
| M F Young | Chair | - resigned 21.10.09 |
| Cllr R Eckhardt | | |
| J Abbott | Chair | |
| C Pomeroy | | |
| Mrs L Cavanagh | | - appointed 15.10.09 |
| Mrs K P McTasney | | - appointed 15.10.09 |
| Rev P Turner | | |
| C Stuart | | - appointed 18.8.10 |
| B Teece | | - appointed 18.8.10 |

Company Secretary

Cllr R Eckhardt

Auditors

Connor Warin Limited
Chartered Accountants and Registered Auditors
Trinity House
Sewardstone Road
Waltham Abbey
Essex
EN9 1PH

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 2010**

The year was characterised by a continued increase in activity and usage, demonstrating the success of the Mudchute as a community charity. This in turn underlined the challenges, in particular financial and organisational, of providing the unique services of the Mudchute with limited public funding in some key areas. The combination of these two elements of ever increasing activity on the one hand, and a need to build capacity within financial constraints marked some of the initiatives taken during the year and which continued beyond the March year end.

The coming year and beyond will clearly have challenges, but with the various initiatives in place the Trustees are confident of being able to continue to deliver on the Mudchute's ambition with the fantastic support and ingenuity of the Mudchute staff and several Trustees who have worked hard in spite of funding pressures and a very harsh winter.

A number of people joined and left in various capacities during the year. Martin Young stepped down as Chair of the Trustees at the AGM, and his great contribution as Chair and Trustee over a number of years was warmly appreciated. Justin Abbott took over as Chair, and Lorraine Cavanagh and Kathy McTasney joined as Trustees. Subsequent to year end, Cllr Marc Francis has taken over the Trustee position previously held by Cllr Shahid Ali, as Cllr Shahid Ali had ceased to be a councillor, although he had not attended regularly in any event.

Andrew Johnston, the Chief Executive, decided to depart at the end of year to pursue an opportunity elsewhere. While his efforts over almost three years were appreciated, it was decided not to seek to replace the Chief Executive, but rather to amend the organisational structure, reflecting funding pressures (the funding specific to the Chief Executive had expired) and a considered view that with systems and processes in place the Mudchute could run effectively without that post. The Mudchute was sorry to say goodbye also to Yamila Garcia, who returned to Cuba.

There was change also in the café, where Philippa Davis decided to move on after some three years of transforming the Mudchute Café from a little used area to an award winning and very popular destination. We have been fortunate to find in the Shoreditch Trust a new partner to take on the ethos developed by Philippa.

1. The Association

Children and Young People's Services

The services provided at very low cost to our local community continue to flourish and grow. Held in high regard by local families, community groups and the local authority, the success of the Mudchute Nursery stands out. Assisted in particular by Peter Fordham and Mike Barraclough with other Trustees, design plans were made and funding approval obtained for a major capacity expansion that will not only increase significantly increase the number of nursery spaces available but also upgrade related facilities and the overall environment.

A Children's Play in Nature award was obtained, and despite some delays caused by weather and land related points, installation has now been done.

1.1 Nursery

The Nursery has again operated at full capacity for the entire year. Excellently managed and staffed by a devoted and loyal team, the Nursery provides an essential service for local families. Following reviews of pricing, a small increase in charges was made this year, but the Mudchute Nursery remains the best value Nursery on the Isle of Dogs.

1.2 Children and Youth Work (After Schools Club and Holiday Club)

These services provide an invaluable support to local families and operate a programme 12 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 have grown thanks to generous support from the National Lottery Play Matters and Inclusive Play administered by the London Borough of Tower Hamlets and IDCF.

1.3 The Education Project

Record numbers have visited the Education Project this year with an estimate of some 47,000 child visits to Mudchute in the year. 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.

THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)

REPORT OF THE TRUSTEES **for the Year Ended 31 March 2010**

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. In the year ahead, the Education Project looks forward also to working with the shop and gun project, and we look forward to exciting things to report next year.

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.

2. 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. Despite its extraordinary attractions and appeal, it 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.

Work was conducted through the year by London Borough of Tower Hamlets Environmental Protection, together with their retained consultants and the relevant Government bodies to look at potential soil contamination at the Mudchute. As former industrial land, there is always the possibility of residual trace contaminants.

Work is continuing, but there have been some impacts on the farm. For example, the Farm is no longer able to sell its eggs after marginally elevated levels of dioxins were found. Dioxins can come from accumulated air pollution, and build up in the fat of eggs, and so in any urban environment this is likely to be an issue. Meat however has been cleared for consumption, and it is hoped that the café will resume to use meat reared on the Farm.

Soil contamination inspections have impacted also the allotments (which post investigations were given a clean bill of health), the Park/open space generally where final test results are pending with some agreed interim measures in place, and the Education Project, where measures are being agreed to take forward a very exciting growing initiative.

3. 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 (special facilities have been built to accommodate this very valuable source of help, and our congratulations to John whose work in the community was recognised by London Borough of Tower Hamlets), 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.

4. 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. It was a great year for promoting the Health and wellbeing of the over 55's with free lunch clubs and singing and music clubs promoted throughout the year. Mudchute also worked in partnership with London Probation on a new wood working project which saw attendees working alongside a qualified carpenter to build our new board room table and benches that take pride of place in the Main Office meeting room.

THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)

REPORT OF THE TRUSTEES **for the Year Ended 31 March 2009**

5. The Allotments

Relations with the Allotment Society have continued to improve, marked by the payment by the Allotment Society of water bills which previously it had refused to pay, 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 currently awaiting the input of London Borough of Tower Hamlets legal department.

6. Administration, Finance and Marketing

As previously mentioned, the administration team has been reduced post the departure of the Chief Executive. During the year, a team of three staff managed the administration and finance functions for the period, with the support of Connor Warin Limited who were contracted to operate the financial systems, thanks to generous part funding from the Isle of Dogs Community Foundation.

During the year, in-house capability for finance was developed, with the installation of SAGE software and SAGE training. Going forwards, the finances are to be managed internally. The Trustees are considering the resourcing required and its organisation for the administration to balance the needs and potential of the Mudchute with the funding available. Paul Cooper has been appointed for part time interim finance services to assist in the transition to the in-house managed operations and upgrade the financial reporting procedures.

Membership rose slightly throughout the year in question primarily due to the farms 'Amy' campaign but we are still short of the number permitted by the Articles of Association being 500. However the Association must review the cost of membership which is quite uneconomic at its current level.

The website has been skilfully managed by Double-Sided with website traffic increasing steadily.

IT support was provided by Jacques Rene and Steve Wickes, with Warren Bunce expertly stepping in as voluntary IT support. Funding was secured from the Worshipful Company of International Bankers for an IT upgrade which saw all computers in the Main Office replaced.

In addition, The Main Office was completely refurbished courtesy of Axis Europe who gifted all materials and man power to comply with modern standards.

Future plans include an upgrade to our telephone system to link all our services and facilities.

7. Mudchute Park and Farm Limited

The trading company had a successful year as indicated in the appended report. Both core trading activities, the Mudchute Equestrian Centre and the Mudchute Kitchen saw strong growth. Post year end, as mentioned above Shoreditch Trust took over management of the Café.

8. 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.

9. Staffing

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.

THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)

REPORT OF THE TRUSTEES
for the Year Ended 31 March 2009

10. Governance

Turnover of trustees has historically been low, flagged as an issue in the previous annual report, but with the addition of two new Trustees during the course of the year, and some further changes post year end, 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.

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.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

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

ON BEHALF OF THE BOARD:

.....
J Abbott - Trustee

Date:

**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 2010 on pages eight to sixteen. The financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the charitable company's trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under Section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the charitable company for the purposes of company law) responsibilities for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out on page five.

The trustees have elected for the financial statements to be audited in accordance with the Charities Act 1993 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with Section 44 of that Act.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are prepared in accordance with the Companies Act 2006. We also report to you if, in our opinion, the information given in the Report of the Trustees is not consistent with those financial statements, if the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charitable company's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Connor Warin Limited
Chartered Accountants and Registered Auditors
Trinity House
Sewardstone Road
Waltham Abbey
Essex
EN9 1PH

Date:

THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 March 2010

| | Notes | Unrestricted Funds £ | Restricted funds £ | 31.3.10 Total funds £ | 31.3.09 Total Funds £ |
|---|-------|----------------------------|--------------------------|--------------------------------|--------------------------------|
| INCOMING RESOURCES | | | | | |
| Incoming resources from generated funds | | | | | |
| Voluntary income | 2 | 105,726 | 272,800 | 378,526 | 354,993 |
| Investment income | 3 | 27,003 | - | 27,003 | 11,889 |
| Incoming resources from charitable activities | | | | | |
| Operation of park and farm | 4 | <u>848,895</u> | <u>-</u> | <u>848,895</u> | <u>858,453</u> |
| Total incoming resources | | 981,624 | 272,800 | 1,254,424 | 1,225,335 |
| RESOURCES EXPENDED | | | | | |
| Costs of generating funds | | | | | |
| Fundraising trading: cost of goods sold and other costs | 5 | 359,330 | - | 359,330 | 366,623 |
| Charitable activities | | | | | |
| Operation of park and farm | 6 | 651,500 | 292,065 | 943,565 | 865,757 |
| Governance costs | 7 | <u>31,020</u> | <u>-</u> | <u>31,020</u> | <u>40,668</u> |
| Total resources expended | | 1,041,850 | 292,065 | 1,333,915 | 1,273,048 |
| NET INCOMING/(OUTGOING) RESOURCES | | | | | |
| | | (60,226) | (19,265) | (79,491) | (47,713) |
| Total funds brought forward | | <u>87,310</u> | <u>542,443</u> | <u>629,753</u> | <u>677,466</u> |
| TOTAL FUNDS CARRIED FORWARD | | <u><u>27,084</u></u> | <u><u>523,178</u></u> | <u><u>550,262</u></u> | <u><u>629,753</u></u> |

The notes form part of these financial statements

THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)

CONSOLIDATED BALANCE SHEET

At 31 March 2010

| | | Group | | Company | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | Note | 2010 £ | 2009 £ | 2010 £ | 2009 £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 11 | 558,123 | 541,784 | 540,031 | 538,878 |
| Investments | | - | - | 2 | 2 |
| | | <u>558,123</u> | <u>541,784</u> | <u>540,033</u> | <u>538,880</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 12 | 467 | 973 | - | - |
| Debtors | 13 | 950 | 2,130 | 950 | 2,130 |
| Cash at bank and in hand | | 68,849 | 151,483 | 66,280 | 139,370 |
| | | <u>70,266</u> | <u>154,586</u> | <u>67,230</u> | <u>141,500</u> |
| CREDITORS: Amounts falling due within one year | 14 | (78,127) | (66,617) | (81,524) | (75,022) |
| | | <u>(78,127)</u> | <u>(66,617)</u> | <u>(81,524)</u> | <u>(75,022)</u> |
| NET CURRENT (LIABILITIES) / ASSETS | | (7,861) | 87,969 | (14,294) | 66,478 |
| Net assets | | <u>550,262</u> | <u>629,753</u> | <u>525,739</u> | <u>605,358</u> |
| RESERVES | | | | | |
| | 15 | 27,084 | 87,310 | 2,561 | 62,915 |
| Unrestricted funds | | 523,178 | 542,443 | 523,178 | 542,443 |
| Restricted funds | | <u>550,262</u> | <u>629,753</u> | <u>525,739</u> | <u>605,358</u> |

The notes form part of these financial statements

THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)

CONSOLIDATED BALANCE SHEET - CONTINUED

At 31 March 2010

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2010.

The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been audited under the requirements of Section 43 of the Charities Act 1993.

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 and were signed on its behalf by:

.....
J Abbott -Trustee

.....
Cllr R Eckhardt -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 2010**

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 2010

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

| | 31.3.10 | 31.3.09 |
|------------------|----------------|----------------|
| | £ | £ |
| Voluntary Income | 92,227 | 18,232 |
| Grants | <u>286,299</u> | <u>336,761</u> |
| | <u>378,526</u> | <u>354,993</u> |

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

| | 31.3.10 | 31.3.09 |
|-----------------------------------|----------------|----------------|
| | £ | £ |
| London Borough of Tower Hamlets | 212,836 | 181,091 |
| Isle of Dogs Community Foundation | 29,495 | 41,670 |
| Eureka Charitable Trust | - | 100,000 |
| Robert Garvon Charitable Trust | - | 5,000 |
| The Goldsmiths' Company | - | 4,000 |
| Chevron Texaco Limited | - | 5,000 |
| Jack Petchy | 400 | - |
| NEF Grant | 4,888 | - |
| DEFRA | 850 | - |
| Canery Wharf SPS | 1,000 | - |
| Variety Club | 16,500 | - |
| Rufford Maurice Laing Foundation | 14,000 | - |
| Other grants | <u>6,330</u> | <u>-</u> |
| | <u>286,299</u> | <u>336,761</u> |

3. INVESTMENT INCOME

| | 31.3.10 | 31.3.09 |
|--------------------------|---------------|---------------|
| | £ | £ |
| Rents received | 26,827 | 9,817 |
| Deposit account interest | <u>176</u> | <u>2,072</u> |
| | <u>27,003</u> | <u>11,889</u> |

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

| | Activity | 31.3.10 | 31.3.09 |
|---|----------------------------|----------------|----------------|
| | | £ | £ |
| Incoming resources from Charitable Activities | Operation of park and farm | <u>848,895</u> | <u>858,453</u> |

THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 March 2010

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

| | 31.3.10 | 31.3.09 |
|---------------------|----------------|----------------|
| | £ | £ |
| Opening stock | 973 | 32,415 |
| Purchases and wages | <u>358,357</u> | <u>334,208</u> |
| | <u>359,330</u> | <u>366,023</u> |

6. CHARITABLE ACTIVITIES COSTS

| | Direct costs | Totals |
|----------------------------|----------------|----------------|
| | £ | £ |
| Operation of park and farm | <u>943,565</u> | <u>943,565</u> |

7. GOVERNANCE COSTS

| | 31.3.10 | 31.3.09 |
|------------------------|---------------|---------------|
| | £ | £ |
| Legal fees | - | 206 |
| Consultancy fees | 18,070 | 32,661 |
| Accountancy fees | 7,016 | - |
| Auditors' remuneration | <u>5,934</u> | <u>7,801</u> |
| | <u>31,020</u> | <u>40,668</u> |

8. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

| | 31.3.10 | 31.3.09 |
|-----------------------------|--------------|----------|
| | £ | £ |
| Auditors' remuneration | 5,934 | 7,801 |
| Depreciation - owned assets | 50,231 | 39,853 |
| Accountancy fees | <u>7,016</u> | <u>-</u> |

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2010 nor for the year ended 31 March 2009.

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31 March 2010 nor for the year ended 31 March 2009.

THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 March 2010

10. STAFF COSTS

| | 31.3.10 | 31.3.09 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 804,159 | 767,496 |
| Social security costs | 49,763 | 55,008 |
| Other pension costs | <u>5,606</u> | <u>6,066</u> |
| | <u>859,528</u> | <u>828,570</u> |

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

| | 31.3.10 | 31.3.09 |
|-----------------------|-----------|-----------|
| Charitable activities | 34 | 38 |
| Office and management | 3 | 3 |
| Trading company | <u>9</u> | <u>6</u> |
| | <u>46</u> | <u>47</u> |

No employee earned over £60,000 p.a.

11. TANGIBLE FIXED ASSETS

| | Short leasehold £ | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|-----------------------|-------------------------|-------------------------------|------------------------|----------------|
| COST | | | | |
| At 1 April 2009 | 794,551 | 78,343 | 20,479 | 893,373 |
| Additions | <u>15,139</u> | <u>24,431</u> | <u>27,000</u> | <u>66,570</u> |
| At 31 March 2010 | <u>809,690</u> | <u>102,774</u> | <u>47,479</u> | <u>959,943</u> |
| DEPRECIATION | | | | |
| At 1 April 2009 | 275,071 | 59,296 | 17,222 | 351,589 |
| Charge for year | <u>31,691</u> | <u>10,976</u> | <u>7,564</u> | <u>50,231</u> |
| At 31 March 2010 | <u>306,762</u> | <u>70,272</u> | <u>24,786</u> | <u>401,820</u> |
| NET BOOK VALUE | | | | |
| At 31 March 2010 | <u>502,928</u> | <u>32,502</u> | <u>22,693</u> | <u>558,123</u> |
| At 31 March 2009 | <u>519,480</u> | <u>19,047</u> | <u>3,257</u> | <u>541,784</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 2010

12. STOCK

| | 2010 | Group | 2010 | Company |
|----------------------------------|-------------|--------------|-------------|----------------|
| | £ | 2009 | £ | 2009 |
| | | £ | | £ |
| Goods for resale and other stock | 467 | 973 | - | - |
| | <u>467</u> | <u>973</u> | <u>-</u> | <u>-</u> |
| | ===== | ===== | ===== | ===== |

13. DEBTORS

| | 2010 | Group | 2010 | Company |
|---------------|-------------|--------------|-------------|----------------|
| | £ | 2009 | £ | 2009 |
| | | £ | | £ |
| Other debtors | 950 | 2,130 | 950 | 2,130 |
| | <u>950</u> | <u>2,130</u> | <u>950</u> | <u>2,130</u> |
| | ===== | ===== | ===== | ===== |

14. CREDITORS

| | 2010 | Group | 2010 | Company |
|-------------------------------|---------------|---------------|---------------|----------------|
| | £ | 2009 | £ | 2009 |
| | | £ | | £ |
| Bank loans and overdrafts | 27,904 | 9,669 | 24,379 | 9,669 |
| Trade creditors | 14,889 | 20,707 | 14,889 | 14,582 |
| Taxes and social security | 15,665 | 28,971 | 11,999 | 19,457 |
| Accruals | 19,669 | 7,270 | 10,389 | 5,520 |
| Due to subsidiary undertaking | - | - | 19,868 | 25,794 |
| | <u>78,127</u> | <u>66,617</u> | <u>81,524</u> | <u>75,022</u> |
| | ===== | ===== | ===== | ===== |

THE MUDCHUTE ASSOCIATION (GROUP ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 March 2010

15. MOVEMENT IN FUNDS

| | At 1.4.09 £ | Net movement in funds £ | Transfers between funds £ | At 31.3.10 £ |
|-----------------------------|----------------|-------------------------------|---------------------------------|-----------------|
| Unrestricted funds | | | | |
| General fund | 87,310 | (60,226) | - | 27,084 |
| Restricted funds | | | | |
| Building | 519,480 | (16,552) | - | 502,928 |
| Eureka trust - CEO salary | 20,833 | (20,833) | - | - |
| Isle of Dogs Community Fund | 2,130 | (2,130) | - | - |
| Minibus | - | 20,250 | - | 20,250 |
| | 542,443 | (19,265) | - | 523,178 |
| TOTAL FUNDS | <u>629,753</u> | <u>(79,619)</u> | <u>-</u> | <u>550,262</u> |

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

| | Incoming resources £ | Resources expended £ | Movement in funds £ |
|----------------------------------|----------------------------|----------------------------|---------------------------|
| Unrestricted funds | | | |
| General fund | 981,624 | (1,041,850) | (60,226) |
| Restricted funds | | | |
| Building | 1 | (16,553) | (16,552) |
| Isle of Dogs Community Fund | 19,495 | (21,625) | (2,130) |
| Minibus | 27,000 | (6,750) | 20,250 |
| LB Tower Hamlets Children's Work | 146,278 | (146,278) | - |
| Restricted grants | 80,026 | (80,026) | - |
| Eureka trust - CEO salary | - | (20,833) | (20,833) |
| | 272,800 | (292,065) | (19,265) |
| TOTAL FUNDS | <u>1,254,424</u> | <u>(1,333,915)</u> | <u>(79,491)</u> |

This page does not form part of the statutory financial statements