

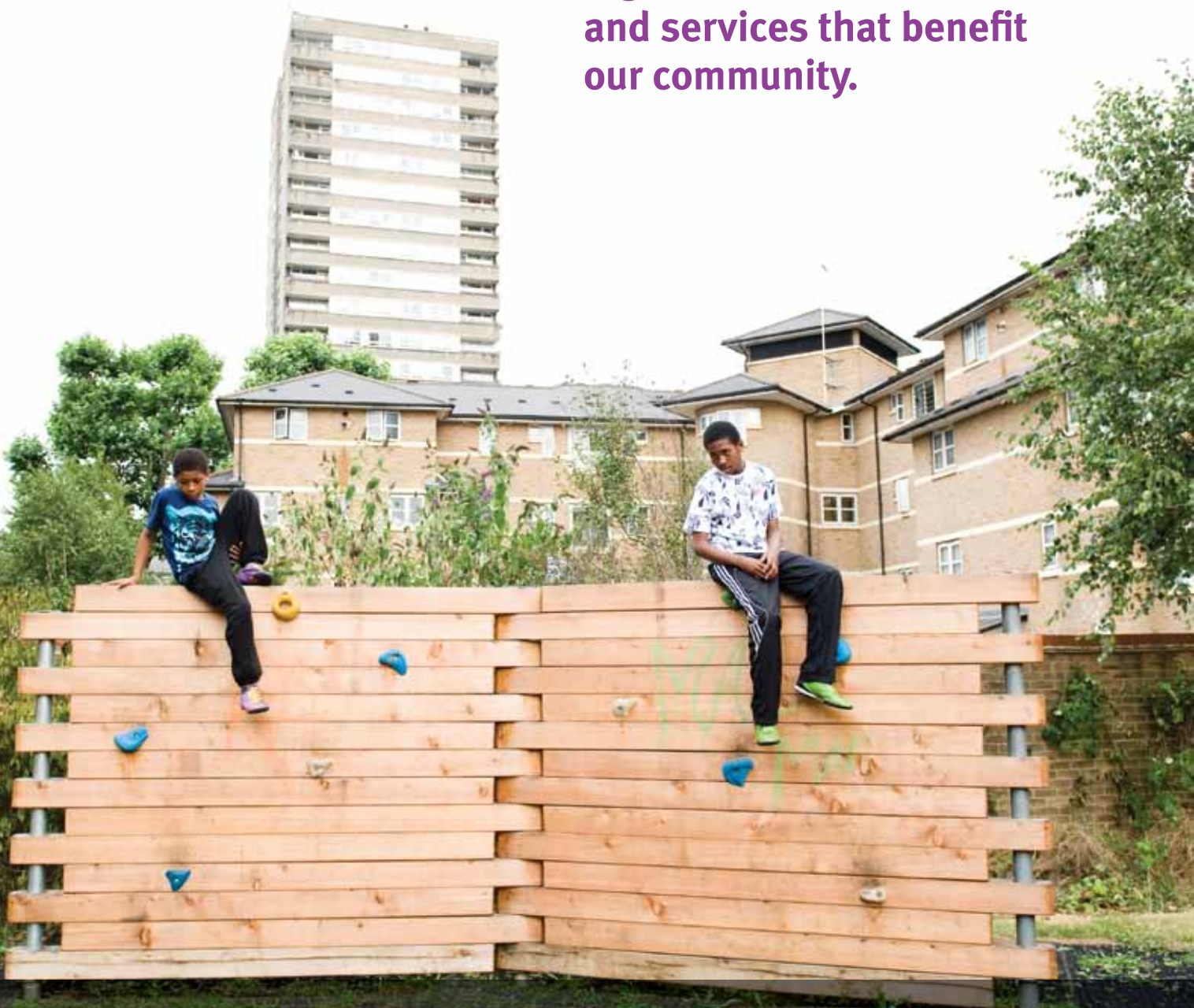
Westway Development Trust

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## Trustees' Report and Accounts

for the year ended 31 March 2010

**Enhancing the lives of those who live and work in the vicinity of the Westway flyover via an imaginative, self-financing and long term investment in urban regeneration, innovation and services that benefit our community.**



Local kids play on the newly installed open-access outdoor play areas around the Westway Sports Centre site

Photos by Philippa Gedge

## Westway Development Trust

# Trustees' Report and Accounts

for the year ended 31 March 2010

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## CHAIRMAN'S INTRODUCTION

The fact that our microcosm of London life beneath the A40 flyover has remained vibrant during the last year is evidence that this 'charitable experiment' has matured into a solid anchor for the community.

During the year, we have seen over 350,000 visits to the Westway Sports Centre and 90,000 visits to the Portobello Green Fitness Club. Our community sports outreach team has been helping to link our excellent facilities with the people who could most benefit from them – including schoolchildren, young offenders and children with obesity problems.

The Trust's community development programme has helped more than 70 local groups through funding and support, provided low cost offices to voluntary organisations, contributed hundreds of hours of educational support for child and adult learners, supported the delivery of arts projects and the introduction of primary school children to arts through the Everyday Magic programme. We have established a new Health Trainers project with funding from NHS Kensington & Chelsea.

We are a financially responsible organisation and have sought opportunities to develop our property portfolio. This has seen undeveloped sites turned into temporary art displays: music and arts festivals have brought to life previously derelict spaces. We have been working with the planning authorities to create a cohesive development framework for the future. And we have invested heavily in our estate, spending £265,000 on the public areas; building new cricket nets and a children's play area at the Westway Sports Centre with the help of external funding; and refurbishing some of the existing football pitches.

The Trust has been working under the Westway for nearly 40 years. It was set up with a wide-ranging charitable remit that allows us – some would say encourages us – to carry on a diverse range of projects. Taking advantage of opportunities as they came along gave us the chance to create an asset base. Various schemes over the years have allowed us to develop a wide range of assets from industrial and retail property (for regeneration and long-term income) to sports centres (from which we run services directly within the community). These produce the income that we use for our community and charity work.

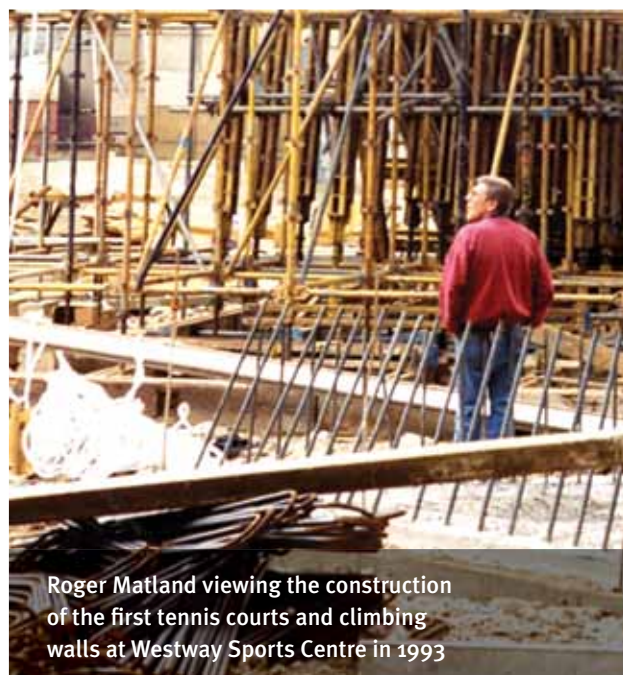
Now it is time to take stock of what we have built and where the future might take us. The regeneration that was begun in 1971 has not been completed and we must take care to maintain our developed land properly. We do have the ability to support our projects through the economic downturn, but times are becoming increasingly difficult and we cannot fund every project that we would like to undertake. We need to invest heavily in our estate and to set aside funds to allow building development in the coming years.

Over the course of the next year we shall carry out a wholesale review of our strategy and priorities. We do not pretend that task will be easy: it is difficult to balance the impact of long-term work with community organisations with (for example) that of short-term health mentoring of individuals, but it is an exercise that we must undertake. We shall not, however, let that planning exercise divert us from grasping new opportunities to benefit our community as they arise.

Our independence and ability to plan our future on a long-term basis comes from the financial strength that has been built up over many years. I do want to pay tribute to the legacy of Roger Matland, who guided the development of the Trust as its Director from 1976 until his retirement in 2005. We were very sad to learn of his death during a diving expedition earlier this year.

This report explains in detail our activities during the year. I hope you find it interesting.

**Jon Rayman, Chairman**  
29 September 2010



Roger Matland viewing the construction of the first tennis courts and climbing walls at Westway Sports Centre in 1993

The Trustees, who are also directors of the Company for the purposes of the Companies Act, submit their report and audited financial statements for the year ended 31 March 2010.

## HISTORY AND OBJECTIVES OF THE TRUST

### History of the Trust

In the late 1960s the Westway A40 elevated flyover, providing a fast route from White City into Central London, was driven through the heart of North Kensington. Streets were cut in half, 600 houses demolished and over 1,000 local people moved away. The new flyover brought blight, noise and disruption to a community already contending with economic hardship, a decaying inner city environment and local government neglect. A mile long strip of land was left to waste beneath the huge concrete stilts of the motorway.

Residents' protests hit the headlines when the motorway opened in 1970. By then a decade of community action networks had grown up in North Kensington fighting for better housing and open spaces where children could play. Energetic activists set up grassroots associations, organised on local issues, and campaigned for improvements.

In 1971, Westway's original incarnation – the North Kensington Amenity Trust – was set up in partnership with the local authority. It had two goals: to use the mile-long strip of land under the motorway to compensate the community for the damage and destruction caused by the road, and to hold in trust the 23 acres, to ensure that local people would be actively involved in determining its use.

### Context

Despite its status as a royal borough and its glamorous image, Kensington & Chelsea, with a population of about 171,000, is the most densely populated borough in the UK where extremes of wealth and poverty co-exist. There is a 10 year gap in life expectancy between residents of the north and south of the borough. It is a cosmopolitan, multi-ethnic and multi-faith borough where more than 100 different first languages are spoken. In the borough's schools, 70% of pupils are from ethnic minorities.

### A pioneer among charities

Thanks to an eclectic portfolio of commercial developments, and a history of pragmatic financial management, the Trust is now able to fund its core costs as well as the vast majority of its charitable activities. Our facilities, which range from landscaped gardens and offices, to fitness centres and social clubs, all serve a dual purpose – to generate revenue for the Trust's projects and to serve the needs of our diverse community.

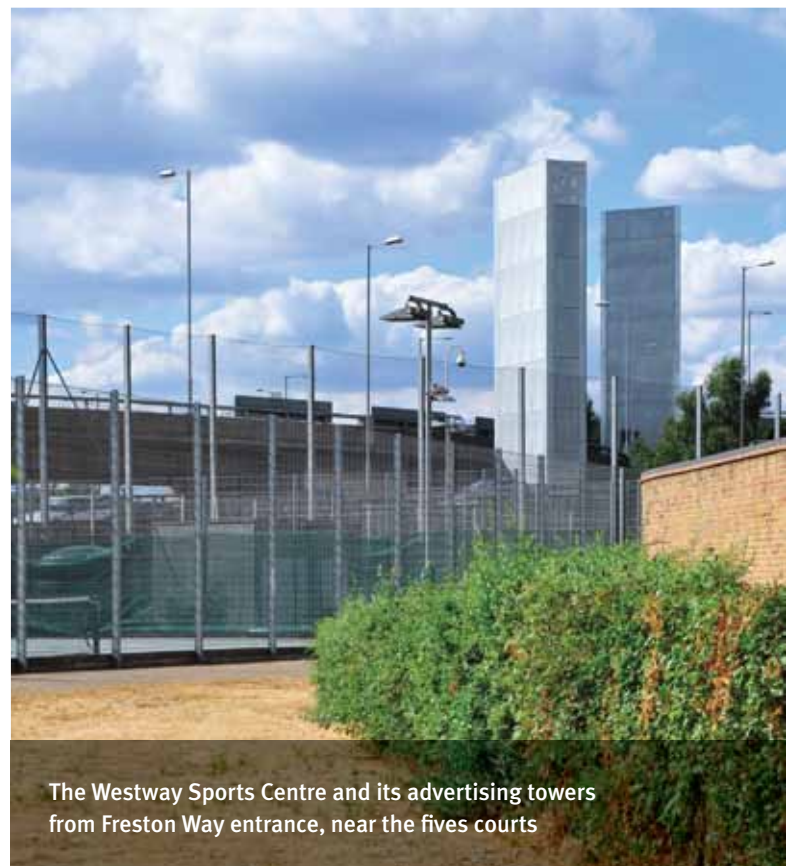
Having a degree of financial independence allows us to target and support those communities in greatest need, as well as help set up projects beyond our immediate boundaries.

Over the years, we have successfully combined the roles of charity, developer, social enterprise and landlord. It is largely because of this diversification that we have been able to respond to our community and deliver local people's ideas of what should be done with the land.

There is a growing national interest in the contribution locally-run development trusts can make to their neighbourhoods; over 40 years the Trust has won national awards for its approach, and we are often cited as an example for others to replicate. However, we cannot operate in a vacuum and we continue to forge partnerships across sectors in order to fill in gaps in provision and ensure that local people in Kensington & Chelsea never receive less than we promised them.

### Land use

We hold in trust the nine hectares (23 acres) of land under the Westway. The land is sub-leased from the Royal Borough of Kensington & Chelsea which in turn has a lease from the freeholders, Transport for London. Of this land, 80% has been developed for community facilities and 20% developed commercially, providing a long-term income stream.



The Westway Sports Centre and its advertising towers from Freston Way entrance, near the five courts

## Charitable objectives

Our aims, as approved by the Charity Commission are:

To promote the benefit of the inhabitants of the Royal Borough of Kensington and Chelsea (the 'benefit area') by charitable means as the trustees think fit, including:

- The advancement of education in the benefit area, including:
  - training or retraining
  - the provision of financial assistance to people who live in the borough and are in need of support to pursue their education
  - support of the performing and visual arts.
- The provision of facilities for recreational, sporting and other leisure activities in the interests of social welfare, with the object of improving the conditions of life of inhabitants and the inhabitants of adjoining London boroughs (including the protection and preservation of their health).
- The development of the capacity and skills of members of socially disadvantaged communities within the benefit area enabling them, in the long-term, to identify and address their own needs, and to participate more fully in society.
- The maintenance, improvement or provision of amenities such as our parks and gardens and the promotion of community art projects.

To achieve these aims, we may assist other charitable institutions established for the benefit of residents.

## Public benefit

Our activities continue to give identifiable benefits to the public we serve. The Trustees confirm that they have complied with the duty under section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit and seek to meet our charitable purposes in following our core goals.

We aim to deliver our programmes effectively, manage the assets and resources that make them possible, and operate as efficiently as a commercial organisation.

## ACTIVITIES, SERVICES AND ACHIEVEMENTS

### Sports, health and fitness

**Goal:** To improve the health and wellbeing of local people by providing sport and fitness opportunities and facilities, and by delivering programmes to as wide a community base as we can reach, both within our centres and through our outreach programmes.

**Activities and services:** We provide a wide range of sport and fitness opportunities to the community through the Trust's flagship facilities – the Westway Sports Centre and the Portobello Green Fitness Club. Both are exemplars within the industry and centres of excellence. Portobello Green pioneered GP-referred fitness programmes more than ten years ago and is a member of the national 'Inclusive Fitness Initiative', while Westway operates an LTA Performance Tennis Centre, one of the country's leading climbing centres and one of London's most popular amateur football venues.

The Westway Sports Centre has six state-of-the-art football pitches, basketball and netball courts, eight indoor and four outdoor clay tennis courts, a large indoor climbing and bouldering centre, cricket nets and the only publicly available handball fives courts in London. Customers can also experience 'endless pools' (swimming pools using a flow of water to swim against) which are run by our partner Frutina. Our outdoor pitches are used for a range of sports including street hockey and the Street 20 Cricket programme. The Centre's ethos is about all members of the community enjoying sport in a fantastic environment on a 'pay and play' basis.

The Portobello Green Fitness Club is proof that a gym can be run on a not-for-profit basis without compromising quality. Regularly updated, the gym includes a cardiovascular and resistance gym, separate free-weights gym, two squash courts, saunas and steam rooms, and three treatment rooms, as well as a range of classes, from pilates to poledancing. We offer affordable commercial membership to local people, as well as subsidised membership schemes and individual support to targeted groups in the local community for whom exercise can be prohibitively expensive or intimidating. The Club is signed up to the London Fitness Network which allows our users to enjoy the facilities of other community clubs throughout London.



Junior Climbing squad member in training at Westway Sports Centre

Ensuring that local and national messages on health are delivered right where they are most needed, the Trust operates a dedicated Community Sport Outreach Team. This team works with the borough's schools to raise awareness of the importance and opportunities for in-school and after-school sport, fitness and health-improving activities. We see outreach work as crucial to delivering our charitable objectives and achieving measurable public benefit.

The team also manage a small grants programme, aimed at providing local people with opportunities to participate in sport and to acquire employment skills within the sports sector.

Together, the sports centres and the outreach team deliver a coordinated health, sport and fitness strategy targeting children, older people, people with disabilities and other community groups.

**Achievements:** During the year, the Westway Sports Centre saw 354,000 user visits. In a difficult economic climate income rose by 9%. The partnership with WIN Tennis – to improve and restructure the tennis development programme for local children – continued into its second year; it has stabilised the delivery of the development programme and achieved its targets. We refurbished two more of our football pitches – pitches 4 and 5 – and replaced the playing surfaces on four of the indoor tennis courts. We secured funding from The Lord's Taverners and constructed two sets of cricket nets at the Centre. We have entered into a new agreement with the Eton Fives Association to bring handball fives to the diverse community of north Kensington.

“Our instructor was excellent. Just the right combination of discipline for safety, but not too much, so they had plenty of fun!”

*(Westway climbing customer)*

“The receptionist was a very thoughtful, helpful and approachable person.”

*(Westway customer)*

At the Portobello Green Fitness Club we had some 95,000 user visits, of which over 20,000 were by members of our subsidised community groups. We missed our target for 1,200 full-paying memberships, but achieved an increase to 1,060 at the end of the year, up from 995 last year. Funding from NHS Kensington & Chelsea allowed us to run a programme focused on carers and we have reduced membership fees for local Housing Association tenants. Together this resulted in a reduction of gross income of 9%, but a cost-cutting exercise allowed us to run the Club with a similar level of subsidy to the preceding year.

“ I am eternally indebted to PGFC for helping me with my struggle with depression; by gently guiding me in a positive and healthy direction that will remain with me forever.”

*(Portobello Green GP referral scheme member)*

In the Community Sports Outreach Team our three full-time sports workers have continued to work closely with schools, community centres and health organisations to increase people's access to physical activity, sport and health-related fitness. The team's work has focused on schoolchildren (both in and out of school time), youth offenders, children with obesity issues, inactive children, women and girls, fathers and sons, and ethnic minority groups.

One member of the team changed his base from the Trust's offices to the Sports Centre as part of our initiative to bring a greater cohesion and integration across the delivery of our sports development work.

“ Just a quick email to say a big thanks for organising the Festival of sport and fitness sessions for the play service last week. The couple of sessions I observed, especially the fitness and hand ball, the children were really enjoying themselves. On behalf of our teams, many many thanks as ever for your support.”

*(Community learning play services manager)*

**Looking ahead:** We are always working to ensure the centres meet the expectations and changing demands of our community. This year, we plan to undertake major refurbishment works to the playing surfaces of Pitches 1, 2 and 3 and to replace and refurbish large sections of the climbing walls at the Westway Sports Centre. We shall seek to increase usage of the new cricket nets and of the underutilised fives courts and look at ways of extending the range of activities that can be accommodated on the outdoor tennis courts.

The Portobello Green Fitness Club is keen to further increase participation in community programmes, as well as raising awareness of the health benefits members can expect to see. We want to develop projects that will build on NHS Kensington & Chelsea's strategy to tackle obesity. We shall seek to enhance the sustainability of this community-focused facility through the introduction of a number of customer retention initiatives. We plan to undertake major refurbishment work to the Club's plant, especially its boilers, and to flooring in the free weights gym and Studio 2.

The Community Sports Outreach Team will have three focuses: on Schools; on Women and Girls activities and on Youth. We plan to integrate the whole team within the Westway Sports Centre and to seek further opportunities for increasing schools' usage of the Sports Centre.



Women's football session on the newly resurfaced artificial grass pitches at Westway Sports Centre

## Property and regeneration

**Goal:** To provide sustainable regeneration projects for our community by developing and maintaining the facilities the Trust provides, allowing us to finance the wide range of programmes we deliver.

**Activities and services:** We own, maintain and let out on a commercial basis a portfolio of properties we have developed ourselves. Our portfolio includes 120 commercial leased properties, ranging from clubs, bars and restaurants, fashionable boutiques in Portobello Green Arcade to light industrial units and commercial offices. Crucially, our commercial estate is providing flexible work-space for small to medium-sized local businesses, with many young or start-up creative businesses in units such as those in Acklam Workshops. Forty years ago this area was a wasteland; today it is a thriving place of work, with more than 800 people in jobs. In developing 20% of our land commercially we have secured a long-term income stream, to subsidise our extensive programme of community projects. Key to our continued success in income generation is the maintenance and development of our estate. Future developments are likely to involve private sector partners, providing the Trust with useful income whilst contributing to the regeneration of the estate.

**Achievements:** Income from our investment property portfolio fell by a little over 1% from the previous year. Against the backdrop of continuing economic uncertainty and the loss of two of our larger tenancies this was no mean feat and was supported by a full year's income from the two new advertising towers alongside the elevated A40. This new income came on stream just in time to help cushion the effect of the recession and allows us to continue subsidising community activities in line with existing plans.

We planned a major project to rectify the effects of years of under-expenditure on our public estate and completed a £265,000 scheme of works on those publicly accessible areas.

In partnership with the Royal Borough of Kensington & Chelsea we created a new children's outdoor play area within the grounds of the Westway Sports Centre. We provided the land and the Borough funded and managed the construction.

Our ability to maximise the gain from development partnerships continues to be suppressed due to the general economic climate. Nonetheless we have taken the opportunity to pursue the possibility of agreeing with the Royal Borough a strategic planning framework for Trust land, that is hoped will speed development when times are better, and we have worked alongside our professional advisers towards this goal.

Within our regeneration strand we worked with a number of funders including the local authority to stage events on otherwise vacant land and in empty units. We hosted the Mick Jones Rock and Roll Public Library (the £20,000 cost funded almost entirely by external partners and project income) and for the second year ran a Portobello Winterfest, this year focusing on opening over three Wednesday evenings to co-ordinate with other late night openings in the Borough. Our estate works included remodelling tired and broken planting beds along the western end of Acklam Road and we secured £10,000 of funding from the North Kensington Environment Project towards a new avenue of trees that we planted as part of those improvements. We worked with the Environment Project and the Royal Borough to improve the entrance to Malton Road, repainting unsightly walls, removing defunct street furniture and adding new pavement level lighting.

**Looking ahead:** Maintaining the Trust's commercial estate and maximising the available income from it will be a determining factor in our achievements over the coming years. We plan further projects to increase the temporary use of otherwise vacant space for self-funding arts activities. We will be seeking additional grants or commercial investment to bring such spaces into better use, adding value to the estate.

We will continue our work with the Royal Borough in an effort to obtain a strategic development framework covering our land. Longer-term community-focused initiatives such as the Maxilla flexible workspace project and planning for the redevelopment of Thorpe Close into a more vibrant retail and leisure zone will also be pursued further.

## Community Projects, Health, Education & the Arts

**Goal:** To help ensure a good range of affordable services and opportunities in Kensington & Chelsea is available for residents of all ages and from all communities. Where there is need or disadvantage, the Trust is keen to provide help and support to individuals, groups and other charities to realise their own goals and to develop projects which fill gaps or provide alternatives to those on offer.

### Activities and services:

**Helping to set up local community projects and to support them:** In working with residents and community groups the Trust is able to draw on the resources of the whole organisation and provides: subsidised charity offices; meeting rooms and event space; one-off small grants; starter grants and selected core grants; and links with other Trust projects and experienced staff. The Trust employs a small core team developing and supporting community projects and delivering and administering learning programmes. We also engage sessional tutors and freelancers.

**Health:** During the year, a new pilot Health Trainers programme was set up with funding from NHS Kensington & Chelsea to recruit, train and co-ordinate a team of people from communities in the borough who encourage and support local people in making healthier lifestyle choices in order to reduce health inequalities.

**Education:** The Trust co-ordinates and contributes to the resourcing of the Partnership for Supplementary Schools in Kensington & Chelsea through which the Trust assists community organisations to provide out-of-school-hours education opportunities for children and young people.

The Trust runs a programme of adult and community learning for English as a second or other language (ESOL) and parenting programmes. The adult learning programme, funded jointly by the Trust and RBKC, is accredited by the Open College Network (OCN).

As well as providing education directly in this way, we also have a small education grants scheme. The grants are available to local adults seeking to undertake courses and training leading to employment where there is a need for financial assistance. Grants up to a maximum of £1,000 are given to help with fees, books, travel, and childcare.

**Arts:** The Trust's Community Projects Manager works with local arts groups and on funding initiatives to support access to the arts. The Trust promotes the Everyday Magic programme in local primary schools.

#### **Achievements:**

**Support to community projects:** Through the Trust's policy of letting charity offices at one third of market rents, we gave rent subsidies to 13 local charities worth £186,000; we gave core grants totalling £97,000 to 6 local charities; and we awarded 27 small grants to local charities totalling £16,000, funding festivals, celebrations, events, open days, presentations, publicity, tutors and trips. We funded Southwark Travellers Action Group with a £15,000 grant to work with families and children on the travellers' site adjacent to the Trust's estate at Stable Way. Working with Kensington and Chelsea Social Council, the Trust has supported the establishment of FOCUS Kensington & Chelsea, a new community fund for the borough, stimulating philanthropic giving in Kensington & Chelsea and introducing donors to local charities to assist them with grant aid donations.

**Health:** During the year the Trust was contracted by NHS Kensington & Chelsea to run an 18-month pilot Health Trainers project for the borough. A new post, Community Health Programmes Manager, was created and 6 local people were recruited as trainers, starting in January; for the first three months they undertook training, including working for their City & Guilds Level 3, ready to deliver a quality health improvement service over the coming year. Health trainers support people to make healthier lifestyle choices and provide basic information about health and local services to clients to address lifestyle factors which affect health, such as diet, exercise, smoking, alcohol and mental and emotional wellbeing.

**“I like the sessions because my Health Trainer was very helpful and motivated me.”**

*(Service user – Health Trainers project)*

**“My Health Trainer has a very good personality for this role. He is welcoming and supportive and understanding.”**

*(Service user – Health Trainers project)*



Participant in a community gym session at Portobello Green Fitness Club

**Education:** Through its co-ordination of the Partnership for Supplementary Schools in Kensington & Chelsea, the Trust assisted over 25 community organisations representing people from a range of backgrounds, including those from Morocco, Somalia, Sudan, Eritrea, Turkey, Georgia and Albania: their supplementary schools delivered 54,000 learning hours, involving 440 pupils who are RBKC residents, over the 2008/09 academic year. The community-run supplementary schools delivered English, maths, science and community language teaching and homework support, while the Trust provided school co-ordinators and teachers with training, fundraising support, learning resources, peer support and a resource centre at 7 Thorpe Close. The Trust co-ordinates a contract for 14 supplementary schools to access foundation funding from RBKC and John Lyon's Charity. We ran parenting programmes in partnership with RBKC Early Years, including working with parents and running activities for young children with the Traveller community at Stable Way.

The Adult & Community Learning team ran 22 ESOL classes a week each term. Overall 281 learners accessed the classes during the year; 74 learners were registered for OCN exams in 2009/10 with nearly all expected to achieve in at least one of the three components: Speaking & Listening, Reading and Writing.

Through our education grant scheme, grants were awarded to 22 individuals, totalling £21,000, enabling them to pursue courses which will help them into work.

Our *Strengthening Families, Strengthening Communities* parenting programme ran with 18 participants in its English version and 32 participants completed the programme in Arabic. We were able to link in and deliver one of these programmes as part of the Extended Schools Services at St Cuthbert with St Matthias CE Primary School. In response to a request from parents on the Stable Way Travellers' site we started a miniclub for under 8's twice a week, maximising talk and reading opportunities through a play programme, with 8 to 10 regular attenders.

“Our teacher is so helpful, we've learnt many useful skills such as writing and speaking. We can share a lot of each other's life experience.”

*(Entry level 3 student)*

“Here it's a better environment, there's people to help me and there's the use of the Internet so if I have to research anything its easier for me 'cause I don't have the internet at home.”

*(Supplementary School Year 9 male student)*



A competitor in the first Portobello Young Artist of the Year competition, run in the Portobello Bridge festival space, as part of Notting Hill Visual Arts Festival 2010

“Here I don't feel lonely as at school because nearly all these people are from my community. I know all of them. I know the teacher as well. I feel more comfortable here than I do at school. When I am more comfortable I have less stress on me so I can concentrate on the work even more – when I have a lot of stress on me I do not do as well as I could.”

*(Year 9 student)*

**Arts:** The Trust has supported a number of arts initiatives through the year through its Community Projects Manager, including: working with Glissando Steel Orchestra to re-establish its training work with young people and helping to bring in funding to put the organisation on a firmer footing; helping the internationally respected, inclusive theatre company Chickenshed to establish a West London base in Kensington & Chelsea, to develop an inclusive children's theatre, youth theatre and a young adult company for the area. Through the Company of Players and Tellers, engaged by the Trust to deliver the Everyday Magic arts in education programme, 120 creative sessions, involving traditional story-telling, music, song, puppetry and the visual arts, were delivered each term to 480 children in 20 classes in 8 local primary schools.

#### Looking ahead:

**Support for community projects:** The Trust will continue to offer support to a wide range of community organisations and voluntary organisations over the coming year.

**Health:** The pilot Health Trainers programme will be fully operational and will be evaluated by NHS Kensington & Chelsea. The Trust will work closely with NHS K&C to design and establish a successor project when the pilot finishes at the end of March 2011.

**Education:** The Adult and Community Learning Team plan to diversify the existing courses to meet the very different needs of some of the participants. We want to find ways of meeting the needs of the learners while having regard to the funders' emphasis on learning that leads to accredited qualifications. We shall seek continued funding for the programmes through RBKC.

**Arts:** The Trust will continue to support selected community arts groups to get themselves established, through identifying and raising funding, helping them to obtain accreditation and to undertake professional development, and working with them to develop partnerships that help broaden their reach and range.



A performer in Jeffrey Kisson's stage adaptation of Invisible Man by Ralph Ellison, starring Vinta Morgan; held at the former Ion Bar

## SUSTAINABILITY

It is the policy of the Trust to work towards a sustainable environment. In doing this the Trust aspires to awareness and understanding of local, national and global environmental issues and, through its own practices, strives to conserve, sustain and improve the environment.

The achievements of the first two-year programme managed by our Environmental Committee include:

- Smart meters have been installed at the Westway Sports Centre
- Movement sensors have been put in low use areas to control light usage
- Thermostatic valves have been placed on radiators
- Energy efficient hand dryers have been installed
- Solar film has been placed on windows to reduce the need for air conditioning
- PC's have been set to auto shut down – estimated saving £4,400 pa
- The number of boilers in use at WSC has been reduced – estimated saving £3,000 pa
- T8 and T12 fluorescent tubes have been replaced with the more efficient T5's – estimated saving £2,000 pa
- Halogen spot light replacement programme is in place to change to LED bulbs
- 7-day timers have been placed on electrical equipment – estimated saving £500 pa
- Water flow restrictors have been placed on all taps, showers, toilets – estimated saving £1,100 pa
- Recycling bins are in place across the site
- Staff training has been undertaken and awareness of sustainability issues has been raised

The programme for the third year will:

- Continue the Halogen lamp replacement programme
- Monitor the smart meter results
- Test LED floodlights on football pitches
- Control gas consumption in the climbing centre
- Improve WSC pavilion energy efficiency
- Continue to turn off lights and equipment when not in use



Adult tennis practice at Westway Sports Centre

## FINANCIAL REPORT AND BUSINESS REVIEW

### Review of the year

	2010 £'000	2009 £'000
Total income	<b>6,818</b>	6,611
Expenditure on		
charitable activities	<b>(5,911)</b>	(5,538)
Property and		
governance costs	<b>(795)</b>	(849)
Other gains and losses	<b>(627)</b>	(3,169)
Net movement in funds	<b><u>(515)</u></b>	<u>(2,945)</u>

This year the Trust successfully maintained income levels and increased our charitable spend, despite an unfavourable economic climate that has now been with us for two years. It is 30 years since the Trust was reliant on grant funding for its day-to-day operations and this has helped us insulate our core activities from the funding reviews to which so many third sector bodies are susceptible. Our financial stability has enabled us to make credible bids for new work in the education and health fields that have boosted activity in those areas.

Income from our activities at the Westway Sports Centre excluding the development programmes has risen by 10% since last year. This reflects a certain resilience from our user base to the economic downturn, reflecting not only the commitment and passion of the users, but also the relatively good value offered by sport as a recreational activity. Nonetheless, we did see some fall off in starter sessions. Income from development activities was up just 2%, which includes a much more focused tennis development programme run with our partners, WinTennis, funded by the Lawn Tennis Association.

We carried out a wholesale review of the management of the Centre and continued a rolling review of the use of self-employed coaches and have replaced many of them with full-time, employed staff. These initiatives have helped to keep the operating costs of the Centre almost unchanged since last year, despite the increase in income and inflationary pressures. All this has helped to balance the books, as the Trust put in £24,000 from its other sources of income this year, as opposed to £257,000 last year.

In contrast income at the Portobello Green Fitness Club fell by 9%. We have found that our general members are being more cautious over their discretionary spend and other facilities in the local area are marketing aggressively to keep up their membership numbers. We have introduced a number of new affordable membership schemes, such as preferential rates for social-housing tenants.

We carried out a management restructure of the Club during the year and that helped reduce operating costs by some £79,000. The Trust is committed to operate the Club within the local community not only as a welcoming, inclusive facility, but also as a centre for delivering projects to improve health and encourage healthy living, and we continue to provide a significant subsidy for the Club. The cost savings allowed us to reduce that subsidy from £260,000 last year to £249,000 this year.

It continues to be hard work to secure funding for our community sports outreach programme. However, we did manage to increase income by 2% to £97,000, which includes the charges we make to participants. We maintained a similar level of activity with costs some 5% higher. The Trust subsidises this programme by £182,000.

In Education, grant funding for the Partnership for Supplementary Schools in Kensington & Chelsea has reduced in recent years, but this year we received new funding for *Strengthening Families*, *Strengthening Communities* and *Power of Parents* courses, as well as continuing funding for our Adult Learning programmes, from the Royal Borough of Kensington & Chelsea. During the year we started a Health Trainers project funded by NHS Kensington & Chelsea. Together these contributed to an increase in income for health and education of 85% to £314,000. Likewise our spending on these projects increased by 61%, including the Everyday Magic project in local schools that is largely funded by the Trust. Whereas the Health Trainers project covers its costs, including its share of overheads, the Trust continues to subsidise its Education projects by £164,000.

Expenditure on community development is largely funded by the Trust and fell by 4% to £688,000. Grants awarded fell by more than £110,000. Of that figure, £55,000 was accounted for by exceptional grants to other community organisations last year from funds received from the North Kensington Opportunities Centre specifically for that purpose. Additionally a £20,000 core grant originally intended for 2009/10 was accelerated into 2008/09, creating a differential between the two years. Staff salaries for the community development team increased by £57,000 reflecting the appointment of two additional development workers during the year.

The Trust spent over £250,000 on its estate to improve the appearance and quality of its open space, following a number of years of under-investment.

Overall the Trust increased its spending on charitable projects by over 6% to £5,911,000.

Gross income from the Trust's property portfolio reduced by just 1.4% over the previous year, despite a very difficult property market. We had a significantly reduced rent from one large property on Ladbroke Grove leading up to its closure, yet we managed to keep a fairly constant level of voids throughout the rest of the portfolio. The position was made good by the new rental income from the advertising tower sites that commenced in December 2008, giving us a whole year's income in 2009/10. In the current economic climate this new income stream is vital. It is making up for the shortfalls elsewhere, caused by the recession; without them we would be forced to scale back our operations which would reduce the impact of our work in the community.

We made a significant saving in property overheads of over £55,000, primarily due to a reduction in staff costs due to a tighter management team and more economical use of our maintenance team.

The operating surplus for the year reduced from £223,000 to £112,000. The sports centres required less subsidy than last year, but that saving was more than offset by the major estate improvement works noted above.

The value of the Trust's investment properties has recovered slightly from the fall it suffered last year, giving an estimated surplus on revaluation for the year of £653,000. By the end of the year market rents had started to harden and the low returns available on other forms of investment helped to push up property values. We have often stressed that our concern is for the level of rental income received which funds our charitable activities, rather than the notional value of our investment portfolio, and it is the hardening of rents and the satisfactory management of voids that provides us with greatest confidence.

A further deficit of £1,280,000 has arisen from actuarial losses on the Trust's final salary pension scheme. This figure derives from estimates based on a full valuation carried out three years ago and will undoubtedly change when the results of the current triennial valuation become available towards the end of the current year.

The value of fixed assets recorded in the balance sheet remains materially unchanged from the previous year, except for the revaluation of investment property. Increases in the

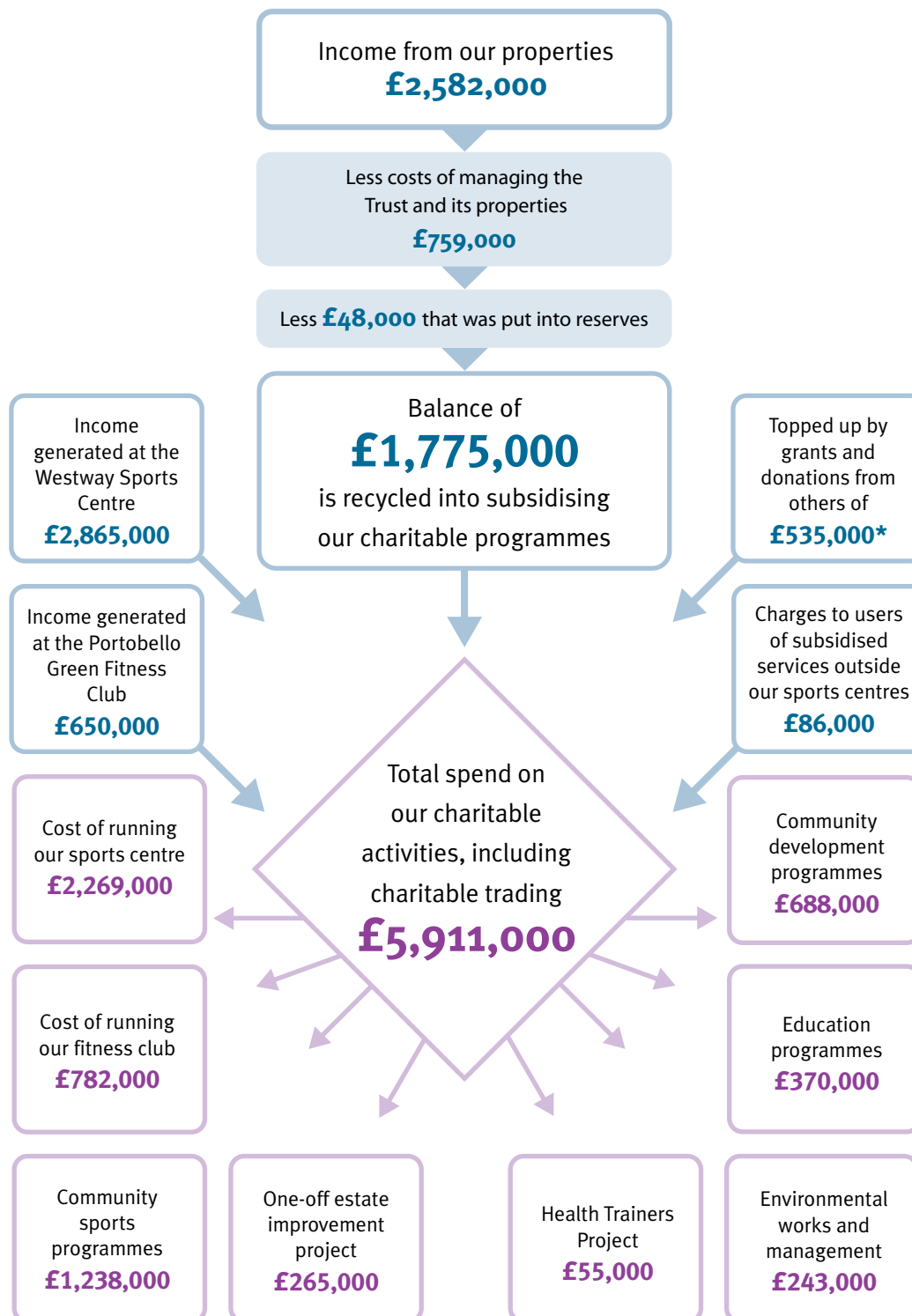
cost of our sports facilities, such as the addition of cricket nets at the Westway Sports Centre, are more than offset by depreciation charges.

The Trust put a great deal of effort into collecting current rent, with the result that there was very little such debt owed to us at the end of the year.



The new cricket nets at Westway Sports Centre, funded by the Lord's Taversers, in use

## How our income is recycled



\* Grants of £599,000 were received in the year: £64,000 is for future years, leaving £535,000 for this year's projects.

### Pension deficit

Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17) requires the Trust to incorporate the surplus or deficit on its share of the defined benefits (final salary) pension scheme in the balance sheet. We are tied in to the past service commitment for long-standing staff who belong to this scheme which is run by the Royal Borough of Kensington & Chelsea, but took the initiative some years ago to limit our exposure by offering a defined contribution scheme to new joiners. The deficit of the final salary scheme at 31 March 2010 was £2,481,000 and this appears as a separate liability on the balance sheet and as a designated fund in deficit as shown in note 16 to the accounts. The cash contributions that the Trust is obliged to make as the employer are determined by the Scheme Actuary as part of a triennial valuation, which is separate from, and calculated on a different basis to, the valuation carried out under a basis strictly defined by FRS 17.

As the Trustees have concluded that the Trust can afford to pay the increased contributions from its operating income over the next 10 years, as recommended by the Actuary, there is no requirement to make any transfer from other funds to cover the deficit and no such transfer has been made. The current funding rate was effective from 1 April 2008 and is currently being reviewed (as at 31 March 2010) for amended contribution rates from 1 April 2011.

### Our financial position explained

While holding 23 acres of land in trust means we have significant assets and a source of income to fund many of our charitable activities, much of this money is more about the market value of our property rather than hard cash in the bank. We have a responsibility to hold on to our assets and manage them properly. Not to do so would leave us with much less power to help our community. The explanation below will try to explain our financial position.

In 1971, the derelict land under the motorway was leased to us. So we had land, but no capital.

Lottery and other grants enabled us to build the Westway Sports Centre and other facilities. These are carried in our books as 'charitable buildings' at their construction cost (less depreciation). As at 31 March 2010 this amounted to £12,601,000. What is left of the grants – after setting off the effect of depreciation – amounts to £11,206,000 and this shows in our accounts as 'restricted funds'. On top of this we have spent £1,395,000 from our own income to repay loans and pay for other building costs and that is shown as 'designated funds'. But we don't have any of this money; it has long since been spent on building these charitable buildings. It is not in our bank account.

It is a similar story with the shops and offices that we rent out to generate the revenue to fund our programmes. These buildings are recorded in our books as 'investment property', and we are obliged to carry these at an estimated market value, by revaluing every year. As at 31 March 2010 this value was estimated at £12,824,000.

Over the years we received £1,187,000 in grants towards the costs of those buildings, £493,000 of which is still shown as restricted grant funding. On top of this we have had to invest £5,253,000 from the rents generated by our investment property to repay the loans we took out to put up the buildings and for further expenditure over the years. All that value is tied up in the buildings that are held to provide income for our projects in the future. It is shown in our accounts as 'designated funds'. Once again, the cash was spent long ago.

Furthermore, we have £7,077,000 of purely notional 'revaluation reserves' in our designated funds. These go up and down with the property market, but there is no cash. To realise these funds we would have to sell our property, which is not what we were set up to do.



A women-only gym session

Where are our assets?

**£25,523,000**

The Trust has total funds of £25,523,000.  
Where is it all and why don't we spend it?

**£12,824,000**

£12,824,000 is invested in property we have built to generate income to help us subsidise our charity activities

**£12,602,000**

£12,602,000 is invested in the buildings we use to provide our services, such as the Westway Sports Centre and the Portobello Green Fitness Club

**£247,000**

We are owed £247,000 by our tenants and customers

**£309,000**

£309,000 is invested in sport and office equipment, computers and furniture that we use in delivering our services

**£3,114,000**

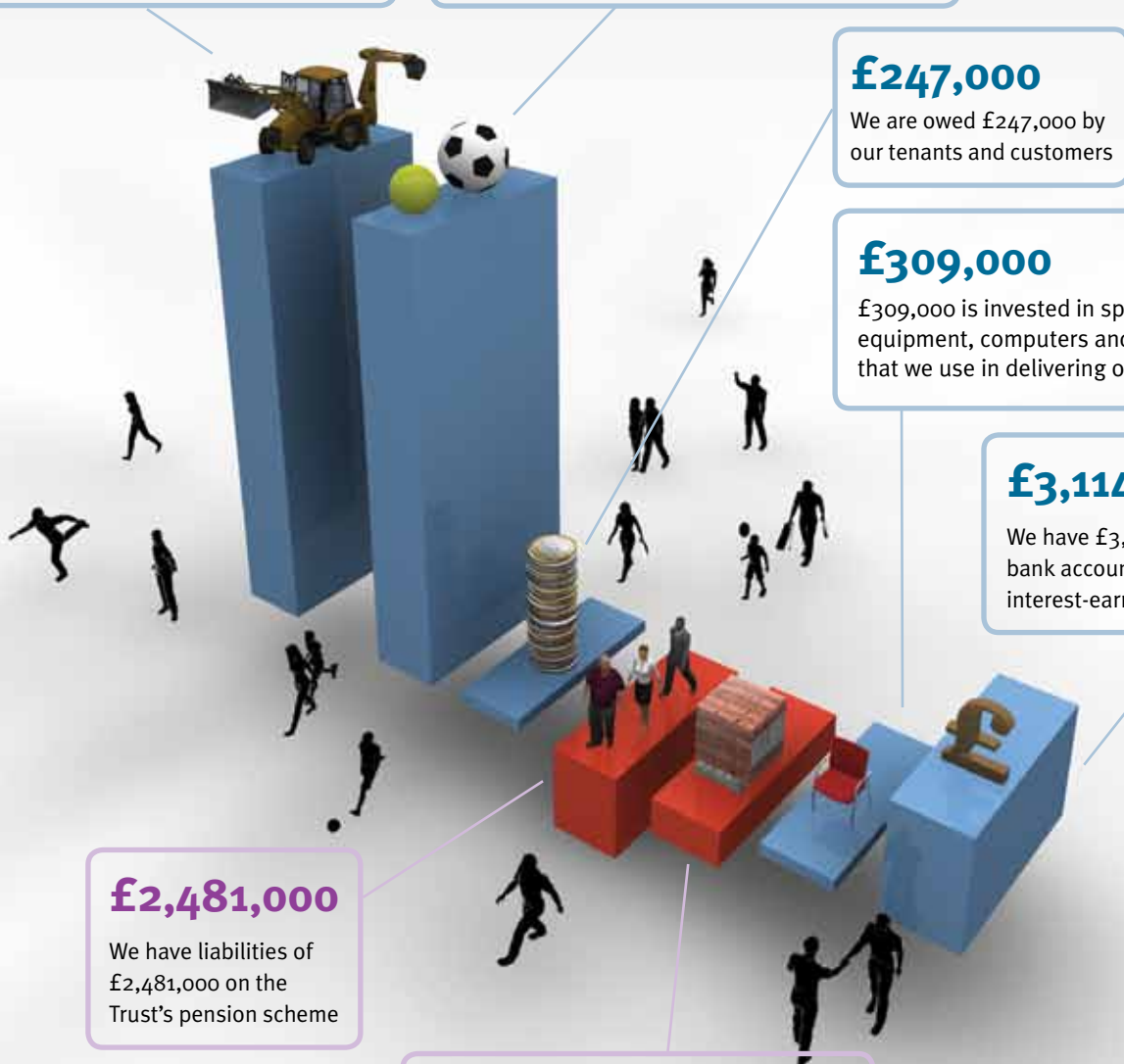
We have £3,114,000 in bank accounts and interest-earning deposits

**£2,481,000**

We have liabilities of £2,481,000 on the Trust's pension scheme

**£1,092,000**

We owe £348,000 to our suppliers and have other liabilities of £744,000, making total current liabilities of £1,092,000



So what is all the cash for?

**£3,114,000**

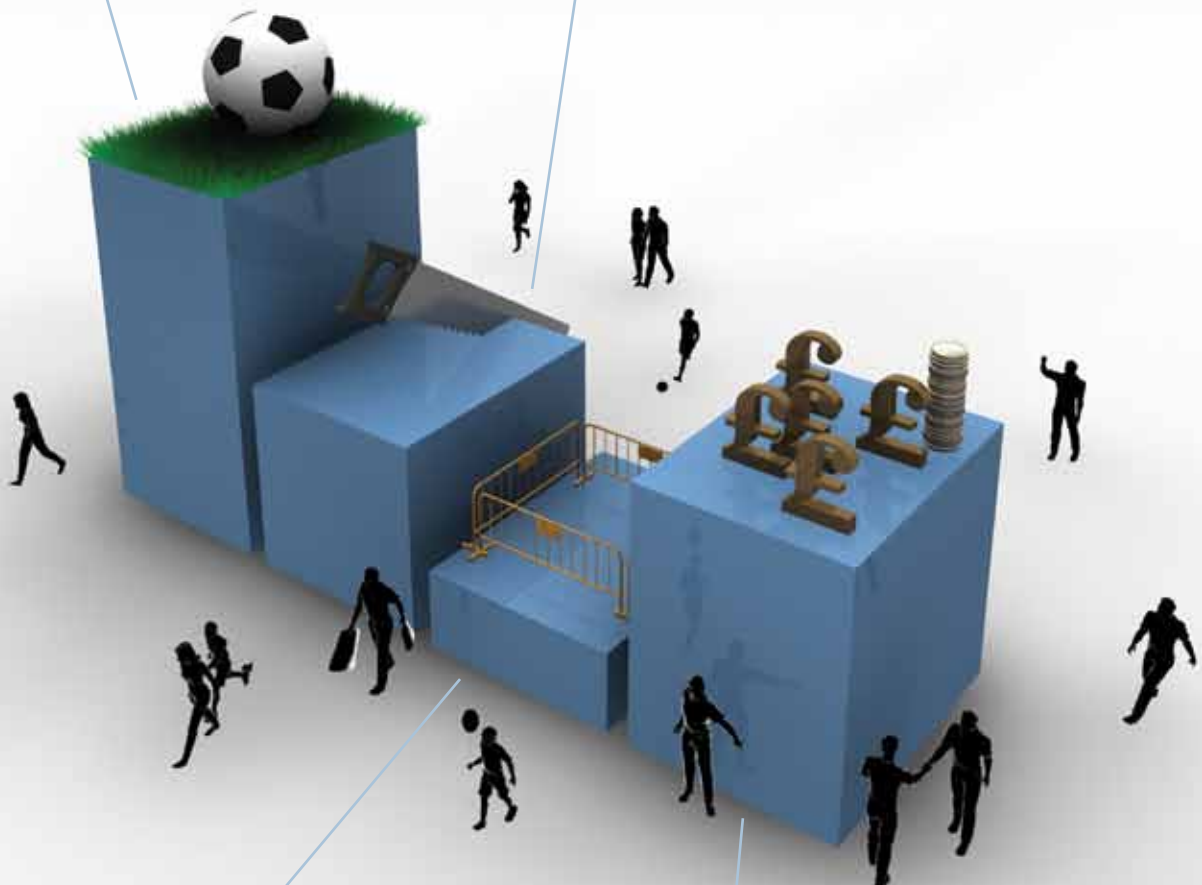
We have £3,114,000 in the bank.  
Why are we holding on to it?

**£1,269,000**

£1,269,000 is set-aside to replace and renovate existing plant and facilities as they wear out, including the playing surfaces at our sport and fitness facilities

**£662,000**

£662,000 is set-aside to get our regeneration projects going, up to the point where private sector funding and government grants can be attracted



**£277,000**

£277,000 is restricted in its use – it can only be spent on the projects for which it was given or on tenanted properties

**£845,000**

Our current liabilities exceed our debtors by £845,000. A lot of this will be paid from our cash balances

### Future developments

During the coming year we will undertake a full review of our mission and strategy. We recognise that improvements are required to our estate and services and our plans need to take account of that. We recognise the continuing impact of the recession in the UK as it is felt by local households and will take that into account when setting our plans.

We shall look at better targeting of programmes at the Westway Sports Centre with a view to increasing income from general access activities to support more focussed development schemes. We intend to relocate our outreach team to the Centre to help build a more integrated sports development function. We continue to explore the possibility of working in closer partnership with The Royal Borough of Kensington & Chelsea on sports development programmes.

We expect to continue our financial contribution to the community health programmes at the Portobello Green Fitness Club and to develop new customer retention schemes for our general members.

We shall review the delivery of programmes funded by contract income, both in education and health, which are fairly recent developments for the Trust, to ascertain the effectiveness of those programmes and the availability of continued funding in the light of the current squeeze on public spending.

Progress on our property development opportunities has been severely hampered by the economic downturn. We have used the time to agree a planning framework for our estate with the Royal Borough of Kensington & Chelsea and are on track to secure specific planning status by 2011 – approving the designation of various parts of our land for redevelopment. By achieving that status we will have cleared the way to proceed more swiftly with redevelopment through a proposed partnership programme with the Borough and the private sector as public funding and market conditions permit.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trust is governed by its Memorandum & Articles of Association, adopted on 12 December 2007, as subsequently amended. We have a Management Committee of between 15 and 18 members; seven are elected annually by our 36 member organisations (active local charities and organisations serving the Borough) and seven are nominated by the Royal Borough of Kensington & Chelsea; together they appoint an independent Chairman (who must be a resident of the borough) at the beginning of the year. The trustees may co-opt up to three additional trustees. New trustees are introduced to the Trust with a formal induction programme.

In addition to the Management Committee, the Trust has four sub-committees: Sport, Recreation & Fitness (SRFC), Community, Education & Arts (CEA), Planning & Property Management (PPMC) and Finance & Staff (FSC).

### The organisation

The charity is known as Westway Development Trust; it is a registered charity number 1123127 and is a company limited by guarantee number 6475436.

### Incorporation

The first trust was set up in 1971 as an unincorporated association. From 1 April 2008 the assets and undertakings of that charity, also known as Westway Development Trust, registered charity number 262167, were transferred to this Trust. When we talk about the history of the Trust we include our heritage from our former body.

### Management

Chief Executive: Martyn Freeman

The trustees delegate the day-to-day management of the Trust's operations to a full-time management team, headed by the Chief Executive Officer and supported by the Deputy Chief Executive, executive directors and the Director of the Westway Sports Centre.

The trustees note with sadness the death of Roger Matland on 29 April 2010. Roger was Director of the Trust from 1976 until his retirement in 2005.

### Risk and control

The Trust has long-standing financial controls that are authorised by the trustees and periodically reviewed and updated. The trustees have undertaken a comprehensive organisational risk assessment and have identified the

principal risks, both financial and operational, to which they consider the Trust is exposed. The trustees have put in place the controls they consider to be realistic and practical to mitigate the risks identified. The main risks include the Trust's exposure to the property rental market, as the Trust's rental income underpins the costs of its targeted, charitable activities; the condition of the Trust's property estate; and the delivery of quality services to the public, including young people and vulnerable adults.

### Investment policy

The trustees have set aside 20% of Trust land for commercial development to provide shops, offices, light industrial units and any other suitable building that fits within the Trust's property strategy. The trustees do not consider any other form of long-term investment to be relevant as surplus cash is placed on high-rated bank deposits, so that it is then available to draw down in the short-term as the need arises.

### Reserves policy

The trustees set aside available funds for foreseeable needs and for planned refurbishment and environmental improvements. The trustees also set aside a small amount each year, when rental income is strong, to allow for some flexibility in periods of economic downturn. The trustees do not currently consider it necessary to establish a minimum level of free reserves and seek to put available funds to charitable use or to make specific provisions for future use as noted above. Those free, undesignated reserves stand at £279,000 as at 31 March 2010. Note 16 to the financial statements gives greater detail on the purposes of the designated funds of the Trust and the reasons for holding those funds.



Units in Acklam Workspace just off Portobello Road are in high demand, offering a blank canvas for a range of creative businesses



Liberius: a new fashion tenant in Portobello Green Arcade

## Trustees and committee membership

Sub-Committee membership and changes during the year were as follows:

		Sub-Committee membership
<b>Chairman</b>		
Jon Rayman		
<b>Elected by Member Organisations</b>		
Eddie Adams		CEA
James Caplin	(from November 2009)	SRFC
Allison Botero	(until November 2009)	SRFC
Cynthia Dize		CEA, FSC
Mary Gardiner		CEA
David Oliver	(Vice Chairman)	FSC
Mary Roser		SRFC (Chair)
Fatai Towolawi		CEA
<b>Council nominees</b>		
Cllr Fiona Buxton	(Vice Chairman)	CEA (Chair), FSC
Cllr Terence Buxton		PPMC
Joanna Farquharson		SRFC
Cllr David Lindsay		PPMC
Gail Mayhew	(until March 2010)	PPMC
Peter Wilson		FSC (Chair)
Tim Davis	(from June 2009)	SRFC
<b>Co-opted trustees</b>		
Mike Jones		PPMC (Chair)
Peter Molyneux		SRFC



Trustees David Oliver, Mary Gardiner and Tim Davis [left to right] consider approaches to publicising the Trust's work

## Statement of trustees' responsibilities

The trustees (who are also directors of Westway Development Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

Company law requires trustees to prepare financial statements for each financial year that give a true and fair view of the state of the 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 these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that disclose with reasonable accuracy at any time the financial position of the charitable company and 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.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

### Auditors

Our auditors, Kingston Smith LLP, have indicated their willingness to continue in office and it is proposed that they be re-appointed as auditors for the ensuing year.

Signed on behalf of the Trustees



Jon Rayman, Chairman  
29 September 2010



Learning to swim in a flow-pool at the Frutina Swim Centre at Westway Sports Centre

### Main addresses

#### Head office

1 Thorpe Close, London W10 5XL  
Tel. 020 8962 5720

#### Portobello Green Fitness Club

3/5 Thorpe Close, London W10 5XL  
Tel. 020 8960 2221

#### Westway Sports Centre

1 Crowthorne Road, London W10 6RP  
Tel. 020 8969 0992

#### Email / Website

info@westway.org / www.westway.org

### Advisors

#### Solicitors

Bates Wells & Braithwaite London LLP, 2 – 6 Cannon Street,  
London EC4M 6YH

#### Auditors

Kingston Smith LLP, Devonshire House, 60 Goswell Road,  
London EC1M 7AD

#### Bankers

Barclays Bank PLC, Corporate Banking Centre, Level 28,  
1 Churchill Place, London E14 5HP

#### Property Advisors

GVA Grimley, 10 Stratton Street, London W1J 8JR

## MEMBER ORGANISATIONS OF THE TRUST

Age Concern Kensington and Chelsea (incorporating Sixty Plus)  
Association for Cultural Advancement of Visual Art  
Catholic Children's Society (Westminster)  
Chelsea Theatre  
Children's & Parents Carnival Association  
Community Accountancy Self Help  
Dadihiye Somali Development Organisation  
Dalgarno Neighbourhood Trust  
Earl's Court Community Trust  
Ebony Steelband Trust  
Gloucester Court Reminiscence Group  
Hand In Hand Group  
Harrow Club W10  
Kensal Community Association  
Kensington & Chelsea Mental Health Association  
Kensington & Chelsea Social Council  
Kensington & Chelsea Swimming Club  
Kensington Housing Trust  
Latymer Christian Centre  
Notting Hill Housing Trust  
NOVA new opportunities  
Nucleus Earl's Court Community Action  
Octavia Housing and Care  
Open Age  
Pepper Pot Day Centre  
Regeneration Trust  
Response Community Projects  
Sion Manning RC Girls School  
St Helen's Church  
St Helen's Residents Association  
Swinbrook Estate Residents Association  
Tavistock Crescent Residents Association  
The Video College  
Venture Community Association  
West London Citizens  
Westway Community Transport

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WESTWAY DEVELOPMENT TRUST

We have audited the financial statements of Westway Development Trust for the year ended 31 March 2010 which comprise the Statement of Financial Activities (including the Summary Income and Expenditure Account), the Balance Sheet, the Cash Flow Statement and the related notes. The financial statements have been prepared in accordance with the accounting policies set out therein.

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 for no purpose other than to draw to the attention of the charitable company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the charitable company for the purpose of company law) responsibilities:

- for preparing the Trustees' Annual Report 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 in the Statement of Trustees' Responsibilities.

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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and are properly prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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, if we

have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Annual Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### 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.

### Opinion

In our opinion:

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



School sports day at Westway Sports Centre

**N St J Brooks**  
Senior Statutory Auditor  
For and on behalf of Kingston Smith LLP,  
Statutory Auditor

Devonshire House,  
60 Goswell Road,  
London EC1M 7AD

Date: 19 October 2010

	Note	General funds	Designated funds	Restricted funds	Total 2010	Total 2009
		£	£	£	£	£
<b>Incoming resources</b>						
<i>Incoming resources from charitable activities</i>						
Sports and recreational facilities	2	2,976,081	–	30,000	3,006,081	2,808,829
Community sports development		593,057	–	234,531	827,588	850,710
Health and education activities		15,618	–	298,664	314,282	170,286
Other grants and donations		–	–	36,000	36,000	55,620
<i>Investment income</i>						
Land and property rentals		2,233,108	–	–	2,233,108	2,264,514
Interest receivable		21,114	–	1,144	22,258	92,564
<i>Other incoming resources</i>						
Property service charges		26,504	–	321,886	348,390	356,224
Miscellaneous income		30,276	–	–	30,276	11,922
<b>Total incoming resources</b>		<b>5,895,758</b>	<b>–</b>	<b>922,225</b>	<b>6,817,983</b>	<b>6,610,669</b>
<b>Resources expended</b>						
<i>Charitable activities</i>						
Governance	6	61,896	–	–	61,896	60,132
<i>Investment management costs</i>						
Property overheads	7	415,864	5,914	311,784	733,562	788,741
<b>Total resources expended</b>		<b>5,159,569</b>	<b>368,297</b>	<b>1,178,218</b>	<b>6,706,084</b>	<b>6,387,276</b>
<b>Net incoming (outgoing) resources before transfers</b>		<b>736,189</b>	<b>(368,297)</b>	<b>(255,993)</b>	<b>111,899</b>	<b>223,393</b>
Transfers between funds	8	(559,710)	559,710	–	–	–
<b>Net income less expenditure after transfers</b>		<b>176,479</b>	<b>191,413</b>	<b>(255,993)</b>	<b>111,899</b>	<b>223,393</b>
<i>Other recognised gains and losses</i>						
Revaluation of commercial properties	12	–	652,736	–	652,736	(2,732,003)
Actuarial gains and losses on defined benefit pension scheme	19	–	(1,280,000)	–	(1,280,000)	(437,000)
<b>Net movement in funds</b>		<b>176,479</b>	<b>(435,851)</b>	<b>(255,993)</b>	<b>(515,365)</b>	<b>(2,945,610)</b>
<i>Reconciliation of funds</i>						
Balances brought forward at 1 April 2009		102,616	13,706,355	12,229,277	26,038,248	28,983,858
<b>Balances carried forward at 31 March 2010</b>	<b>16</b>	<b>279,095</b>	<b>13,270,504</b>	<b>11,973,284</b>	<b>25,522,883</b>	<b>26,038,248</b>

All activities derive from continuing operations.

All gains and losses recognised in the year are included on the Statement of Financial Activities

The accompanying notes form part of these financial statements.

	Note	2010	2010	2009	2009
		£	£	£	£
<b>Fixed assets</b>					
Charitable buildings	11		12,601,353		12,776,374
Investment property	12		12,824,000		12,089,000
Other tangible fixed assets	13		309,311		305,998
			<u>25,734,664</u>		<u>25,171,372</u>
<b>Current assets</b>					
Debtors	14	247,401		178,271	
Short term deposits		2,931,259		2,692,875	
Cash at bank and in hand		182,798		291,949	
		<u>3,361,458</u>		<u>3,163,095</u>	
<b>Liabilities:</b>					
amounts falling due within one year	15	<u>1,092,239</u>		<u>1,091,219</u>	
<b>Net current assets</b>			2,269,219		2,071,876
<b>Total assets less current liabilities</b>			<u>28,003,883</u>		<u>27,243,248</u>
<b>Liabilities:</b>					
amounts falling due after more than one year			–		–
<b>Net assets excluding pension deficit</b>			<u>28,003,883</u>		<u>27,243,248</u>
Pension liability	19		2,481,000		1,205,000
<b>Net assets</b>			<u>25,522,883</u>		<u>26,038,248</u>
<b>Funds</b>					
<i>Unrestricted funds</i>					
Accumulated fund			279,095		102,616
Revaluation reserve			7,077,341		6,424,605
Other designated funds			6,193,163		7,281,750
			<u>13,549,599</u>		<u>13,808,971</u>
<i>Restricted funds</i>					
			11,973,284		12,229,277
			<u>25,522,883</u>		<u>26,038,248</u>

Approved by the Trustees on 29 September 2010 and signed on their behalf



Peter Wilson, Trustee



Fiona Buxton, Trustee

The accompanying notes form part of these financial statements.

	Note	2010	2010	2009	2009
		£	£	£	£
<b>Net cash inflow from operating activities</b>	20		524,755		1,016,653
<b>Interest and servicing of loans</b>		15,986			
Bank interest received		6,272		88,206	
Other interest received				4,358	
<b>Net interest</b>			22,258		92,564
<b>Capital expenditure</b>		(201,170)			
Payments to construct charitable buildings	11	(82,264)		(5,691)	
Payments to construct investment property	12	(134,346)		(42,003)	
Payments to acquire other charity fixed assets	13			(214,704)	
<b>Capital expenditure</b>			(417,780)		(262,398)
			129,233		846,819
<b>(Increase) in short term deposits</b>			(238,384)		(701,604)
<b>(Decrease)increase in cash</b>	21		(109,151)		145,215

The accompanying notes form part of these financial statements.



Adult learners in our Education Resource Centre

## 1. Accounting policies

### 1.1 Cost convention

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment property.

### 1.2 Form and content of accounts

The accounts are prepared in accordance with the requirements of the Trust's constitution, the Companies Act 2006, the Charities Acts 1993 to 2006, Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) revised by the Charity Commission in 2008 and relevant Financial Reporting Standards. The order of certain items in the Statement of Financial Activities and their headings have been adapted as required by SORP in order to present a true and fair view of the nature and scale of the activities of the Trust.

### 1.3 Company status

The Trust is a company limited by guarantee. In the event that the Trust is unable to meet its liabilities, the Members have each guaranteed a contribution not exceeding £1.

### 1.4 Grants received

Where grants are given for specific purposes they are credited to the restricted funds of the Trust. Grants that are awarded for a specific period are recognised in the accounts in that period. Capital grants are recognised to the extent that the Trust has met the conditions for draw down of those grants. Otherwise grants are shown as income in the period in which they are received.

### 1.5 Grants payable

Grants are accounted for in the period in which they are approved. Certain properties are set aside for letting to local charitable groups at one-third of market rent. The full commercial rent is shown as investment income and the corresponding two-thirds reduction is shown as grants payable.

### 1.6 Property service charges

Income and expenditure arising from the service charge accounts of tenanted buildings are included within these accounts. The Trust is accountable to its tenants for the expenditure incurred on maintaining these properties and, under the terms of the leases, the accounting records and vouchers are available for their inspection on demand.

### 1.7 Basis of allocation of support costs

Staff and other support costs are allocated to the various activities of the Trust based upon the direct staff costs involved in delivering direct charitable activities and on the estimated time devoted to the governance of the Trust.

### 1.8 Pension costs

The Trust participates in a defined benefits pension scheme under a local government scheme, the assets of which are held wholly independently from those of the Trust. Pension costs in respect of employees who are members of this scheme are charged to the statement of financial activities so as to spread the cost of pensions over the service lives of employees. The current service cost and net return on pension assets are charged to resources expended; actuarial gains and losses are shown separately on the SOFA. The deficit of scheme liabilities over scheme assets is recognised on the balance sheet and a deficit reserve carried in the designated funds of the Trust as explained within the reserves policy.

### 1.9 Value Added Tax

The Trust is partially exempt for VAT purposes. Where input VAT is not recoverable it is included in the accounts as part of the expenditure on which it was incurred.

### 1.10 Land and buildings

#### 1.10.1 Land:

The Trust's has a 130 year lease with a total cost of £280,000. The land is included in the property valued as an investment asset.

#### 1.10.2 Investment property:

The Trust has developed some of its land with commercial building so as to provide a source of income for the Trust. These buildings are carried at the Trustees' own valuation as set out in note 12. This reflects the investment nature of such buildings. Investment properties are not depreciated, nor is any separate reduction made for impairment, because any changes in their worth is dealt with within the Trustees' valuation. Movements on unrealised revaluation surpluses are shown separately on the face of the Statement of Financial Activities and the cumulative unrealised surplus is shown as a designated fund in the balance sheet.

## 1. Accounting policies (continued)

### 1.10.3 Charitable buildings:

Buildings occupied by the Trust for its own charitable purposes ("charitable buildings") are shown at cost less depreciation. This has the effect of setting the cost of these buildings against the income of the Trust over the expected useful lives of the buildings. Buildings are maintained in a constant state of sound repair; the carrying values of buildings are reviewed annually and reduced to the extent that it is considered that there has been an impairment of value.

### 1.11 Capitalisation

Goods acquired are capitalised where they represent a continuing asset to the Trust and the cost exceeds £1,000 per item or group of items.

### 1.12 Depreciation

#### 1.12.1 Charitable buildings:

- (a) Buildings are depreciated at a rate of 2% per annum on cost.
- (b) Major refurbishments: depreciation is charged annually at the rate of 10% on cost.

1.12.2 Landscaping and environmental improvements: All expenditure is written-off in the year in which it is incurred.

1.12.3 Office furniture and fixtures: Depreciation is charged at the rate of 20% p.a. on cost.

1.12.4 Sports equipment: Depreciation is charged at the rate of 20% p.a. on cost.

1.12.5 Computers and software: Depreciation is charged at the rate of 33.3% p.a. on cost.

### 1.13 Restricted funds

#### 1.13.1 Capital grants:

Grants that are received for capital projects are credited to a restricted fund. Subsequent charges for depreciation of those capital assets are charged directly to the fund in the statement of financial activities. The balance of such grants are released to general funds when they are considered to be no longer repayable.

#### 1.13.2 Building refurbishment reserves:

Provisions are made in the service charge accounts for tenanted buildings towards the expected costs of building repairs that may be required in the future in accordance with the terms of the relevant leases. Interest on the unexpended balances is credited to those balances. These funds may only be spent on the specific tenanted buildings to which they relate.

#### 1.13.3 Other project grants:

Grants that are received for specified purposes are credited to a restricted fund. Expenditure that is attributable to such grants is charged directly to the fund in the statement of financial activities.

### 1.14 Designated funds

#### 1.14.1 Buildings funds:

The balances on the funds represent investment and charity land and buildings rather than cash. The capital costs of buildings that are met from the Trust's own resources are represented by designated buildings funds. Where developments have been funded by loans an appropriate transfer is made from operating income to cover the capital repayments of the loans. Depreciation is charged directly against the fund in the statement of financial activities.

#### 1.14.2 Revaluation reserve:

The surplus arising upon valuation of the Trust's commercial property is credited directly to a designated fund to indicate that this surplus is also represented by buildings rather than cash.

#### 1.14.3 Reinstatement and development funds:

Transfers are made into these funds to meet the anticipated costs of renovating depreciating assets at the end of their anticipated lives, such as the playing surfaces of sports facilities. In addition, funds are transferred for capital developments to provide reserves to meet, or contribute, so far as reserves permit, towards the cost of capital expenditure that is not funded by loans or grants.

#### 1.14.4 Charitable purposes funds:

It is the Trust's policy to set aside a small amount of its surplus in years when rental income is strong in order to allow for some flexibility during periods of economic downturn.

## 1. Accounting policies (continued)

### 1.14 Designated funds (continued)

#### 1.14.5 Pension reserve:

The reserve represents the surplus or deficit on the Trust's defined benefits pension scheme. Contributions are paid into the scheme in accordance with the recommendations of the scheme actuary and may be made over a number of years to spread the cost of funding the deficit over the future service lives of active scheme members.

## 2. Income from sport and fitness

	Westway Sports Centre £	Portobello Green Fitness Club £	Community sport development £	Total 2010 £	Total 2009 £
Income from use of facilities	2,188,549	607,640	–	2,796,189	2,605,840
Management fees	209,892	–	–	209,892	202,989
	2,398,441	607,640	–	3,006,081	2,808,829
Income from sports development	621,299	108,973	97,316	827,588	850,710
Total income	3,019,740	716,613	97,316	3,833,669	3,659,539
Less: operating costs	(2,269,245)	(781,744)	–	(3,050,989)	(3,485,887)
Less: sports development costs	(774,909)	(183,545)	(279,637)	(1,238,091)	(862,266)
Net result	(24,414)	(248,676)	(182,321)	(455,411)	(688,614)
2009	(256,672)	(260,135)	(171,807)	(688,614)	

**3. Grants and donations received**

	<b>Total 2010 £</b>	<b>Total 2009 £</b>
Royal Borough of Kensington & Chelsea		
Adult Learning	59,624	59,298
Supplementary Schools	112,515	51,500
Parenting	26,126	13,037
Arts	1,540	–
Sports development	20,852	1,375
Landscaping	10,000	–
Rock & Roll Library	5,000	–
Portobello Green Fitness Club	1,420	–
Bonfire	500	500
NHS Kensington & Chelsea		
Health Trainers	93,114	–
Portobello Green Fitness Club	30,000	30,000
Lawn Tennis Association		
Fixed programme	81,250	75,000
Mini tennis	7,256	10,000
Middlesex LTA performance tennis	2,500	3,100
London South Bank University		
Community Tennis	12,000	24,060
Community Girls projects	19,070	3,000
Climbing	6,000	12,000
The Lord's Taverners	25,000	–
John Lyon's Charity		
Portobello Green Fitness Club	20,000	20,000
Adult & Community Learning	–	20,000
The Eton Fives Association	15,645	–
The Craguish Trust	10,000	–
The Laura Ashley Foundation	6,000	–
The Bryan Guinness Foundation	5,000	–
Frutina	5,000	–
North Kensington Opportunities Centre	3,255	55,000
Sport England		
Awards for All	3,120	–
UK Fitness Network	2,350	–
Dalgarno Youth Centre	1,900	–
Baraka Youth Project	1,800	–
London Development Agency	1,500	–
Amateur Swimming Association	500	–
Waitrose Limited	404	–
Living Well	250	–
Warburg Pincus LLC	–	25,230
London Marathon Trust	–	17,665
Moroccan Information & Advice Centre	–	6,926
Trust House Charitable Trust	–	3,000
Private donations	8,704	7,353
	<b>599,195</b>	<b>438,044</b>

#### 4. Direct charitable expenditure

	Sports and recreational facilities	Sports development	Community development	Education	Health trainers	Environmental improvements, development and management	Total 2010	Total 2009
	£	£	£	£	£	£		£
Staff costs	1,362,464	824,090	210,111	189,639	44,854	136,137	2,767,295	2,580,706
Self-employed sessional workers	147,309	77,217	–	–	–	–	224,526	417,082
Repairs and maintenance	223,665	47,003	1,622	1,110	194	32,795	306,389	251,933
Utilities	215,242	44,808	–	–	–	–	260,050	243,109
Fixtures and fittings	4,470	3,269	187	128	22	67	8,143	85,849
Communication and IT costs	152,623	27,519	11,202	7,659	1,340	4,021	204,364	158,377
Marketing	106,105	22,643	2,475	1,692	296	888	134,099	173,093
Cleaning	193,704	16,941	229	156	27	82	211,139	212,611
Insurance and other establishment costs	121,996	21,240	8,437	5,769	1,010	5,875	164,327	156,728
Leasing costs	10,033	2,006	–	–	–	–	12,039	10,279
Grants awarded (note 5)	–	8,766	335,580	90,176	–	–	434,522	509,794
Sports development activities and events	–	122,495	–	–	–	–	122,495	13,599
Health and education activities and events	–	–	–	72,334	7,484	–	79,818	60,498
Community development	–	–	115,946	–	–	–	115,946	97,950
Environmental improvement and management	–	–	–	–	–	327,535	327,535	62,063
Retail stock	7,672	–	–	–	–	–	7,672	1,802
Depreciation	471,618	19,719	1,465	1,001	175	526	494,504	468,418
Bank and security collection charges	34,088	375	601	411	72	216	35,763	34,512
	<b>3,050,989</b>	<b>1,238,091</b>	<b>687,855</b>	<b>370,075</b>	<b>55,474</b>	<b>508,142</b>	<b>5,910,626</b>	<b>5,538,403</b>
General funds	2,684,712	962,693	681,747	151,238	–	201,419	4,681,809	4,803,726
Designated funds	83,832	–	–	–	–	278,551	362,383	70,715
Restricted funds	282,445	275,398	6,108	218,837	55,474	28,172	866,434	663,962
	<b>3,050,989</b>	<b>1,238,091</b>	<b>687,855</b>	<b>370,075</b>	<b>55,474</b>	<b>508,142</b>	<b>5,910,626</b>	<b>5,538,403</b>
2009	<b>3,485,887</b>	<b>862,266</b>	<b>714,529</b>	<b>264,958</b>	<b>–</b>	<b>210,763</b>	<b>5,538,403</b>	

## 5. Grants awarded

	<b>Total 2010</b>	<b>Total 2009</b>
	<b>£</b>	<b>£</b>
Rent subsidies to charity tenants	186,481	187,678
Project support to local charities	96,755	210,000
Adult & Community Learning Programme allocations	73,911	–
Education grants to individuals	20,905	14,578
Small grants to local charities	16,439	24,128
Southwark Travellers Action Group	15,000	–
Allocations to Supplementary Schools	13,125	35,507
Sports grants to groups	4,205	7,000
Grants for child care	3,140	2,250
Sports grants to individuals	2,344	14,579
Performance sports bursaries	2,217	4,074
Citizens' Organising Foundation	–	10,000
	<b>434,522</b>	<b>509,794</b>

The Trust does not disclose the names of recipients of grants to individuals in these accounts.

## 6. Governance costs

	<b>Total 2010</b>	<b>Total 2009</b>
	<b>£</b>	<b>£</b>
Staff costs	37,272	34,900
Audit fees	15,475	14,762
Legal and other professional fees	9,149	10,470
	<b>61,896</b>	<b>60,132</b>

## 7. Property overheads and loan interest

	<b>General funds</b>	<b>Designated funds</b>	<b>Restricted funds</b>	<b>Total 2010</b>	<b>Total 2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Staff costs	212,922	–	39,122	252,044	352,205
Overheads, fees and marketing	86,280	–	–	86,280	75,381
Improvements, repairs and maintenance	85,385	–	102,091	187,476	144,577
Utilities	1,905	–	53,710	55,615	42,757
Communications and marketing costs	10,521	–	310	10,831	16,516
Cleaning	176	–	96,923	97,099	114,389
Insurance and other establishment costs	11,407	–	19,628	31,035	29,074
Depreciation	6,806	5,914	–	12,720	13,542
Bank charges	462	–	–	462	300
	<b>415,864</b>	<b>5,914</b>	<b>311,784</b>	<b>733,562</b>	<b>788,741</b>

## 8. Transfers between funds

	General funds to (from) £	Designated funds to (from) £	Restricted funds to (from) £
<i>Transfers to reflect activities during the year</i>			
Transfer to cover capitalised costs of improvement works	(171,170)	171,170	–
Release of funds against current refurbishment costs	287,460	(287,460)	
<i>Transfers to provide for future activities</i>			
Provisions for reinstatement of sports playing surfaces and facilities	(389,000)	389,000	–
Provisions for reinstatement of IT facilities	(20,000)	20,000	
Provisions for the maintenance of the estate	(60,000)	60,000	
Funds allocated for development projects in future years year	(207,000)	207,000	–
	(559,710)	559,710	–

## 9. Allocation of support costs

The basis of the allocation of support costs is set out in the accounting policies, note 1.7.

	Total 2010 £	Total 2009 £
Staff costs	630,453	680,923
Repairs and maintenance	11,198	703
Fixtures and fittings	1,596	5,109
IT and communication costs	95,740	71,584
Marketing	21,150	83,447
Cleaning	1,956	3,643
Insurance and other establishment costs	72,113	64,430
Depreciation	12,518	32,315
Bank charges	5,133	4,997
Professional fees	27,293	71,777
	879,150	1,018,928
Sports and recreational facilities	459,908	584,931
Sports development	44,570	36,479
Community development	94,402	63,966
Education & Health	57,389	25,086
Education & Health	–	
Environmental improvements, development and management	48,612	46,429
Governance	61,896	60,132
Property overheads	112,373	201,905
	879,150	1,018,928

*These costs are included within the total costs analysed by activity reported in the Statement of Financial Activities.*

## 10. Staff costs

	Total 2010	Total 2009
	£	£
Salaries and wages	2,550,910	2,479,178
Social security costs	228,827	224,922
Pension costs		
Current service costs	93,585	105,983
Past service costs	68,055	65,000
Other finance costs	(4,000)	15,000
	2,937,377	2,890,083

Average number of employees		
Monthly paid	127	111
Weekly paid	–	6
	127	117
Full-time equivalent	87	86

The full-time equivalent number of employees analysed by function was:

Sports and recreation	61	63
Community development	3	2
Education	5	4
Health trainers	1	–
Property management	6	5
Environmental improvement	2	3
Governance, support and finance	9	9
	87	86

Number of employees whose emoluments during the year fell between:

£60,000 and £69,999	1	1
£70,000 and £79,999	1	2
£110,000 and £119,999	1	1
	1	1

The two lower paid members of staff included in the table above belong to the Trust's final salary pension scheme (note 19).

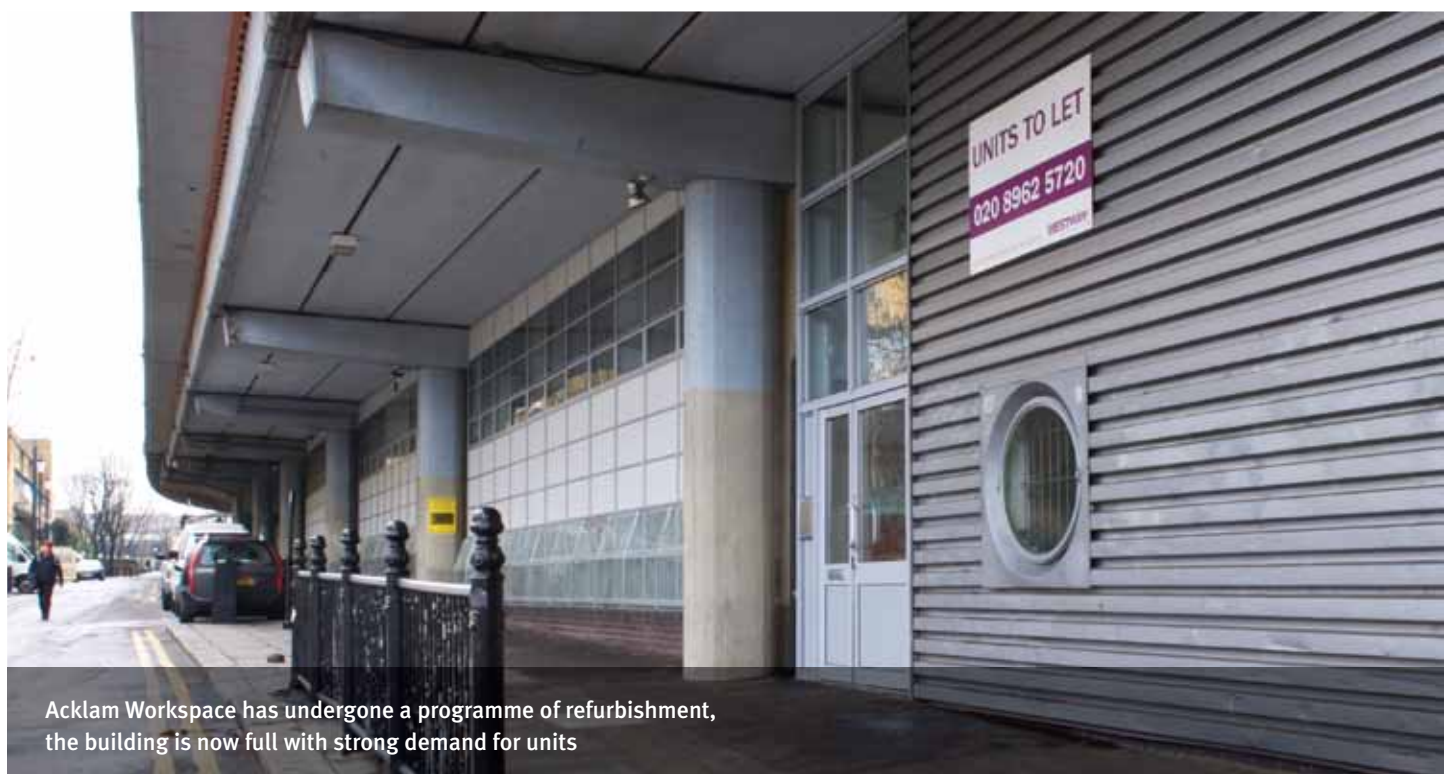
### Payments to trustees

No Trustee received any remuneration from the Trust during the year or the previous year. Expenses were reimbursed to one Trustee amounting to £355 (2009: £437).

## 11. Charitable buildings

	Buildings occupied for the charity's own purposes £
<b>Cost</b>	
At 1 April 2009	16,604,822
Additions	201,170
Accumulated cost at 31 March 2010	<u>16,805,992</u>
<b>Depreciation</b>	
At 1 April 2009	3,828,448
Charge for the year	376,191
Accumulated depreciation at 31 March 2010	<u>4,204,639</u>
<b>Net book value</b>	
At 31 March 2010	<u>12,601,353</u>
At 31 March 2009	<u>12,776,374</u>

Buildings occupied by the Trust to deliver its charitable activities (for example the Portobello Green Fitness Club and the Westway Sports Centre) are stated at cost after depreciation amounting to £12,601,353, including expenditure by the Trust's predecessor body. The cost of rebuilding is professionally calculated for insurance purposes periodically, the last calculation being performed as at 1 April 2007. The valuation has been uplifted for the effects of inflation and the buildings are insured for £23,119,796.



Acklam Workspace has undergone a programme of refurbishment, the building is now full with strong demand for units

## 12. Investment property

	Land and buildings £
<b>Cost or valuation</b>	
At 1 April 2009	12,089,000
Additions	82,264
Revaluation	652,736
Accumulated cost or valuation at 31 March 2010	<u>12,824,000</u>
<b>Net book value</b>	
At 31 March 2010	<u>12,824,000</u>
At 31 March 2009	<u>12,089,000</u>

### Land

The Trust holds the land under the elevated A40(M) trunk road under leases commencing 1 May 1972 for 130 years from the Royal Borough of Kensington & Chelsea, who in turn lease the land from the freeholders – Transport for London.

### Basis of valuation of investment property

The Trustees have obtained indicative quotations for a professional valuation of the investment properties and have concluded that the cost of such a valuation outweighs its benefit. The Trustees have authorised an internal valuation of investment property that has been prepared on their behalf by the Chief Executive.

In arriving at their assessment of market value, the Trustees have taken into consideration:

- the yields applied by professional valuers when commercial loans were last raised by the Trust;
- published information relating to movements in investments yields since the above;
- the rental values being achieved over the Trust's portfolio; and
- the strength of the covenants for each category of tenant.

The valuation of £12,824,000 gives rise to a notional surplus as at 31 March 2010 of £7,077,340.

### Other values

The historic cost of the Trust's investment property, including expenditure by the Trust's predecessor body, amounts to £5,746,660. The cost of rebuilding was professionally calculated for insurance purposes as at 1 April 2007. The valuation has been uplifted for the effects of inflation and the commercial buildings are insured for £28,326,552.

### 13. Tangible fixed assets

	Equipment on the estate £	Fixtures and fittings £	Sports equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>						
As at 1 April 2009	82,363	606,694	293,941	245,262	18,543	1,246,803
Additions	–	93,593	26,133	14,620	–	134,346
Accumulated cost at 31 March 2010	<u>82,363</u>	<u>700,287</u>	<u>320,074</u>	<u>259,882</u>	<u>18,543</u>	<u>1,381,149</u>
<b>Depreciation</b>						
As at 1 April 2009	36,929	415,490	261,049	208,794	18,543	940,805
Charge for the year	5,679	73,684	22,292	29,378	–	131,033
Accumulated depreciation at 31 March 2010	<u>42,608</u>	<u>489,174</u>	<u>283,341</u>	<u>238,172</u>	<u>18,543</u>	<u>1,071,838</u>
<b>Net book value</b>						
At 31 March 2010	<u>39,755</u>	<u>211,113</u>	<u>36,733</u>	<u>21,710</u>	<u>–</u>	<u>309,311</u>
At 31 March 2009	<u>45,434</u>	<u>191,204</u>	<u>32,892</u>	<u>36,468</u>	<u>–</u>	<u>305,998</u>

### 14. Debtors

	2010 £	2009 £
Trade debtors less provision	93,146	90,885
Grants receivable	52,392	59,887
Prepayments and accrued income	98,026	17,661
Other debtors	3,837	9,838
	<u>247,401</u>	<u>178,271</u>

### 15. Liabilities: amounts falling due within one year

	2010 £	2009 £
Trade creditors	347,689	353,454
Accruals and deferred income	425,870	348,199
Other creditors	318,680	389,566
	<u>1,092,239</u>	<u>1,091,219</u>

**16. Analysis of funds**

	At 1 April 2009	Incoming resources	Resources expended	Transfers, revaluations and unrealised gains (notes 8, 12 and 19)	At 31 March 2010
	£	£	£	£	£
<i>Restricted funds</i>					
Investment property	493,374	–	–	–	493,374
Charitable buildings	11,459,041	30,000	(282,445)	–	11,206,596
Building refurbishment	146,710	323,030	(318,956)	–	150,784
Project grants	130,152	569,195	(576,817)	–	122,530
	<u>12,229,277</u>	<u>922,225</u>	<u>(1,178,218)</u>	<u>–</u>	<u>11,973,284</u>
<i>Unrestricted funds</i>					
<i>Other designated funds</i>					
Investment buildings	5,171,021	–	–	82,264	5,253,285
Charitable buildings	1,317,323	–	(93,736)	171,170	1,394,757
Reinstatement funds	1,167,849	–	(287)	101,540	1,269,102
Charitable activities	95,034	–	–	–	95,034
Capital development funds	735,523	–	(278,274)	204,736	661,985
Pension reserve	(1,205,000)	–	4,000	(1,280,000)	(2,481,000)
	<u>7,281,750</u>	<u>–</u>	<u>(368,297)</u>	<u>(720,290)</u>	<u>6,193,163</u>
Revaluation reserve	6,424,605	–	–	652,736	7,077,341
Accumulated fund	102,616	5,895,758	(5,159,569)	(559,710)	279,095
	<u>13,808,971</u>	<u>5,895,758</u>	<u>(5,527,866)</u>	<u>(627,264)</u>	<u>13,549,599</u>
	<u>26,038,248</u>	<u>6,817,983</u>	<u>(6,706,084)</u>	<u>(627,264)</u>	<u>25,522,883</u>

**Restricted funds – investment properties:** These funds represent grants given to the Trust to construct buildings that are let commercially to generate income for the Trust. Commonly these grants have been awarded from local and central government and European initiatives for regeneration. Funds continue to be treated as restricted for such time as the Trustees consider there to be an explicit or constructive obligation to keep the underlying asset in use for specified, grant-funded purposes.

**Restricted funds – charitable buildings:** These funds represent grants given to the Trust to construct buildings that it occupies for the direct delivery of charitable activities. These grants may have been awarded from a variety of initiatives for regeneration or charitable purposes. Funds continue to be treated as restricted for such time as the Trustees consider there to be an explicit or constructive obligation to keep the underlying asset in use for specified, grant-funded purposes, and are reduced to the extent that those assets have been depreciated or reduced due to impairment of value.

**Restricted funds – building refurbishment:** These funds, commonly referred to as sinking funds, represent monies collected from tenants through the service charges for the maintenance of the investment properties. There are several ringfenced funds, each for a specified property. The Trust is accountable to its tenants for the income collected, expenditure incurred and refurbishment funds held for each property.

## 16. Analysis of funds (continued)

**Restricted funds – project grants:** These funds represent grants received by the Trust for specified projects and which can only be spent on those projects. Income is recognised when the Trust is entitled to receive the grant and where there is no reasonable expectation that the grant could become repayable. Any unspent funds held at the end of the year are held separately to be spent on the specified project in future years. At 31 March 2010 the funds on hand comprised:

	2010	2009
	£	£
<i>Project grants</i>	15,000	–
Regeneration	–	38,000
Portobello Green Fitness Club	5,949	10,816
Sports development	4,257	4,257
Community Tennis Club	5,401	5,401
Performance sport bursaries	800	800
Community development	27,086	45,378
Supplementary Schools	5,000	5,000
Community Arts	22,500	20,500
Westway Sports Centre	36,537	–
NHS K&C Health Trainers		
	122,530	130,152

**Designated funds – investment properties:** These funds represent the money that the Trust has invested from its earnings into buildings that are let commercially to generate further income for the Trust in the future.

**Designated funds – charitable buildings:** These funds represent the money that the Trust has invested from its earnings into buildings that it occupies for the direct delivery of charitable activities. These funds are reduced to the extent that those assets have been depreciated or reduced due to impairment of value.

**Designated funds – reinstatement funds:** These funds represent money set aside to meet the anticipated costs of renovating depreciating assets at the end of their anticipated lives, such as the playing surfaces of sports facilities. In addition, funds are transferred for capital developments to provide reserves to meet, or contribute, so far as reserves permit, towards the cost of capital expenditure that is not funded by loans or grants.

**Designated funds – charitable activities:** This money is set aside in order to allow for some flexibility during periods of economic downturn.

**Designated funds – capital developments:** These funds represent money set aside to meet the anticipated costs of progressing identified development opportunities to planning stage, at which point grant or loan funding would become available or development partnerships can be entered into.

**Designated funds – pension reserve:** The reserve represents the deficit on the Trust's defined benefits pension scheme and allows for payments that may need be paid into the scheme due to the funding shortfall on past service accrual (see note 19).

**Designated funds – revaluation reserve:** This is the surplus arising upon valuation of the Trust's investment property and is represented by buildings rather than cash.

**17. Analysis of net assets between funds**

	Investment property	Tangible fixed assets	Net current assets	Liabilities after 1 year	Total 2010
	£	£	£	£	£
Unrestricted funds					
Accumulated fund	–	309,311	(30,216)	–	279,095
Designated funds	12,330,626	1,394,757	2,026,121	(2,481,000)	13,270,504
	12,330,626	1,704,068	1,995,905	(2,481,000)	13,549,599
Restricted funds	493,374	11,206,596	273,314	–	11,973,284
	12,824,000	12,910,664	2,269,219	(2,481,000)	25,522,883

**18. Capital commitments and contingent liabilities**

At 31 March 2010 the Trust had authorised capital expenditure amounting to £612,000 of which £nil had been committed (2009: £213,186).

At 31 March 2010 the Trust had the following annual leasing commitments:

	2010	2009
	£	£
On operating leases ending between one and five years	13,418	13,418

## 19. Retirement benefits

The Trust operates three pensions schemes: a stakeholder scheme and a personal pension scheme operated on behalf of the Trust by Friends Provident Life and Pensions Limited; and a final salary pension scheme operated by the Royal Borough of Kensington & Chelsea.

### Stakeholder pension scheme

This scheme has been established to meet the legal requirement to offer a pension scheme with minimum employee contributions no greater than 3% of salary. The Trust does not contribute to this scheme. There are no members in the scheme.

### Money purchase scheme

This personal pension scheme requires a minimum level of contribution by the employee of 4%, with no maximum level of contribution outside the legislative thresholds. The Trust contributes 8% of salary for those members who opt into the scheme once the employee has been confirmed in post (or after six months in post if shorter).

### Final salary pension scheme

This scheme, the detailed results of which are given below, was closed to new members from the Trust with effect from 31 March 2006.

The employer's pension contributions paid in the year were:

	2010	2009
	£	£
Final salary scheme	139,944	152,709
Money purchase scheme	21,696	17,785
	161,640	170,494

The total pension contributions due from the Trust to the pension trustees at the end of the year are included within current liabilities (note 15), represent the last month's contributions and amounted to:

	2010	2009
	£	£
Final salary scheme	14,105	15,815
Money purchase scheme	4,424	6,024
	18,529	21,839

## 19. Retirement benefits (continued)

### Final salary pension scheme

Some members of the Trust's staff belong to the Royal Borough of Kensington & Chelsea Pension Scheme. The assets of this final salary pension scheme are held separately from those of the Trust. Pension costs in respect of employees who are members of this scheme are charged to the statement of financial activities so as to spread the cost of pensions over the service lives of employees.

The Trust accepted liability for the existing obligations of its predecessor body under the Scheme as part of the transfer of undertakings on 31 March 2008 and has entered into an Admission Agreement with the Royal Borough. The comparative figures for 2008 shown below are for illustrative purposes and relate to the pension costs incurred by the predecessor body.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation available, at 31 March 2007, was issued in March 2008 and indicated that, on the basis of service to date and current salaries, the funding level of the scheme was 78%. The key assumptions were that the investment return is 7.0% per annum, that salary increases would average 4.7% per annum and that present and future pensions would increase at the rate of 3.2% per annum.

During the year, contributions to the scheme by employees and the Trust have been maintained in accordance with the recommendations of the actuary in the 2007 valuation.

The actuarial valuation as at 31 March 2007 identified a required employer's contribution rate of 14.4% for current service, together with an annual sum of £65,000, increasing for inflation, in order to remove the deficit of liabilities over assets over a period of thirteen years. The Trust paid contributions at a rate of 14.4% plus a fixed sum of £68,055 during the year (2009: 14.4% with a fixed annual sum of £65,000). The contribution rate will next be revised later in 2010 with implementation in 2011.

### Financial Reporting Standard 17 'Retirement Benefits' (FRS 17)

An actuarial valuation of the defined benefit scheme was carried out as at 31 March 2010 by a qualified independent actuary on an FRS 17 basis. The major assumptions at 31 March 2010 used by the actuary were:

	2010	2009	2008
Price increases	3.9%	3.1%	3.6%
Salary increases	5.4%	4.6%	5.1%
Pension increases	3.9%	3.1%	3.6%
Discount rate	5.5%	6.9%	6.9%

The assets relating to the Trust's participation in the scheme and the expected rate of return at 31 March 2010 were:

	2010	2009	2008
	£'000	£'000	£'000
Fund value			
Equities	2,146	1,276	1,754
Gilts	286	273	273
Other bonds	-	262	262
Property	86	62	106
Cash	343	185	133
Total	2,861	2,058	2,528

## 19. Retirement benefits (continued)

	2010	2009	2008
Expected long-term rate of return			
Equities	6.5%	7.4%	7.7%
Gilts	4.5%	5.4%	5.4%
Other bonds	5.5%	5.4%	5.7%
Property	5.5%	5.2%	5.7%
Cash	3.0%	4.3%	4.8%
Total	5.9%	6.5%	7.0%

	2010 £'000	2009 £'000	2008 £'000
Estimated employer assets	2,861	2,058	2,528
Present value of scheme liabilities	5,342	3,263	3,281
Net pension asset (liability)	<u>(2,481)</u>	<u>(1,205)</u>	<u>(753)</u>

<i>Movement in deficit during the year</i>	2010 £'000	2009 £'000	2008 £'000
Deficit in scheme at beginning of year	(1,205)	(753)	(657)
Restatement of scheme assets to bid value	–	(11)	–
Current service cost	(45)	(77)	(132)
Past service cost	–	(34)	–
Employer contributions	138	155	150
Other finance income	(89)	(48)	5
Actuarial gains and losses	(1,280)	(437)	(119)
<b>Deficit in scheme at end of year</b>	<u><b>(2,481)</b></u>	<u><b>(1,205)</b></u>	<u><b>(753)</b></u>

<i>Revenue account costs</i>	2010 £'000	2009 £'000	2008 £'000
Current service cost	45	77	132
Past service cost	–	34	–
Total service costs	<u>45</u>	<u>111</u>	<u>132</u>
<i>Percentage of payroll</i>	<u>9.4%</u>	<u>15.5%</u>	<u>16.5%</u>
Expected return on employer assets	136	180	170
Interest on pension scheme liabilities	(225)	(228)	(165)
Net return	<u>(89)</u>	<u>(48)</u>	<u>5</u>
<i>Percentage of payroll</i>	<u>(18.5%)</u>	<u>(7.1%)</u>	<u>0.5%</u>
<b>Net revenue account cost</b>	<u><b>134</b></u>	<u><b>159</b></u>	<u><b>127</b></u>
<i>Percentage of payroll</i>	<u><b>27.9%</b></u>	<u><b>24.7%</b></u>	<u><b>16.0%</b></u>

**19. Retirement benefits (continued)**

<i>Analysis of amount recognised in net movement in funds</i>	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
Actual return less expected return on pension scheme assets	588	(727)	(252)
Experience gains and losses arising on scheme liabilities	–	–	(431)
Changes in assumptions underlying the present value of scheme liabilities	(1,868)	290	564
Actuarial gains and losses recognised in net movement in funds	<u>(1,280)</u>	<u>(437)</u>	<u>(119)</u>

<i>History of experience gains and losses</i>	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Difference between the expected and actual return on scheme assets	588	(727)	(252)	(19)	326
Percentage of scheme assets	20.6%	(5.3%)	(10.0%)	(0.8%)	15.2%
Experience gains and losses on scheme liabilities	–	–	(431)	(1)	–
Percentage of the total present value of scheme liabilities	–	–	(13.1%)	0.0%	–
Total amount recognised in net movement in funds	<u>(1,280)</u>	<u>(437)</u>	<u>(119)</u>	<u>163</u>	<u>(32)</u>
Percentage of the total present value of scheme liabilities	<u>(24.0%)</u>	<u>(13.4%)</u>	<u>(3.6%)</u>	<u>5.3%</u>	<u>(1.1%)</u>

**20. Reconciliation of net movement in funds to net cash inflow from operating activities**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Net movement in funds	(515,365)	(2,945,610)
Interest receivable	(22,258)	(92,564)
Interest payable	–	–
Pension service costs net of finance costs	135,944	185,983
Contributions to defined benefits pension scheme	(139,944)	(170,983)
Actuarial gains and losses	1,280,000	437,000
Depreciation	507,224	482,219
Valuation (surplus) deficit	(652,736)	2,732,003
(Increase)decrease in debtors	(69,130)	141,576
Increase in creditors	1,020	247,029
	<u>524,755</u>	<u>1,016,653</u>

This note adjusts the increase in the net assets of the Trust, as shown on the Statement of Financial Activities, for those items that do not involve the movement of cash and for interest.

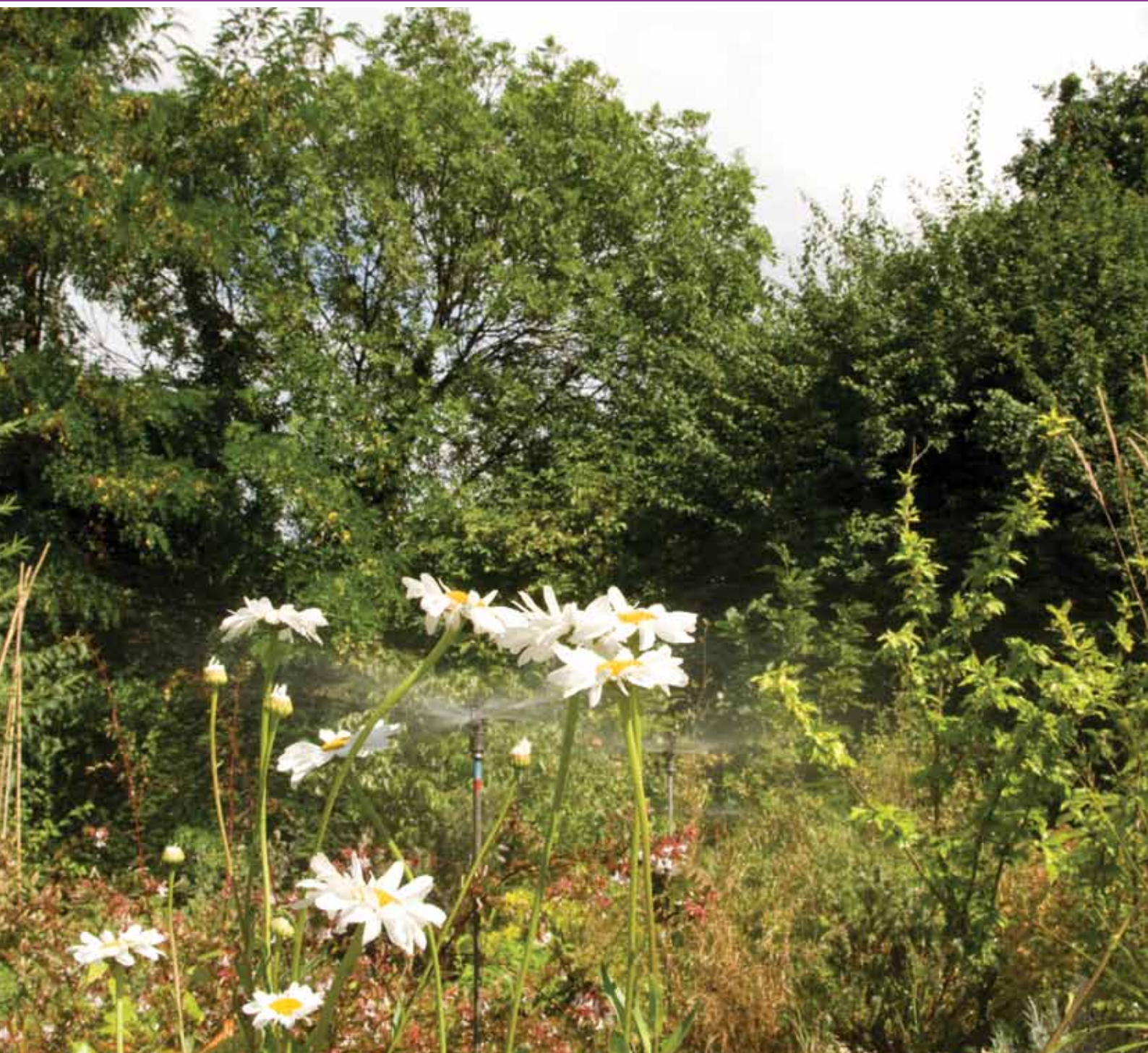
**21. Analysis of changes in net debt**

	At 1 April 2009 £	Cash flows £	Other changes £	At 31 March 2010 £
Cash at bank and in hand	291,949	(109,151)	–	182,798
Short term deposits	2,692,875	238,384	–	2,931,259
<b>Total</b>	<b>2,984,824</b>	<b>129,233</b>	<b>–</b>	<b>3,114,057</b>

Net debt is the difference between cash and bank deposits held at the end of the year and the amount outstanding on loans to the Trust. This note shows how that net debt has changed during the year.



Newly installed 'raised hedge' at junction of Acklam Road and Blagrove Road, the new more open and welcoming gateway to Portobello Market from Golborne



## **Westway Development Trust**

Registered charity number 1123127. A company limited by guarantee, registered number 6475436.

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