

Reports and Financial Statements

For the year ended 31 March 2007

Community Links Trust Limited

Registered Number 02661182

Community Links Trust Limited

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Community Links Trust Limited

Trustees and advisers

Charity and company name	Community Links Trust Ltd
Charity registration number	1018517
Company registration number	02661182 (England and Wales)
Address of the principal office of the charity registered office	105 Barking Road London E16 4HQ
Trustees on the date the report was approved	Radhika Bynon (appointed 21 September 2007) Euart Glendinning Michael Green (appointed 3 September 2007) Stanley Harris OBE (Chair until 3 April 2007) Mary Hiscock Stephen Jacobs (appointed 11 May 2006) Haydn Powell Gavin Rennie (Chair) (appointed 3 April 2007) Charles Richardson (Honorary Treasurer)
Other Trustee serving during the financial year 2005-2006	None
Chief Executive Officer	Max Weaver
Company Secretary	Jane Parish and Gordon Lane
Director of Finance	Gordon Lane
Bankers	The Co-operative Bank, City Office 70-80 Cornhill London EC3V 3RD
Solicitors	Lyndales Solicitors Lynton House, 7-12 Tavistock Square London WC1H 9LT Reed Smith Richards Butler LLP Minerva House, 5 Montague Close London SE1 9BB
Independent auditors	Mazars LLP Times House Throwley Way Sutton Surrey SM1 4JQ

Community Links Trust Limited

Other principal advisers

Kevin Jenkins OBE and David Robinson OBE, Community Links' Founders, are salaried Senior Advisers

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Directors' report

The Directors present their directors' report and financial statements for the year ended 31 March 2007, which have been prepared in accordance with the accounting policies set out in pages 21 and 22 and which comply with the Memorandum and Articles of Association, the Companies Act 1985 and the Statement of Recommended Practice: Accounting and Reporting by Charities 2005.

Structure, governance and management

Community Links works solely for the public benefit. Its governing documents are the Memorandum and Articles of Association of Community Links Trust Ltd., which is a company limited by guarantee and a registered charity. The Directors of the Company are also the Trustees of the Charity. Save as mentioned in note 18 to the Financial Statements, the Trustees had no interests in or contracts with the Company during the year

There are no persons or bodies who are entitled to appoint Members, Directors, or Trustees. Appointments to the Board are made by the Board of Trustees, in its discretion. The Board is concerned to ensure that its membership covers the range of experience and functions that are needed and that the balance of backgrounds amongst the members of the Board reflects a range that is appropriate to Community Links' mission and activities. The Board has noted the areas of expertise and experience that it wishes to strengthen. When prospective members are identified, they are provided with an information pack and invited to meet some Trustees. They are then invited to attend two or three Board meetings before a decision on appointment is made.

Community Links Trust Limited employs a core staff team, which is responsible to the Board of Directors and Trustees. The Chief Executive Officer is, by contract, appointed to manage the organization. By virtue of their contracts, all staff of the organisation report to the CEO, whether directly or indirectly.

Community Links Trust Ltd has three subsidiary companies: We are What We Do Ltd., which was formed as Links (UK) Ltd on 24 September 2004 and renamed with effect from 4 October 2004; Community Links Trading Ltd., which was formed on 9 March 2006 and trades as Auction My Stuff; and Community Links (Canning Town) Limited, which was a dormant company throughout 2006-07.

A formal review of the nature and extent of risks facing the organisation and of the systems in place to mitigate those risks was undertaken during 2006. During 2006-07, operational departments began the preparation of operational risk registers, which, along with the corporate risk register, are reviewed regularly by the Finance & Audit Committee.

Company law requires that the Trustees prepare financial statements for each financial year that give a true and fair view of affairs of the state of the Company and of the profit or loss of the Company for the relevant year. In preparing those financial statements, the Trustees are required to: select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In accordance with company law, as the company's directors, we certify that:-

- so far as we are aware there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Our objectives and activities

Our charitable objects

- To promote any charitable purpose for the benefit of the Community.
- To provide such information, advice and assistance as is charitable to groups and individuals for the public benefit.
- To promote assist and co-ordinate voluntary activities for the benefit of the Community (whether on the part of individuals or of organizations) in any part of England and Wales with particular reference to the health, housing, safety, education, training, rehabilitation and recreation of the sections of the community in need of assistance, and care and facilities connected with any of those matters.
- To promote the efficient use of the resources provided voluntarily or by central or local government for the benefit of the Community (or any section or sections thereof) in connection with the said or similar matters.
- To undertake or support research into the allocation and use of those resources with a view to ensuring that the maximum benefit to the Community is obtained therefrom.

Our vision

To be champions of social change.

Our purpose

- To tackle the causes and consequences of social exclusion by developing and running first rate practical activities in East London and by sharing the local experience with practitioners and policy makers nationwide.

Our role in the community

- Community Links is one of a particular kind of third sector organisation that has very strong roots in a particular locality and builds sustained relationships over time with a wide range of local people. In this sense, its continuing presence as a supportive, open and responsive organisation in Newham is more fundamental than any particular service that it provides at any one time.

Innovation, development and empowerment - on a sustainable basis

Independent funding plays a major role in enabling Community Links to continue to pursue innovation and development. Through LinksUK, Community Links shares good practice with other providers and influences public policy by providing evidence and proposals that are based directly on experience on the ground.

Community Links works with a wide range of funders, many of which have been partners for a substantial number of years. It is able to work with funders to influence the design of some of the projects that are commissioned or supported. Some 87 per cent of Community Links' income is from publicly funded sources and the London Borough of Newham has been a major partner for most of Community Links' nearly thirty years.

In respect of publicly funded work, Community Links is determined to improve sustainability and stability and, to this end, has succeeded in improving cash flow. Efforts to secure full cost recovery have not been entirely successful and will continue through 2007-08 in a climate in which commissioning processes are undergoing change.

Community Links' approach to service users is to maximise their involvement in their own development. It

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adopts a similar approach to volunteers and especially to its employees. It strongly encourages service users to become volunteers and employees and, with support where needed, many have done so.

Reviewing our strategy

During 2005-06, Community Links embarked on a careful review of its strategies. This resulted in a new strategic plan that was approved by the Board of Trustees in Autumn 2006. The current version of the plan sets out corporate objectives and begins the review and further refinement of our objectives for the principal

areas of our work. These processes, which began in 2006-07, will continue into 2007-08. Community Links is a multi-functional organisation that has adopted a distributed model of service delivery. Hence it is more than averagely complex, as the following list of principal activities illustrates:

With children: Special needs; work with children on estates; early years; the provision of a network of children and youth resource centres; year round work with children between 5 and 11, particularly in extended and after school activity, summer programmes and open access play opportunities.

With young people: Education Otherwise; sport and health programmes; crime diversion; Into Employment training, including New Deal; Outdoors in the City; support, advice and counselling services for young people; young people between 12 and 18, year round, facilitating community based projects, clubs, activities and services across Newham.

With adults: Welfare rights, housing and debt advice; immigration advice; consumer and employment law advice; social inclusion for the elderly, building capacity through courses in advice and community development, training volunteers in form filling and appeals; training community organisations in welfare benefits advice.

Through LinksUK: Sharing our experience with other practitioners through publications, training and consultancy, and sharing learning with policy makers through our research and policy programme.

Corporately: The continuing review and consolidation of our business and management systems.

Our principal activities in 2006-07

As is evident from the previous section, Community Links covers an exceptional range of projects. Space does not permit more than a brief description of our principal activities.

Children's Work and Youth Work programmes

"Every child can succeed. Some are denied the opportunity."

The projects run during 2006-07 included play schemes, after school clubs, youth groups, at risk groups, training programmes, crime reduction programmes, detached youth work on the streets; and supplementary education.

Former service users or parents including, at any one time, up to 100 junior leaders, delivered most of our youth work. During an average term time week, more than 3000 young people were involved in a Community Links project, with the figure doubling during school holidays. Particular projects in 2006-07 included the following:

- The provision of the New Deal for young people in Newham is a major activity. Under new contractual arrangements that came into force in 2006, Community Links now provides the service in both Newham and Tower Hamlets. The success rate continues to be the best in London.
- S-Team, a major sports project, focuses on bringing together communities in conflict through the medium of sports in Newham and in surrounding east London boroughs. The project undertakes significant capacity building activities with young people to enable them to continue running their own provision beyond S-Team. This year, young people from S-Team were involved in a peer research project entitled 'What makes a good youth project'. They interviewed over 100 other young people, undertook a range of

presentations and then used their skills in community participation events to explore the views of young people across the Borough about the Olympics.

- Following its acquisition in 2005, we have consulted locally and continued the development of the Arc in the Park as a significant open access, fully inclusive play facility for 5 to 14 year olds. As such, it provides a model that is likely to be replicated at other centres during 2007-08.
- Though funding was not continued for the Teenage Parent Project, we were able to offer continued support to teenage parents and their children through a combination of: home visiting; drop in sessions; information and advice; support services; leisure opportunities; training courses; and capacity building opportunities. A web blog was set up enabling young parents and others in the community to share their experiences and views on line and has resulted in them being involved in the creation of a DVD.
- Forest Gate YIP offered positive opportunities to young people at risk of getting into trouble. The project continued to operate as one of the top projects in the country. Our youth inclusion work has been further expanded to include Canning Town.
- Construction work began on our exciting and innovative 'Outdoor in the City' idea (which offers the thrills, excitement, challenges and risks of the great outdoors here in the inner city). We expect it to be in action during 2007-08.
- Our 'Education Otherwise' provision for excluded and disaffected young people continued to provide education for 130 young people on five different sites. Following the refurbishment of the New Canteen building, we have reviewed our education projects and made a series of management and curriculum changes that will be implemented during 2007-08. New agreements were reached with local schools and we will move to register the provision as an independent school. The New Canteen, a state of the art base, and is now the registered examination centre for the entire project. The BIP project continued to deliver at key stage 4 as well as key stage 3.
- Our Choice 136 project offers information and advice to young people for 13 to 19 year olds increased the numbers helped and supported by over 15 per cent. The work particularly focused on young people not in education, training or employment (NEET).
- In partnership with Newham Youth Services, we operated an 'Instant Response' project, going into areas where there have been complaints about groups of young people and their perceived behaviour and/or attitudes. The team makes contact with the young people and works with them in the short term to establish long term solutions that involve the young people. Gun and knife crime have become the focus of this work. We were instrumental in running a series of workshops at community forum events across the Borough, involving over 100 young people. Sadly, the want of continued funding led to closure of the project during 2007-08.
- Our Newtown Children's Resource Centre became our first centre to gain a two star accreditation award for its delivery of play facilities via the London Borough of Newham Quality Award Scheme, which is nationally recognised by the DFE. A further eleven projects are at the final stages of accreditation and nine more projects are due to begin the accreditation process. During the course of the year, 27 different children's projects (pre-school groups and after school care schemes) have passed the inspection at a satisfactory or better standard. In response to demand a youth project also operated from the same venue three nights a week.
- Youth provision in the ASTA centre has expanded to operate on four nights a week resulting in the further development of a youth forum and young people playing an active role in the local community forum and associated events.
- The CBS Project hosted in February the incoming leg of the Japanese exchange and the group is scheduled to return to Japan for the second phase in September.
- We were very pleased to receive funding to operate the Jack Petchey Awards in recognition for young people's significant achievements. During 2007, some 144 young people will receive an award and the chance to determine on what in their youth projects their 'award' is spent.
- Hudson's project took part in the annual Voluthon event in October, resulting in the production of twelve seasonal illustrations to be featured in the interior of the project.

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- Young people from three projects (Youth Employment, Education Otherwise and Choice 136) engaged in a young people's development day at the Bank of New York in Canary Wharf. This resulted in three young people taking part in work experience with the Bank and, for one young person, employment with another company.
- Our annual entry into the Lord Mayor's show involved over 100 children, including some with disabilities drawn from across all our 5 to 11 projects and was once again highly commended by the Lord Mayor.
- Our annual Christmas Appeal, which is run in partnership with the Newham Recorder, broke all records. For Christmas morning, 3127 children received gifts that were donated by different companies, schools and individuals. 938 attended a Christmas party. 111 families at risk received a Christmas hamper and nearly 2000 children attended a pantomime or road show.

Our work with children and young people with disabilities continued to develop particularly in respect of the following:

- young people with disabilities who are experiencing difficulties within mainstream education, short term support packages, either with a view to reintegrating the individual within their particular school, or as an alternative until a more appropriate long term placement is found;
- support for 16 to 19 year olds in finding appropriate training or employment programmes on a sustained basis; and
- our Forest Gate Employment Project and Deep project focus on reaching out to and engaging hard to reach, disengaged and isolated young people. Each project offers support programmes through a combination of: core skills enhancement; job search skills; mentoring; peer support; placements, and voluntary opportunities. The projects placed over 200 young people in permanent sustained employment.

In our local community work

"Every adult can build a ladder out of poverty. We provide the hammer and nails."

Our activities during the year included: legal advice, including the delivery of a major new contract to extend the provision of money and debt advice in Newham; advocacy and home visiting services; training programmes in both advice and community development and community cohesion work. Most of these services were delivered by people who first came to us as users themselves and have since taken one of our accredited training programmes.

The Advice Team: We operated a drop in advice session on four days each week and saw over 6000 people during the year. We provided advice on debt, housing welfare benefits and level 1 immigration. We also offered appeals representation and prepared cases for court. Employment, private housing and consumer advice was offered on Monday and Wednesday evenings by volunteer solicitors.

The Advice Team provided an outreach advice service delivering advice to over 3000 people in a variety of settings: doctor's surgeries, community centres and in people's own homes.

We developed our work with volunteers to train them in completing Disability Living Allowance forms and also to train them in appeals work.

Community Work and Training: Our training courses helped local people to improve their chances for employment. Two courses were delivered during 2006-07: Advice Open College Network Level 2; and Community Development Level 3. These courses are free to Newham residents and target local people who, for a variety of reasons such as lack of formal education or qualifications or language and/or cultural issues, have found it hard to access further education. 19 students completed the courses of whom six have gone on to university. Eight of the current advice team were previously students on the course, and these training

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opportunities provide the advice team and the community development team with a ready stream of local people.

At a national level, through LinksUK

LinksUK draws out the learning from our practical work in east London and shares it with practitioners and policy makers across the UK, generating practical social action in other communities and influencing policy development.

In 2006-07 we organised our work into four programmes in order to better reflect the interests and experience of Community Links. These are:

- **Connecting communities and regeneration:** east London is one of the fastest changing areas in Europe with a high level of population ‘churn’ and unprecedented levels of physical regeneration activity. Our work in this area included training and supporting local people to carry out a baseline study for the Canning Town Regeneration Project, undertaking research for the Joseph Rowntree Foundation on how well community governance structures respond to the needs of rapidly changing communities, and consultancy for the British Urban Regeneration Association.
- **People excluded from work and benefits:** in June 2006 we launched our latest research report on the informal economy, ‘Need not Greed’, with support from the Joseph Rowntree Foundation. Our work was covered by over 70 newspapers and websites and on 25 radio stations. We developed the UK’s first borough-wide survey to measure the size and scale of local informal economies, and took measurements in the London Boroughs of Newham and Haringey. We have presented our methodology to a number of audiences including: Social Policy Association, GLA Statistical Users Group and London Councils; and have been asked by the US-based Brookings Institute to contribute the UK’s chapter to an international book about measuring the informal economy, to be published in winter 2007. We convened a national Informal Economy Campaign Coalition, with 70+ members, to influence and change policy that can support more people, should they wish, to make the transition to the formal economy. In addition, we began research projects in this area with SIED, the Chartered Institute of Taxation’s Low Incomes Tax Reform Group, the Child Poverty Action Group, and the National Community Forum.
- **Children and young people:** we supported members of the youth work team and a group of young people to design and carry out a research project to identify the elements of a good youth project – they then presented their results at a regional conference. We published ‘Letting the Future In’ on behalf of the DfES – an Ideas Annual style publication that demonstrates how small community organisations from around the UK are delivering the five objectives of the government’s Every Child Matters policy at a local level.
- **Strengthening the sector:** we concluded our inquiry into the values of the third sector with the publication of ‘Living Values – encouraging boldness in third sector organisations’. We held two conferences on our findings, one in London and one in Hull. Working closely with the Governance Hub we produced a pocket guide for trustees on how to make values live in your organisation. We have now developed a sustainable programme of consultancy and training on values.

Business and management structures

Following considerable progress in improving our financial, payroll and contract management systems, in 2006-07, we have taken steps to review and improve our Human Resources function.

We have also implemented the decision to divide what had become a very large Children and Youth Department into two departments, ‘Children’ and ‘Youth’. This division is not intended to cause disconnections but is necessary to ensure the manageability of a very large range of projects. Carol Jackson took up her appointment as Head of Youth Work in August 2006 and Cath Dillon joined in January 2007 as Head of Children’s Work. This has freed Kevin Jenkins from day to day management responsibilities and enabled him, as a Senior Adviser, to concentrate on particular projects and some developmental work.

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Funding sources

Three quarters of our expenditure was covered by grants from, and contracts with, a variety of public and near public agencies of which the largest were: London Borough of Newham, 38 per cent; Department of Work and Pensions, 11 per cent; and Schools & Colleges, 9 per cent.

Families contributed 3 per cent toward our expenditure. The publications we sold brought another 1 per cent and generous support from companies, charitable trusts and legal aid brought this up to 25 per cent of total costs.

Regeneration funding through SRB and NRF is diminishing, as planned Government schemes reach their conclusion, but have been an important source of capital and revenue funding in recent years. By contrast, the fastest growing area is the Department of Work and Pensions, which is contracted to expand by £1 million to exceed 20 per cent of total income in the year 2006-07.

Fund raising

Income from independent partners and supporters – whether individuals, firms or trusts – is a vital source of funding for innovation, experiment and advocacy at Community Links. It also contributes to the improvement of Community Links' financial and business sustainability and will aid essential developments until full cost recovery is secured comprehensively. Over the planning period, new income streams will launch and grow while we continue to explore new fundraising opportunities and to develop fully the relationships we have already.

Our volunteers

Corporate volunteers: In April 2006, we appointed a Corporate Volunteer Co-ordinator to harness the valuable time, skills and resources that corporate volunteers can offer to Community Links. As a result, 800 corporate volunteers contributed over 6,200 hours and over £41,000 of supplies to Community Links last year through the 47 projects they completed. Nearly 700 volunteers worked in teams or as individuals to support our work by hosting business days at their offices, painting centres, advising on strategy, hosting a Tea Dance for the elderly, empowering people with disabilities, taking children on day trips to the zoo, taking elderly people to Hampton Court and Wisley Gardens, setting up IT infrastructure, mentoring children in transition summer school, decorating centres for the holidays and hosting Christmas parties for disadvantaged children. In the October Volathon, over 100 volunteers took on a variety of challenges and fundraised nearly £18,000 to support our work.

Children & Youth: Excluding the Christmas toy appeal, there were over 100 volunteers.

57 Young People were on the Volunteer Programme and 53 on the Youth Employment Programme. Both projects provided a variety of opportunities throughout Community Links, including accredited training in childcare, First Aid, Employability Skills, Skills for Life and The Pre Volunteer Programme for the 2012 Olympic and Paralympic Games.

Many of the Volunteers who completed their training have subsequently gone on to be employed by Links' Children's and Youth Teams. The Employment Project has had similar success and has included support and secondments from some of its Business Supporters. Both projects are developing innovative partnerships to enable continued support and maintain sustainable progression for all its beneficiaries.

Community Work

From Law School	23
Going on to do appeals	8
From local Community	
Form filling	10
Administrative	4
YMCA Volunteers	100
<i>Pro Bono</i> volunteers	60

LinksUK: Interns 4

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WeAreWhatWeDo (“WAWWD”)

In October 2004, Community Links launched the ‘WeAreWhatWeDo’ project’, focusing on simple changes in behaviour and attitudes, which, if undertaken in sufficient numbers, would make a significant difference in our local communities and the wider world. WAWWD is a wholly owned subsidiary trading company, established to further Community Links’ social objectives in a wider context. It was created, like all other Community Links projects, as an extension of Community Links’ work trying to find “new and better ways of tackling our local problems here in East London and further afield”.

Almost all Community Links’ work hitherto has begun with a service delivery approach. With WAWWD we wanted to see if it would be possible to start right at the other end of the spectrum by communicating attitudes and simple actions which would effectively head off some of the issues which we now deal with only when they impact on local individuals e.g. isolation, loneliness and depression, poverty, prejudice etc.

We wanted it be an entirely new kind of enterprise – an organism rather than an organization, a brand or a movement – unlike anything that had gone before. It was in keeping with this vision that we chose to attempt a funding model which would also be different. We wanted to establish an enterprise which would not be dependant on public grants or charitable donations.

The project has developed an exceptional reach, through its publications, website and campaigns. During 2006-07, WAWWD:

- sold over 155,000 copies of its first book, ‘Change the World for a Fiver’ (“CTWFAF”) in the UK;
- published ‘Change the World 9-5’;
- launched the Anya Hindmarch designed ‘I’m not a Plastic Bag’;
- secured an average of 800 hits per day on its website. We expect the one million mark to be passed early in 2008; and
- continued to sell CTWFAF in Australia, Austria, Germany and Switzerland, bringing total sales close to the half million mark.

Whilst the Trustees are wholly satisfied that WAWWD carries forward the broad charitable objects of Community Links, they concluded during 2006-07 that further development of WAWWD depends upon securing additional financial support from new sources. Consequently, agreement was reached to separate WAWWD from the Group and to transform it into an independent Community Interest Company in which Community Links Trust Ltd. will hold an equity stake (thus changing the loan of £100,000 that is shown in note 8 to the Financial Statements and an amount due of £35,000 described in note 9 into an investment in the new CIC). Community Links Trust Ltd. will hold 25 per cent of the shares initially and will have the right to appoint a director. The separation, supported by investment from new sources, is expected to be completed in November 2007. (See also the Financial Review.)

Our plans for the next five years

Strategic aims

Over the next five year period, focusing on Newham and the surrounding boroughs primarily, Community Links plans, by creative and innovative work of high quality, to contribute significantly to:

- The reduction of economic and social disadvantage
- An increased sense of individual well-being and confidence
- Greater empowerment of individuals to achieve more personally
- Greater involvement of individuals of all ages in community life and in decision making
- More vibrant and involved community groups.

Measurement

We expect to be able to demonstrate these improvements in the lives of individuals and in the development of social capital by reference to:

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- the outputs and outcomes of our numerous specific projects; and
- trends in a basket of statistically sound social indicators.

In the latter, we will be assisted greatly by our internal capacity in LinksUK and by Newham Council's exceptional commitment to the development of useful data.

Consolidation

Our work must be built on solid foundations. As an organization that has grown very significantly in a short space of time, Community Links is now strengthening its systems and structures to support the continued growth and development of its work. Having reviewed our financial systems, we have moved on to look at human resources and training and at the management of the numerous buildings and facilities that our distributed model of service delivery entails.

Financial objectives for the planning period 2006-2011

Community Links is about social change that empowers people and improves their welfare and life chances. It is not about money. Nevertheless, in order to discharge its Mission and to fulfil its aims and objectives, it must be a sustainable organization. Financial security is a vital element of that sustainability. The Finance Department works closely with the Resource Development Team and with the service delivery departments to ensure that security.

The priority financial objectives for the planning period are:

- Secure full cost recovery on all service delivery work for 2007-08 and beyond
- Maintain financial systems that inform all managers within Community Links, with management accounts prepared within 14 days of month end
- To cover contingencies and to 'pump prime' development, an annual surplus of at least 2 per cent.
- Ensure continuing positive cash flow
- To increase Net Assets (working capital) as described more fully in the Financial Review below.
- Trade Debtors: Ceiling level (at year end) equivalent to five weeks' average sales.
- 95 per cent of sales invoices undisputed and disputed sales invoices resolved within 2 months
- Undisputed Creditors paid on average by the end of the calendar month following receipt of invoice.
- Monthly pay figures reported to their controlling line managers two days before payment of permanent staff.

Our plans for 2007-2008

Corporate priorities

We have made a good start in implementing the plans made on 2005-06. The Senior Management Team is now complete and is working as a team, taking responsibility for the management of the organisation as a whole. Nevertheless funding uncertainties have intruded and some of the objectives set for 2006-07 have therefore been rolled forward into 2007-08.

- Build on the platform created by the first round of strategic planning to produce more detailed plans at the operational level by the end March 2008.
- Review our training and appraisal systems and the clarity of our management systems with a view to obtaining Investors in People accreditation.
- Implement the plan devised as a response to the audit that we conducted during 2006-07 of our internal communications needs.
- Estates review – identify the key issues and consider appropriate actions.
- Within a framework that is developed by the Board of Trustees and the Senior Management Team in partnership, ensure greater clarity that Community Links is 'doing the right things' and 'doing those things right'.
- Under the leadership of the Heads of Community Work, Children's Work and Youth Work, developed more detailed objectives for service delivery during the planning period.

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Our work with children and young people in 2007-08

- In order to stabilize the programmes and to facilitate longer term planning, develop longer-term and more broadly-based income streams.
- Work with Newham Council to implement the play policy for Newham and, in parallel, rationalize our provision and develop a programme of open access term time and holiday time play opportunities especially focused on children at risk between 5 and 11.
- With capital funding from the Private Equity Foundation and support from the London Borough of Newham, in consultation with the local community, commence construction of a new centre in the Rokeby Estate.

Our work with young people in 2007-08

- In order to stabilize the programmes and to facilitate longer term planning, we will continue to develop longer-term and more broadly-based income streams.
- Continue to develop peer research opportunities and increase the level of young people's involvement in decision-making within the youth projects as well as across the organisation
- Consolidate the quality of the work we deliver and offer young people more opportunities to get the outcomes of their involvement accredited for example through the Youth Achievement Awards
- Work in partnership with other local youth organisations to expand the range and number of volunteering opportunities available to young people in Newham
- Continue to explore funding opportunities to develop arts work with young people through film, drama and other media
- Consolidate our expanded New Deal work in Tower Hamlets and Newham.
- Develop and operate the 'Outdoors in the City' project that has been funded by SRB6 and that will provide facilities for demanding physical activities of a kind that cannot normally be provided in the inner city.
- Building on our experience in delivering sports work through S-Team – which has demonstrated the positive impact of sports provision on young communities – widen the scope of sports provision. This will lead to a youth leadership scheme, building increased confidence and self esteem as the young people realise their full potential for themselves and others.
- We will continue to capitalise on the interest in sport and possible investment generated by the Olympic Games and also tackle the health agenda.
- Continue to develop our successful crime prevention work with young people, especially in relation to gun and knife crime and building on our campaigning work about this.

Our work with adults 2007-08

- Responding to the sense of exclusion that affects too many of Newham's richly varied and changing population, we shall increase the capacity of the community development team. This work has already started and we have recruited two community development workers to the team.
- In pursuit of our empowerment objective, our training courses give local people with an interest in either advice or community development a viable opportunity to gain a national qualification and a good chance of gaining employment. We have shown that we are able to 'grow our own' workers in these fields. We shall: develop our training courses to offer a national qualification; provide level 3 Advice Work and level 3 Community Development; and develop links with other educational institutions to provide progression routes for those students who would like to continue their studies.
- During a period of changes initiated by the Legal Services Commission and by the reduction in support from the Neighbourhood Renewal Fund, we shall maintain the kind of legal advice service that meets the needs of the people of Newham. In order to be able to undertake higher level work, we plan to add two solicitors to our staff during 2007-08.

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LinksUK in 2007-08

- Our publication programme helps to raise our profile. Community Links has been involved in publishing since the late 80's when we produced our first Ideas Annual. We now produce 3 to 5 publications each year, which include Ideas Annuals, Young Activist workbooks, Evidence Papers and more reflective books that draw out the learning from our local work in Newham. We have built a network of over 6,000 community organisations around the country, which both contribute to and buy our publications. But in a world where information can be immediately accessed and downloaded via the internet, we need to develop a new model of flexible and interactive on-line publications that are free to download, and that engage our network in a more immediate exchange of ideas and learning.
- We are continuing our efforts to position Community Links as an essential ingredient of national policy making. This year we will continue to contribute to policy development by sharing the findings of our programme of rigorous local research, launch our campaign on the informal economy and run our first training programme designed specifically for civil servants. We also aim to consolidate our relationship with the new Office of the Third Sector and work closely with them on a range of issues.
- We will continue to generate income for Community Links from new sources, building capacity across the organisation to respond to requests for consultancy and training, and increasing income from this source by at least 10 per cent.

Resource development in 2007-08

The coming year sees a focus on strengthening the future of our work at Community Links as the Resources Development team launches our 30th anniversary appeal, concentrating on lasting change for our people, our projects and our communities.

In 2007-08, we plan the following.

- Raise £1,119,000 annual independent income towards clear funding targets that are agreed with project heads and that promote and underpin Community Links' Strategy
- Develop and launch the 30th Anniversary case for support aiming to provide an independent contribution towards the organisations most urgent needs and further our strategic aims: this will run until autumn 2008.
- Launch the Turn a Life Around Appeal for the 30th Anniversary and extend the Opening Doors Appeal enabling supporters to assist personally.
- Maintain and increase the quality of partnerships with Trusts and Companies through long term funding, offering meaningful opportunities to get involved through volunteering and increased understanding through clear reporting.
- Further develop understanding and relationships with all funders through communications, starting with a review of our website and external marketing plan in conjunction with our Communications Manager.
- Help projects develop a self funding social enterprise approach for their long term sustainability and explore new sources and methods of raising support to help maintain the infrastructure of the organisation.

Community Links trading subsidiaries in 2007-08

- Community Links has over 17 years' experience in devising, organising and implementing events of all sizes, for both the public and private sectors. The expertise has been developed as a result of running Community Links events for children and young people and is being re-organized as an income generating business.
- **WeAreWhatWeDo:** As indicated above, the plan is for a reorganization of the relationship, with WAWWD becoming a CIC in which Community Links Trust Ltd. will have an equity stake.
- **AuctionMyStuff:** Community Links Trading Limited, trading as AuctionMyStuff, completed a six-month pilot in October 2006. The learning from the pilot showed the potential of eBay as an excellent

Community Links Trust Limited

live learning environment, and as well as a way for raising money by selling donated items. We have therefore structured AMS as a self-financing social enterprise, which gives unemployed young people the chance to get the skills, experience and confidence for work. We raised two years' pump-priming funding from the Esmée Fairbairn Foundation and v, after which point we aim for the project to be self-sufficient. So far we are well ahead of target for achieving this aim.

Financial review 2006-07

There is much to celebrate in the financial statements this year.

- Group Income increased 34 per cent from £6.8m to £9.1m
- Our New Deal division increased its income from £550,000 to £2.2 million following expansion of its Newham operations and after in July 2006 establishing an additional office in Tower Hamlets.
- Cash flow was much stronger during the year and our dependency on overdraft funding, which characterised many earlier years, was virtually eliminated. Faster collection of monies due to us, often driven by improvements in the quality of our invoicing, played an important part in this improvement. On average we collected monies due to us almost two weeks earlier than in the previous year.
- Cash in hand at the year end increased from £45,000 to £493,000.
- The Private Equity Fund agreed funding of £540,000 for our new Rokeby Centre, which will be built in 2007-08. £270,000 of that grant was received in 2006-07 and is included in the figure of cash held at the year end.
- New building works strengthened our asset base and in great part drove the increase in our tangible fixed assets from £815,000 to £1.15 million. Our 'Outdoors in the City' premises represents £269,000 of that increase and was made possible because of Single Regeneration Budget 6 funding.
- The Trust's Working Capital increased by 70 per cent from £216,000 to £369,000.
- Net Incoming Resources before unrealised gains increased from £47,000 to £382,000 (inclusive of £270,000 of Private Equity Fund income which will fund the building of the Rokeby Centre in 2007-08).

WeAreWhatWeDoLimited

Reorganisation of the group structure is taking place currently and the accounts for 2006-07 will be the last to include WeAreWhatWeDoLimited (WAWWD) as a 100 per cent owned and consolidated subsidiary. New investors are taking up shares in WAWWD and will provide in excess of £300,000 of new financial resource that is needed to take this important work forward. Community Links will retain a minority interest of 25 per cent in that entity which is being re-established as a Community Interest Company. A provision of £118,000 has been made in the Trust's accounts writing down the holding value of the Trust's investment in and amount due from WAWWD on this partial disposal of the Trust's interests (see notes 8 and 9).

Reserves Policy

The Finance and Audit Committee has examined the Trust's requirements for reserves in light of the main risks to the organisation. It recognises that reserves need to increase in order to: ensure the sustainability of services to our user base; provide secure staffing of service delivery, and to safeguard the interests of our supplier-partners.

The current priority under the policy established is to bring funds held by the Trust – and not committed or invested in tangible fixed assets or otherwise restricted – to a level equivalent to one month of the Trust's expenditure. Budgeted expenditure for 2007-08 is £7.8m and therefore the target for 2007-08 is £650,000. In 2006-07 actual Trust expenditure was £6.4m and the consequent target free-fund level for 2006-07 was £533,500 for the Trust unconsolidated.

The Finance and Audit Committee is confident that with reserves at this level it would be able to direct an orderly closure of services in the event of a significant drop in funding or of a catastrophic event. In a later

Community Links Trust Limited

phase of the strategy, reserves should be further increased until they reach a level – say six months' expenditure – that would maintain the activities of the Trust through a period of funding restructuring or post-catastrophe recovery.

The total reserves of the Trust stand at £1,517,000, of which £1,151,000 is invested in tangible fixed assets. After other adjustments included in note 13 to the accounts, the level of reserves relevant to the one month expenditure target at 31 March 2007 was £366,000 representing 2.3 weeks of expenditure at its level for the past year and 2.7 weeks expenditure at current levels.

Although our strategy is to continue to build reserves through planned operating surpluses and through fund raising initiatives such as the Working Capital Appeal, the Finance and Audit Committee recognizes that it is unlikely that the one month's expenditure target range will be reached in the short term. The Committee has therefore considered, and is satisfied of, the Trust's ability to curtail existing activities and expenditure promptly and effectively should circumstances so require. It is a high priority to bring reserves within their target range and the Finance and Audit Committee is giving early consideration to further measures not excluding the possible sale of investments, and asset based refinancing.

Working Capital Appeal

The Working Capital Appeal has raised money specifically to strengthen our finances in support of our reserve policy. These donations to the Working Capital Appeal are retained within the Special Reserve Fund shown at note 13 of the financial statements which follow.

	2006-07	2005-06
	£	£
Special Reserve Fund - Restricted	190,086	85,000
Special Reserve Fund - Designated	269,914	269,914
Total Held	460,000	354,914
Directly held in net current assets	369,411	232,764
Invested in Fixed Assets – principally the New Canteen building	90,589	122,150

The New Canteen building is the primary security for Community Links' £400,000 overdraft facility which is a vital resource in the management of the Trust's working capital, of which it is a component, and of its liquidity and cash flow.

Related party transactions

Details of related transactions are given in note 17 to the financial statements.

Auditors

A resolution proposing that Mazars LLP be re-appointed as auditors of the company will be put to the Annual General Meeting.

Approved by the Board on ...31/10/07...

.....
G. H. R.

.....
C. R. Richardson

Independent auditors' report to the members of

Community Links Trust Limited

We have audited the financial statements of Community Links Trust Ltd for the year ended 31 March 2007 which comprise the Consolidated and Company Statement of Financial Activities, the Consolidated and Company Balance Sheets and Consolidated Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Trustees' Responsibilities the company's trustees, who are also the directors of Community Links Trust Limited for the purposes of company law are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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, in accordance with United Kingdom Generally Accepted Accounting Practice of state of affairs of the group and the company as at 31 March 2007 and of the group's 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 the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


Mazars LLP
Chartered Accountants
and Registered Auditors
Times House
Throwley Way
Sutton
Surrey SM1 4JQ

Date: 23 November, 2007

Community Links Trust Limited

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2007

	Notes	Unrestricted Funds £	Designated £	Restricted Funds £	Total Funds 2007 £	Total Funds 2006 £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income						
Donations and unrestricted grants		204,455	-	-	204,455	232,424
Sponsorship income		79,610	-	-	79,610	148,132
ACTIVITIES FOR GENERATING FUNDS						
Publishing and publications		652,814	-	-	652,854	339,694
Sales of donated goods		4,248	-	-	4,248	-
Investment income		140	-	-	140	163
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES						
Grants and service contract income	2	4,728,046	270,000	3,109,873	8,107,919	6,004,134
Other income		57,724	-	-	57,724	75,592
TOTAL INCOMING RESOURCES		5,727,037	270,000	3,109,873	9,106,910	6,800,139
RESOURCES EXPENDED						
Cost of generating funds						
Cost of generating voluntary income						
Fundraising		133,163	-	228,541	361,704	317,508
PR		48,532	-	-	48,532	26,024
Publishing and publications		840,862	-	-	840,862	353,182
COST OF GENERATING FUNDS		1,022,557	-	228,541	1,251,098	696,714
CHARITABLE ACTIVITIES						
Service provision		4,290,836	-	2,851,445	7,142,281	5,728,854
Research and advocacy		182,749	-	56,354	239,103	259,682
GOVERNANCE COSTS		93,277	-	-	93,277	68,183
TOTAL RESOURCES EXPENDED	3	5,589,419	-	3,136,340	8,725,759	6,753,433
NET INCOMING\ (OUTGOING) RESOURCES						
Transfer between funds		137,618	270,000	(26,467)	381,151	46,706
Unrealised gain on revaluation of tangible fixed assets		-	-	25,000	25,000	225,000
Balances brought forward at 1 April		614,660	-	496,950	1,111,610	839,904
Balances carried forward at 31 March		752,278	270,000	495,483	1,517,761	1,111,610

The Group's incoming resources and resources expended all relate to continuing activities. The Group has no recognised gains and losses other than the net movement in funds for the year shown above.

Community Links Trust Limited

COMPANY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2007

	Notes	Unrestricted Funds £	Designated	Restricted Funds £	Total Funds 2007 £	Total Funds 2006 £
INCOMING RESOURCES						
Incoming resources from generated Voluntary income:						
Donations and unrestricted grants		204,455	-	-	204,455	232,424
Sponsorship income		79,610	-	-	79,610	148,132
ACTIVITIES FOR GENERATING FUNDS						
Publishing and publications		8,478	-	-	8,478	20,313
Investment income		120	-	-	120	163
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES						
Grants and service contract income	2	4,728,045	270,000	3,109,873	8,107,918	6,004,134
Other income		48,079	-	-	48,079	75,592
TOTAL INCOMING RESOURCES		5,068,787	270,000	3,109,873	8,448,660	6,480,758
RESOURCES EXPENDED						
Cost of generating funds:						
Cost of generating voluntary income:						
Fundraising		133,163	-	228,541	361,704	317,508
PR		48,532	-	-	48,532	26,024
Publishing and publications		58,911	-	-	58,911	21,903
COST OF GENERATING FUNDS		240,606	-	228,541	469,147	365,435
CHARITABLE ACTIVITIES						
Service provision		4,290,836	-	2,851,445	7,142,281	5,728,854
Research and advocacy		182,749	-	56,354	239,103	259,682
Provision against investments	8	117,586	-	-	117,586	-
GOVERNANCE COSTS		93,277	-	-	93,277	68,183
TOTAL RESOURCES EXPENDED	3	4,925,054	-	3,136,340	8,061,394	6,422,154
NET INCOMING\ (OUTGOING) RESOURCES						
Transfer between funds		-	-	-	-	-
Unrealised gain on revaluation of tangible fixed assets		-	-	25,000	25,000	225,000
Balances brought forward at 1 April		602,548	-	496,950	1,099,498	815,894
Balances carried forward at 31 March		746,281	270,000	495,483	1,511,764	1,099,498

The company's incoming resources and resources expended all relate to continuing activities. The company has no recognised gains and losses other than the net movement in funds for the year shown above.

Community Links Trust Limited

CONSOLIDATED BALANCE SHEET as at 31 March 2007

		2007		2006	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	7		1,151,477		814,782
Investments	8		-		2
			<u>1,151,477</u>		<u>814,784</u>
CURRENT ASSETS					
Stock		71,821		36,036	
Debtors	9	1,214,713		1,194,207	
Cash at bank		492,993		45,069	
		<u>1,779,527</u>		<u>1,275,312</u>	
CREDITORS:					
Amounts Falling Due Within One Year	10	(1,413,243)		(978,486)	
			<u>366,284</u>		<u>296,826</u>
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>1,517,761</u>		<u>1,111,610</u>
RESERVES					
Restricted funds	11,13		495,483		496,950
Unrestricted funds – general	13		863,867		332,634
Designated	13		270,000		269,914
Non-charitable trading equity			(111,589)		12,112
			<u>1,517,761</u>		<u>1,111,610</u>

The financial statements were approved by the Board on 31/10/07
and signed on its behalf by


.....
Trustee



Community Links Trust Limited

COMPANY BALANCE SHEET as at 31 March 2007

	Notes	2007		2006	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		1,124,937		783,369
Investments	8		17,416		100,002
			<u>1,142,353</u>		<u>883,371</u>
CURRENT ASSETS					
Stock		26,097		29,599	
Debtors	9	1,067,010		1,054,614	
Cash at bank		413,073		7,990	
		<u>1,506,180</u>		<u>1,092,203</u>	
CREDITORS:					
Amounts Falling Due Within One Year	10	(1,136,769)		(876,076)	
NET CURRENT ASSETS					
			<u>369,411</u>		<u>216,127</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u><u>1,511,764</u></u>		<u><u>1,099,498</u></u>
RESERVES					
Restricted funds	11,13		495,483		496,950
Unrestricted funds - general	13		746,281		332,634
Unrestricted funds - designated	13		270,000		269,914
			<u>1,511,764</u>		<u>1,099,498</u>

The financial statements were approved by the Board on 31/10/07

and signed on its behalf by


.....
Trustee



Community Links Trust Limited

CONSOLIDATED CASHFLOW STATEMENT As at 31 March 2007

	Notes	2007 £	2006 £
Net cash inflow/(outflow) from operating activities	15	838,642	76,057
Returns on investments and servicing of finance			
Investment income		140	163
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(390,858)	(82,013)
Net cash (outflow) from capital expenditure and financial investment		(390,718)	(81,850)
Increase/(decrease) in cash	16	447,924	(5,793)

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the Company's financial statements.

a) Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 1985 and with applicable UK Accounting and Financial Reporting Standards. The financial statements have been prepared in accordance with the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP 2005). Corresponding amounts have been restated where relevant so as to comply with SORP.

b) Basis of consolidation

The statement of financial activities and balance sheet consolidate the financial statements of the charity and its wholly owned subsidiary undertaking, We Are What We Do Limited, made up to the balance sheet date.

c) Incoming resources

Incoming resources include all income receivable in the year, except for amounts deferred to the following year where the related work was not carried out by the year end date. Where incoming resources are committed, but not yet received, the income has been accrued.

Statutory grants, contract income and other income are largely received from government, charitable foundations and related business supporters from the commercial sector. Details of major sources are listed in our Annual Report.

d) Resources expended

All expenditure is accounted for on an accruals basis and in accordance with the requirements of the SORP. In order to reflect expenditure incurred in pursuance of the Company's principal objectives, expenditure is split between cost of generating funds and charitable expenditure on service provision, governance and support costs. See note 4 related to the method of allocating support costs.

e) Governance

Governance costs comprise all costs involving the public accountability of the company and its compliance with regulation and good practice. These costs include costs related to the statutory audit and an apportionment of overhead and support costs.

f) Tangible fixed assets

Fixed assets are shown at cost or revaluation. Additions in excess of £500 are capitalised.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each of the following:

Leasehold improvements	2%	per annum – straight line basis
Freehold property	2%	per annum – straight line basis
Motor vehicles	25%	per annum – straight line basis
Computers	25%	per annum – straight line basis
Fixtures and fittings	25%	per annum – straight line basis

Redecoration and refurbishment costs on the buildings are charged to the statement of financial activities in the year incurred.

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

1. ACCOUNTING POLICIES (continued)

g) Pensions

Pension costs are paid into a defined contribution scheme and are charged to the statement of financial activities in the period to which they relate.

h) Operating Leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

i) Fund Accounting

Funds held by the charity are either:

- (i) Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.
- (ii) Designated funds – these are unrestricted funds which have been earmarked by the trustees for specific purposes as described within the charitable objects.
- (iii) Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

2. GRANTS AND SERVICE CONTRACT INCOME

	Contract Income £	Restricted Grants £	2007 £	2006 £
London Borough of Newham				
LBN - Culture and Community	487,424	663,970	1,151,394	718,366
LBN - Social Regeneration	-	322,369	322,369	429,400
LBN - Education	480,249	-	480,249	417,642
LBN - NewCEYS	-	93,420	93,429	162,864
LBN - Play	-	45,000	45,000	361,794
LBN - Youth Offending Team	-	287,385	287,385	295,637
LBN - Social Services	-	-	-	65,872
LBN - Employment	-	-	-	62,989
Total London Borough of Newham	967,673	1,412,144	2,379,817	2,514,564
Employment Service	2,197,141	-	2,197,141	549,269
Legal Services Commission	393,797	-	393,797	205,505
London East Connexions Partnership Limited	101,325	-	101,325	96,802
Parental Contributions	243,929	-	243,929	220,800
Fidelity UK Foundation	-	50,000	50,000	-
Private Equity Foundation	-	270,000	270,000	-
Cumberland School Sports College	71,000	-	71,000	-
Eastlea Community School	104,698	-	104,698	-
Eastbury Comprehensive School	77,000	-	77,000	-
Forest Gate Community School	52,061	-	52,061	-
Kingsford Community School	68,252	-	68,252	-
Deutsche Bank	-	66,125	66,125	-
ERDF	-	69,624	69,624	-
New Deal For Communities West Ham and Plaistow	6,076	68,556	74,632	201,281
Newham Youth	-	45,000	45,000	-
Morgan Stanley	-	46,272	46,272	43,500
Urban Futures	-	100,484	100,484	-
UBS	-	72,900	72,900	-
Hadley Trust	-	40,000	40,000	-
EBM Charitable Trust	-	40,000	40,000	-
Esmée Fairbairn Foundation	-	57,036	57,036	-
London Councils	-	112,119	112,119	-
Elephants Links SRB	-	-	-	46,316
Barclays Capital	-	-	-	85,000
Forest Gate and Plaistow SRB	-	-	-	97,800
Tribal SDP	70,000	-	70,000	-
London and Quadrant Trust	-	-	-	91,304
Stratford Development Partnership	-	-	-	113,800
NLCB/Big Lottery Fund	-	70,420	70,420	-
v (The youth volunteering charity)	-	29,036	29,036	-
Others (comprising amounts less than £40,000)	375,094	830,157	1,275,671	1,738,193
Total	4,728,046	3,379,873	8,107,919	6,004,134

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

3. ANALYSIS OF SUPPORT COSTS AND RESOURCES EXPENDED

Expenditure	Direct Costs £	Support costs (See note 4) £	2007	2006
			£	£
Fundraising	343,128	18,576	361,704	317,508
PR	48,532	-	48,532	26,024
Publishing and Publications	838,711	2,151	840,862	353,182
Service Provision	6,693,055	449,226	7,142,281	5,728,854
Research and Advocacy	222,389	16,714	239,103	259,682
Governance	-	93,277	93,277	68,183
	<u>8,145,815</u>	<u>579,944</u>	<u>8,725,759</u>	<u>6,753,433</u>

4. Support Costs Allocation

	Executive	Finance	IT	HR	Central Admin	2007 Total	2006 Total
	£	£	£	£	£	£	£
Cost of Generating Funds							
Fundraising	1,453	7,219	3,910	5,994	-	18,576	15,859
Publishing and publication	-	907	491	753	-	2,151	2,429
Charitable Activities							
Service Provision	10,901	184,798	100,081	153,446	-	449,226	495,959
Research and advocacy	3,634	5,515	2,987	4,578	-	16,714	20,863
Governance	93,277	-	-	-	-	93,277	68,183
Total Support Costs	<u>109,265</u>	<u>198,439</u>	<u>107,469</u>	<u>164,774</u>	<u>-</u>	<u>579,944</u>	<u>603,293</u>

Basis for support costs allocation

- Executive cost on the basis of estimated time spent on operational activities
- All other costs are allocated on the basis of headcount

Support costs include fees payable to Mazars LLP for services as follows:

	Total 2007 £	Total 2006 £
Audit fees – company	7,000	6,650
- subsidiary audit	4,750	4,580
- and non-audit	2,750	2,450
	<u>14,500</u>	<u>13,680</u>

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

5. STAFF COSTS

	2007	2006
	£	£
Staff costs were as follows:		
Wages and salaries	4,843,736	4,458,241
Social security costs	440,047	405,140
Other pension costs	19,065	30,411
	<u>5,302,848</u>	<u>4,893,792</u>

One employee earned between £60,000 and £69,999 in emoluments during the year (2006: one). Employers' pension contributions in respect of that one employee during the year was £nil.

The directors did not receive any remuneration and no expenses were reimbursed to any director during the year. See also note 18 for related party transactions.

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

	2007	2006
Staff - permanent	174	169
- sessional	63	122
	<u>237</u>	<u>291</u>

By nature of its services to the community, elements of which are cyclical, it is necessary to employ temporary and part-time sessional staff to resource such provision adequately. To facilitate meaningful information, the average full-time equivalent number of these sessional staff has been included in the above employee numbers.

6. TAXATION

No liability to UK corporation tax arose on income from ordinary activities for the year ended 31 March 2007 or for the year ended 31 March 2006.

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2007

7. TANGIBLE FIXED ASSETS - GROUP

	Construction in progress £	Leasehold Improvements £	Freehold Property £	Motor Vehicles £	Office Equipment and Computers £	Fixtures and Fittings £	Total £
COST/VALUATION							
At 1 April 2006	-	267,561	450,000	7,899	354,292	78,944	1,158,696
Additions	269,069	-	-	-	100,681	21,108	390,858
Revaluation	-	-	25,000	-	-	-	-
At 31 March 2007	<u>269,069</u>	<u>267,561</u>	<u>475,000</u>	<u>7,899</u>	<u>454,973</u>	<u>100,052</u>	<u>1,574,554</u>
DEPRECIATION							
At 1 April 2006	-	25,325	-	7,899	238,220	72,470	343,914
Charge for year	-	8,582	-	-	64,864	5,717	79,163
At 31 March 2007	<u>-</u>	<u>33,907</u>	<u>-</u>	<u>7,899</u>	<u>303,084</u>	<u>78,187</u>	<u>42,307</u>
NET BOOK VALUE							
At 31 March 2007	<u>269,069</u>	<u>233,654</u>	<u>475,000</u>	<u>-</u>	<u>151,889</u>	<u>21,865</u>	<u>1,151,477</u>
NET BOOK VALUE							
At 31 March 2006	<u>-</u>	<u>242,236</u>	<u>450,000</u>	<u>-</u>	<u>116,072</u>	<u>6,474</u>	<u>814,782</u>

Freehold Property includes the New Canteen, which was purchased by the donations (unrestricted funds) received by Community Links. The last revaluation was on 9 August 2006 and the property was revalued on an existing use basis at £475,000 by Hull and Company, Chartered Surveyors a surplus on revaluation of £25,000. The historical cost of the property was £90,000.

	2007 £	2006 £
Depreciation for the year	<u>79,163</u>	<u>48,695</u>

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

7. (cont) TANGIBLE FIXED ASSETS - COMPANY

	Leasehold Improve- ments £	Freehold Property £	Motor Vehicles £	Computer Costs £	Fixtures and Fittings £	Construct- ion in progress £	Total £
COST/VALUATION							
At 1 April 2006	267,561	450,000	7,899	307,521	78,387	-	1,111,368
Additions	-	-	-	93,774	21,107	269,069	383,950
Revaluation	-	25,000	-	-	-	-	25,000
At 31 March 2007	<u>267,561</u>	<u>475,000</u>	<u>7,899</u>	<u>401,295</u>	<u>99,494</u>	<u>269,069</u>	<u>1,520,319</u>
DEPRECIATION							
At 1 April 2006	25,325	-	7,899	222,444	72,331	-	327,999
Charge for the year	8,582	-	-	53,154	5,646	-	67,382
At 31 March 2007	<u>33,907</u>	<u>-</u>	<u>7,899</u>	<u>275,598</u>	<u>77,977</u>	<u>-</u>	<u>395,381</u>
NET BOOK VALUE							
At 31 March 2007	<u>233,654</u>	<u>475,000</u>	<u>-</u>	<u>125,697</u>	<u>21,517</u>	<u>269,069</u>	<u>1,124,937</u>
NET BOOK VALUE							
At 31 March 2006	<u>252,236</u>	<u>450,000</u>	<u>-</u>	<u>85,077</u>	<u>6,056</u>	<u>-</u>	<u>783,369</u>

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

8. FIXED ASSET INVESTMENTS - COMPANY

A) SHARE CAPITAL

FIXED ASSET INVESTMENTS – CANNING TOWN LTD	2007	2006
	£	£
NET BOOK VALUE		
At 31 March 2007	2	2
	<u> </u>	<u> </u>
At 31 March 2006	2	2
	<u> </u>	<u> </u>
	2007	2006
	£	£
Unlisted investments		
Unlisted investments	2	2
	<u> </u>	<u> </u>

The company's investments at the balance sheet date in the share capital of unlisted companies comprise the following:

1. Community Links (Canning Town) Limited

The nature of the business involved the operation of a shop and café at 105 Barking Road, London E16. The shop closed in June 2001 and the company became dormant as at the 31 March 2002.

Community Links (Canning Town) Limited was dormant throughout the year to 31 March 2007. For the year commencing 1 April 2007 this wholly owned subsidiary is reactivated to embrace certain trading activities formerly carried out by Community Links Trust Limited. These primarily consist of events management, equipment hire and Consultancy services.

2. We Are What We Do Limited

Set up on 1 October 2004, the company's nature of business involves publication of books and operates at its main office 25 Lincolns Inn Fields.

	Holding	Holding
	%	%
Class of shares:		
Ordinary (called up £2)	100	100
	2007	2006
	£	£
Aggregate capital and reserves	(117,586)	11,416
Profit (Loss) for the year	(129,698)	(12,594)
	<u> </u>	<u> </u>

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

3. AuctionMyStuff

Community Links Trading Limited, trading as AuctionMyStuff, completed a six-month pilot in October 2006. The learning from the pilot showed the potential of eBay as an excellent live learning environment, and as well as a way for raising money by selling donated items. We have therefore structured AMS as a self-financing social enterprise, which gives unemployed young people the chance to get the skills, experience and confidence for work. We raised two years' pump-priming funding from the Esmée Fairbairn Foundation and v, after which point we aim for the project to be self-sufficient. So far we are well ahead of target for achieving this aim.

	2007 £	2006 £
Net Equity	5,996	-

B) LOANS:	2007 £	2006 £
Loan to WeAreWhatWeDoLimited, a wholly-owned subsidiary of the undertaking (see below).	100,000	100,000

The terms for the repayment of the loan are under review in the light of a proposal to separate WAWWD Ltd. from the Group (see note 18).

C) TOTAL FIXED ASSET INVESTMENTS - COMPANY

17,414	100,000
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The fixed asset investment in WeAreWhatWeDoLimited of £100,000 has been reduced by a provision of £82,586 against diminution in value to the carrying value above of £17,414. In addition a further £35,000 has been provided against other amounts due from WAWWD Ltd, formerly included within debtors making a total provision in the Statement of Financial Activities of £117,586.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2007 £	2006 £
Accrued income	618,904	401,142
Other debtors	122,861	645,493
Trade debtors	472,948	132,083
Sundry debtors	-	15,489
	<u>1,214,713</u>	<u>1,194,207</u>

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2007

COMPANY	2007 £	2006 £
Accrued income	584,533	340,291
Other debtors	434,858	653,758
Amounts due from group undertakings	47,619	60,565
	<u>1,067,010</u>	<u>1,054,614</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2007 £	2006 £
Sundry creditors	54,578	190,876
Accruals and deferred income	854,377	469,593
Other creditors	117,173	68,550
Bank loans and overdraft	194	104,185
Social security costs	195,509	114,176
Trade creditors	191,412	31,106
	<u>1,413,243</u>	<u>978,486</u>

COMPANY	2007 £	2006 £
Sundry creditors	54,578	32,544
Accruals and deferred income	754,929	457,450
Other creditors	18,346	18,345
Bank loans and overdraft	194	104,185
Social security costs	187,650	107,471
Trade Creditors	121,072	156,082
	<u>1,136,769</u>	<u>876,076</u>

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2007

11. RESTRICTED FUNDS

	Balance at 1 April 2006 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2007 £
Project funds	-	3,004,787	3,136,340	-	(131,553)
Revaluation reserve	360,000	25,000	-	-	385,000
Special reserve fund	85,000	105,086	-	-	190,086
Capital Fund	51,950	-	-	-	51,950
	<u>496,950</u>	<u>3,134,873</u>	<u>3,136,340</u>	<u>-</u>	<u>495,483</u>

Note: All the projects were completed as at the year end date. These project funds cover a number of activities within the field of community work in East London, as outlined in the Trustees' Report on pages 2 to 5.

The Directors consider that the deficit on project funds will be cleared by net incoming resources for the current year.

The Special reserve fund is held for working capital purposes as noted in the Directors' Report.

12. OPERATING LEASES

As at 31 March 2007, Community Links Trust was committed to making the following annual payments under non-cancellable operating leases:

	Land and buildings	
	2007 £	2006 £
Operating leases which expire:		
Within 1 year	-	36,464
Within 2 to 5 years	96,700	35,500
After 5 years	-	-
	<u>96,700</u>	<u>71,964</u>

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Net current assets £	Total £
Restricted funds			
Project funds	-	(131,553)	(131,553)
Revaluation reserve	385,000	-	385,000
Capital fund	-	51,950	51,950
Special reserve fund (for working capital)		190,086	190,086
Unrestricted funds			
General fund	675,888	(81,935)	593,953
General fund – designated special reserve fund	90,589	179,325	269,914
Building fund	-	270,000	270,000
Non charitable trading equity		(111,589)	(111,589)
	<u>1,151,477</u>	<u>366,284</u>	<u>1,517,761</u>

14. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £19,065 (2006: £30,411), all of which was paid by the year end.

15. Reconciliation of net movement in funds to net cash (outflow) from operating activities

	2007 £	2006 £
Net movement in funds	381,151	46,706
Investment income	(140)	(163)
Depreciation	79,163	48,695
(Increase)/Decrease in debtors	(20,506)	34,511
Increase in stock	(35,785)	(13,168)
Increase/(Decrease) in creditors	434,759	(40,524)
	<u>838,642</u>	<u>76,057</u>
Net cash inflow from operating activities		

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

16. Analysis of cash in hand and at bank

	2007	2006
	£	£
Increase/(decrease) in cash during the year	447,924	(5,793)
Cash at bank at 1 April 2006	45,069	50,862
	<hr/>	<hr/>
Cash at bank at 31 March 2007	492,993	45,069
	<hr/>	<hr/>

17. Related party transactions

The Trustee Stanley Harris has disclosed an interest as a partner in the Lyndales' Solicitors practice. Lyndales undertake legal work and provide advice to Community Links Trust Limited. In the year to 31 March 2007, the total amount payable to Lyndales was £2,329 which is considered to be below the commercial value of those services provided.

18. Post Balance Sheet Event

Agreement in principle has been reached to separate WeAreWhatWeDoLimited from the Group, see page 10 of the Directors' Report. The separation is expected to be completed in November 2007.