

Reports and Financial Statements

For the year ended 31 March 2008

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)
Registered address of the principal office of the charity	105 Barking Road London E16 4HQ
Trustees on the date the report was approved	May 'Dare (appointed 25 October 2007) Michael Green Stanley Harris OBE Stephen Jacobs OBE Haydn Powell Fiona Rawes (appointed 25 October 2007) Gavin Rennie (Chair) Charles Richardson (Honorary Treasurer) Jane Thompson (appointed 25 October 2007)
Other Trustees serving during the financial year 2007-2008	Radhika Bynon (resigned 19 March 2008) Euart Glendinning (resigned 19 March 2008) Mary Hiscock (resigned 5 December 2007)
Chief Executive Officer	Max Weaver
Company Secretaries	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

Trustees and advisers (continued)

Other principal advisers

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

Community Links Trust Limited

Directors' report

The Directors present their directors' report and financial statements for the year ended 31 March 2008, 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.

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; and
- 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 which 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 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.

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 17 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, at 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 identified 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 organisation. By virtue of their contracts, all staff of the organisation report to the CEO, whether directly or indirectly.

Community Links Trust Ltd has two subsidiary companies; 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 2007-08.

WeAreWhatWeDo Ltd., which was formed as Links (UK) Ltd on 27 September 2004 and renamed with effect from 4 October 2004, became independent on 29 February 2008. Community Links Trust Ltd will retain a shareholding of no less than 25 per cent.

Community Links Trust Limited

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 2007-08, operational departments began the preparation of operational risk registers, which, along with the corporate risk register, are reviewed regularly by the Finance & Audit Committee.

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 organisations) 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
- sharing the local experience with practitioners and policy makers nationwide.

Public benefit

The Charities Act 2006 sets out twelve kinds of activity that will be recognised as ‘charitable’ provided that there is sufficient demonstrable ‘public benefit’. Focussing on ‘social exclusion’, Community Links conducts activities in the following areas identified in the Act. In practice, its beneficiaries are individually or are from communities that are socially and economically deprived:

- **The prevention or relief of poverty:** Whilst Community Links does not provide grants, the thrust of its work across the age range is to prevent and counter the effects of the vicious circle of social exclusion – poverty excludes: exclusion impoverishes. Whilst much of our work addresses *poverty of association* and *poverty of opportunity*, it has an indirect but powerful effect in reducing *financial poverty*. An example might be building children’s confidence so that they are more likely to secure jobs in the future. Our advice work addresses financial poverty directly, supporting individuals in need to secure welfare and housing rights and to deal with debt. Our New Deal work deals directly with the employment of young people.
- **The advancement of education:** Our principal work in education is with young people who are excluded from, or are in difficulty coping with, mainstream education.
- **The advancement of health or the saving of lives:** Our work across the age range includes sports-based activities and programmes that encourage healthy eating.
- **The advancement of citizenship or community development:** We train advisers and community developers and take every opportunity to encourage participation in civic life and in wider civil society.

Trading activities that do not bring clear ‘public benefit’ are conducted by subsidiary companies.

Community Links Trust Limited

Our role in the community

Community Links has very strong roots in Newham and has built and sustained relationships over time with a wide range of local people. Our continuing presence as a supportive, open and responsive organisation in Newham is more fundamental than any particular service that we provide. Because Newham is large and complex, our service delivery is distributed widely through the Borough.

The nature of our organisation means that we can be classified as a ‘community anchor’, with strong local roots, delivering a wide range of services to meet a variety of needs, and a long term commitment to the local community. Community Links is probably the largest such organisation in the UK and is unique in its developed capacity for reflection and policy development through our national team, LinksUK, which connects our experiences locally with policy makers. By sharing our local experiences and learning with other community organisations across the country, we aim to be a powerful exemplar of best practice.

Our volunteers

Over 1,000 volunteers make a valued contribution to the work of Community Links. We support them so that they can make a meaningful difference to our projects and the people they serve. In return for their effort and contribution, we offer volunteers the chance to develop personally, using and developing their skills. Our volunteers are:

- Local young people who would like to play a larger role in the project that they attend and also to support other projects
- Local people who would like to assist their child’s project, play an active role in their community and/or develop their employability skills
- Employee volunteers from our corporate partners who donate their time and skills. We are particularly grateful for the significant pro bono support we enjoy on both a one-off and on-going basis.

Activities and achievements 2007-08

We deliver our charitable objects through practical projects and services in Newham and neighbouring east London boroughs. These are delivered on a ‘grass roots’ basis, often delivered by local people, many of whom are former users of our services. We aim to offer our community a range of local services to meet diversity of age groups, locality and need. Therefore, our programmes of local work are divided broadly into the following departments:

- Children’s Work
- Youth Work
- New Deal
- Community Work

However, we work across the departments to ensure a joined-up approach, a continuation of care and specific work around families.

Our national team, LinksUK, shares our local learning with policy makers and community groups nationwide to stimulate positive social change across the country

The following offers a summary of our extensive programme of local services, along with key highlights of activities in 2007-08:

Community Links Trust Limited

Children's Work

We work with children aged 2-14 years through our early years (2-5), open access play (free play schemes) and care scheme (after school, fee paying) provision. In addition, we have run a Saturday Autistic Club. We provide fun, safe and inclusive activities for children, meeting the needs of both working parents and also families who may struggle financially. Our Special Educational Needs programme, which traditionally sat with the Children's team, has now been fully integrated into our Education Otherwise project.

Highlights over the past year include:

- We completed our work with the London Borough of Newham to create a play strategy for the Borough. This informed their priorities for a new 'grants to commissioning' scheme, for which we had to tender competitively. We succeeded in securing three new schemes, the maximum possible for one organisation.
- A Creative Expressions summer programme, supported by Accenture, included our first Children's Work Awards Evening to celebrate achievements of children including those with special needs, along with the production of a booklet of poetry based on the Olympics theme. *"Engaging in such opportunities uncovers interests and passions for young people and also demonstrates to those involved their hidden talents."* Cath Dillon, Head of Children's Work
- A small grants scheme administered, marketed and led by children and young people. 'Life Bank', supported by Barclays Capital, awards small grants to projects and centres for equipment and activities.
- In partnership with the Daycare Trust and funded by the Department for Children, Schools and Families, we took part in a Parents' Champions project where parents using child care themselves use word-of-mouth to encourage other parents to do so
- Launched a 'Grow our Own' development and training scheme in conjunction with 3i. This is a unique programme that will invest in our children and young people as well as our staff, in order to nurture our local talent. The first initiative is to create 'Play Rangers', children aged 8 years and over who will be developed as peer leaders at their play and care schemes. This will develop in 2008-09
- An exciting initiative in conjunction with the Youth Team, 'Making Regeneration Relevant', which engages children and young people in the regeneration of east London. This is based on recommendations resulting from a three-month pro bono project delivered by Accenture.

Youth Work

Our Youth Team works across Newham to help young people aged 11-25 reach their own potential. Our staff are mostly local residents who have spent their career working with local young people. Recognising that our young people have different circumstances and needs, we have developed our expertise to offer an extensive programme covering youth provision, crime diversion, youth employment and volunteering and education.

Highlights over the past year include:

- 144 young people received Jack Petchey Awards, each collecting up to £300 to spend at their projects.
- Appointment of a new Principal, involving young people, in preparation for registering as a school
- Two major successes for young people: one from our Youth Employment project went on to work at the Bank of New York Mellon and another signed up to Arsenal FC's under 18s team.
- A successful Summer School for the Education project, funded by Accenture
- Funding agreed by v for a three year volunteering consortium project
- Youth Forums in operation across all projects and youth staff trained in 'Hear by Right' youth participation and involvement skills.
- Working to expand the range of volunteer opportunities in partnership with: Newham youth organisations; Newham Consortium for Youth; Newceys; Conflict and Change; and Support and Help in Education.
- Worked with the University of East London on a Docklands Heritage Trail project, involving young people from the Asta Centre through poetry, music and stories
- Tackling gun and knife crime in Canning Town through the Youth Inclusion Project, funded by the Canning Town Regeneration Project.

Community Links Trust Limited

New Deal

Highlights for the year include:

- 1,217 clients through our doors in Newham and Tower Hamlets, including 109 on our new two week programme, for which we took responsibility in January 2008.
- In addition, our subcontractors started 2,193 clients across their options, making a contract total of over 3,000 across our entire programme during 2007-08.
- Across the whole programme, we moved just over 30 per cent of all participants into full time work, with a higher success rate of around 40 per cent of our leavers into work on our own delivery.
- Success rate – continuing to top performance league tables (latest table, January 2008)
- New projects – creating workplace hubs so people can walk in off the street and get help into work. Our ‘high street’ front in Newham supplements referrals from other sources.
- Winning new contracts
- Diversified funding through new contracts from non-DWP sources
- ‘Working together’ project, helping workless parents into work
- Managing two sub-contractors, Bromley-by-Bow Centre and Tomorrow’s People
- Team expansion to 44 staff
- December 2007 move to bigger premises

Community Work

We deliver a programme of projects to help support adults individually and strengthen local communities through: free advice and advocacy; training; and community development work. Our activities in 2007-08 included: legal advice; advocacy and home visiting services; training programmes in both advice and community development and community development work.

Advice work

Some 17,000 local people accessed free advice and advocacy over the past year, through:

- Open Door Advice, a drop-in service advising on welfare benefits, housing and debt
- Home visiting, for older and disabled people
- Tribunal representation, supported by volunteer lawyers
- Free legal advice on consumer, employment and private housing, delivered by volunteer lawyers
- Advice outreach: money and debt advice at Newham Homes, University of East London and Bow County Court and through ten GP surgeries
- As planned, we have strengthened our in-house legal expertise. The Law Society approved a Solicitor training contract for a member of our Advice team and agreed training at Tower Hamlets Law Centre. We anticipate that they will be able to practice licensed work in welfare benefits and education from April 2009. In addition, our new Legal Services Manager is a ten years qualified solicitor and we have been given permission by the Legal Services Commission to undertake licensed work which will commence in 2008-09.

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Community Work and Training:

Our training courses help local people to improve their employment prospects. We offer Open College Network accredited training courses on Advice and Community Development to level 3. Places are either free or low cost. The training targets local people who – for a variety of reasons such as lack of formal education or qualifications, English as a second language or lone parenting – have found it hard to access further education. This year we received an excellent report from the National Open College Network, with no actions for improvement, just a request to ‘keep up the excellent work’. In addition, we linked with the University of East London who support us by providing IT suites for the students to use and also run part of the course. For students who wish to progress further, we have linked up with London Metropolitan University.

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 2007-08 we:

- Published a book with the Prime Minister, ‘Britain’s Everyday Heroes’ and published a new book of essays on communities, ‘Making Links’
- Provided support to the Council on Social Action – of which the chair is the Prime Minister and the vice-chair David Robinson, one of our Founders – which advises government on how to improve support for people who are already active in their communities and how to engage more people
- Completed two new research reports on the Informal Economy: ‘Interact’ is a report conducted with the Child Poverty Action Group and Low Income Tax Reform Group examining the interactions between the benefit and tax systems as people move in or out of work. ‘Self-employed and micro-entrepreneurs: Informal trading and the journey towards formalisation’ examines self-employed traders attitudes towards formalising their business
- Trained and supported local people to carry out their own research into a variety of issues (young people’s employment and understanding of the working world, services for young parents, resident engagement in 2012) and shared their findings widely, linking them to our policy and campaigning programme
- Undertook new research projects:
 - on the Olympics (Fool’s Gold, with the New Economics Foundation)
 - on child poverty in Newham
 - and on governance in dynamic communities (for the Joseph Rowntree Foundation)
- Piloted our national training programme, Everyday Innovators, launched in September 2007
- Continued to promote the Living Values programme, running a conference in Hull, speaking at a conference in Madrid and delivering a number of consultancy and training projects.

External factors affecting achievement

Much of our locally funded work was affected by Newham Council’s shift from grants to commissioning. The total funding made available was reduced and the process generated uncertainty in contract finalisation, budgets, job numbers and team structures.

We underwent re-structuring in all service delivery teams in order to use the available funding most effectively. This involved a significant amount of work, with Heads of Departments spending much of their time on this.

Support for the new Council on Social Action and associated projects created many new opportunities that required significant expansion and re-focussing of the Links UK team and its priorities.

Financial Review

Community Links is financially almost half as big again as it was two years ago. This is in part due to the significant growth of our New Deal contract. We have managed the financial strains inherent in any major expansion and have at the same time strengthened our balance sheet.

Community Links Trust Limited

Key indicators of financial strength show marked improvement:

	2006	2007	2008
Total Income	6,808,460	8,448,660	10,094,005
	100%	124%	148%
Working Capital ¹	216,127	369,411	907,989
Working Capital growth	100%	171%	420%
Working Capital as % of expenditure	3%	5%	10%
Cash at bank	7,990	413,073	1,051,189
Cash as weeks of expenditure	0	2.7	5.8
Current assets	1,092,180	1,506,180	2,175,075
Current liabilities	1,092,203	1,136,769	1,267,086
Current assets held for each £100 of liabilities	100	132	172
Reserves	1,099,498	1,511,764	2,243,790
Reserves as weeks of Income	8	9	12
Average time to collect debts (weeks)	8.1	6.6	5.7
Net incoming resource	58,604	387,266	732,026

We began this period of change with 2005-06 cash holdings representing just one day of average expenditure. This restricted operations and hampered our financial affairs. Cash available improved to 18 days worth of expenditure in 2006-07, and to 41 days in 2007-08. There is still some way to go before we reach our first milestone of three months but this is welcome progress.

Underlying Cash Resource

Our bank balance is stronger than in earlier years. However, much of that balance is money held in trust for special and restricted purposes set by donors and grant makers. When these amounts are taken into account, the cash held that is available to meet normal outgoings is much lower and represents simply two weeks worth of spend:

	2006	2007	2008
Cash at bank	7,990	413,073	1,051,189
PEF grant for construction of Rokeby Street play building		(270,000)	(401,427)
Lehman Brothers grant for 2008/09			(150,000)
Revolving Doors Fund for project loan funding			(125,000)
Underlying Cash Resource	7,990	143,073	374,762
Representing weeks of normal spend:	0.1	0.9	2.1

New Deal

In our New Deal division people are supported as they progress into employment. The division has a high success rate and its expansion accounted for much of the Trust's growth:

1 Working Capital is termed 'Net Current Assets' on the face of the balance sheet.

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	2007	2008
Growth in Trust's income	1,640,200	1,645,345
Growth in New Deal income	1,647,872	894,553
	100.5%	54.4%

The New Deal contract has further benefitted the Trust through the earning of a regular surplus and relatively timely payment of fees.

Major Support

The year end cash balance at 31 March 2008 included £400,000 from two very substantial donations: The Walker Endowment of £250,000, the largest single donation ever received by this Trust, (see note 13 for further information) and Lehman Brothers £150,000. The Lehman Brothers donation is for 2008-09 work in our Education division.

The Private Equity Foundation (PEF) supported Community Links by giving capital grant funding for the construction of a new play centre in Rokeby Road, London E15. £540,000 (£270,000 in each of the years 2006-07 and 2007-08) in grants was paid in advance of construction and planning consent. The cash holdings of the Trust as at 31 March 2008 were therefore boosted by £401,427, being the £540,000 grant less £138,573 expended in cash over the two years until 31 March 2008 (see notes 7, 13 and 18).

The remaining amount of the PEF grant is being spent on construction and fitting out in April to September 2008 when works will be complete and the grant fully spent.

Subsidiaries

WeAreWhatWeDoLimited

The financial review for 2006-07 stated, "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% owned and consolidated subsidiary." During 2007-08 WAWWD became a Community Interest Company and attracted new shareholders. Community Links Trust Ltd ceased to own a majority of the shares of WAWWD at 29 February 2008. It is our intention to maintain our minority interest at around 25 per cent. In the Trust's accounts for 2006-07, a provision of £117,856 was made in the Trust's accounts for 2006-07 against the holding value of the Trust's investment in, and amount due from, WAWWD. A further provision of £17,414 is made this year (see note 8).

Other subsidiaries

The results of the two other subsidiaries have not been consolidated; Community Links Trading Limited for want of materiality, and Community Links (Canning Town) Limited because it was dormant throughout 2007-08.

Community Links Trading Limited trades as AuctionMyStuff. This is a social enterprise that offers work placements and volunteering opportunities for young people. The project uses eBay to sell donated items and generate income for Community Links (see note 8). Highlights in 2007-08 include:

- 84 long-term unemployed young people enjoyed structured work placements. Half of these went into work or training
- The project generated a profit of just under £30,000
- HRH the Queen visited and met the young people on the schemes
- Chris Allwood, Manager of AuctionMyStuff, became a Social Enterprise Ambassador.

Links Events Solutions

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, Links Events Solutions.

Community Links Trust Limited

2007/08 was a positive year which has continued to build on previous years achievements.

Highlights include:

- Extended the client base in both public and private sectors
- Moved into new premises bringing together all aspects of Links Events Solutions under one roof, including storage
- Surplus of £80,000 reinvested in Links charitable activities
- Good progress made in increasing level of work year round particularly during the autumn and winter seasons
- Consistently receiving positive feedback from clients.

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 established policy is to accumulate 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 2008-09 is £11m and therefore the target for 2008-09 is £915,000. In 2007-08 actual Trust expenditure was £9.4m and the consequent target free-fund level for 2007-08 was £780,000.

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 some other emergency. In the longer term, 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 recovery.

The total reserve funds of the Trust stand at £2.24m, of which £1.34m 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's expenditure target at 31 March 2008 was £0.39m representing 2.1 weeks of expenditure at its level for the past year and 1.8 weeks' expenditure at current levels. Free reserves at 31 March 2008 were £26,478 (see note 13).

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.

Working Capital Appeal

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

	2007-08
	£
Special Reserve Fund - Restricted	234,086
Special Reserve Fund - Designated	394,914
Total Held	629,000
Directly held in net current assets	359,086
Invested in Fixed Assets – principally the New Canteen building	269,914
	629,000

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 and cash flow management.

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Related party transactions

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

Funding sources

The largest funding sources in 2007-08 are shown in the following table.

Funders	£000s
London Borough of Newham	1,640
Private Equity Foundation (PEF)	270
Cabinet Office	178
Anonymous funder	86
National Lottery Charities Board/BLF	55
Customers	
Employment Service (DWP)	3,113
London Borough of Newham	1,082
Legal Services Commission	377
London East Connexions	131
Eastlea Community School	117
Total	<u>7,047</u>

Fundraising

Independent funding plays a major role in enabling Community Links to continue to pursue innovation and development. 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.

Highlights of our work with independent funders and supporters include:

- £1,233,321 raised by the Resource Development Team.
- Individuals from our company supporters took part in a variety of fundraising events of Community Links, such as our Grand Prix Karting Challenge, whilst others ran their own events for us such as a series of Quiz nights.
- Further companies joined our corporate partners programme providing financial support, pro bono assistance and volunteer help.
- 311 employee volunteers from 18 different corporate partners contributed 5,322 hours and over £41,000 to Community Links through their involvement in 37 volunteer projects. Our corporate volunteering programme has proved to be a major asset in building the capacity of the organisation
- Charitable Trusts continued to support some key projects and roles, such as for providing pastoral support within our education programme for young people excluded from mainstream education.
- Generous individuals continued to make gifts in support of our Opening Doors Appeal. The Annual Fund provided critical support totalling £121,000 to help maintain our core work. The Working Capital Reserve included a gift of £250,000 in the form of the Walker Endowment.
- To celebrate our 30th Anniversary, we made an appeal for 10 gifts to our projects, our people and our community. We have received support for six of these, including new sponsorships for our centres, a new Learning and Innovation fund, assistance with the launch of our new school, 'Grow our Own', extending the impact of Links UK and the launch of our Endowment Fund for £3m.

Our strategy for 2008-13

Reviewing our strategy

During 2005-06, Community Links embarked on a careful review of its strategies. This resulted in a strategic plan that was approved by the Board of Trustees in Autumn 2006. A process of review and refinement of our objectives for the principal areas of our work will conclude in Autumn 2008.

Strategic aims

Working across the organisation, we re-focused our strategic aims for the next 3-5 years. This is how we believe we can make the biggest impact in tackling social exclusion, for all our communities:

- Reduce poverty
- Raise aspirations for a better life
- Extend access to education and employment
- Build stronger communities

Our plans for 2008-09

Our work plans for 2008-09 have been developed to address these areas so that together we can make a stronger impact on the problems that continue to blight our communities. In addition to our ongoing work in the Children's, Youth, Community and LinksUK teams, the following initiatives are planned for this year in support of our main aims:

Reduce poverty

- Three new open access play schemes located in areas of need
- Advice targeted at Black Asian Minority Ethnic groups in Newham
- Provide information to LinksUK on issues that our Advice clients face, for example an increase in debt locally
- Work in partnership with local and national organisations to make a wider impact. Our role as leading an Advice Consortium in Newham is a good place to start this and connects us with specialist advice providers
- Integrated projects to support families and lone carers who are facing particular financial, health or other pressures. The next year will focus on Family Support work in Manor Park, closely linked to our open access play scheme based there
- Develop our national work on welfare reform, child poverty and the informal economy, ultimately securing one national policy change, one regional and local strategy change.

Raise aspirations for a better life

- Offer opportunities for children and young people to influence and benefit from the regeneration agenda in east London, supported by Accenture
- Strengthen and grow our children's workforce by developing a comprehensive leadership and mentoring programme for junior leaders, volunteers, trainees and paid staff
- Develop accredited volunteering opportunities
- Develop integrated inclusive projects with families working across traditional boundaries of children's, youth and community work, working together on reducing levels of anti-social behaviour and isolation in at least three areas of Newham.

Extend access to education and employment

- Support the young people on our Education programme to achieve qualifications and make a successful transition into further education, training or employment and track their progress for 12 months.

Community Links Trust Limited

- Register our Education project as a school and achieve a successful OFSTED inspection
- Develop a student council that will be represented on the Education Advisory Body and encourage young people to be involved in recruitment of staff and future developments
- Undertake a research project on educational exclusion to impact on government policy
- Pilot a scheme for 16-18 year olds who have struggled with mainstream education in preparation for the change in mandatory age for finishing formal education
- Further develop projects that provide progression and links to work for 'hard to reach' groups such as 16-18 year olds who are not in education, training or employment and lone parents
- To take on new employment contract initiatives across east London, extending the reach of our into work expertise
- Delivery of London Councils 'Working Together' project through New Deal
- Workplace Hubs Project in GP surgeries, a partnership between Advice and New Deal
- Vocational training (NVQs) for employers in Newham and Tower Hamlets.

Build stronger communities

- Draw out the Community Links model of preventive working with children and young people which demonstrates with evidence from policy and practice how to break the cycle of social exclusion, reducing risk and creating opportunities to fulfil potential and share the learning widely
- Train young people to be peer researchers to undertake research amongst other young people and contribute to quality improvement of our projects
- Work across children, youth and community work boundaries to create community hubs based on LBN's Community Forum areas.
- Support young people affected by substance misuse to positively resettle into their communities
- Deliver a new, three year Community Activities project in the north west and south west of Newham, which will identify centres that will act as hubs for community activities
- Roll-out a national Everyday Innovators programme, supporting community practitioners to unlock local learning and ideas
- Work with the Prime Minister's Council on Social Action to develop three cross sector initiatives to support more people to take part in building a better society, including an international event on social leadership, 'Chain Reaction'
- National partnership working to influence the regeneration agenda nationally and share our learning from local work
- Working in partnership with other organisations to develop a legacy fund for Newham.

Measuring the impact

We endeavour to deliver quality, informative reports on the outputs and outcomes of our work to our funders and to those who award contracts. However, we are keen to be particularly proactive and establish a tailored measurement methodology to demonstrate the wider impact that our work has on society as a whole. Our Trustees welcomed an investment in measurement and this will commence in September 2008.

Corporate priorities

To support its strategic aims, Community Links aims to be an organisation that is

- stable and sustainable;
- well-located and well-equipped;
- independent and innovative;
- responsive and inclusive;
- reflective and evaluative;
- integrated and communicative; and
- a 'learning organisation' that is appropriately professional.

These aims generate some specific objectives for the planning period.

Community Links Trust Limited

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 organisation. 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 capital funding (through grants, loans and partnerships) to support our objective of at least one accessible, fully fit-for-purpose 'community hub' in each quadrant of Newham.
- Increase free reserves by the value of two weeks' expenditure each year, reaching three months' expenditure by the end of the planning period and continuing until the long-term target of six months' expenditure is reached.
- Ensure that all established projects make a significant contribution to overheads. Milestones have been set and are monitored through the budgetary process.
- Create a development fund of approximately £100k per annum to support innovation and experiment.
- Increase by 10 per cent per annum our net income from 'for profit' trading through subsidiaries.
- Diversify income streams to ensure that no department other than New Deal is dependent on a single funder for more than 65 per cent of its income.

In respect of Human Resources, IT and Communications, the priority objectives for the planning period are:

- Be an 'employer of choice' in Newham and in the sector;
- Create flourishing 'Grow Our Own' programmes in all departments and at all levels.
- Increase spend on training to 3 per cent of payroll per annum
- Improve all systems so as to achieve Investors in People recognition by the end of 2010-11
- Strengthen the impact of our marketing across the organisation
- Further improve internal communications, including the introduction of a staff intranet

Community Links has adopted a Quality Strategy and set up a Quality and User Involvement Committee. In these fields it has formed the following objectives for the planning period:

- As mentioned above, to invest in methods of evaluating 'whole organisation impact'. 2008-09 will see some preliminary work that will inform the choice of approach that will be adopted for the following three years.
- To use the skills and experience of our Everyday Innovators team (within LinksUK) to ensure that all our planning is informed by direct evidence of local needs.
- To ensure that each area of service delivery activity has an established users' group, from which reports will go regularly to the Quality and User Involvement Committee and, as appropriate, to the Board of Trustees. Ultimately, we hope to see users' group members becoming active in the work of the Board and/or its Committees.

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 29 September 2008.


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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 2008 which comprise the Statement of Financial Activities, the Balance Sheets, 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.

Basis of audit opinion

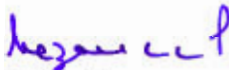
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

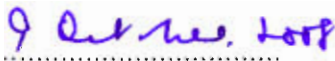
We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 company as at 31 March 2008 and of the company'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: 

Community Links Trust Limited

STATEMENT OF FINANCIAL ACTIVITIES For the year ended 31 March 2008

	Notes	Unrestricted Funds £	Designated £	Restricted Funds £	Total Funds 2008 £	Total Funds 2007 £
INCOMING RESOURCES						
Incoming resources from generated Voluntary income:						
Donations and unrestricted grants		492,307	-	-	492,307	204,455
Sponsorship income		43,820	-	-	43,820	79,610
ACTIVITIES FOR GENERATING FUNDS						
Publishing and publications		26,409	-	-	26,409	8,478
Investment income		11,177	-	-	11,177	120
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES						
Grants and service contract income	2,11	6,046,611	-	3,432,742	9,479,353	8,107,918
Other income		40,939	-	-	40,939	48,079
TOTAL INCOMING RESOURCES		6,661,263	-	3,432,742	10,094,005	8,448,660
RESOURCES EXPENDED						
Cost of generating funds:						
Cost of generating voluntary income:						
Fundraising		131,256	-	230,873	362,129	361,704
PR		52,694	-	-	52,694	48,532
Publishing and publications		72,014	-	-	72,014	58,911
COST OF GENERATING FUNDS		255,964	-	230,873	486,837	469,147
CHARITABLE ACTIVITIES						
Service provision		5,792,498	-	2,562,713	8,355,211	7,142,281
Research and advocacy		280,093	-	127,200	407,293	239,103
Provision against investments	8	17,414	-	-	17,414	117,586
GOVERNANCE COSTS		95,224	-	-	95,224	93,277
TOTAL RESOURCES EXPENDED	3	6,441,193	-	2,920,786	9,361,979	8,061,394
NET INCOMING RESOURCES						
Transfer between funds	13	220,070 (250,000)	- 250,000	511,956 -	732,026 -	387,266 -
Unrealised gain on revaluation of tangible fixed assets		-	-	-	-	25,000
Balances brought forward at 1 April (restated)		476,367	269,914	765,483	1,511,764	1,099,498
Balances carried forward at 31 March		446,437	519,914	1,277,439	2,243,790	1,511,764

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.

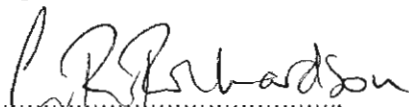
Community Links Trust Limited

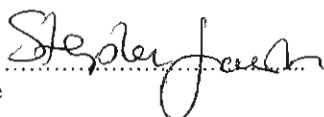
BALANCE SHEET as at 31 March 2008

	Notes	2008		2007 (restated)	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		1,335,799		1,124,937
Investments	8		2		17,416
			<u>1,335,801</u>		<u>1,142,353</u>
CURRENT ASSETS					
Stock		29,045		26,097	
Debtors	9	1,094,841		1,067,010	
Cash at bank		1,051,189		413,073	
		<u>2,175,075</u>		<u>1,506,180</u>	
CREDITORS:					
Amounts Falling Due Within One Year	10	(1,267,086)		(1,136,769)	
NET CURRENT ASSETS					
			<u>907,989</u>		<u>369,411</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>2,243,790</u>		<u>1,511,764</u>
RESERVES					
Restricted funds	11,13		1,277,439		765,483
Unrestricted funds - general	13		446,437		476,281
Unrestricted funds - designated	13		519,914		269,914
			<u>2,243,790</u>		<u>1,511,764</u>

The financial statements were approved by the Board on 29-09-2008.

and signed on its behalf by


Trustee


Trustee

Community Links Trust Limited

CASHFLOW STATEMENT

As at 31 March 2008

	Notes	2008 £	2007 £
Net cash inflow from operating activities	15	915,937	788,913
Returns on investments and servicing of finance			
Investment income		11,177	120
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(288,998)	(383,950)
Net cash (outflow) from capital expenditure and financial investment		(277,821)	(383,830)
Increase in cash	16	638,116	405,083

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

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 applicable UK Accounting Standards, the Companies Act 1985 and the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP 2005).

b) Basis of consolidation

The company's subsidiary companies were not consolidated as the trading amounts were immaterial for disclosure purposes. Corresponding amounts have been restated where relevant so as to reflect the results of the company as opposed to the group and for refinement of analysis of funds between Unrestricted and Restricted. See note 8 for details of the subsidiary companies.

c) Incoming resources

Incoming resources include all income receivable in the year, except for amounts deferred to the future years as specified by the donor/funder. 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 the Directors' Report and in note 2.

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 2008

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 2008

2. GRANTS AND SERVICE CONTRACT INCOME

	Contract Income £	Restricted Grants £	2008 £	2007 £
London Borough of Newham				
LBN – Culture and Community	292,374	413,785	706,159	1,151,394
LBN - Education	379,085	227,544	606,629	480,249
LBN - NewCEYS	-	212,755	212,755	93,420
LBN - Play	-	193,495	193,495	45,000
LBN – Social Regeneration	390,415	245,213	635,628	322,369
LBN – Youth Offending Team	20,000	347,180	367,180	287,385
Total London Borough of Newham	1,081,874	1,639,972	2,721,846	2,379,817
Accenture	-	66,109	66,109	-
Anonymous funder	-	86,249	86,249	66,125
Barclays Capital	-	48,393	48,393	-
Cabinet Office	-	177,603	177,603	-
The Charles Dunstone Charitable Trust	-	51,500	51,500	-
Clifford Chance	-	41,388	41,388	-
Cumberland School Sports College	65,000	-	65,000	71,000
Eastbury Comprehensive School	43,332	-	43,332	77,000
Eastlea Community School	116,668	-	116,668	104,698
EBM Charitable Trust	-	48,197	48,197	40,000
Employment Service	3,112,697	7,246	3,119,943	2,197,141
European Regional Development Fund (ERDF)	-	-	-	69,624
Esmée Fairbairn Foundation	-	27,450	27,450	57,036
European Social Fund (Gov Office for London)	-	49,000	49,000	-
Fidelity UK Foundation	-	-	-	50,000
Forest Gate Community School	67,000	-	67,000	52,061
Fremantle Media	-	50,000	50,000	-
Hadley Trust	-	38,000	38,000	40,000
Kingsford Community School	25,683	-	25,683	68,252
Legal Services Commission	376,779	-	376,779	393,797
London Councils	107,050	30,678	137,728	112,119
London East Connexions Partnership Ltd	130,500	-	130,500	101,325
Morgan Stanley	-	47,661	47,661	46,272
New Deal West Ham & Plaistow	-	-	-	74,632
New Directions	93,800	-	93,800	-
Newham Youth	-	-	-	45,000
NLCB/Big Lottery Fund	-	54,535	54,535	70,420
Parental Contributions	357,299	-	357,299	243,929
Plaistow Primary School	110,000	-	110,000	-
Private Equity Foundation	-	270,000	270,000	270,000
Tribal Stratford Development Partnership	-	-	-	70,000
UBS	-	-	-	72,900
Urban Futures	5,013	-	5,013	100,484
v (The youth volunteering charity)	-	-	-	29,036
Others (comprising amounts less than £40,000)	353,916	698,761	1,052,677	1,205,251
Total	6,046,611	3,432,742	9,479,353	8,107,919

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2008

3. ANALYSIS OF SUPPORT COSTS AND RESOURCES EXPENDED

Expenditure	Direct Costs £	Support costs (See note 4) £	2008 £	2007 (restated) £
Fundraising	343,603	18,526	362,129	361,704
PR	52,694	-	52,694	48,532
Publishing and Publications	69,920	2,094	72,014	58,911
Service Provision	7,890,611	464,600	8,355,211	7,142,281
Research and Advocacy	389,916	17,377	407,293	239,103
Provision against investment	17,414	-	17,414	117,586
Governance	-	95,224	95,224	93,277
	<u>8,764,158</u>	<u>597,821</u>	<u>9,361,979</u>	<u>8,061,394</u>

4. SUPPORT COSTS ALLOCATION

	Executive £	Finance £	IT £	HR £	2008 Total £	2007 Total £
Cost of Generating Funds						
Fundraising	1,857	9,765	3,112	3,792	18,526	15,576
Publishing and publication	-	1,227	391	476	2,094	2,151
Charitable Activities						
Service Provision	37,933	249,961	79,647	97,059	464,600	449,226
Research and advocacy	4,645	7,459	2,377	2,896	17,377	16,714
Governance	95,224	-	-	-	95,224	93,277
Total Support Costs	<u>139,659</u>	<u>268,412</u>	<u>85,527</u>	<u>104,223</u>	<u>597,821</u>	<u>579,944</u>

	Total 2008 £	Total 2007 £
Auditors remuneration:		
- audit	18,900	18,355
- non-audit	1,370	16,575
	<u>20,270</u>	<u>34,930</u>

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

5. STAFF COSTS

	2008	2007
	£	£
Staff costs were as follows:		
Wages and salaries	5,109,728	4,687,813
Social security costs	467,423	429,755
Other pension costs	20,935	19,065
	<u>5,598,086</u>	<u>5,136,633</u>

One employee earned between £60,000 and £69,999 in emoluments during the year (2007: 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 17 for related party transactions.

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

	2008	2007
Staff - permanent	183	168
- sessional	56	63
	<u>239</u>	<u>231</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 2008 or for the year ended 31 March 2007.

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2008

7. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Freehold Property £	Motor Vehicles £	Computer Costs £	Fixtures and Fittings £	Construct- ion in progress £	Total £
COST/VALUATION							
At 1 April 2007	267,561	475,000	7,899	401,295	99,494	269,069	1,520,318
Additions	-	-	-	21,942	2,759	264,297	288,998
Reallocation	301,183	-	-	-	-	(301,183)	-
At 31 March 2008	568,744	475,000	7,899	423,237	102,253	232,183	1,809,316
DEPRECIATION							
At 1 April 2007	33,907	-	7,899	275,598	77,977	-	395,381
Charge for the year	6,969	9,500	-	54,154	7,513	-	78,136
At 31 March 2008	40,876	9,500	7,899	329,752	85,490	-	473,517
NET BOOK VALUE							
At 31 March 2008	527,868	465,500	-	93,485	16,763	232,183	1,335,799
NET BOOK VALUE							
At 31 March 2007	233,654	475,000	-	125,697	21,517	269,069	1,124,937

Leasehold Improvements includes a reallocation from construction in progress, representing completion of the new Outdoors in the City activity centre, at a cost of £237,259.

Freehold Property includes the New Canteen, which was purchased by 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.

Construction in progress includes £208,978 of costs incurred in the construction of a play building in Rokeby Street, London E15 (see notes 13 and 18 for further details).

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2008

8. FIXED ASSET INVESTMENTS - COMPANY

A) SHARE CAPITAL

FIXED ASSET INVESTMENTS – CANNING TOWN LTD	2008	2007
	£	£
NET BOOK VALUE		
At 31 March 2008	2	2
	==	==
At 31 March 2007	2	2
	==	==
	2008	2007
	£	£
Unlisted investments		
Unlisted investments	2	2
	==	==

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 2008.

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:		
“A” Ordinary (called up)	25	100
	2008	2007
	£	£
Aggregate capital and reserves	-	(117,586)
Profit (Loss) for the year	-	(129,698)
	==	==

The financial statements for 2006-07, reported that “agreement in principle had been reached to separate WeAreWhatWeDoLimited from the Group”. The Directors’ Report explained that “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.”

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

The Separation Agreement, concluded on 15 November 2007, provided that separation would occur when two conditions precedent were met: (a) confirmation by WAWWD that at least £200,000 has been committed to New Investor Shares and (b) registration of WAWWD's adoption of new articles and registration as a CIC. The conditions precedent were met in January 2008 and Community Links Trust Limited (a) released WAWWD from the loan; (b) was issued with 39,684 'A' Shares in We Are What We Do CIC; and (c) assigned the relevant intellectual property rights to We Are What We Do CIC, as provided in the Separation Agreement.

The carrying value of the planned investment by Community Links Trust Ltd. in We Are What We Do CIC was reported in the 2006-07 financial statements as £17,414. The Board has available to it insufficient information on which to determine the current value of its holding in We Are What We Do CIC. A provision of £17,414 against this interest has therefore been made.

3. AuctionMyStuff

Community Links Trading Limited, trades as AuctionMyStuff and aims to be a self-financing social enterprise. Items are auctioned on Ebay from a base which gives unemployed young people the chance to gain the skills, experience and confidence for work.

	2008 £	2007 £
Net Equity	31,904	5,996

B) LOANS:	2008 £	2007 £
Loan to WeAreWhatWeDoLimited, whilst a wholly-owned subsidiary of the undertaking.	-	100,000

C) TOTAL FIXED ASSET INVESTMENTS - COMPANY

-	17,414
---	--------

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Accrued income	363,537	584,533
Other debtors	730,570	434,858
Amounts due from group undertakings	734	47,619
	<u>1,094,841</u>	<u>1,067,010</u>

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Sundry creditors	52,051	54,578
Accruals and deferred income	787,010	754,929
Other creditors	50,651	18,346
Bank loans and overdraft	-	194
Social security costs	133,127	187,650
Trade Creditors	244,247	121,072
	<u>1,267,086</u>	<u>1,136,769</u>

11. RESTRICTED FUNDS

	Balance at 1 April 2007 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2008 £
Project funds	(131,553)	3,118,742	2,920,786	-	66,403
Revaluation reserve	385,000	-	-	-	385,000
Special Reserve Fund	190,086	44,000	-	-	234,086
Building Fund	270,000	270,000	-	-	540,000
Capital Fund	51,950	-	-	-	51,950
	<u>765,483</u>	<u>3,432,742</u>	<u>2,920,786</u>	<u>-</u>	<u>1,277,439</u>

Note: All the projects were substantially 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 Directors' Report on pages 5 to 8.

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

The Building Fund derives from monies received from the Private Equity Foundation restricted to the construction of a new play building in Rokeby Road, London E15 (see also note 18.)

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2008

12. OPERATING LEASES

As at 31 March 2008, Community Links Trust was committed to making the following annual payments under non-cancellable operating leases:

	Land and buildings	
	2008	2007
	£	£
Operating leases which expire:		
Within 1 year	27,500	-
Within 2 to 5 years	105,550	96,700
After 5 years	88,000	-
	<u>221,050</u>	<u>96,700</u>

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets	Net current assets	Total
	£	£	£
Restricted funds			
Project Funds		66,403	66,403
Revaluation Reserve	385,000	-	385,000
Special Reserve Fund (for working capital)		234,086	234,086
Building Fund	208,978	331,022	540,000
Capital fund	51,950	-	51,950
Unrestricted funds			
General Fund	419,959	26,478	446,437
General Fund – Designated			
Special Reserve Fund	269,914	125,000	394,914
Revolving Doors Fund	-	125,000	125,000
	<u>1,335,801</u>	<u>907,989</u>	<u>2,243,790</u>

The Tangible Fixed Assets in the Building Fund include the value of all relevant work completed by 31 March 2008.

In March 2008 the Trust received a donation of £250,000 as unrestricted funding through Sir David Walker, the long serving ambassador and supporter of Community Links. In accordance with his wishes this amount has been designated for two purposes: -

- The Special Reserve Fund (designated) includes £125,000 that is one half of the Walker Endowment; and
- The Revolving Doors Fund was created from the second half of the Walker Endowment and is to be made available to projects of the Trust, with the expectation that monies be returnable within twelve months, where project cashflows make such funding appropriate.

Community Links Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

14. PENSION COMMITMENTS

The Trust 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 £13,675 (2007: £19,065) all of which was paid at the year end.

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

	2008	2007
	£	£
Net movement in funds	732,026	387,266
Investment income	(11,177)	(120)
Provision against investments	17,414	82,586
Depreciation	78,136	67,382
(Increase)/Decrease in debtors	(27,831)	(12,396)
Increase in stock	(2,948)	3,502
Increase/(Decrease) in creditors	130,317	260,693
	<hr/>	<hr/>
Net cash inflow from operating activities	915,937	788,913
	<hr/>	<hr/>

16. Analysis of cash in hand and at bank

	2008	2007
	£	£
Increase in cash during the year	638,116	405,083
Cash at bank at 1 April 2007	413,073	7,990
	<hr/>	<hr/>
Cash at bank at 31 March 2008	1,051,189	413,073
	<hr/>	<hr/>

17. Related party transactions

Mr Stanley Harris, a Trustee, 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 2008, the total amount payable to Lyndales was £6,100 (2007: £2,329) which is considered to be below the commercial value of those services provided.

Mr Kevin Jenkins, a co-founder of Community Links Trust Ltd, is both an employee of this trust and a Councillor of the London Borough of Newham (LBN). The level of business between Community Links and the Council may be such as to create related party transactions. Kevin Jenkins does not control the majority of activities in the Trust and he is in all cases subject to the control and oversight of the Chief Executive and Board of Trustees. (See note 2 for summarised value of transactions with LBN).

18. Capital Commitments

The Trust entered into a contract for the design and construction of the Rokeby Street Play Building in London E15. The principal contractor is Bolt and Heeks Limited and the contract value is £457,856 of which £82,108 had been expended and £70,405 accrued (totalling £152,513) at 31 March 2008. The remaining £305,343 is planned for spend in the financial year to 31 March 2009.