



Keystone Development Trust

**(A company limited by guarantee and not
having share capital)**

Annual Report and Financial Statements

**Year Ended
31 March 2016**

**Company number: 4346470
Charity number: 1093162**

KEYSTONE DEVELOPMENT TRUST
Trustees Report and Financial Statements for the year ended 31 March 2016

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KEYSTONE DEVELOPMENT TRUST
Trustees Report and Financial Statements for the year ended 31 March 2016

Trustees and Advisors

Trustees

Robert Catton (Chair)
Mark Allison (*resigned 15 August 2016*)
Brenda Canham
Sheila Childerhouse
Robert King
Charlie Moss
Clive Wadham-Smith
Monique Stevenson
Ryan Windsor

Chief Executive

Dr Louise Humphries

Secretary

Alan Flack (*resigned October 2016*)

Registered office

Keystone Innovation Centre, Croxton Road, Thetford, Norfolk, IP24 1JD

Registered Charity number

1093162

Company number

4346470

Auditors

RSM UK Audit LLP, Abbotsgate House, Hollow Road, Bury St Edmunds, Suffolk, IP32
7FA

Bankers

HSBC Bank Plc, 36 King Street, Thetford, Norfolk, IP24 2AS

TRUSTEES REPORT

Structure, Governance and Management

The Trustees submit their annual report and the audited financial statements of the charity for the year ended 31 March 2016. The charity is constituted as a company limited by guarantee. The financial statements are the full statutory financial statements of the charitable company and should be read in conjunction with the Annual Report.

Keystone Development Trust is a company limited by guarantee and a charity governed by Memorandum and Articles of Association. The directors of the charitable company are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees. There are currently nine Trustees drawn from various backgrounds within the Keystone area of benefit. Details of Trustees, and other company information, are contained on page 2.

Trustees are appointed by a recruitment process which includes advertising and interview. The Chair is appointed by the Trustees. New Trustees receive a briefing on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the decision making processes, the business plan and recent financial performance of the charity. Trustees are also encouraged to attend appropriate external training events where these will help them to better understand their role.

The Board of Trustees administers the charity. The Board meets bi-monthly and there is a sub-committee covering finance and audit which meets twice during the year. A Chief Executive is appointed by the Trustees to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and operations.

The Trustees consider the Board of Trustees, Chief Executive and Director of Finance to comprise the key management personnel of the charity. All Trustees give their time freely and no Trustee received remuneration in the year. The pay of key management personnel is reviewed annually and approved by the Trustees.

In February 2015 Clive Smith and Sheila Childerhouse resigned as Trustees and were appointed by the Trustees to act as joint Chief Executive. This appointment was for a time limited period whilst the succession strategy was reviewed and implemented. In November 2016 Dr. Louise Humphries was appointed Chief Executive. On completing her PhD from Cranfield School of Management in 1996 she became involved in research and evidence based strategic planning. After a period in business consultancy Louise is now committed to applying these skills and expertise to regeneration and in particular addressing inequalities. Louise also has good experience of organisational restructures - from her first career job at a recently privatised utility identifying and supporting business areas which could be separated out from the regulated core

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business which, in time, would provide shareholders with good returns – through to re-modelling of charities.

The Trustees have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular monitoring so that the necessary steps can be taken to mitigate those risks. During the year a review of the Trust's assets was carried out and a decision was taken to sell The Limes. In March 2016 the property was sold and the Trust reallocated staff to two other properties; The Abbey Community Centre and the Innovation Centre.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aim and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set and does not seek to exclude any section of the community. We have delivered projects across all sections of the community and these are detailed on pages 8 to 12. The availability of funding dictates what projects can be delivered.

Objectives and Activities

Keystone Development Trust delivers diverse social projects through generating income from its own not for *private* profit social enterprises as well as public and other funds. Keystone is a *community regeneration charity* which was launched in 2003.

Keystone aims to deliver projects which fill local people with **passion**, keep money in their **pockets** and create great **places** to live. The Trust aims to deliver;

- **Work** and preparation for work
- **Fun**
- Community led **homes**
- **Extra help** for those in the greatest need

Keystone delivers social projects within Norfolk and Suffolk, including Thetford, Brandon, Mildenhall and surrounding villages. Keystone works within an area with many tensions and social challenges. The Trust delivers community development projects predominantly with communities and neighbourhoods which are excluded or deprived, social enterprises and property development (social and commercial). The Trust is increasingly being commissioned to deliver social projects across a wider area. Keystone's social enterprises operate in local, regional and national markets.

The Keystone vision is:

'To improve the quality of life and opportunities for people who live, study and work in the Keystone area through sustainable, community led regeneration. Working closely with partner organisations and communities, Keystone aims to ensure that the area is safe, healthy, inclusive, socially and economically vibrant.'

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The Keystone aim is:

‘To build community capital, the collective skills, knowledge and experience, facilities and organisations which ensure greater returns in the quality of life for all and to anchor community capital locally to ensure sustainable returns.’

In achieving this Keystone Development Trust aims to address issues which significantly affect the quality of life of the communities which it serves. It seeks to identify needs through research, consultation and discussion with partners and other organisations. Some of the current issues facing the area include:

- A significantly higher than average number of people both less than 16 years old (2016: 16.2%/2015: 15.4%) and are of pensionable age (2016: 21.4%/2015: 19.1%) live in Breckland compared to the Norfolk average.
- Figures from the Police.uk crime map show that Thetford has a higher reported crime per 1000 residents compared to the Breckland district.
- West Thetford exhibits a number of indicators of poverty. The Abbey ward is in the top 10% of lower super output areas of the most deprived wards nationally for income, employment and multiple deprivation. (2016 DCLG report)
- Thetford has had persistent educational problems for a number of years. Poor educational performance feeds into other problems such as poverty and the performance of the local economy. Low educational attainment also contributes to the number of young people who become NEET (Not in Education, Employment or Training). In recent years that decline has been halted and over the period from 2011 to 2015 results for students attaining 5 or more GCSE's in grades A*-C (including English and Maths) has increased from 28% to 50% (now only 3% below the county average and 6% below the national average). The Inspiration Trust that runs The Thetford Academy has put a substantial amount of money into the school with the new build bringing the two previous schools in the town together under one roof and continue to work in raising educational standards.
- Unemployment in Thetford is higher than both the Breckland (3.0%) and UK (3.9%) averages at 4.2% (figures May 2011 Jobcentre plus). Three wards in Breckland had rates higher than 5%, two of which are in Thetford.
- Fast growing migrant worker communities from Portugal and Eastern Europe, has led to worker exploitation, pressure on public services and tensions between communities

Keystone works to develop projects and activities which can address these issues.

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About Thetford

- The final stretch of the A11 was opened at the beginning of 2016, journey times from Thetford to Mildenhall, Cambridge and beyond have reduced and is hoped to be a catalyst to the future growth of the town by making it more attractive to businesses, now it is less than an hour to London, and half an hour to Norwich and Cambridge.
- Following on from the opening of the new bus station, the development of the area has continued with a new cinema and restaurant complex that will be opened by the riverside in late summer 2106, bringing new jobs to the area.
- Thetford has a great history, a historic market town in rural Norfolk; Thetford was once the capital of the Iceni tribe of East Anglia. It is possible that Queen Boudicca (Boadicea) had her residence here. Thetford was one of the largest and most influential cities in early medieval England, and at one time boasted 20 churches.
- Thetford has had a turbulent past; the Danish leader Sein Forkbeard sacked and burned the town in 1004. In the 12th century a Cluniac priory was established in Thetford. Though the priory was disbanded during Henry VIII's Dissolution of the Monasteries, the remains of the monastic buildings are still an impressive sight. During the Saxon era Thetford had its own mint, and was the centre of a bishopric.
- A resident of Thetford was using a metal detector on Gallows Hill in 1979 when he made a remarkable discovery; a horde of coins, jewels, ornaments, and silver spoons known as the Thetford Treasure. The treasure trove is now on exhibit at the British Museum in London, but details of the trove and its discovery are displayed at the Ancient House Museum in Thetford. The museum is housed in a 15th century building, now restored. However, the most impressive and valuable remains in the town are two very different sites: at Castle Hill the tallest medieval earthwork in England, though the Norman castle that once surmounted the mound has disappeared, the ramparts raised by the Iceni still tower over the landscape, now eclipsed by the Norman motte, while at Gallows Hill, the flat land hides the remains of an impressive but mysterious Iron Age site.
- A real life character associated with Thetford is Thomas Paine, the 18th century writer whose ideas about democracy played a great role in the American and French Revolutions. Paine was a native of Thetford, and worked here as an excise man before emigrating to America. A statue of Paine stands on White Street.
- The founders of traction engines and agro crop science were from Victorian Thetford. Thetford was transformed by the development of various industries in the 19th century. Companies such as Burrells, Fisons and Bidwells employed

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hundreds of people and changed the face of Thetford with new industrial buildings.

- Fans of the television series Dad's Army will recognise Thetford, as the series was filmed here. Today visitors can enjoy a trip to the museum in Thetford, a trail around Thetford to allow visitors to walk in the footsteps of the characters, as well as the statue of the infamous Captain Mainwaring. Following the release of the new film it is hoped many more people will come and visit and grow the town's tourism.

The objectives that we set for the last year were:

- **To tackle financial exclusion** - through support, advice, training and job creation
- **To combat social exclusion** - through empowering individuals, groups and communities
- **To protect the environment** – through recycling, local procurement and saving historic buildings
- **To generate wealth** - through property and social enterprise development

Details of our achievements in all areas can be found throughout this report.

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During 2015/16 our main projects and programmes have been:

- **Green Ventures Bikes**, This project continues through the self-generation of income from sales of bikes, repairs and accessories. During the year the project collected 840 bikes from donations and household waste recycling centres in Suffolk, equating to around 12 tonnes of bikes diverted from landfill. Since the project started over 8,200 bikes have been collected equating to around 123 tonnes. Sales in the shop reduced in October and did not pick up over the following months, so a decision was made to relocate the shop to an area with more footfall. In March the bike shop closed at Brunel Way and re-opened in April 2016 in York Way, with shorter opening hours to reduce costs. The shop still offers a wide range of products including; new bikes, accessories, used spares, repairs and bike services.
- **Breckland Advice Project**, The Breckland Advice Project aims to explore innovative ways to transform the delivery of social welfare advice in Breckland. Funded through the Lottery operated Advice Transitions Fund the project has established two advice hubs in Thetford and Dereham. META staff are fully trained as Citizens' Advice Bureau Advisors with migrant communities having improved access to multi agency and specialist advice. It has been calculated that over the 2 years of the project an extra 608 people received free advice. Unfortunately in September 2015 when the funding came to an end the project involving META staff came to an end.
- **ESOL (English for speakers of other languages) lessons**, Twenty weeks of Pre-entry and Entry Level ESOL delivery in Brandon, (funded by Realise Futures through a Big Lottery Reaching Communities grant), commenced in Easter 2016. The classes are held twice per week in the evenings and catered for 30 students. Classes were held in the Library at the Brandon Centre.
- **Stop Smoking**, Keystone continues to deliver a Level 2 Stop Smoking Service, commissioned by Norfolk's Public Health department, to migrant workers in Thetford and the surrounding area. The service operates five days a week and is staffed by NHS-trained advisors who are themselves migrant workers. The service is delivered in the Polish, Lithuanian and Russian languages. The service has been commissioned for another year to March 2017. Within the last year of delivery the two smoking cessation advisors have supported 54 clients to successfully quit smoking.
- **Keystone School Work Clubs**, Keystone delivered its school work clubs model across 2 schools in Norfolk up to the 30 September 2015.
- **A*SPIRE**, this project, which was originally funded to 31 December 2015 has now received a further 3 years of funding to 31 March 2018 from Children in Need. There was a short period where the project had no secured funding so Keystone continued the delivery through its own reserves. Funding for the new sessions has led to an enhanced delivery to those aged between 9 and 15. The

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project provides activity and support sessions and informal mentoring to young people with a focus on practical life skills for younger members and support to pursue potential future career related opportunities for older members.

- **Thetford Arts Therapy Café**, this project started in March 2016 delivering 'out of service' provision for drug and alcohol rehabilitation. Based at the Abbey Community Centre it provides a drop-in community facility offering arts and crafts activities where individuals who are overcoming difficulties can encourage and support each other at a vulnerable time. The project aids transition from dependency back into mainstream society, through building on levels of confidence and self-esteem needed for independent living and provides 'second stage' support from in-service treatment. The service also makes provision for people with mental health issues and sees collaboration with various support agencies to ensure the appropriate expertise is available.

The project is funded by The Norfolk Community Foundation safer Norfolk Fund, Shadwell Community Trust, Norfolk County Council Public Health DAAT (Drug and Alcohol Addiction Team) and Breckland Council.

- **Café One** is a social enterprise dedicated to providing healthy, local, seasonal and fair trade food with as few food miles as possible. The café is situated on the ground floor at the Innovation Centre and is open to the public and tenants Monday to Friday; it also provides all of the refreshments to the conference venue. Over the period the café has introduced many new lines to the menu with a particular emphasis on using local suppliers.
- **Keystone Research and Consultancy** undertook a range of contracts across the UK for local government and third sector clients these included; Social Incubator East, The project launched in June 2015. Up to 80 aspiring entrepreneurs joined Cambridge Judge Business School faculty, Keystone, Future Business and Foundation East to develop ideas and 25 will move to develop ideas and receive additional support through the project and partners.

- **Keystone Buildings:-**

The **Innovation Centre**; the centre at the year-end was 68% occupied. The centre houses 10 businesses throughout the three floors supporting over 50 jobs, all of which cover various business sectors including healthcare, training and professional services. The ground floor houses the café and conference centre, these rooms are hired out by the Trust for meetings and conferences, during the year over 750 conferences were held, equating to a 44% occupancy of the rooms, the Trust is continuing to build on this, helping generate income to support Keystone projects. The building is key to the Trust's future in providing an income to the Trust's core and support community projects.

The **Enterprise Factory**, at the year end the Enterprise factory's occupancy rate was 76%. The factory houses 13 businesses within, supporting over 40 jobs. Industries within the building include printers, designers, electricians, builders, charities, IT and working with children.

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The Limes; The Limes is the Trust's headquarters. As part of the strategic direction of the Trust the building was sold in March 2016. The sale of the building did not impact on the Trusts delivery of projects as most of the projects currently operate outside of Keystone buildings or at The Abbey Community Centre.

The **Abbey Community Neighbourhood Centre;** the centre is used by local residents and associations on a regular basis. Over the last year the building has seen increased usage. As part of the strategic direction of the trust within the centre additional office and meeting room space has been created allowing for increased project delivery to take place.

Riversdale; is rented to the Riversdale Management Committee providing them with a base to house many local voluntary organisations.

The Brandon Centre, Keystone manages the building on a day to day basis for Suffolk County Council. The centre is home to the library, children's services a playgroup and the police. Many services are delivered out of the building to the local community in Brandon.

St John's Mildenhall Development, Keystone took ownership of the community centre and two 3 bedroom houses on the Estate in December 2014. The houses are rented to private tenants with the income generated going towards the cost of running the community centre. The centre is becoming a popular place to hold meetings and local events, during the year it has been used for activities that include; football lessons for pre-school children; children's parties; preschool art; With funding secured to deliver projects over the coming year the centre will become a busy hub for the local community.

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Achievements and Performance

This section of the report details progress against the objectives set in last year's annual report.

To tackle financial exclusion

- Affordable hire rates for community facilities
- Provision of managed workspace to generate employment opportunities
- Sustainable work opportunities through social enterprises
- Provision of affordable second hand bikes

To combat social exclusion

- META provides information and guidance to migrant workers assisting them to integrate into the community.
- Accessible and affordable community facilities

To protect the environment

- All the buildings provide paper recycling facilities to tenants and staff which are well used.
- The bike recycling project saved 12 tonnes of bikes from going into landfill.
- The Local Food Group also reduces its impact on the environment by using locally produced, seasonal or fair trade food to sell on to its customers reducing food miles and supporting local producers by using their food.

To generate wealth

Keystone has built up a property portfolio to generate income to sustain the premises, contribute to charitable core costs and support other voluntary organisations.

Factors which affect the delivery of our objectives include:

Ability to secure external funding

The Trust is reliant on external funding to undertake most of its community and youth work. It does not receive any significant regular contributions from local authorities and most funding has to be secured through competitive processes. In future years we aim for some of the income generated from the Trust's buildings to be used for delivering projects and as a source of match funding, often crucial to successful bids.

Success of Trust social enterprises

If the Trust's social enterprises are successful then they will help to consolidate the core of the charity, by helping to spread the core management costs and offer local employment.

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Reputation with the local community

The success that Keystone has had in engaging local people is partly due to the trust that it has built up with the local community. Our ability to engage with 'hard to reach groups' is fundamental to our work and needs to be maintained in the future. The reputation of the work we do with migrant communities has been recognised nationally and is reflected from the calls we receive enquiring about the services we deliver.

Relationship with strategic partners

Our relationship with other key players in the area affects what role we have and our ability to secure funding to undertake new project activity. Partners include local authorities, housing associations and health authorities.

Relationship with delivery partners

Within some projects Keystone are responsible for managing partners who deliver certain parts of a project. In such a situation it is essential that a good relationship is maintained not only to ensure successful delivery of the current project but to build partnerships for future funding bids.

Financial Review

Total income for the year amounted to £676,293. Expenses in relation to furtherance of the charity's objects amounted to £814,958. Unrestricted funds carried forward at the end of the year amounted to £135,450 of which £94,900 has been designated to future expenditure and restricted funds amounted to £4,412,336.

The main sources of grant income during the year were from;

- Breckland Youth Advisory Board in delivering school work clubs and the young enterprise project
- Norfolk County Council Public Health in delivering a Smoking Cessation project
- The Lottery Advice Fund in delivering a joint project with the Citizen's Advice Bureau integrating the META work
- Children In Need for delivering youth events through A*Spire
- Suffolk Community Foundation through various funds
- Norfolk Community Foundation through various funds
-

This funding enabled the organisation to undertake specific project work in order to deliver the objectives. Full details of amounts received from funders are shown on page 26.

The Trust has many volunteers that help in the running of the projects and the charity. During the year 726 (2015 - 971) hours were given by volunteers to the Trust with an estimated value of £5,589 (2015 - £6,829). Without the help of the volunteers many of the projects run would not be able to continue in the same format they do today. These figures are not included within the accounts.

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Going Concern

The Charity has a diverse range of income generating activities including income generated from charitable activities such as rental income from the properties owned but also grant funding, donations, investment and fundraising income.

Whilst the Charity receives its income from a wide range of sources, many of the income streams are inherently volatile. The Charity has policies in place to manage these risks including specific investment and reserves policies which are explained elsewhere in the Trustees annual report.

The Trustees have considered the financial position of the Charity, the level of free reserves and the 2016 to 2017 budget and accompanying cash flow forecast. The forecasts and projections, taking into account known changes in activity show that the Charity can continue to operate with the support of its bank. Following the finance committee reviews throughout the year a number of cost savings have been identified and have been implemented and others being reviewed over the coming months together with ways of increasing the Trust's income from its buildings and services that it delivers. As a consequence, the Trustees believe the Charity is well placed to manage its business risks successfully through these difficult and uncertain times.

The Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Reserves Policy

The Trustees aim is to hold unrestricted reserves at a level to cover at least three months basic running costs (based on 2015 this amounts to approximately £32,800) to ensure the core activities of the charity carry on into the future. Unrestricted undesignated reserves have decreased during the year by £18,769 to leave a surplus of £40,550 – (2015 - £59,319). The Trust is continuing to work to maximise unrestricted income from various sources in order to build up a level of reserve which enables activity to continue.

Investment Policy

The Trustees have a policy of investing all available funds overnight in order to maximise the interest receivable. The nature of the funding received does not make it appropriate, at the present time, to commit funds to longer term investments.

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Trustees Report and Financial Statements for the year ended 31 March 2016

Plans for Future Periods

The financial year 2016/17 will be another significant one for the Trust. The Trust's funded income has fluctuated over the years and in 2015/16 received 22% (2015 – 26%) of its total income from funders and 78% (2015 – 74%) from generating income through properties, social enterprises and consultancy. Keystone is likely to undertake fewer projects in the near future as they will have to be funded through Trust income or new grants. The Trust's key priorities for the current year include:

- To tackle financial exclusion - through support, advice, training and job creation
- To combat social exclusion - through empowering individuals, groups and communities
- To protect the environment – through recycling, local procurement and saving historic buildings
- To generate wealth - through property and social enterprise development

The Trustees continually review the future operations and financial position of the Trust on a regular basis.

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Trustees Report and Financial Statements for the year ended 31 March 2016

Statement of Trustees' Responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditors

A resolution to confirm the appointment of RSM UK Audit LLP as auditors will be proposed at the Annual General Meeting.

This report was approved by the Trustees on 19 December 2016

Robert Catton
Chair



KEYSTONE DEVELOPMENT TRUST

Independent auditor's report to the members of Keystone Development Trust

We have audited the financial statements of Keystone Development Trust for the year ended 31 March 2016 on pages 18 to 38. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

KEYSTONE DEVELOPMENT TRUST

Independent auditor's report to the members of Keystone Development Trust

Matters on which we are required to report by exception

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

- the charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Trustees' report.



Claire Sutherland (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

22 December 2016

KEYSTONE DEVELOPMENT TRUST
Statement of Financial Activities (including income and expenditure account) for the year ended 31 March 2016

	Note	Unrestricted Funds £	Restricted Income Funds £	Restricted Capital Funds £	Total 2016 £	Total 2015 Restated £
Income from:						
Charitable activities	2a	315,610	147,645	-	463,255	586,279
Donations	2b	-	344	-	344	130,707
Other trading activities	2b	195,407	-	-	195,407	211,176
Investments	2b	37	15,500	-	15,537	29
Other	6	-	-	1,750	1,750	-
Total income		511,054	163,489	1,750	676,293	928,191
Expenditure on:						
Charitable activities						
Children and Youth		-	33,316	161	33,477	81,840
Keystone Communities		765	74,927	-	75,692	90,057
Keystone Enterprise		55,284	1,696	1,750	58,730	59,562
Keystone Property		300,099	26,851	114,145	441,095	443,282
Keystone Resources		23,522	15,444	-	38,966	38,983
Raising funds		162,573	344	-	162,917	173,665
Investment management		-	4,081	-	4,081	1,962
Loss on sale of fixed assets		-	-	210,369	210,369	-
Total expenditure	3a	542,243	156,659	326,425	1,025,327	889,351
Net income/(expenditure)	6	(31,189)	6,830	(324,675)	(349,034)	38,840
Transfers between funds	13,14	31,758	69,522	(101,280)	-	-
Net movement in funds		569	76,352	(425,955)	(349,034)	38,840
Fund balances brought forward		134,881	47,667	4,714,272	4,896,820	4,857,980
Fund balances carried		135,450	124,019	4,288,317	4,547,786	4,896,820

The above figures all relate to continuing operations and include all income and expenditure and gains and losses arising during the year. The notes on pages 21 to 38 form part of these financial statements.

KEYSTONE DEVELOPMENT TRUST
Balance Sheet at 31 March 2016

Company number: 4346470

		2016		2015	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7	4,161,774		4,738,289	
Investments:					
Investment assets	8	130,707		130,707	
Programme related investment	8	250		250	
			4,292,731		4,869,246
Current assets					
Stock	9	4,532		5,276	
Debtors	10	100,310		87,863	
Cash at bank and in hand		314,785		69,426	
			419,627		162,565
Creditors: amounts falling due					
 Within one year	11	(164,572)		(134,991)	
Net current assets			255,055		27,574
Net assets			4,547,786		4,896,820
Funds					
Unrestricted funds:					
- General		40,550		59,319	
- Designated		94,900		75,562	
	13		135,450		134,881
Restricted funds:					
- Income	14		124,019		47,667
- Capital	15		4,288,317		4,714,272
			4,547,786		4,896,820

The financial statements were approved by the Trustees, authorised for issue and signed on their behalf on 19 December by

Robert Catton
Chair



The notes on pages 21 to 38 form part of these financial statements.

KEYSTONE DEVELOPMENT TRUST
Cash flow statement for the year ended 31 March 2016

	Note	2016		2015	
		£	£	£	£
Reconciliation of (expenditure) / income to net cash outflow from operating activities					
Net (expenditure) / income for the year		(349,034)		38,840	
Adjustments for:-					
Depreciation		115,921		116,315	
Gain on investment acquisition		-		(130,707)	
Interest and rents from investments		(15,537)		(29)	
Loss on disposal of fixed assets		208,619		-	
(Increase) / decrease in debtors		(12,447)		65,458	
Decrease in Stock		744		391	
Increase / (decrease) in creditors		29,581		(74,100)	
Net cash (used in) / provided by operating activities			(22,153)		16,168
Cash flows from investing activities					
Interest and rents from investments		15,537		29	
Proceeds from sale of fixed assets		268,417		-	
Purchase of fixed assets		(16,442)		(1)	
Net cash provided by investing activities			267,512		28
Change in cash and cash equivalents in the year			245,359		16,196
Cash and cash equivalents at the beginning of the year			69,426		53,230
Cash and cash equivalents at the end of the year		<i>a</i>	314,785		69,426
<i>a. Analysis of cash and cash equivalents</i>					
Cash at bank and in hand			314,785		69,426

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

Keystone Development Trust is an incorporated charity domiciled and registered in England, which constitutes a Public Benefit entity as defined by FRS102. Assets and liabilities are initially recognised at cost of transaction value unless otherwise stated in the relevant accounting policy notes.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP FRS102 the restatement of comparative items was required. At the date of transition, the representation of governance costs was the only restatement that was considered to be required. The governance costs of £15,733 have been reclassified within Keystone Resources.

Going concern

The Trustees believe there are no material uncertainties and that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Group Accounts

The charitable company is exempt from the requirement to prepare group accounts under the Charities SORP FRS102 on the basis that, in the Trustee's opinion, the results of the dormant subsidiary undertaking is not material to the group. These financial statements therefore present information about the Charitable Company as an individual undertaking and not about its group.

Company status

The charity is a company limited by guarantee. The members of the company are the Trustees, as named on page 2. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

Income

All income is included in the Statement of Financial Activity when the charitable company is legally entitled to the income, the receipt is probable and the amount can be quantified with reasonable accuracy. Donations in kind are recorded at their estimated value where material. Income is shown gross of all expenditure.

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)

1 Accounting policies (*Continued*)

Grants are credited to income in the period in which they are received unless the grant carries pre-conditions that require the income to be deferred into a future period.

Rental income is recognised on an accrual basis with reference to the period to which the income relates.

No amounts are included in the financial statements for services donated by volunteers.

Expenditure

Expenditure is recognised on an accruals basis and when a liability is incurred.

Expenditure is shown exclusive of VAT where applicable. Direct charitable expenditure and costs of raising funds are allocated to the function in which they arise. Costs relating to premises are attributed to projects based on the number of people based in them; all other costs attributed to projects are based on incurred costs which are identifiable to each specific project.

Support costs which cannot be attributed to specific projects are apportioned on the following basis:-

<u>Cost</u>	<u>Apportionment</u>
Staff costs	Time spent on the project
Premises costs	Employee numbers
Communications	Employee numbers
Postage & stationery etc.	Employee numbers
Finance & professional fees	Employee numbers

Grants payable are charged in the year in which the offer is conveyed to the recipient, except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Tangible fixed assets costing more than £500 are capitalised.

Depreciation is provided at rates calculated to write off the cost, less estimated residual values, of all fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:-

Freehold buildings	- over 50 years
Machinery and office equipment	- over 5 years
Vehicles	- over 4 years
Computer hardware	- over 3 years
Computer software	- charged to income in year incurred

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)

1 Accounting policies (*Continued*)

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of individual assets against the higher of realisable value and value in use.

Fixed asset investments

Investment properties are valued at market value based on a discounted cash flow basis.

Programme related asset investments are stated at cost less provision for permanent diminution in value.

Stock

Stock and finished goods are stated at the lower of cost and net realisable value. Consumable stock value is determined using the first-in, first-out basis.

Debtors

Trade and other debtors are recognised and the settlement amount due after a discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account

Creditors or provisions

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised and their settlement amount after allowing for any trade discounts due.

Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Funds

Restricted funds are funds where the purpose for which they can be used has been restricted by the provider.

Unrestricted funds are funds which can be used for any of the charity's operations at the Trustees' discretion.

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)

1 Accounting policies (*Continued*)

The funds held in each of the categories are further described in notes 14-17.

Pension costs

A number of the charitable company's employees contribute to a stakeholder pension scheme. Contributions by the charitable company to this scheme are charged to the Statement of Financial Activities when due.

Taxation

The charitable company is not liable for assessment to taxation on its results to the extent that they are applied to its charitable objectives. Recoverable income tax is accrued within the financial statements.

2 Income

Set out below is a summary of the income by category together with the expenditure on the category for the year.

	Balance at 1 April 2015 £	Income £	Expenditure £	Transfers £	Gains and losses	Balance at 31 March 2016 £
Children and Youth	14,272	62,068	(33,477)	-	-	42,863
Keystone Communities	18,296	66,372	(75,692)	(240)	-	8,736
Keystone Enterprise	10,326	243,189	(217,837)	(29,163)	-	6,515
Keystone Property	4,845,289	279,909	(445,176)	14,408	(210,369)	4,484,061
Keystone Resources	8,637	24,755	(42,776)	14,995	-	5,611
	<u>4,896,820</u>	<u>676,293</u>	<u>(814,958)</u>	<u>-</u>	<u>(210,369)</u>	<u>4,547,786</u>

Included within transfers are adjustments for internal rent charged to projects as follows:-

Keystone Enterprise	(£42,474)
Keystone Communities	(£240)
Keystone Resources	(£900)
Keystone Property	£43,614

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)

2a Income from charitable activities

	Unrestricted Funds £	Restricted Income Funds £	Restricted Capital Funds £	Total 2016 £	Total 2015 £
Income from Charitable activities:					
Grants					
Children and Youth	-	62,068	-	62,068	74,535
Keystone Communities	-	66,224	-	66,224	89,662
Keystone Enterprise	-	1,696	-	1,696	-
Keystone Property	-	-	-	-	33,756
Keystone Resources	-	-	-	-	22,246
	<u>-</u>	<u>129,988</u>	<u>-</u>	<u>129,988</u>	<u>220,199</u>
Other income					
Children and Youth	-	-	-	-	-
Keystone Communities	148	-	-	148	4,553
Keystone Enterprise	47,492	-	-	47,492	54,471
Keystone Property	259,233	5,160	-	264,393	291,507
Keystone Resources	8,737	12,497	-	21,234	15,549
	<u>315,610</u>	<u>17,657</u>	<u>-</u>	<u>333,267</u>	<u>366,080</u>
Total					
Children and Youth	-	62,068	-	62,068	74,535
Keystone Communities	148	66,224	-	66,372	94,215
Keystone Enterprise	47,492	1,696	-	49,188	54,471
Keystone Property	259,233	5,160	-	264,393	325,263
Keystone Resources	8,737	12,497	-	21,234	37,795
	<u>315,610</u>	<u>147,645</u>	<u>-</u>	<u>463,255</u>	<u>586,279</u>

Included within income from charitable activities is rental income received under operating leases of £137,055 (2015: £168,953)

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)

Below is a table listing funders and what projects they have funded during the year

Funder	Project	Amount
Children and Youth		
Breckland Youth Advisory Board	Schools Work Club	£30,000
Children in Need	A*Spire	£18,292
Breckland Youth Advisory Board	Young Enterprise	£10,000
Norfolk Community Foundation – Resolute community fund	Young Enterprise	£1,950
Suffolk Community Foundation – High Sheriff	Mildenhall Aspire	£1,496
Momentum	Young Enterprise	£168
Other	Work Clubs and Young Enterprise	£162
		<u>£62,068</u>
Keystone Communities		
Norfolk County Council Public Health	Smoking Cessation	£23,100
Lottery Advice Fund	META Advice Project with CAB	£20,124
Realise Futures	ESOL	£5,000
Allia	Social Incubator East	£4,000
Norfolk Community Foundation – Comic Relief	Art Therapy Café	£3,000
Suffolk Community Foundation – Comic Relief	Mildenhall IAG	£3,000
Breckland Council	Art Therapy Café	£2,500
Suffolk Community Foundation – Private Donor	Mildenhall IAG	£2,000
Dereham Citizens Advice Bureau	META	£1,250
Norfolk Community Foundation – Warm and well fund	Abbey Community Meals	£1,000
Suffolk Community Foundation – Women's and Girls Fund	Mildenhall Art	£950
Norfolk Constabulary	META	£300
		<u>£66,224</u>
Keystone Enterprise		
CTC National Cycling Charity	Green Bikes	£1,196
Breckland Council	Green Bikes	£500
		<u>£1,696</u>
		<u>£129,988</u>
Funding Split by Funder		
Breckland Youth Advisory Board		£40,000
Norfolk County Council Public Health		£23,100
Lottery Advice Fund		£20,124
Children in Need		£18,292
Suffolk Community Foundation	(for split of funds see above)	£7,446
Norfolk Community Foundation	(for split of funds see above)	£5,950
Realise Futures		£5,000
Allia		£4,000
Breckland Council		£3,000
Dereham Citizens Advice Bureau		£1,250
CTC National Cycling Charity		£1,196
Norfolk Constabulary		£300
Momentum		£168
Other		£162
		<u>£129,988</u>

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)

2b Income from other sources

A further breakdown of incoming resources between restricted income, restricted capital and unrestricted funds is given in notes 13, 14 and 15.

	Unrestricted Funds £	Restricted Income Funds £	Restricted Capital Funds £	Total 2016 £	Total 2015 £
Donations					
Keystone Enterprise	-	344	-	344	-
Keystone Property	-	-	-	-	130,707
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	344	-	344	130,707
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other trading activities					
Keystone Enterprise	191,907	-	-	191,907	190,726
Keystone Resources	3,500	-	-	3,500	20,450
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	195,407	-	-	195,407	211,176
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Investments					
Bank interest					
Keystone Property	16	-	-	16	-
Keystone Resources	21	-	-	21	29
Investment assets					
Keystone Property	-	15,500	-	15,500	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	37	15,500	-	15,537	29
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Details of the contribution made to the charity by volunteers can be found on page 12.

KEYSTONE DEVELOPMENT TRUST
Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)
3a Expenditure

	Staff Costs £	Depreciation £	Support Costs (note 3b) £	Grants £	Other direct costs £	Total 2016 £	Total 2015 Restated £
Unrestricted funds							
Charitable activities							
Children and Youth	-	-	-	-	-	-	-
KeystoneCommunities	-	-	765	-	-	765	391
Keystone Enterprise	31,250	-	3,092	-	20,942	55,284	59,562
Keystone Property	42,250	349	70,671	-	186,829	300,099	311,701
Keystone Resources	4,700	-	11,368	-	7,454	23,522	14,010
Raising funds							
Keystone Enterprise	72,974	1,266	17,214	-	67,309	158,763	153,525
Keystone Resources	70	-	78	-	3,662	3,810	20,140
	<u>151,244</u>	<u>1,615</u>	<u>103,188</u>	<u>-</u>	<u>286,196</u>	<u>542,243</u>	<u>559,329</u>
Restricted Revenue funds							
Charitable activities							
Children and Youth	16,713	-	5,904	-	10,699	33,316	81,488
KeystoneCommunities	47,053	-	14,415	200	13,259	74,927	89,475
Keystone Enterprise	1,100	-	-	-	596	1,696	-
Keystone Property	8,203	-	2,310	-	16,338	26,851	17,347
Keystone Resources	10,892	-	2,717	-	1,835	15,444	24,653
Raising Funds							
Keystone Enterprise	-	-	-	344	-	344	-
Investment							
Management Costs	-	-	2,665	-	1,416	4,081	1,962
	<u>83,961</u>	<u>-</u>	<u>28,011</u>	<u>544</u>	<u>44,143</u>	<u>156,659</u>	<u>214,925</u>
Restricted Capital funds							
Charitable activities							
Children and Youth	-	161	-	-	-	161	352
KeystoneCommunities	-	-	-	-	-	-	191
Keystone Enterprise	-	-	-	-	1,750	1,750	-
Keystone Property	-	114,145	-	-	-	114,145	114,234
Keystone Resources	-	-	-	-	-	-	320
	<u>-</u>	<u>114,306</u>	<u>-</u>	<u>-</u>	<u>1,750</u>	<u>116,056</u>	<u>115,097</u>
Total 2016	<u>235,205</u>	<u>115,921</u>	<u>131,199</u>	<u>544</u>	<u>332,089</u>	<u>814,958</u>	
Total 2015	<u>259,189</u>	<u>116,315</u>	<u>168,167</u>	<u>10,000</u>	<u>335,680</u>	<u>889,351</u>	

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)

3b Analysis of support costs

	Staff costs £	Premises costs £	Communications £	Postage, stationery etc. £	Office costs £	Finance and prof. fees £	Total £
Charitable Activities							
Children and Youth	4,228	609	49	40	285	693	5,904
Keystone Communities	11,177	1,425	122	105	652	1,699	15,180
Keystone Enterprise	2,042	381	30	27	181	431	3,092
Keystone Property	56,193	6,091	482	435	2,897	6,883	72,981
Keystone Resources	7,283	2,936	224	224	1,311	2,185	14,163
Raising Funds	13,542	1,332	106	95	634	1,505	17,214
Investment Management Costs	1,616	381	30	27	181	430	2,665
Total 2016	96,081	13,155	1,043	953	6,141	13,826	131,199
Total 2015	135,707	11,564	881	1,003	4,852	14,160	168,167

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)

4 Staff costs

	2016	2015
	£	£
Wages and salaries	306,666	363,912
Social security costs	17,074	22,268
Pension costs	7,546	8,716
	331,286	394,896

The average number of persons employed during the year, including part time employees, was:

	2016	2015
	Number	Number
Charitable activities		
Calculated on full time equivalent basis	19	20
Actual staff employed	34	33

No Trustees' received emoluments or were reimbursed for expenses incurred during the year. During the year no employee was paid more than £60,000.

Key management personnel consist of the Chief Executive (including acting Chief Executive costs) and the Director of Finance. The total amount paid to key management personnel during the year was £78,402 (2015 - £94,989) Included within the amounts is £14,750 (2015 - £4,250) for services invoiced for the Chief Executive role.

5 Pensions and benefits

The charitable company operates a stakeholder pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge of £7,546 (2015 - £8,716) represents contributions payable by the charitable company to the fund for the year. At the year-end contributions totalling nil (2015 - £13) were payable to the fund and are included in creditors.

6 Net expenditure

	2016	2015
	£	£
Net expenditure is stated after charging/ (crediting):		
Depreciation	115,921	116,315
Profit on sale of tangible assets	(1,750)	-
Loss on sale of tangible assets	210,369	-
Auditors remuneration - audit services	8,195	7,750
- other services	1,145	1,000
	213,770	125,065

The charitable income and net incoming resources for the year are attributable to the charitable company's continuing principal activity as described on page 4. All of the income is generated within the United Kingdom.

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)

7 Tangible fixed assets

	Freehold land and buildings £	Machinery and office equipment £	Computer hardware £	Vehicles £	Total £
Cost					
At 1 April 2015	5,826,605	296,372	17,050	36,347	6,176,374
Additions	13,000	1,246	2,196	-	16,442
Disposals	(619,406)	(30,160)	(7,132)	(28,407)	(685,105)
At 31 March 2016	5,220,199	267,458	12,114	7,940	5,507,711
Depreciation					
At 1 April 2015	1,091,434	293,254	17,050	36,347	1,438,085
Charge for the year	113,615	1,958	348	-	115,921
Relating to disposals	(142,460)	(30,070)	(7,132)	(28,407)	(208,069)
At 31 March 2016	1,062,589	265,142	10,266	7,940	1,345,937
Net book value					
At 31 March 2016	4,157,610	2,316	1,848	-	4,161,774
At 31 March 2015	4,735,171	3,118	-	-	4,738,289

Included within freehold land and buildings is £147,108 (2015 - £147,108) relating to freehold land which has not been depreciated.

Land and buildings includes an amount of £200,000 relating to an asset donated during 2005. The value is based on a professional valuation carried out on 14 December 2004 by Merrifields Chartered Surveyors. Vehicles include an amount of £25,000 relating to assets donated. The values are based on the market value of the vehicles at the capitalisation date.

£3,952,943 (2015 - £4,538,578) of the net book value of the freehold property is rented out to 3rd parties. During the year depreciation of £108,689 was charged relating to those properties. These properties are also owner occupied and the element of each property that meets the definition of an investment property has not been separately presented. The Trustees believe that any partial apportionment would not present a true and fair view

On the 4 March 2016 The Limes was sold at a sale price greater than the valuation obtained from an independent surveyor. At the time of sale the net book value of the property and plant held therein was £477,036.

KEYSTONE DEVELOPMENT TRUST**Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)****8 Investments**

	2016 £	2015 £
Brought forward at 1 April	130,707	-
Additions in the year	-	130,707
Market value as at 31 March	<u>130,707</u>	<u>130,707</u>

The investment asset relates to two properties in Mildenhall that were purchased by Keystone Development Trust in December 2014. The properties have a restriction on the income that is generated from them in that all monies generated are to be used solely for the running of and maintenance of the properties and community centre in Mildenhall. The assets have been valued at market value by the Trustees on a discounted cash flow basis. The Trustees have reviewed this valuation and consider the value included within the accounts is still appropriate.

Programme related investments:

	2016 £	2015 £
Net book value at 1 April 2015 and 31 March 2016	<u>250</u>	<u>250</u>

The investment represents 250 ordinary £1 shares in Foundation East (formerly Suffolk Regeneration Trust), a not for profit organisation operating across Suffolk, Norfolk, Essex and Cambridgeshire, providing support to businesses, social enterprises and individuals that cannot get a bank loan.

9 Stock

	2016 £	2015 £
Consumables	4,032	4,655
Finished goods	500	621
	<u>4,532</u>	<u>5,276</u>

10 Debtors

	2016 £	2015 £
Trade debtors	74,757	58,434
Prepayments	18,822	17,930
Accrued income	6,731	11,499
	<u>100,310</u>	<u>87,863</u>

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)

11 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	35,966	35,515
Other creditors	29,151	37,108
Other tax and social security	61,491	14,489
Accruals	16,476	22,951
Deferred income (note 12)	21,490	24,928
	164,574	134,991

12 Deferred income

	2016 £	2015 £
Balance at 1 April 2015	24,928	45,733
Amount released to incoming resources	(24,928)	(45,733)
Amount deferred in year	21,490	24,928
	21,490	24,928

Deferred income comprises grants received in advance for projects to be carried out in future accounting periods, rents for periods in advance and rental deposits held.

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)

13 Unrestricted funds

	Balance at 1 April 2015	Income	Expenditure	Transfers	Balance at 31 March 2016
	£	£	£	£	£
Keystone Communities	1,276	148	(765)	(240)	419
Keystone Enterprise	10,327	239,399	(214,047)	(29,163)	6,516
Keystone Property					
General	47,407	259,249	(300,099)	26,828	33,385
Designated	75,562	-	-	19,338	94,900
Keystone Resources	309	12,258	(27,332)	14,995	230
	<u>134,881</u>	<u>511,054</u>	<u>(542,243)</u>	<u>31,758</u>	<u>135,450</u>

The Property Designated fund relates to building reserves for future repairs to buildings. Other transfers relate to internal rent charged to projects during the year* and transfers of unrestricted funds to restricted project funding to match expenditure with funds**.

14 Restricted income funds

	Balance at 1 April 2015	Income	Expenditure	Transfers	Balance at 31 March 2016
	£	£	£	£	£
Children and Youth	7,693	62,068	(33,316)	-	36,445
Keystone Communities	17,021	66,224	(74,927)	-	8,318
Keystone Enterprise	-	2,040	(2,040)	-	-
Keystone Property	14,624	20,660	(30,932)	69,522	73,874
Keystone Resources	8,329	12,497	(15,444)	-	5,382
	<u>47,667</u>	<u>163,489</u>	<u>(156,659)</u>	<u>69,522</u>	<u>124,019</u>

Transfers relate to internal rent charges made to projects during the year* and balances transferred from unrestricted funds to restricted projects to match expenditure with funds**.

15 Restricted capital funds

	Balance at 1 April 2015	Income	Expenditure	Transfers	Balance at 31 March 2016
	£	£	£	£	£
Children and Youth	6,579	-	(161)	-	6,418
Keystone Enterprise	-	1,750	(1,750)	-	-
Keystone Property	4,707,693	-	(324,514)	(101,280)	4,281,899
	<u>4,714,272</u>	<u>1,750</u>	<u>(326,425)</u>	<u>(101,280)</u>	<u>4,288,317</u>

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)

16 Analysis of net assets between funds

	Tangible Fixed Assets and Investments £	Net Current Assets £	Total £
Unrestricted funds			
Keystone Communities		419	419
Keystone Enterprise	2,316	4,200	6,516
Keystone Property			
General	2,098	31,287	33,385
Designated		94,900	94,900
Keystone Resources		230	230
	<u>4,414</u>	<u>131,036</u>	<u>135,450</u>
Restricted income funds			
Children and Youth	-	36,445	36,445
Keystone Communities	-	8,318	8,318
Keystone Properties	-	73,874	73,874
Keystone Resources	-	5,382	5,382
	<u>-</u>	<u>124,019</u>	<u>124,019</u>
Restricted capital funds			
Children and Youth	6,418	-	6,418
Keystone Property	4,281,899	-	4,281,899
	<u>4,288,317</u>	<u>-</u>	<u>4,288,317</u>
Total funds 2016	<u><u>4,292,731</u></u>	<u><u>255,055</u></u>	<u><u>4,547,786</u></u>
Total funds 2015	<u><u>4,869,246</u></u>	<u><u>27,574</u></u>	<u><u>4,896,820</u></u>

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)

17 Analysis of net assets between funds (continued)

Children and Youth

To provide youth and children's activities in the local area through projects such as A*spire, together with projects working with schools to help years 10 and 11 students around their choices in relation to work and further education.

Keystone Communities

The funds provide support for communities and groups to help themselves build the capacity of neighbourhoods through projects like META, KAVO and the Adult work clubs.

Keystone Enterprise

Supports the development of social enterprises in the local area, together with starting up and running the Trusts own enterprises that include Green Ventures, a bike recycling project and Cafe One.

Keystone Property

A diverse portfolio of buildings owned by the Trust through which income is generated and space provided to projects for them to carry out their work.

Keystone Resources

The Trusts core team that provides advice and support to the organisation and third parties through services such as finance, human resources and facilities management.

A more detailed review of each fund can be found in the Trustees report.

Transfers between funds

During the year transfers have been made between funds as set out in notes 13-15. They relate to transferring internal rent and charges between projects and allocating funding to certain projects in the coming year.

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)

18 Related party transactions

During February 2016 as detailed in the Trustees report Clive Wadham-Smith and Sheila Childerhouse resigned as Trustees and were appointed acting joint chief executives.

Clive Wadham-Smith is also a director and shareholder of Ante Limited, a legal services company.

During the year, Keystone Development Trust entered into the following transactions on an arm's length basis:

	2016	2015
	£	£
Purchases from Ante Limited - (Professional services)	2,400	2,400
Purchases from Ante Limited – (Acting Chief Exec role)	7,250	2,000
Amounts outstanding at the year end	200	1,200
	<u> </u>	<u> </u>

The following transactions were entered into with Sheila Childerhouse

Purchases from Sheila Childerhouse (Acting Chief Exec role)	7,500	2,250
Amounts outstanding at the year end	-	2,250
	<u> </u>	<u> </u>

19 Commitments under operating leases

The Charitable Company as a lessor:

At the year end, the Trust had contracted with tenants, under non –cancellable operating leases, for the following future minimum lease payments:

	2016	2015
	£	£
Amounts receivable:		
Less than one year	61,407	82,456
Between one and five years	32,300	67,382
	<u> </u>	<u> </u>
	93,707	149,838
	<u> </u>	<u> </u>

The operating leases represent leases on offices within five properties rented to third parties. The leases are negotiated over terms of 3 months to 3 years.

KEYSTONE DEVELOPMENT TRUST

Notes forming part of the financial statements for the year ended 31 March 2016 (cont.)

20 Financial Instruments

The carrying amount of the Charitable Company's financial instruments at 31 March was:

	2016 £	2015 £
Financial assets:		
Debt instruments measured at amortised cost	81,738	70,183
Financial liabilities:		
Measured at amortised cost	81,593	95,574

21 Comparative Statement of Financial Activity by fund

	Unrestricted Funds £	Restricted Income Funds £	Restricted Capital Funds £	Total 2015 £
Income from:				
Charitable activities	353,846	232,433	-	586,279
Donations	-	-	130,707	130,707
Other trading activities	211,176	-	-	211,176
Investments	29	-	-	29
Total income	565,051	232,433	130,707	928,191
Expenditure on:				
Charitable activities				
Children and Youth	-	81,488	352	81,840
Keystone Communities	391	89,475	191	90,057
Keystone Enterprise	59,562	-	-	59,562
Keystone Property	311,701	17,347	114,234	443,282
Keystone Resources	14,010	24,653	320	38,983
Raising funds	173,665	-	-	173,665
Investment management	-	1,962	-	1,962
Total expenditure	559,329	214,925	115,097	889,351
Net income/(expenditure)	5,722	17,508	15,610	38,840
Transfers between funds	(745)	745	-	-
Fund balances brought forward	129,904	29,414	4,698,662	4,857,980
Fund balances carried forward	134,881	47,667	4,714,272	4,896,820