

**COMMUNITY FORESTS NORTH
WEST LIMITED**

COMPANY LIMITED BY GUARANTEE

TRUSTEES' REPORT AND ACCOUNTS

**for the year ended
31st March 2006**

Company Registration Number 3598556
Charity Number 1072706

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Financial Statements

Year ended 31st March 2006

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COMMUNITY FORESTS NORTH WEST LIMITED COMPANY LIMITED BY GUARANTEE

Members of the Board and Professional Advisers

Registered charity name Community Forests North West Limited

Charity number 1072706

Company registration number 3598556

Registered office Dock Office
Trafford Road
Salford Quays
Salford
M50 3XB

Trustees Mr R P L Armstrong
Mr M P Boyett
Mr S B Falder
Ms D M Gilmore - Stewart
Mr K M Jones
Mr G Lewis
Mr R O Michaelson
Mr D Scott
Mr P W Smith

Secretary Mr A G Hothersall

Auditor Mitchell Charlesworth
Chartered Accountants
Registered Auditor
Brazennose House West
Brazennose Street
Manchester
M2 5FE

Bankers The Cooperative Bank plc
PO Box 101
1 Balloon Street
Manchester
M60 4EP

Solicitors Brabners Chaffe Street Solicitors
1 Dale Street
Liverpool
L2 2ET

COMMUNITY FORESTS NORTH WEST LIMITED COMPANY LIMITED BY GUARANTEE

Trustees Annual Report

Year ended 31st March 2006

The trustees, who are also directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31st March 2006.

Reference and administrative details

Reference and administrative details are shown in the schedule of members of the board and professional advisers on page 1 of the financial statements.

The trustees

The trustees who served the charity during the period were as follows:

Mr M P Boyett

Mr E J Cooke

Mr S B Falder

Ms D M Gilmore - Stewart

Mr K M Jones

Mr G Lewis

Mr P A Maple

Mr R O Michaelson

Mr D Scott

Mr P W Smith

Ms J M Spinks

Mr E J Cooke retired as a trustee on 20 April 2005

Mr P A Maple retired as a trustee on 21 April 2005

Mr R O Michaelson was appointed as a trustee on 18 January 2006

Mr G Lewis was appointed as a trustee on 18 January 2006

Ms J M Spinks retired as a trustee on 6 July 2006

Mr R P L Armstrong was appointed as a trustee on 6 July 2006

STRUCTURE, GOVERNANCE AND MANAGEMENT

Introduction

Community Forests North West Ltd is a company that is limited by guarantee and has no share capital. It has a working name of the "Red Rose Forest Trust".

Governing document

The Memorandum and Articles of Association were altered on 20th September 2004, following approval by the Charity Commission, to change the name of the Trust from Red Rose Forest Company Ltd and to increase its area of operation to include the whole of the North West of England. Its objects are now to "...promote to the benefit of the public generally any charitable purpose within the North West of England and beyond connected with enhancement and improvement, maintenance and protection of the environment and landscape."

Appointment of trustees

During the year a Nominations Committee and the Board of Trustees carried out an analysis of the skills and experience required by the Board to enable it to carry out effective management of the Trust. This enabled the following gaps to be identified; finance, marketing, land management and influencing. The Board of Trustees agreed to recruit additional Trustees to cover these areas by utilising existing networking organisations and mechanisms. This resulted in two new Trustees being identified and recruited in the year

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Year ended 31st March 2006

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Training and involvement of trustees

There was no formal trustee training process in 2005/06 however an external facilitator was brought in to run a Board planning day to assist Trustees in developing a joint common vision for the organisation and to enable key issues to be identified and addressed. The planning day was a great success in that trustees, and staff, were able to work closely together to take a strategic look at the Trust and its activities.

Organisation

The charity is managed by a board of trustees who are also directors of the company. The Board meets approximately four times a year. The Company Secretary is appointed by the Trustees to manage the day to day running of the Trust with the support of the Director of The Mersey Forest. To facilitate effective operations, the Company Secretary and the Director of The Mersey Forest have delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and project development and delivery.

Related parties

The Trust works in partnership with a wide range of organisations and individuals to achieve its charitable objectives. During the year staff from Groundwork Manchester Salford and Trafford used their experience to assist the Trust in developing its project and financial management systems. Negotiations proceeded during the year to formally second the Newlands staff to the Forestry Commission. United Utilities kindly provided revenue support to the Trust during the year.

Risk management policy

The major areas of risk are identified as:

- The management of key relationships (with major partners and sponsors)
- Financial risks, such as accepting onerous funding terms or committing to matching funding.
- External risks such as the need to comply with employment legislation and the risks associated with giving advice to third parties.
- Operational risks such as project performance, trustee and staff skills and IT systems.
- Risks associated with land transfer and ownership.

The monitoring and management of risk is a dynamic process. The identification and management of risk is incorporated into the project development and management cycle and is reviewed on an annual basis.

OBJECTIVES AND ACTIVITIES

The following is an extract from the Trust's Memorandum and Articles of Association;

“The objects of the Charity are to promote for the benefit of the public generally any charitable purpose within the North West of England and beyond connected with the enhancement and improvement, maintenance and protection of the environment and landscape and in particular to: -

- 3.1 *promote, provide and enhance woodland for the benefit of the public;*
- 3.2 *promote the general improvement of agriculture and of industry and commerce, particularly in relation to woodland or forestry products;*

COMMUNITY FORESTS NORTH WEST LIMITED COMPANY LIMITED BY GUARANTEE

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Year ended 31st March 2006

OBJECTIVES AND ACTIVITIES (continued)

- 3.3 *promote and provide for the improvement of derelict land or harmful sites;*
- 3.4 *provide or help to provide for the general public facilities in the interests of social welfare for recreation and leisure time occupation particularly involving the enjoyment of land and woodland as a public amenity (and in furtherance to help to provide safe and convenient routes and modes of transport for the public, for safe cycling, and for the development of facilities including nature trails, reserves and sanctuaries, horse and cycle and footways, parkland and visitor facilities and car parks)*
- 3.5 *promote community participation in healthy recreation by providing facilities for playing particular sports*
- 3.6 *educate the public in environmental matters, in ecology and provide better appreciation of the environment and ways of better serving, protecting and improving the same and education and training in all matters relating to the environment and its interaction with the social and economic wellbeing of the community;*
- 3.7 *promote the arts within the woodland and natural environments;*
- 3.8 *promote for the benefit of the public the ecology and use of the natural environment and all species living in it;*
- 3.9 *promote for the benefit of the public the conservation, enhancement and improvement of the environment and to educate the public in the importance of sustainable development in relation to all the activities of the Charity. For the purpose of this clause the phrase "sustainable development" shall mean development that meets the needs of the present without compromising the ability of future generations to meet their own needs and in applying this definition regard shall be had to the following factors, to social progress, which recognises the needs of everyone; effective protection of the environment; prudent use of natural resources and maintenance of high and stable levels of economic growth and employment.*

In pursuit of its objects the Charity shall endeavour to engage the participation of all sectors of the community in its activities."

The Trust carries out a wide range of activities to achieve these objectives. In 2005/06 it delivered a range of community based projects, including Green Streets, acquired land at Middlefield Farm near Bold and supported the development of The Mersey and Red Rose Forests. It was also agreed during the year that the Trust should also support the work of the Pennine Edge Forest. The Dedicate a Tree programme continued and possible links with various Airports started to be developed along with an initiative to link up with Alumni from the University of Manchester. It is hoped that this will develop into a broader partnership which in turn could be repeated with other Universities.

ACHIEVEMENTS AND PERFORMANCE

It was another very busy year for the Trust across a number of fronts.

The Green Streets Team was yet again very busy in 2005/06. Operating across Salford, Trafford, Bolton and Manchester the Green Streets Team delivered 36 projects and co-ordinated 25 hands on planting and woodland management events with schools, community groups and businesses. In total 643 trees were planted on 29 streets, while 66 planters were installed on 10 streets and one new

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Year ended 31st March 2006

ACHIEVEMENTS AND PERFORMANCE (continued)

community garden was created. The 643 trees planted included 25 trees in Manchester City centre, the first phase of a tree planting initiative which will see 150 trees planted over the next 5 years. The trees are protected by bespoke copper coated tree guards which will oxidise turning green over time while solar powered up lighters provide an added dimension of interest. Work is currently underway on organising the next phase of tree planting which will hopefully see 6 trees in Albert Square, hopefully before Christmas 2006. Delivery of Green Streets in Manchester continues to be very popular however the decision regarding the Housing Market Renewal Fund support was not made in the year as expected. The decision is now due in 2006/07.

The Salford Green Streets Co-ordinator has made very good progress delivering 31 street trees and a fantastic community garden which transformed a blighted area of open space at the rear of terraced houses and sheltered accommodation to a wonderful green oasis which has become a social hub for the residents of these houses. In addition the delivery of the first 6 defensible space schemes is nearing completion which will see railings installed in front of houses on six streets which will not only make these houses more secure but will provide residents with the opportunity to create 'patio gardens' that will bring much needed greenery to streets that are currently bereft of any natural colour.

From an innovation perspective the delivery of Manchester's first 'green car park' for residents in Blackley will happen in August. This will see an area of open space which was potentially at threat from being tarmaced over for car parking being retained as green space through the installation of a 'grass-crete' system which will enable residents to park there without the loss of its green grass appearance.

Due to popular demand the Green Streets programme is being developed by another organisation in Teeside. This is being done with the support of the Trust and will create a small income stream for the Trust in 2006/07. Support has also been indicated by the North West Development Agency for Green Streets to be further developed in Manchester, Salford and Liverpool. This support is likely to be made available in 2007/08.

A grant of £4,485 was secured from Awards for All during the last financial year, was used to run a series of activity days at the Red Rose Forest Community Tree Nurseries. These events supported our partners in raising the profile of these important resources, and engaged people in the maintenance and re stocking of the nursery sites within Bolton, Wigan, Salford and Trafford.

An environmental improvement project within Trafford also took place during this year. The Flixton Park Wildlife Corridor project, funded by Greening Greater Manchester, enabled the Trust to work with Trafford MBC to engage local schools in the creation of wildflower areas and a mini interpretation trail. This has significantly improved the quality of this park and initiated local interest and involvement.

A grant of £1,200 from the Countryside Agency supported the purchase of a stock of fruit trees to initiate the development of a number of orchards. Clifton Country Park is an example of where these resources have supported a beautiful community orchard, which will develop into a focal point for community activities into the future.

In 2005/06 the Trust also purchased land adjacent to the M60 at Middlefield Farm, Bold. This land is very visible from the Motorway and will act as a wonderful example of how community forestry can improve the local landscape whilst at the same time creating a resource that local people can enjoy.

COMMUNITY FORESTS NORTH WEST LIMITED COMPANY LIMITED BY GUARANTEE

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Year ended 31st March 2006

ACHIEVEMENTS AND PERFORMANCE (continued)

The Trust continued to play an important role in supporting the development of new projects with community groups that need the support of a larger properly constituted organisation to enable them to secure funding. The Trust also employs staff to assist other organisations improve the environment of the North West in line with the Trust's Objects. These include staff in the Red Rose and The Mersey Forest Teams as well as the Newlands team and an active health co-ordinator for Greater Manchester that is based with Bolton MBC.

FINANCIAL REVIEW

After due consideration, the Trust registered for VAT in 2005/06 to ensure that it delivers its projects in the most cost effective way. This will inevitably have an effect on the complexity of its financial monitoring and systems which will require additional investment in terms of staff recruitment, training and development.

Reserves policy

Reserves are considered to be that part of the Trust's funds which are freely available for its general purposes after it has met its commitments and covered its other planned expenditure. These unrestricted funds are needed to cover administrative, fundraising and support costs without which the Trust could not function.

The Trustees consider it prudent that unrestricted reserves should be sufficient to cover at least one year's administrative, fundraising and support costs. This is currently estimated to be approximately £100,000. The level of unrestricted reserves is monitored and reviewed by the Trustees during the year. In the year ended 31 March 2006 the Trust continued to address the need to develop reserves and its limited available funds were retained in its high interest bearing current account.

The actual level of unrestricted reserves at 31 March 2006 was a deficit of £31,622 which was £131,622 short of the target figure of £100,000. This was caused partially as the VAT position for the year was unresolved at this time and on resolution as much as £23,000 could be refunded. In addition to this, as restricted fund projects are completed during the coming year, surplus funds will be transferred to the unrestricted reserves. Securing reserves during 2006/07 is a major issue for the Trust.

This deficit is considered a short-term position arising from the need to produce accounts which are 'cut-off' as at 31st March. It is expected to be cleared shortly and certainly during the current year. The trustees do not expect this position to recur and are actively working to build up the reserves of the organisation.

Investment policy

Any funds built up in advance of expenditure are kept on deposit with a reputable UK bank(s), where immediate access is balanced against available interest rates.

Where the Trust is holding restricted reserves (e.g. endowments) an appropriate proportion of the funds available may be invested in longer term investment products of reputable UK financial institutions to obtain more favourable long term returns from secure investments.

Plans for future periods

The Trust intends to continue to develop the range and scale of the innovative projects it is developing to improve the image and environment of the area for public benefit. This will include the expansion of the Green Streets project into other areas as well as taking appropriate opportunities to secure additional areas of land to create more areas of green space and community woodland. In addition a

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Trustees Annual Report

Year ended 31st March 2006

range of other innovative projects working with local people to improve their environment will be developed.

The major financial concern for the Trust is the difficulty in securing reserves however this will be a priority for the Trust which will, where possible, be working to a full cost recovery model for projects during 2006/07. The Trust will continue to seek funds from a wide range of sources including The National Lottery, ERDF, Neighbourhood Renewal Fund, Countryside Agency, sponsors and individual donors.

The Trust will continue to develop Dedicate a Tree and it will explore opportunities with other types of fundraising initiatives

Auditor

A resolution to re-appoint Mitchell Charlesworth as auditor for the ensuing year will be proposed at the Annual General Meeting.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Dock Office
Trafford Road
Salford Quays
Salford
M50 3XB

Signed by order of the trustees

Mr A G Hothersall
Company Secretary

17 October 2006

COMMUNITY FORESTS NORTH WEST LIMITED COMPANY LIMITED BY GUARANTEE

Statement of Trustees' Responsibilities

Year ended 31st March 2006

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the the Charities Act 1993. The trustees are also responsible for safeguarding the assets of the charity 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 charity's auditors are 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 auditors are aware of that information.

Mitchell Charlesworth

Chartered Accountants

Brazennose House West Brazennose Street Manchester

COMMUNITY FORESTS NORTH WEST LIMITED COMPANY LIMITED BY GUARANTEE

Independent Auditor's Report to the Members of Community Forests North West Limited

Year ended 31st March 2006

We have audited the financial statements of Community Forests North West Limited for the year ended 31st March 2006 on pages 11 to 27 which have been prepared under the historical cost convention and the accounting policies set out on pages 14 to 16.

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 the trustees and auditors

The responsibilities of the trustees (who also act as directors of Community Forests North West Limited for the purposes of company law) 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) are set out in the Statement of Responsibilities of the Trustees on page 8.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Trustees Annual Report is consistent with the financial statements. We also report to you if, in our opinion, the charitable 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 remuneration of the trustees and other transactions is not disclosed.

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

Mitchell Charlesworth

Chartered Accountants

Brazennose House West Brazennose Street Manchester

COMMUNITY FORESTS NORTH WEST LIMITED COMPANY LIMITED BY GUARANTEE

Independent Auditor's Report to the Members of Community Forests North West Limited *(continued)*

Year ended 31st March 2006

Basis of audit opinion

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

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

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 22 to the accounts.

Qualified opinion arising from disagreement about non-compliance with accounting standards

Included in tangible fixed assets on the balance sheet are land and buildings stated at their revalued amount. A full valuation was last undertaken in March 2000 and, in accordance with FRS 15 "Tangible Fixed Assets", a full, external valuation should have been carried out during 2005. In this respect, the company's accounts do not comply with applicable accounting standards. Any change in the value of these land and buildings would need to be reflected in their value in the balance sheet and may have given rise to a revaluation reserve in unrestricted funds.

Except for the financial effect of not revaluing certain land and buildings, referred to in the preceding paragraph, in our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31st March 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees Annual Report is consistent with the financial statements.

Brazennose House West
Brazennose Street
Manchester
M2 5FE

17 October 2006

MITCHELL CHARLESWORTH
Chartered Accountants
Registered Auditor

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Statement of Financial Activities

Year ended 31st March 2006

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	<i>Restated Total Funds 2005 £</i>
Incoming resources					
Incoming resources from generated funds					
Voluntary income					
Grants and donations	2	45,790	12,504	58,294	34,549
Activities for generating funds					
Fundraising operations	3	-	10,228	10,228	5,825
Investment income	4	3,377	4,526	7,903	6,919
		<u>49,167</u>	<u>27,258</u>	<u>76,425</u>	<u>47,293</u>
Incoming resources from charitable activities:					
Operation of charity	5	-	879,592	879,592	651,527
Total incoming resources		<u>49,167</u>	<u>906,850</u>	<u>956,017</u>	<u>698,820</u>
Resources expended					
Costs of generating funds:					
Fundraising costs of donations	6	-	10,635	10,635	-
Charitable activities:					
Operation of charity	10	-	880,483	880,483	586,762
Governance costs	7	1,939	-	1,939	1,880
Total resources expended		<u>1,939</u>	<u>891,118</u>	<u>893,057</u>	<u>588,642</u>
Net incoming/(outgoing) resources before transfers					
Gross transfers between funds	8	47,228 (88,545)	15,732 88,545	62,960 -	110,178 -
Net movement of funds in the year		<u>(41,317)</u>	<u>104,277</u>	<u>62,960</u>	<u>110,178</u>
Reconciliation of funds					
Total funds brought forward		9,695	299,953	309,648	199,470
Total funds carried forward	9	<u>(31,622)</u>	<u>404,230</u>	<u>372,608</u>	<u>309,648</u>

The charity has no recognised gains or losses other than the results for the year as set out above.
All of the activities of the charity are classed as continuing.

The notes on pages 14 to 27 form part of these financial statements.

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Income and Expenditure Account

Year ended 31st March 2006

	2006		<i>Restated 2005</i>	
	£	£	£	£
Income		948,114		691,901
Total expenditure		(893,057)		(588,642)
Operating surplus		55,057		103,259
Interest receivable and similar income		7,903		6,919
Retained surplus for the financial year		62,960		110,178

The Income and Expenditure Account includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 14 to 27 form part of these financial statements.

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Balance Sheet

31st March 2006

	Note	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	13		81,179		3,804
Current assets					
Debtors	14	474,045		136,278	
Cash at bank		38,501		189,626	
		<u>512,546</u>		<u>325,904</u>	
Creditors: Amounts falling due within one year	15	(143,038)		(20,060)	
Net current assets			369,508		305,844
Total assets less current liabilities			<u>450,687</u>		<u>309,648</u>
Capital grants	17		(78,079)		–
Net assets			<u>372,608</u>		<u>309,648</u>
Funds					
Unrestricted income funds	18		(31,622)		9,695
Restricted income funds	18		404,230		299,953
Total funds			<u>372,608</u>		<u>309,648</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the members of the committee on the 17 October 2006 and are signed on their behalf by:

Mr S B Falder

The notes on pages 14 to 27 form part of these financial statements.

COMMUNITY FORESTS NORTH WEST LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2006

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 1985, except for the revaluation of certain fixed assets (see note 13) contrary to the requirements of FRS 15 "Tangible Fixed Assets".

Cash flow statement

The trustees have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the charity is small.

Incoming resources

Voluntary income, including donations, gifts and legacies, and grants that provide core funding or are of a general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

The donor specifies that the grant or donation may only be used in future accounting periods;

The donor has imposed conditions which must be met before the charity has unconditional entitlement

Income from activities for generating funds is recognised on a receivable basis.

Investment income is also recognised on a receivable basis.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions, is recognised as earned (as the related goods and services are provided). Grant income included in this category is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Resources expended

Expenditure is recognised when a liability is incurred.

Charitable activities include expenditure associated with the operation of the charity and include both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include central functions, such costs are not attributable to a single activity, rather providing the infrastructure that enables the activities to take place. These costs therefore are apportioned on a basis of income derived from such activities.

COMMUNITY FORESTS NORTH WEST LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2006

Fixed assets and depreciation

All fixed assets are initially recorded at cost, with the exception of certain land and buildings (see note 13).

Depreciation is calculated so as to write-off the cost of an asset, less its estimated residual value, over the useful economic life of that asset, as follows;

Freehold property	-	Nil deprecation
Other plant and machinery	-	33% straight line

Funds structure

The Trust has a number of restricted funds to account for situations where a donor requires that a grant or donation must be spent on a particular purpose.

All other funds are unrestricted income funds. The funds held in each of these categories are disclosed in note 18.

Please see the trustees' report on page 6, "reserves policy", for the trustees' comments on these funds.

Pension costs

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

Taxation

The company is a registered charity and is exempt for taxation purposes on its normal activities and bank interest receivable.

Company status

The company is incorporated under the Companies Act as a company limited by guarantee and not having share capital.

Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up during the time that he is a member, or within one year afterwards for payment of the debts and liabilities of the company contracted before he ceases to be a member, and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories amongst themselves such amount as may be required not exceeding in the case of any member for the sum of £1.

Unrecoverable VAT

Certain activities of the Trust are outside the scope of VAT and output tax does not apply in those cases. Input tax is therefore restricted on a partial exemption basis. The irrecoverable element of VAT is charged to the SOFA as a support cost, as allocation to the individual expense categories would be impracticable.

COMMUNITY FORESTS NORTH WEST LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2006

Gifts in kind and seconded staff

The values attributed to gifts in kind and seconded staff are based on a reasonable estimate of their values to the company as confirmed by the donor organisation, or in the absence of such confirmations, on a reasonable estimate of their value to the company. Gifts in kind are included in the statement of financial activities as a separate item of income; but then under the appropriate headings as expenditure.

The value of gifts in kind and seconded staff for the year ended 31 March 2005 was £25,400 (2005: £24,985).

2. Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	<i>Restated</i> Total Funds 2005 £
Grants receivable				
Knutsford Vale Park Project	1,500	-	1,500	-
United Utilities	20,000	-	20,000	-
Salford City Council	5,300	-	5,300	-
Donations	-	6,094	6,094	9,654
Donated services	18,990	6,410	25,400	24,985
	<u>45,790</u>	<u>12,504</u>	<u>58,294</u>	<u>34,549</u>

The donated services relate to the value given to seconded staff. The value placed on this contribution by the trustees is £25,400. The income equivalent was recognised within incoming resources as a donation, and an equivalent charge included within salary costs.

3. Incoming resources from activities for generating funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	<i>Restated</i> Total Funds 2005 £
Dedicate a tree project	-	10,228	10,228	5,825

4. Investment income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	<i>Restated</i> Total Funds 2005 £
Bank interest received	3,377	4,476	7,853	6,869
Rental income	-	50	50	50
	<u>3,377</u>	<u>4,526</u>	<u>7,903</u>	<u>6,919</u>

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year ended 31st March 2006

5. Incoming resources from charitable activities

	Total £	Green Streets Salford £	Green Streets £	Green Tips £	Newlands £	JFU £	Mersey Forest £	Community Project £	Bolton £	Middlefield farm £	Restated 2005 £
Grant income from organisations											
Forestry											
Commission	123,148	-	-	-	119,207	-	-	-	-	3,941	112,958
Groundwork UK	157,212	-	80,011	65,582	11,619	-	-	-	-	-	82,941
Groundwork Manchester	-	-	-	-	-	-	-	-	-	-	6,687
Countryside Agency	75,991	-	62,300	-	-	-	-	1,200	-	12,491	49,132
The Mersey Forest	115,028	-	-	-	-	-	115,028	-	-	-	46,094
Gorton Private Sector Housing	-	-	-	-	-	-	-	-	-	-	6,180
Rusholme and Fallowfield Civic Society	-	-	-	-	-	-	-	-	-	-	12,139
Coverdale Baptist Church	1,253	-	1,253	-	-	-	-	-	-	-	-
BBC	7,000	-	-	-	-	-	-	7,000	-	-	-
Enworks	3,300	-	-	-	-	3,300	-	-	-	-	-
Awards for All England	-	-	-	-	-	-	-	-	-	-	4,485
United Utilities	60,000	-	40,000	-	-	20,000	-	-	-	-	-
Moston Meadows Residents Association	-	-	-	-	-	-	-	-	-	-	22,809
Carried forward	542,932	-	183,564	65,582	130,826	23,300	115,028	8,200	-	16,432	343,425

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year ended 31st March 2006

5. Incoming resources from charitable activities (continued)

	Total	Green Streets	Green	Green Tips	Newlands	JFU	Mersey	Community	Bolton	Middlefield	<i>Restated</i>
	£	Salford	Streets	£	£	£	Forest	Project	£	farm	<i>2005</i>
	£	£	£	£	£	£	£	£	£	£	£
Grant income											
from organisations											
Brought forward	542,932	-	183,564	65,582	130,826	23,300	115,028	8,200	-	16,432	343,425
Trees for Cities	-	-	-	-	-	-	-	-	-	-	5,320
South Rusholme											
Residents											
Association	-	-	-	-	-	-	-	-	-	-	3,000
The Big Lottery											
Fund	18,449	-	18,449	-	-	-	-	-	-	-	-
Living spaces	-	-	-	-	-	-	-	-	-	-	31,177
REACT	-	-	-	-	-	-	-	-	-	-	21,996
Viridor Community											
Fund	-	-	-	-	-	-	-	-	-	-	4,170
Other funders	-	-	-	-	-	-	-	-	-	-	1,429
Carried forward	561,381	-	202,013	65,582	130,826	23,300	115,028	8,200	-	16,432	410,517

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year ended 31st March 2006

5. Incoming resources from charitable activities (continued)

	Total	Green Streets Salford	Green Streets	Green Tips	Newlands	JFU	Mersey Forest	Community Project	Bolton	Middlefield farm	<i>Restated 2005</i>
	£	£	£	£	£	£	£	£	£	£	£
Brought forward	561,381	-	202,013	65,582	130,826	23,300	115,028	8,200	-	16,432	410,517
Grant income from local and central government											
Bolton MBC	30,402	-	2,137	-	-	-	-	-	28,265	-	-
Salford CC	30,224	8,322	21,902	-	-	-	-	-	-	-	62,579
Manchester CC	133,594	-	129,094	4,500	-	-	-	-	-	-	47,339
Trafford MBC	3,446	-	3,446	-	-	-	-	-	-	-	2,584
ERDF	118,195	109,268	8,927	-	-	-	-	-	-	-	20,708
New Deal	2,000	2,000	-	-	-	-	-	-	-	-	-
East Staffs BC	350	-	-	-	-	-	-	350	-	-	-
Landfill tax income	-	-	-	-	-	-	-	-	-	-	107,800
	318,211	119,590	165,506	4,500	-	-	-	350	28,265	-	241,010
Total	879,592	119,590	367,519	70,082	130,826	23,300	115,028	8,550	28,265	16,432	651,527

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year ended 31st March 2006

6. Fundraising costs of donations

	Unrestricted Funds	Restricted Funds	Total Funds 2006	<i>Restated Total Funds 2005</i>
	£	£	£	£
Dedicate a tree				
Materials	-	9,635	9,635	-
Computer costs	-	1,000	1,000	-
	<u>-</u>	<u>10,635</u>	<u>10,635</u>	<u>-</u>

7. Allocation of support

The charity allocates its support costs as shown in the table below and then further apportions those costs between the charitable activities undertaken (see note 10). Support costs are then allocated on a basis consistent with the income derived from the individual centres. Allocation between individual sites under any other basis is impracticable.

	Charity operation	Governance	Total 2006	<i>Restated Total 2005</i>
	£	£	£	£
Salary costs	36,247	-	36,247	38,844
Subscriptions	130	-	130	-
Audit and accountancy	10,077	1,939	12,016	16,034
Administrative assistance	17,196	-	17,196	-
Professional	1,100	-	1,100	2,174
Sundries	584	-	584	1,774
Telephone	17	-	17	1,082
Training	1,270	-	1,270	740
Travel and subsistence	110	-	110	4,470
Depreciation	704	-	704	690
Computer costs	4,719	-	4,719	-
Insurances	6,344	-	6,344	6,569
Unrecoverable VAT	23,609	-	23,609	-
Office Accommodation	-	-	-	1,200
Bank charges and interest	-	-	-	115
Contribution to conference costs	-	-	-	2,282
	<u>102,107</u>	<u>1,939</u>	<u>104,046</u>	<u>75,974</u>

8. Gross transfers between funds

Transfers of £102,107 from unrestricted funds to restricted funds relate to the total of the support costs which have been allocated against the restricted funds (see note 7). £13,562 has been transferred back from other restricted funds to unrestricted funds, as, in the opinion of the trustees these funds can be used to contribute to the support costs of the charity.

The total transfer from unrestricted to restricted is £88,545.

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year ended 31st March 2006

9. Funds carried forward

This deficit is considered a short-term position arising from the need to produce accounts which are 'cut-off' as at 31st March. It is expected to be cleared shortly and certainly during the current year. The trustees do not expect this position to recur and are actively working to build up the reserves of the organisation.

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year ended 31st March 2006

10. Analysis of charitable expenditure

	Total	Green Streets Salford	Green Streets	Green Tips	Newlands	JFU	Mersey Forest	Community Project	Bolton	Middlefield farm	Restated 2005
	£	£	£	£	£	£	£	£	£	£	£
Materials	386,660	38,778	260,705	72,411	4,155	2,077	8,534	-	-	-	75,119
Salary costs	272,794	34,183	40,023	-	82,707	9,913	82,143	-	23,825	-	237,232
Sub-contractors	16,317	-	8,057	800	(133)	-	-	7,593	-	-	29,958
Advertising	7,515	-	2,375	3,476	-	1,461	-	203	-	-	7,079
Bank charges	35	-	-	-	-	35	-	-	-	-	-
Fees and consultancy	3,743	473	3,270	-	-	-	-	-	-	-	2,642
Grants made	6,042	-	6,042	-	-	-	-	-	-	-	2,000
Office costs	24,612	1,782	6,577	-	16,253	-	-	-	-	-	38,580
Professional fees	26,652	20,930	5,122	-	600	-	-	-	-	-	111,154
Computer costs	16,385	-	15,000	-	1,385	-	-	-	-	-	1,593
Subscriptions	79	-	-	-	79	-	-	-	-	-	-
Travel and subsistence	837	-	-	627	210	-	-	-	-	-	6,606
Sundries	1,647	-	-	-	-	1,647	-	-	-	-	-
Telephone	1,252	138	506	-	402	-	206	-	-	-	-
Training	1,315	-	-	-	-	115	-	1,200	-	-	705
Donation	12,491	-	-	-	-	-	-	-	-	12,491	-
Support costs	102,107	13,883	42,663	8,135	15,187	2,705	13,353	993	3,281	1,907	74,094
Total	880,483	110,167	390,340	85,449	120,845	17,953	104,236	9,989	27,106	14,398	586,762

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year ended 31st March 2006

11. Net incoming resources for the year

This is stated after charging:

	2006	<i>Restated</i> 2005
	£	£
Staff pension contributions	10,087	12,040
Depreciation	804	690
Auditors remuneration:	1,939	1,880
	<u>22,830</u>	<u>14,610</u>

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered:

	2006	<i>Restated</i> 2005
	£	£
Audit	1,939	1,880
Accountancy	10,077	14,154
	<u>12,016</u>	<u>16,034</u>

12. Staff costs and emoluments

	2006	<i>Restated</i> 2005
	£	£
Wages and salaries	218,662	195,989
Social security costs	21,259	18,577
Pension costs	10,087	12,040
	<u>250,008</u>	<u>226,606</u>

Particulars of employees:

The average number of staff employed by the charity during the financial year amounted to:

	2006	<i>Restated</i> 2005
	No	No
Full time equivalent staff	14	11

In addition to the above there were seconded staff members. The total costs of these staff were valued at £59,012 (2005 - £49,469) and consists of donated costs of £25,400 (2005 - £23,785) and costs paid to a third party of £33,612 (2004 - £25,685).

No employees emoluments exceed £60,000 per annum.

The trustees received no remuneration or expenses in the current or previous year.

The company has purchased indemnity insurance in respect of all the directors and officers of the company to cover liability in respect of negligence, default, and breach of duty or trust other than that caused by wilful or criminal negligence. The cost was £1,545 (2005: £1,396).

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year ended 31st March 2006

13. Tangible fixed assets

	Land and buildings £	Other plant & machinery etc. £	Total £
Cost/Valuation			
At 1st April 2005	3,100	3,913	7,013
Additions	78,079	–	78,079
At 31st March 2006	<u>81,179</u>	<u>3,913</u>	<u>85,092</u>
Depreciation			
At 1st April 2005	–	3,209	3,209
Charge for the year	–	704	704
At 31st March 2006	<u>–</u>	<u>3,913</u>	<u>3,913</u>
Net book value			
At 31st March 2006	<u>81,179</u>	<u>–</u>	<u>81,179</u>
At 31st March 2005	<u>3,100</u>	<u>704</u>	<u>3,804</u>

During the year, the charity purchased land at Middlefield farm. This land is stated at cost.

The remaining freehold land is disclosed at its revalued amount.

The land at Viridor Wood was acquired in 2000 and revalued by P W Smith BSc FRICS FAAV on 31 March 2000 at £1,250. This land should have been subject to a formal external valuation during 2005, in accordance with FRS 15 “Tangible Fixed Assets”. This was not commissioned by the trustees on the grounds that the cost of such an exercise would be disproportionate to the benefits. The land at Horrocks Hill and Hurst Farm was acquired during 2003 and was revalued by P Wilson & Company on 31 March 2003 at £750 and £1,100 respectively.

999 year leases were granted to the Minister of Agriculture Fisheries and Food (acting on behalf of Forest Enterprise) over each property. The leases place onerous obligations on the lessees to ensure that the lands are well managed and remain in an appropriate woodland use, consistent with the aims and objectives of the Trust.

The total rents payable to the Trust under the leases in respect of the land at Viridor Wood is £50 per annum and, in respect of the land at Horrocks Hill and Hurst Farm, one peppercorn (if demanded). None of the rents are subject to review. Furthermore, in the event of the Trust being granted planning permission for a non woodland use, it may require the lessee to surrender up to 20% of the land at Viridor Wood. The Trust also is entitled to receive 15% of any net proceeds from the disposal of the land at Horrocks Hill and Hurst Farm for development.

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year ended 31st March 2006

14. Debtors

	2006	2005
	£	£
Trade debtors	301,813	61,784
Other debtors	32,145	-
Prepayments	140,087	74,494
	<u>474,045</u>	<u>136,278</u>

15. Creditors: Amounts falling due within one year

	2006	2005
	£	£
Bank overdraft	29,293	-
Trade creditors	107,085	-
PAYE and social security	-	4,176
Other creditors	6,660	15,884
	<u>143,038</u>	<u>20,060</u>

16. Pensions

Included in Creditors: amounts falling due within one year, within Other Creditors, are outstanding pension contributions of £2,659 (2005 - £3,549).

17. Capital grants

	2006	2005
	£	£
Received during the year	78,079	-
At 31st March 2006	<u>78,079</u>	<u>-</u>
Amortisation:		
At 31st March 2006	<u>-</u>	<u>-</u>
Net balance at 31st March 2006	<u>78,079</u>	<u>-</u>

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Notes to the Financial Statements

Year ended 31st March 2006

18. Analysis of charitable funds

Analysis of Unrestricted fund movements

	Balance at 1 Apr 2005	Incoming resources	Outgoing resources	Transfers	Balance at 31 Mar 2006
	£	£	£	£	£
General	<u>9,695</u>	<u>49,167</u>	<u>(1,939)</u>	<u>(88,545)</u>	<u>(31,622)</u>

Analysis of Restricted fund movements

	Balance at 1 Apr 2005	Incoming resources	Outgoing resources	Transfers	Balance at 31 Mar 2006
	£	£	£	£	£
Green Streets	253,530	383,192	(390,340)	42,663	289,045
Newlands	10,535	130,826	(120,845)	15,187	35,703
The Mersey Forest	7,526	115,028	(104,236)	13,353	31,671
Joint Funding Unit	8,707	24,657	(17,953)	2,705	18,116
Viridor Community Fund	12,758	-	-	-	12,758
Others	13,562	-	-	(13,562)	-
Green Tips	(6,665)	70,082	(85,449)	8,135	(13,897)
Green Streets Salford Community Project	-	119,590	(110,167)	13,883	23,306
Bolton	-	8,550	(9,989)	993	(446)
Middlefield Farm	-	28,265	(27,106)	3,281	4,440
Dedicate a Tree	-	16,432	(14,398)	1,907	3,941
	<u>299,953</u>	<u>906,850</u>	<u>(891,118)</u>	<u>88,545</u>	<u>404,230</u>

Please see the trustees' report on page 6, "reserves policy", and note 9, for the trustees' comments on these funds.

19. Analysis of net assets between funds

	Tangible fixed assets	Net current assets	Capital grants	Total
	£	£	£	£
Restricted Income Funds	<u>81,179</u>	<u>401,130</u>	<u>(78,079)</u>	<u>404,230</u>
Unrestricted Income Funds	<u>-</u>	<u>(31,622)</u>	<u>-</u>	<u>(31,622)</u>
Total Funds	<u>81,179</u>	<u>369,508</u>	<u>(78,079)</u>	<u>372,608</u>

COMMUNITY FORESTS NORTH WEST LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2006

20. Related party transactions

Some of the trustees have been nominated by the organisations who created and/or fund the charity. A significant number of transactions, particularly relating to funding, are therefore related party transactions. It is not practical to list all of these in the notes to the financial statements.

No trustees received any personal benefit from any of these transactions.

21. Prior year adjustment

The comparatives have been amended to reflect the changes in disclosure brought about by the adoption of the Statement of Recommended Practice - Accounting and Reporting by Charities" (SORP 2005).

22. APB ethical standards

In common with many other charities of our size, we use our auditors to assist with the preparation of our accounts.

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Detailed Statement of Financial Activities

Year ended 31st March 2006

	2006	<i>Restated</i>
	£	2005
		£
Incoming resources		
Voluntary income		
Pilkington Trust	-	2,010
Gift Aid Tax Credit	-	6,000
Sundry donations	-	1,644
Knutsford Vale Park Project	1,500	-
United Utilities	20,000	-
Salford City Council	5,300	-
Kelloggs	200	-
The Oglesby Trust	5,000	-
The University of Manchester	144	-
Agilent Technologies	750	-
Donated services	25,400	24,895
	<u>58,294</u>	<u>34,549</u>
Activities for generating funds		
Dedicate a tree	10,228	5,825
Investment income		
Bank interest received	7,853	6,869
Rental income	50	50
	<u>7,903</u>	<u>6,919</u>
Incoming resources from charitable activities		
Income from organisations	561,381	410,517
Income from local and central government	318,211	241,010
	<u>879,592</u>	<u>651,527</u>
Total incoming resources	<u>956,017</u>	<u>698,820</u>

**COMMUNITY FORESTS NORTH WEST LIMITED
COMPANY LIMITED BY GUARANTEE**

Detailed Statement of Financial Activities

Year ended 31st March 2006

	2006	<i>Restated</i>
	£	2005
		£
Resources expended		
Fundraising cost of donations		
Materials	9,635	-
Computer costs	1,000	-
	<u>10,635</u>	<u>-</u>
Charitable expenditure		
Materials	386,660	73,190
Salary costs	272,794	237,232
Sub-contractors	16,317	29,958
Advertising	7,515	7,079
Bank charges	35	115
Fees and consultancy	3,743	2,642
Grants made	6,042	2,000
Office costs	24,612	38,580
Professional fees	26,652	111,154
Computer costs	16,385	1,593
Repairs & maintenance	-	1,929
Subscriptions	79	-
Travel and subsistence	837	6,606
Sundries	1,647	-
Telephone	1,252	-
Training	1,315	705
Donation	12,491	-
Support costs	102,107	73,979
	<u>880,483</u>	<u>586,762</u>
Governance costs		
Audit fees	1,939	1,880
	<u>1,939</u>	<u>1,880</u>
Total resources expended	<u>893,057</u>	<u>588,642</u>
Net incoming resources for the year	<u>62,960</u>	<u>110,178</u>