

Charity Registration No. 703072

Company Registration No. 2504158 (England and Wales)

**COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE  
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT AND CONSOLIDATED ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2006**

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## REFERENCE AND ADMINISTRATIVE DETAILS

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<b>Directors</b>	Mr. Brian Browne Mr. Chris Chappell (resigned 26th October 2005) Mr. Alistair Cormie Mr. Alan Courtney Prof. Geoffrey Elliott Mr. Chris Hurley Mrs. Anna Mackison (resigned 8 May 2005) Mrs. Sascha McDonald Mrs. Magda Praill Rev. Nick Read Mr. Barry Trumper (resigned 8 May 2005) Mr. Roland Summers Mrs. Deborah Summerfield
<b>President</b>	Professor Michael Clark
<b>Vice President</b>	Sir. Thomas Dunne
<b>Honorary Officers</b>	Mr. Alistair Cormie Chair Mr. Brian Browne Vice Chair Mrs. Magda Praill Vice Chair Mr. Mike Weaver Treasurer
<b>Chief Executive and Company Secretary</b>	Mr. Richard Quallington
<b>Charity number</b>	703072
<b>Company number</b>	2504158
<b>Registered office</b>	141 Church Street Malvern Worcestershire WR14 2AN
<b>Auditors</b>	Kendall Wadley LLP Granta Lodge 71 Graham Road Malvern Worcestershire WR14 2JS

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# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Bankers

HSBC Bank plc  
6 Broad Street  
Worcester  
WR1 2EJ

CAF Bank Ltd  
PO Box 289  
West Malling  
ME19 4TA

Nottingham Building Society  
Nottingham House  
5/13 Upper Parliament Street  
Nottingham  
NG1 2BX

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# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

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# **COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006**

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The directors present their report and accounts for the year ended 31 March 2006.

### **Introduction**

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Articles of Association, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" revised 2005.

### **Structure, Governance and Management**

#### **Governing document**

The organisation is a charitable company limited by guarantee, incorporated on 29 June 1990 and registered as a charity on 6 July 1990

The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association. These were last amended on 28 November 2001.

#### **Recruitment and appointment of Directors**

The Board of Directors consists of not less than ten or more than sixteen people. Up to twelve members are elected at the AGM and up to four co-opted by the Board. At the conclusion of each AGM, one third of the Board of Directors retires from office. The members of the Board to retire are those who have been in office longest since their last election. Retiring directors are eligible for re-election. At every AGM members of Community First elect Board directors in place of those retiring.

The Board, at the first meeting following the AGM, elects the Chair, two Vice-chairs and the Treasurer. Directors have to be either individual members or representatives of member organisations. The Directors regularly review the makeup, skills and experience of the Board and engage in open recruitment for additional trustee directors as the need arises. This is overseen by the governance working party and is informed by the results of the annual trustee skills audit.

#### **Directors induction and training**

All directors complete an annual skills audit which is used to identify specific training or skills development needs. This information is used to frame briefing or training session for directors on an individual or collective basis as appropriate. All new directors attend an induction meeting with the Chair and Chief Executive, receive a copy of the directors' handbook and are expected to participate in any programme of familiarization, skills development or training agreed as part of the induction process.

#### **Organisational Structure**

The Board of Directors is responsible for setting the strategic direction of the organisation and for monitoring progress on a regular basis. During the year board meetings were held on 8 occasions to oversee the delivery of the organisation's strategic and operational plans and to review the risks and opportunities facing the charitable company on an ongoing basis. The Board receives regular reports from the Finance and Personnel sub-committee which met 6 times during the year to advance specific human resource and financial planning issues including the review of human resource and finance policies and the restructuring of the organisation that took place during the year. The Board is further advised on issues relating to governance and trustee recruitment by the governance working party which meets as required to advance specific tasks.

# **COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006**

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During the year the governance working party met on 3 specific occasions. Both the finance and personnel sub-committee and the governance working party report into the board and operate within agreed terms of reference which are reviewed on an annual basis.

The chief executive reports to the Board, provides directors with strategic and technical advice and support and is responsible for overseeing the day to day operations of the organisation and the work of the staff team. Two senior managers with the chief executive form the senior management team which takes responsibility for ensuring operational effectiveness in the delivery of overall outcomes. Operational decisions are delegated to the appropriate programme or project level, accountability is ensured through the internal reporting and line management processes and procedures.

During the year the organisation completed an internal restructuring exercise to maximize efficiency and the effectiveness of staff skills and experience in delivering an improved and more holistic service to users and beneficiaries. This has resulted in greater across-team working and a reconfiguration of the organisation into two directorates.

### **Register of interests**

All board members complete a register of interests on an annual basis. This is updated if needed during the year. Board members are required to declare any interest in relation to specific decisions and agenda items at the start of all board meetings, or thereafter if relevant topics arise in discussion.

### **Related parties**

Four directors were reimbursed for traveling expenses of £1,010 as detailed in the notes to the accounts.

Community First works with a range of statutory and voluntary sector partners. Total related party transactions for the year amounted to £857,360. Descriptions of related parties and transactions with them are detailed elsewhere in the notes to the accounts.

### **Risk Management**

Community First continually reviews and improves its risk management systems on an ongoing basis. The Board of directors examines the major risks that the charity faces each financial year when preparing and updating the organisation's plans. Systems are in place to monitor and control these risks and to mitigate any impact they may have on the organisation in the future. Key risks facing the organisation are also reviewed with directors on an ongoing basis as part of the regular cycle of board meetings.

### **Objectives and Activities**

#### **Objects of the Charity (*from the Memorandum of Association of Community First*)**

Community First's objects which are to be carried out within the counties of Herefordshire and Worcestershire and their immediately surrounding areas are:

- To develop and to promote all or any charitable purpose for the benefit of the inhabitants of the Area of Benefit by way of the furtherance of all measures leading towards social inclusion and in particular:

To advance education, to improve health and to relieve poverty sickness and distress:

Without limitation to the generality of the foregoing to provide support for organisations with Charitable Objectives in order to assist such organisations in their charitable work.

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## DIRECTORS' REPORT *FOR THE YEAR ENDED 31 MARCH 2006*

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To promote and to organise co-operation in the advancement of these purposes and to bring together representatives of voluntary organisations, statutory authorities and individuals.

Community First in Herefordshire and Worcestershire Training and Advice Limited ("the subsidiary"), is dormant. Details of this company are given in the notes to the accounts.

In furtherance of these objects Community First focuses specifically on supporting and developing the voluntary and community sector within Herefordshire and Worcestershire, on stimulating community involvement and participation to improve services and facilities on the ground and on advocacy and representation to influence change.

### **Aims, objectives and strategies for the year**

Community First's mission is to build the capacity, skills and engagement of community and voluntary organisations in Herefordshire and Worcestershire, to raise awareness of their needs and develop, deliver and sustain high quality initiatives that tackle disadvantage and enable local people to take action for themselves.

In pursuing its mission, Community First has worked to the following strategic objectives during the year:-

- Building the capacity of communities and voluntary organisations to meet changing needs
- Improving rural services and community facilities and addressing isolation and exclusion
- Championing the needs of voluntary organisations, communities and the collective needs of individuals to influence policy
- Engaging the voluntary and community sectors in relevant policy development and strategic planning
- Advancing the management of the organisation endorsing innovation, productivity, service and efficiency

In delivering these strategic objectives Community First focused its resources on pursuing the following main strategies and principal activities during the year:-

- Providing technical support to ensure the development of high quality parish plans that stimulate greater community involvement in local decision making and lead to improved community cohesion, the development of new initiatives to meet need and the provision of evidence to influence and improve the services of other public bodies.
- Administering grant and award schemes that encourage community celebrations, the sharing of ideas and good practice, the development of community participation and community leadership skills.
- Enabling the provision of affordable housing and the development of transport solutions to address social exclusion and improve the sustainability of rural communities.
- Provision of diagnostic, consultancy and technical support to voluntary and community organisations to improve governance arrangements, organisational performance and financial sustainability.
- Delivering training and skills development to volunteers and paid staff involved in managing and providing voluntary and community sector services to improve quality and reach.

# **COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006**

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- Delivering programmes of funding that enable voluntary and community organisations to grow and deliver new services, reaching out to those at risk of exclusion.
- Collaborative activity with other voluntary sector infrastructure organisations sub-regionally and regionally to improve quality, coverage, integration and sustainability of services.
- Development, support and participation in networks of voluntary organisations to engage with and influence the strategies, policies and delivery mechanism of the public sector.
- Reviewing and restructuring of Community First to maximize efficiency and effectiveness and internal collaboration across teams.
- Introducing new internal financial management processes and procedures to facilitate empowerment and improved delegation to project managers.

### **Achievements and Performance**

During the year Community First achieved progress and developed performance in a number of key areas of activity. A selection of the main highlights follow:-

#### **Rural Development and Community Regeneration**

- Co-ordinated the delivery of the Herefordshire Rural Transport Partnership, provided advice and support to community transport operators across the County, to facilitate their development and sustainability.
- Completed research on the benefits of Rural Transport Partnership supported projects which highlighted that every £1 spent on new transport services resulted in £3 worth of cross sector economic benefits.
- Established the Herefordshire Access to Services Partnership, aimed at developing sustainable solutions to the access issues faced by people living in rural areas.
- Organised the Village of the Year competition in Herefordshire and Worcestershire to promote and celebrate active and inclusive communities.
- Provided technical guidance to over 80 parishes involved in the development of parish plans and delivered a programme of grants to help parishes develop parish plans of high quality, which are inclusive and influence decision making.
- Provided development support to approximately 100 community buildings and 26 community resource centres across Herefordshire & Worcestershire
- Completed 9 Housing Need Surveys and actively engaged with over 40 Parish Councils considering affordable rural housing schemes for local people
- Brokered the development of 12 housing schemes to meet local need and in total identified 32 possible development sites in rural areas across Worcestershire.
- Worked jointly with Community Action Malvern and District on a rural outreach project to deliver support services to groups in Tenbury.

# **COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006**

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### Advocacy, Policy and Strategic Engagement

- Created a new two-county role of Community Planning Co-coordinator to support and develop good practice and strategic linkage around parish planning activity. Worked to raise the profile of parish plans as a key element in the Community Strategy and the Local Area Agreement for each county. Set up a new Parish Plans Liaison Group in Worcestershire to facilitate coherent activity and share good practice among key public sector partners.
- Facilitated consultation within the voluntary and community sector on the proposed Rural Social and Community programme. Worked with partners to agree priorities, develop the required business case to secure funding and successfully set up programmes in each county.
- Participated in local, county, regional and national meetings to influence the decision making processes for affordable rural housing, contributed to regional housing and homelessness strategies and raised the profile of the lack of affordable housing locally through two live interviews on BBC radio and several articles in the local and national press.
- Produced briefing material, articles and engaged the national and local media in relation to rural housing and innovative projects for children and young people.
- Introduced the Early Intervention Bulletin, a newsletter for those providing preventative services and developed a newsletter and website for voluntary and community sector mental health service providers across Worcestershire.
- Held two consultation events in Worcestershire to engage the voluntary and community sector in the development of a joint commissioning strategy for mental health and well being in Worcestershire and developed a Mental Health Forum to liaise directly with strategic partners across health and social care.
- Held a workshop in Worcestershire on the development of preventative services for older people and participated in a multi-agency bidding process which resulted in the achievement of a 'Partnership for Older People' grant of £2 million for a pilot project during 2006 – 2008.
- Supported the continued move of Worcestershire Association of Voluntary Organisations in Community Care (WAVOCC) to further independence.
- Supported the Voluntary Sector Assembly in Herefordshire in developing and consolidating its role in consulting with the sector and representing its views to public sector partners.
- Contributed as an active member of the Infrastructure Consortium for both Herefordshire and Worcestershire working towards improved quality and coverage of infrastructure services for the sector and levered in funds for this purpose. Provided the secretariat and accountable body support to both consortia and chaired the Worcestershire Consortium.
- Worked as part of the Engaging Worcestershire Group to develop and launch the Compact between Worcestershire Partnership and the Voluntary and Community Sector and provided one of the Voluntary Sector "Voices" as part of the Best Value Review of Worcestershire County Council's relationship with the voluntary sector.

# **COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006**

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- Collaborated with other partners in the Regional Rural Community Council Network (RCCN) on the production of regional policy papers, responses to regional consultations, the management and support of a regional Network Co-ordinator and participation in the Regional Assembly.
- Continued to work with other regional and sub-regional networks and partnerships to promote the role of the voluntary sector in intelligence, strategic planning and the delivery of services. This included work with Regional Action West Midlands, the regional ChangeUp strategy group, the Herefordshire and Worcestershire Social Enterprise Partnership, Local Strategic Partnerships and the development of the Local Area Agreements for the 2 counties.
- Hosted staff secondments and exchanges from regional organisations such as Advantage West Midlands (AWM) and Government Office (GOWM) and sent a member of Community First's senior management team on a "return" secondment to GOWM. As a follow-on activity arranged and hosted a successful visit by 6 Government Office staff to several voluntary organisations in Herefordshire and Worcestershire to enhance their understanding of the culture and work of small voluntary groups.

### Strengthening and Engaging the Voluntary Sector

- Provided in excess of 200 specific interventions – support and coaching sessions for voluntary and community organisations in relation to organisational development issues including implementing the PQASSO quality system, business planning, governance issues, appropriate legal structures etc.
- Delivered skills training to specialist workers and infrastructure organisations.
- Delivered pre-start advice and training to potential social enterprises in Herefordshire & Worcestershire.
- Provided training on implementing an 'outcomes' focus to a range of voluntary and community organisations including those involved in delivering mental health services and preventative services for older people.
- Delivered a funding advisory service to the sector including responding to over 200 requests for information and advice, conducting over 60 funding searches, delivering workshops and one to one support on fund raising, making funding applications and financial sustainability.
- Developed and piloted a 'full cost recovery tool' to help organisations with costing activity and financial planning.
- Enabled 40 key decision makers from the sector to complete individual personal development plans and access funding to meet identified needs.
- Completed organisational training needs analysis with 30 organisations leading to the recruitment of 30 learners to Adult Apprenticeships, including 16 learners to NVQ 3 in Information Advice and Guidance, the recruitment of 11 learners to level 2, 3 or 4 in team leadership or management and the recruitment of 26 organisations to the PQASSO mentor programme.
- Attracted 82 delegates from 67 organisations to a pilot, self financing 6 course management and workforce development training and development programme.

# **COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006**

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- Strengthened voluntary organisations use of Information Communication Technology (ICT) in Herefordshire by providing advice and information, recycled computers and open source software, ICT training courses ranging from “keeping your computer healthy” to “website planning”, held an ICT conference with national and local speakers, designed a low cost content management system for use with websites and set up an “accidental techies” group for those responsible for the ICT in their organisations.
- Designed and commenced delivery of three ICT projects to improve the ICT strategies and capabilities of infrastructure organisations in Herefordshire and Worcestershire including ground-breaking initiatives for a shared countywide partnership database, web portals for both infrastructure consortia, and investment in ICT equipment.
- Led an action research project to develop a business model for a voluntary sector training provider consortium to support the collaborative delivery of learning by and for the sector.
- Carried out a total of 258 Next Step Advice and Guidance interviews to help individuals into work or learning and became the highest performing provider within the 2 counties to deliver advice and guidance to people yet to achieve a level two qualification.
- Managed and delivered a range of grant schemes to the voluntary and community sector including Community Champions, Elmley Small Grants Fund and the Local Network Fund.
- Allocated in excess of £241,000 of Local Network Fund grants to voluntary and community sector organisation in Worcestershire working with disadvantaged children and young people enabling 46 organisations to develop innovative projects benefiting some 3661 children.
- Supported 5 Befriending Schemes through a national pilot project to achieve the Approved Provider Standard (APS)

### Governance and Communications

- Held Community First AGM, 8 trustee board meetings, 6 finance and personnel sub-committee meetings and 3 meetings of the organisations governance working party.
- Hosted a Charity Commission Review visit, reviewed sub committee terms of reference and introduced a new trustee code of conduct.
- Attracted a total of 314 members at the 31<sup>st</sup> March 2006
- Developed, agreed and monitored the work programme and budgets for the year.
- Reviewed and introduced new staff policies and procedures.
- Reviewed the organisations structure and reorganised to maximise efficiency and effectiveness and alignment of staff skills to the needs of the work.
- Held a joint staff and board training day and a briefing session on the range of work carried out by the organisation.

# **COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006**

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- Improved the finance systems and procedures and commenced a review of the organisations website.
- Devised a human resource strategy for the organisation and employed, trained and supported over 40 staff
- Published 6 editions of Newline distributed to over 2300 Voluntary, Community and other stakeholder organisations

### **Financial Review**

During the financial year Community First moved further toward full cost recovery, adapted from the ACEVO model, in its financial budgeting. This reflects more accurately the cost of running the organisation's activities and highlights those areas of work which are under resourced. A review of the organisation's financial systems and processes led to a wholesale redesign and updating during the year to improve transparency and efficiency of reporting.

The directors report net outgoing resources of £3,735 (31 March 2005 incoming £12,485). Gains on investments amounted to £4,215 (31 March 2005 gain £1,924). This results in a net addition to the fund balances at 31 March 2006 of £480. The closing fund balances at 31 March 2006 were £350,903.

The financial year ending 31 March 2006 has been a period of change as Community First adjusts its focus to meet the emerging demands for its services and skills over the foreseeable future. This resultant reorganisation, against a backdrop of continued financial challenge, incurred some non reoccurring costs which had been foreseen and provided for in the accounts.

The SOFA shows that the total incoming resources for the year were £2,084,804 compared with £1,736,525 for the previous year. This increase of £348,279 is attributable, for the most part, to an increase of resources from Government Office for the West Midlands for work under the ChangeUp infrastructure programme. In this programme Community First fulfilled the role of 'accountable body' receiving funds on behalf of both consortia as well as delivering some of the programme's activity directly as part of the delivery team.

During the year Community First received funding from 35 different sources; £1,704,691 restricted, £295,847 unrestricted. A list of the principal funding sources is included in the appendix to this report. All incoming resource for the year has been secured specifically to advance the charity's strategic objectives primarily through the provision of information, advice, specialist technical support, training and grants/funds administration.

### **Reserves policy**

The directors have examined the requirement for free reserves which are those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The free reserves of the charity at 31 March 2006 were £279,962 (31 March 2005 £269,156). The level of reserves is kept under regular review during the year to ensure that sufficient funds will be put aside to provide flexibility to cover temporary timing differences of grant claims, adequate working capital and a contingency to manage the financial risks associated with certain funding streams and contractual obligations.

Quantitatively, Community First aims to hold free reserves equivalent to not less than two months running costs and not more than four months running costs recognising the risks it faces and that, as a charitable organisation, its primary purpose is to be of service to the people of Herefordshire and Worcestershire rather than accumulate money.

# **COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006**

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### **Investment policy and performance**

In accordance with the trust deed, the directors have the power to invest in such markets as they see fit. The investment strategy takes account of the short-term demand for funds, and considers the income requirements and the risk profile. The aim of the directors is to maximise the return on cash, whilst investing in low risk investments.

The current investment in CAF Balance Growth Fund is comparatively small and is in line with Community First's investment policy. The fund brings an annual income and at the same time provides an opportunity for capital appreciation.

The downturn of the UK equity market over the past few years has now flattened leading to a modest improvement in performance of the fund during the year. Performance of this investment is regularly monitored to ensure that the investment will be recovered in full.

### **Grant making policy**

Community First administers grants on behalf of other charitable trusts and government organisations that further the charity's objectives. The grant making processes are agreed with the funders at the outset and ensure separation of development and support functions from decision making by the recruitment of independent assessors. Grants are paid on respective merits.

Community First's unrestricted funds are not utilised for grant giving purposes unless agreed by resolution of the trustees. Arrangements are in place to segregate grant making decisions, ensuring conflicts of interest are avoided in the governance of Community First.

### **Future developments**

Community First will continue to work with the voluntary and community sector to pursue its objectives and vision for Herefordshire and Worcestershire. A vision where strong, diverse, vibrant, inclusive and well-equipped community groups and voluntary organisations empower people to address the changing needs of their communities. The year ahead will see the organisation refocus its energies and activities in line with the new strategic plan on the following main aims:-

- To build the capacity of the voluntary and community organisations to manage and grow in a sustainable way.
- To improve the quality and scope of services delivered by the voluntary and community sector.
- To build stronger, more inclusive communities, that provide a good quality of life for everyone
- To increase understanding of the role, function and resources of the sector and enhance its influence in policy development and implementation
- To advance the governance, management and operations of the organisation, towards a model of best practice.

**COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE  
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT  
*FOR THE YEAR ENDED 31 MARCH 2006***

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In delivering these key aims we will be seeking to work with other partners from the statutory sector to build their knowledge and skills in working with the voluntary and community sector and with other voluntary and community sector support organisations to improve collaboration in service delivery wherever appropriate. In particular we expect to be building further on the collaborative approaches established by the two infrastructure consortia locally in the joint delivery of support services to the sector.

Internally, we will continue to build on recent developments to enhance our governance and internal systems and processes. We also intend to complete our strategic plan review and achieve levels 1 and 2 of the ACRE quality standards to ensure that Community First is well placed to maximise its contribution into the future.

**Acknowledgements**

The directors want to thank all those who contribute to Community First's success: - volunteer; staff colleagues; partner agencies and funders.

**COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE  
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2006**

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**Responsibilities of the Trustees**

Law applicable to Charitable Companies in England and Wales 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 surplus or deficit of the charity for that period. In preparing those financial statements the Trustees have:

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that are reasonable and prudent
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepared the financial statements on a going concern basis unless it is inappropriate to presume the charity will continue in operation

The Trustees have overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

**Directors and Trustees**

All directors of the company who are also trustees of the charity who served during the year and up to the date of this report are listed under the reference and administrative details at the beginning of this report. There are no other trustees.

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

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

**COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE  
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT  
*FOR THE YEAR ENDED 31 MARCH 2006***

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**Auditors**

On 1 May 2006, Kendall Wadley, the Company's auditor transferred its entire business to Kendall Wadley LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The directors consented to treating the appointment of Kendall Wadley as extending to Kendall Wadley LLP with effect from 1 May 2006. Kendall Wadley LLP have expressed their willingness to continue in office.

In accordance with section 385 of the Companies Act 1985, a resolution proposing the appointment of auditors of the company will be put to the Annual General Meeting in October.

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

Approved by the Board of Trustees on 13<sup>th</sup> September 2006, and signed on its behalf by:

**Mr. Alistair Cormie**  
Director

# **COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)**

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We have audited the accounts of Community First in Herefordshire and Worcestershire for the year ended 31 March 2006 set out on pages 14 to 33. These accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 17 to 18.

This report is made solely to the charity's trustees, 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 charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described on page 11, the directors, who also act as trustees for the charitable activities of Community First in Herefordshire and Worcestershire for the purpose of company law, (Endif) are responsible for the preparation of accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the charity 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 trustees' remuneration and transactions with the charitable company is not disclosed.

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

### **Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's and 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 as to whether the accounts 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 accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the group and charitable company's state of affairs as at 31 March 2006 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Kendall Wadley LLP**  
Chartered Accountants  
**Registered Auditor**

Dated: 13 September 2006

Granta Lodge  
71 Graham Road  
Malvern  
Worcestershire  
WR14 2JS

**COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE  
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2006**

	Notes	Unrestricted funds £	Restricted funds £	Total 2006 £	Total 2005 £
<b><u>Incoming resources</u></b>					
Incoming resources from charitable activities	2	295,847	1,704,691	2,000,538	1,630,182
<b>Incoming resources from generated funds</b>					
Investment income		18,795	-	18,795	18,158
Other incoming resources	3	65,471	-	65,471	88,185
<b>Total incoming resources</b>		<b>380,113</b>	<b>1,704,691</b>	<b>2,084,804</b>	<b>1,736,525</b>
<b><u>Resources expended</u></b>					
<b>Charitable activities</b>					
Grants payable	4	-	333,142	333,142	316,007
Provision of project workers		333,122	817,989	1,151,111	1,214,264
Programme running costs		-	553,560	553,560	157,918
<b>Governance costs</b>		<b>50,726</b>	<b>-</b>	<b>50,726</b>	<b>35,851</b>
<b>Total resources expended</b>	5	<b>383,848</b>	<b>1,704,691</b>	<b>2,088,539</b>	<b>1,724,040</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(3,735)</b>	<b>-</b>	<b>(3,735)</b>	<b>12,485</b>
<b>Net (outgoing)/incoming resources</b>		<b>(3,735)</b>	<b>-</b>	<b>(3,735)</b>	<b>12,485</b>
Gains on investment assets		4,215	-	4,215	1,924
<b>Net movement in funds</b>		<b>480</b>	<b>-</b>	<b>480</b>	<b>14,409</b>
Fund balances at 1 April 2005		350,423	-	350,423	336,014
<b>Fund balances at 31 March 2006</b>		<b>350,903</b>	<b>-</b>	<b>350,903</b>	<b>350,423</b>

The results set out in the consolidated Statement of Financial Activities are those of the group.

All activities relate to continuing operations.

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006

---

	2006 £	2005 £
Total income	<b>2,084,804</b>	1,736,525
Total expenditure from income funds	<b>2,088,539</b>	1,724,040
<b>Net (expenditure)/income for the year</b>	<b>(3,735)</b>	12,485

The summary income and expenditure account is derived from the statement of financial activities on page 14 which, together with the notes on pages 17 to 33, provides full information on the movements during the year on all funds of the charity.

## STATEMENT OF RECOGNISED GAINS AND LOSSES

<b>Net (expenditure)/income for the year</b>	<b>(3,735)</b>	12,485
Unrealised gains on investment assets held by income funds	<b>4,215</b>	1,924
	<b>480</b>	14,409

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## BALANCE SHEETS AS AT 31 MARCH 2006

	Notes	Consolidated 2006 £	2005 £	Charity 2006 £	2005 £
<b>Fixed assets</b>					
Tangible assets	10	52,441	22,768	52,441	22,768
Investments	11	22,071	17,856	22,072	17,857
		<u>74,512</u>	<u>40,624</u>	<u>74,513</u>	<u>40,625</u>
<b>Current assets</b>					
Stocks		-	417	-	417
Debtors	12	234,690	165,666	234,690	165,666
Cash at bank and in hand		912,485	449,964	912,406	449,964
		<u>1,147,175</u>	<u>616,047</u>	<u>1,147,096</u>	<u>616,047</u>
<b>Creditors: amounts falling due within one year</b>	13	<b>(212,812)</b>	<b>(189,753)</b>	<b>(212,812)</b>	<b>(189,753)</b>
		<u>934,363</u>	<u>426,294</u>	<u>934,284</u>	<u>426,294</u>
<b>Net current assets</b>		<b>934,363</b>	<b>426,294</b>	<b>934,284</b>	<b>426,294</b>
<b>Total assets less current liabilities</b>		<b>1,008,875</b>	<b>466,918</b>	<b>1,008,797</b>	<b>466,919</b>
<b>Deferred income</b>	14	<b>(657,972)</b>	<b>(116,495)</b>	<b>(657,972)</b>	<b>(116,495)</b>
<b>Net assets</b>		<b>350,903</b>	<b>350,423</b>	<b>350,825</b>	<b>350,424</b>
<b>Income funds</b>					
Unrestricted funds:					
Designated funds	17	70,941	81,268	70,941	81,268
General funds		279,962	269,155	279,884	269,156
		<u>350,903</u>	<u>350,423</u>	<u>350,825</u>	<u>350,424</u>

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

The accounts were approved by the Board on 13 September 2006

Mr. Alistair Cormie  
Director

Mr. Brian Browne  
Director

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

---

### 1 Accounting policies

#### 1.1 Basis of preparation

The accounts are prepared under the historical cost convention, as modified by the inclusion of fixed asset investments at market value. All activities are continuing.

The accounts have been prepared in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005, the Companies Act 1985, the Financial Reporting Standard for Smaller Entities (effective January 2005).

#### 1.2 Incoming resources

Activity funding represents funds received by way of grants and funding agreements.

Investment income represents interest received from cash deposits and dividends and interest on fixed asset investments.

Other income represents subscriptions and fees.

All incoming resources are included in the accounts on a receivable basis.

#### 1.3 Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Where expenditure is directly attributable to specific activities it has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

#### Grants payable

Grants payable are charged in the year when the offer is conveyed to the recipient.

#### 1.4 Governance costs

Governance costs include direct and related support costs relating to the governance infrastructure allowing the charity to generate information required for public accountability.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office equipment	33% cost or 15% of net book value
Fixtures, fittings & furniture	15% of net book value

Directors adopt a policy of capitalising assets when they are held for long-term use and when their value exceeds £500.

There are no inalienable assets.

In the opinion of the directors, none of the assets are believed to be impaired.

#### 1.6 Lease commitments

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 1 Accounting Policies (continued)

#### 1.7 Investments

Investments are revalued at mid-market value at the year end. Any gains or losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activities.

#### 1.8 Stock

Stocks are valued at the lower of cost and net realisable value.

#### 1.9 Pensions

The pension costs charged in the financial statements represent the contributions payable by the charitable company during the year in accordance with the FRSSE.

#### 1.10 Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the directors in furtherance of the general objectives of the charity, and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the directors for particular purposes. The aim and use of these funds is set out in the notes to the financial statements.

Transfers between funds are carried out at the discretion of the directors.

#### 1.11 Group Accounts

These financial statements consolidate the results of the charitable company and its wholly owned subsidiary Community First in Herefordshire and Worcestershire Training and Advice Limited on a line by line basis. All group companies are included in the consolidated accounts. A separate Statement of Financial Activities of the charity is not presented because the charity has taken advantage of the exemptions afforded by paragraph 397 of the SORP.

### 2 Activities in furtherance of the charity's objects

	Unrestricted funds £	Restricted funds £	Total 2006 £	Total 2005 £
Incoming resources	295,847	1,704,691	2,000,538	1,630,182

The appendix to the accounts on page 33 provides further detail of the restricted fund income.

### 3 Other incoming resources

	2006 £	2005 £
Subscriptions and fees	65,471	88,185

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 4 Grants payable to institutions

	2006 £	2005 £
<u>Local Network Fund Grants Awarded over £1,000</u>		
Local Network Fund for Children and Young People was funded by the Department for Education and Skills.		
Relate	5,770	5,820
Warndon 3 Sixty	-	4,636
What's Your Point	-	7,000
Noah's Ark Trust	-	6,840
Collar & Tie Theatre	6,850	-
Abberley Play Group	-	7,000
Worcs & Malvern Womens Aid	-	6,297
Asha Women's Centre	-	5,820
Worcester Snoeseleen Project	4,312	-
Indigo Arts	7,000	-
Say It Yourself	-	6,000
Noah's Ark Nursery Ltd	-	4,680
Decendants of Windrush	7,000	6,490
Sticky Fingers / St. Stephens Pre-School	-	7,000
Home-Start Wyre Forest	-	6,000
Onside Independence Advocacy	-	6,000
CVYS	-	6,000
Burford Pre-School	-	1,107
Horizon School Club	-	4,500
Kempsey Rocking Horse Pre-School	2,927	2,837
Kidderminster Harriers	-	7,000
Malvern Special Families	-	7,000
Medway Road Youth Project	-	3,774
Sandycroft Nursery	7,000	7,000
Southcrest Toddlers	-	2,932
Welland PCC	-	7,000
The Winnie the Pooh Gang	-	6,997
Redcaps	-	3,647
Cactus Pals	-	5,640
Bewdley Rowing Club	-	6,600
Youth Afloat	-	6,665
Worcester Deaf Club	-	6,522
Melody Makers	6,000	6,000
Young Fire Fighters	7,000	5,972
Worcs Aids Foundation	-	6,000
Perdiswell	-	6,000
Guildguiding in Worcs	-	7,000
MOTO V8	7,000	7,000
Crossways refuge	-	6,984

**COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2006**

<b>4 Grants payable</b>	<b>(continued)</b>	
Rock Sports Youth FC	-	4,974
Sidemoor Pre-School Group	1,780	5,052
Callow End Playing Fields	-	6,810
St Clements Pre-School	-	7,000
Ashton under Hill Playgroup	-	6,000
Avondale Special Needs Playgroup	-	1,800
Home Start Malvern Hills	-	7,000
Mothers Union	-	7,000
Hadzor & Oddingley Playgroup	-	4,941
All Day Sunshine Pre-School	-	3,026
1st Malvern Boys Brigade	-	2,046
Pinvin Pre-School	4,615	2,075
Sebright Cygnets	-	7,000
Sugarbrook at St Andrews	-	7,000
Redditch Wheels	6,978	-
Community Action Newtown	6,000	-
Wallace House Community Centre	6,590	-
Evesham Adventure Playground	7,000	-
Brambles Trust bereavement services	7,000	-
Kidz First Teme Valley	6,873	-
North East Worcestershire branch of Pre-School Learning Alliance	7,000	-
Redditch Night Stop	6,200	-
Wyre Forest LAFS	6,000	-
Perdiswell Young Peoples Club	6,000	-
Worcester AIDS Foundation	6,000	-
Worcester Pre-School Learning Alliance	5,968	-
Oldington and Foley Park	5,748	-
Horizon After School Club	5,000	-
The Childrens Charitable Trust	2,494	-
Wyre Forest Child Minding After School Club	2,985	-
Welland Teddy Bears	7,000	-
Worcestershire Young Carers - Youth Support Services	7,000	-
Youth Blackwell	2,684	-
Friends of Stanley Road Primary	1,550	-
Stourport Cricket Club	6,405	-
Callow End Kids Corner	3,777	-
Evesham Sea Cadets	6,703	-
St Peters Youth Opportunity Group	7,000	-
Wyre Forest Advocacy	6,963	-
Teme Valley Childrens Centre	7,000	-
Sandycroft Nursery	7,000	-
Mentor Link	2,200	-
Hallow Pre-School and Playgroup	4,000	-
Wyre Forest Night Stop	5,021	-
Hop Scotch Pre-School	2,167	-

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

4 Grants payable	(continued)	
Worcester Action for Youth	6,000	-
TG's Project	6,000	-
Rubery Festival	5,245	-
The Village Nursery	5,861	-
Pershore Riverside Youthcentre	5,000	-
	265,666	281,377

### Other Grants Awarded over £1,000

Redditch Pakistan Association	-	1,000
Dilwyn Youth Club	-	1,365
Fairfields Arts Group	-	1,168
11.45AM	-	1,295
Garway Pageant	-	1,000
Bare Bones Theatre Group	-	2,000
Community Samba Band	-	1,140
St Godswald Road Art	-	2,000
Acoustic Music Festival	-	2,000
Karate Do	-	2,000
Ross Rowing Club	-	2,000
Pershore in Bloom	-	2,000
Wychavon Festival of Brass	-	1,000
South Wye Environment Group	-	1,000
St Michaels Church PCC	-	1,000
St Peters, Birchen Coppice	-	1,000
Parish of Wigmore Abbey	-	1,000
Rubery Leisure Centre	-	1,000
Hereford Cathedral Perpetual Trust	-	1,000
Pershore Jazz	1,000	-
Leominster Choral Society	1,000	-
Malvern Fringe Festival	1,000	-
Much Birch Village Hall	1,000	-
The Floor	1,000	-
Gheluvelt Park Friends Group	1,000	-
Flyford and North Piddle Parish Council	1,000	-
Upton-upon-Severn Town Council	1,000	-
Crowle Parish Council	1,000	-
Lickey and Blackwell Parish Council	1,000	-
Fladbury Parish Council	1,000	-
Harvington Parish Council	1,000	-
Droitwich Spa Town Council	1,000	-
Kempsey Community Project	1,900	-

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

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<b>4 Grants payable</b>	<b>(continued)</b>	
Village Design Project	2,000	-
1147	2,000	-
Bromyard Community Resource Centre	2,000	-
Bentley Village Hall	1,950	-
Wythall Village Hall	1,750	-
Expeditions for young people	1,840	-
Chase School Regeneration Association	2,000	-
Stourport Camera Club	1,905	-
Luncheon Club	2,000	-
POSAC Support Group	1,994	-
Marc Allotment Project	1,169	-
Training on Values and Attitudes	1,370	-
Hagley Village Fete	1,350	-
Houghton Woodland Project	1,965	-
	<hr/>	<hr/>
	40,193	25,996
	<hr/>	<hr/>
Other grants under £1,000	27,283	8,555
	<hr/>	<hr/>
	333,142	316,007
	<hr/> <hr/>	<hr/> <hr/>

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 5 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2006 £	Total 2005 £
Charitable expenditure:					
Grants payable	-	-	333,142	333,142	316,007
Provision of project workers	811,931	19,288	319,892	1,151,111	1,214,264
Programme running costs	-	-	553,560	553,560	157,918
Governance costs	45,031	-	5,695	50,726	35,851
	<b>856,962</b>	<b>19,288</b>	<b>1,212,289</b>	<b>2,088,539</b>	<b>1,724,040</b>

Other costs relating to provision of project workers comprise:

The following costs have been apportioned in accordance with accounting policy 1.3 on page 16.

#### Unrestricted funds

Staff training and conference	3,632	5,136
Publications	570	130
Subscriptions	8,609	5,818
Office costs	12,706	32,953
Legal and professional fees	10,795	13,840
Consultancy fees	25,492	-
Events organised	2,052	2,581
Travel expenses	6,782	8,170
Other staff expenses	89	322

#### Restricted funds

Staff training and conferences	11,198	13,788
Publications	31	130
Subscriptions	1,576	1,529
Office costs	128,916	133,140
Legal and professional fees	-	3,286
Consultancy fees *	47,182	-
Events organised	10,762	16,228
Travel expenses	27,088	30,487
Other staff expenses	443	1,480
Recruitment costs	21,969	6,770
	<b>319,892</b>	<b>275,788</b>

\* Projects and research related

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

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### 6 Analysis of governance costs

	2006	2005
	£	£
Legal and professional fees	35	2,719
Audit fees	2,969	4,418
Travel expenses	1,467	1,221
Telephone and other staff expenses	214	826
Directors expenses	1,010	1,099
	<hr/>	<hr/>
	<b>5,695</b>	10,283
	<hr/> <hr/>	<hr/> <hr/>

### 7 Directors

None of the directors (or any persons connected with them) received any remuneration during the year. Directors were reimbursed expenses totalling £1,010 (2005- £1,099) during the year.

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 8 Employees

#### Number of employees

The average monthly number of employees during the year was:

	<b>2006</b>	2005
	<b>Number</b>	Number
	<b>(full time</b>	<b>(full time</b>
	<b>equivalents)</b>	<b>equivalents)</b>
Central Services	11	14
Community Care	2	3
HIT	2	1
Learning and Skills	5	5
Rural Development	5	8
Transport	1	2
Voluntary Sector Development	5	5
	<u>31</u>	<u>38</u>

#### Employment costs

	<b>2006</b>	2005
	<b>£</b>	<b>£</b>
Wages and salaries	<b>746,644</b>	814,749
Social security costs	<b>66,945</b>	76,428
Other pension costs	<b>43,373</b>	51,628
	<u><b>856,962</b></u>	<u>942,805</u>

There were no employees whose annual emoluments were £60,000 or more.

### 9 Taxation

Community First's activities during the year were in accordance with its charitable objects and therefore no corporation tax liability arises.

**COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2006**

**10 Tangible fixed assets (group and charity)**

	Office equipment	Fixtures, fittings & furniture	Total
	£	£	£
<b>Cost</b>			
At 1 April 2005	129,800	17,514	147,314
Additions	48,961	-	48,961
	<u>178,761</u>	<u>17,514</u>	<u>196,275</u>
<b>At 31 March 2006</b>	<b>178,761</b>	<b>17,514</b>	<b>196,275</b>
<b>Depreciation</b>			
At 1 April 2005	112,238	12,308	124,546
Charge for the year	18,505	783	19,288
	<u>130,743</u>	<u>13,091</u>	<u>143,834</u>
<b>At 31 March 2006</b>	<b>130,743</b>	<b>13,091</b>	<b>143,834</b>
<b>Net book value</b>			
<b>At 31 March 2006</b>	<b>48,018</b>	<b>4,423</b>	<b>52,441</b>
At 31 March 2005	<u>17,562</u>	<u>5,206</u>	<u>22,768</u>

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 11 Fixed asset investments

<b>Group</b>	<b>Other investments £</b>	<b>Total £</b>
Market value at 1 April 2005	17,856	17,856
Change in value in the year	4,215	4,215
<b>Market value at 31 March 2006</b>	<b>22,071</b>	<b>22,071</b>
Historical cost:		
At 31 March 2006	20,000	20,000
At 31 March 2005	20,000	20,000

<b>Charity</b>	<b>Other investments £</b>	<b>Shares in other companies £</b>	<b>Total £</b>
Market value at 1 April 2005	17,856	1	17,857
Change in value in the year	4,215	-	4,215
<b>Market value at 31 March 2006</b>	<b>22,071</b>	<b>1</b>	<b>22,072</b>
Historical cost:			
At 31 March 2006	20,000	1	20,001
At 31 March 2005	20,000	1	20,001

Other investments comprises 13,360 units in the CAF Balanced Growth Fund.

At 31 March 2006 the charity owned 100% shareholding in Community First in Herefordshire and Worcestershire Training & Advice Limited (formerly Community Council Hereford and Worcester Training & Advice Limited), which was incorporated in England. This is a dormant company with no activity in the year and no net assets other than its share capital. The acquisition was made in 1998/99.

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

<b>12 Debtors (group and charity)</b>	<b>2006</b>	2005
	£	£
Other debtors	<b>219,306</b>	159,711
Prepayments and accrued income	<b>15,384</b>	5,955
	<u><b>234,690</b></u>	<u>165,666</u>
	<u><u><b>234,690</b></u></u>	<u><u>165,666</u></u>
<b>13 Creditors: amounts falling due within one year (group and charity)</b>	<b>2006</b>	2005
	£	£
Taxes and social security costs	<b>28,188</b>	26,319
Other creditors	<b>150,486</b>	153,638
Accruals	<b>34,138</b>	9,796
	<u><b>212,812</b></u>	<u>189,753</u>
	<u><u><b>212,812</b></u></u>	<u><u>189,753</u></u>
<b>14 Deferred income (group and charity)</b>	<b>2006</b>	2005
	£	£
Total deferred income at 1 April 2005	<b>116,495</b>	242,991
Amounts received in year	<b>650,000</b>	77,998
Amounts credited to statement of financial activities	<b>(108,523)</b>	(204,494)
	<u><b>657,972</b></u>	<u>116,495</u>
<b>Total deferred income at 31 March 2006</b>	<u><u><b>657,972</b></u></u>	<u><u>116,495</u></u>

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 15 Pension costs (group and charity)

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £43,373 (2005- £51,628).

The employer also participates in the Worcestershire Country Council Pension Fund which is part of the Local Government Pension Scheme (LGPS), a multi-employer scheme. The LGPS is a defined benefit scheme.

Under the Worcestershire County Council Pension Fund the contribution rate required of Community First in Herefordshire and Worcestershire is set on a grouped basis, combining the experience of the employer with a number of other employers also participating in the Fund. Within this group, assets and liabilities of the Fund are not separately identified as part of the triennial actuarial valuations between the various employers participating. As a result, Community First in Herefordshire and Worcestershire is unable to identify the relevant share of the underlying assets and liabilities of the Fund. These accounts have therefore been drawn up in accordance with FRS17 on the basis that the pension cost is accounted for as a defined contribution scheme.

Information about the overall funding position of the Worcestershire County Council Pension Fund was provided by the actuary to the Fund in his report dated 22 March 2005 on the actuarial valuation of the Scheme as at 31 March 2004. That valuation showed the overall funding position of the Scheme as a whole was 67%, the deficit being £400,100,000. The contributions payable by the employers participating in the grouping to which Community First in Herefordshire and Worcestershire belongs, are based on the position of the group as a whole within the Fund, which is reassessed at each triennial valuation.

The next actuarial valuation of the Worcestershire County Council Pension Fund will be carried out with an effective date of 31 March 2007, with revised contribution rates being effective from 1 April 2008.

### 16 Restricted funds (group and charity)

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Balance at 31 March 2006
	Balance at 1 April 2005	Incoming resources	Resources expended	
	£	£	£	£
Restricted funds	-	1,704,691	(1,704,691)	-
	-	1,704,691	(1,704,691)	-

Further details of restricted funds are included in the appendix to the accounts.

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 17 Designated funds (group and charity)

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				Balance at 31 March 2006
	Balance at 1 April 2005	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
Fixed Assets	22,768	-	-	29,673	<b>52,441</b>
Organisational development and re-alignment	58,500	-	-	(40,000)	<b>18,500</b>
	<u>81,268</u>	<u>-</u>	<u>-</u>	<u>(10,327)</u>	<u><b>70,941</b></u>

This represents the balance of tangible fixed assets yet to be depreciated of £52,441 and an amount of £18,500 committed for 'Organisational development and re-alignment'.

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 18 Analysis of net assets between funds

Group	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2006 are represented by:			
Tangible fixed assets	52,441	-	52,441
Investments	22,071	-	22,071
Current assets	493,775	653,400	1,147,175
Creditors: amounts falling due within one year	(212,812)	-	(212,812)
Deferred income	(4,572)	(653,400)	(657,972)
	<u>350,903</u>	<u>-</u>	<u>350,903</u>
Unrealised gains included above:			
On investments (see below)	4,215	-	4,215
	<u>4,215</u>	<u>-</u>	<u>4,215</u>

Charity	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2006 are represented by:			
Tangible fixed assets	52,441	-	52,441
Investments	22,072	-	22,072
Current assets	493,775	653,400	1,147,175
Creditors: amounts falling due within one year	(212,812)	-	(212,812)
Deferred income	(4,572)	(653,400)	(657,972)
	<u>350,904</u>	<u>-</u>	<u>350,904</u>
Unrealised gains included above:			
On investments (see below)	4,215	-	4,215
	<u>4,215</u>	<u>-</u>	<u>4,215</u>

Unrestricted funds includes designated fund balances of £52,441 as tangible fixed assets and £18,500 as current assets.

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

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### 19 Commitments under operating leases

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as follows:

	<b>2006</b>	2005
	£	£
Expiry date:		
Within one year	<b>943</b>	869
Between two and five years	<b>10,193</b>	11,350
	<hr/> <b>11,136</b> <hr/>	<hr/> 12,219 <hr/>

# COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 20 Related parties

The wholly owned subsidiary, Community First in Herefordshire and Worcestershire Training and Advice Ltd had no trading activities in the year.

The holding company is limited by guarantee, not having a share capital and is registered as a charity.

During the year Community First has engaged in financial transactions with the Learning and Skills Council Herefordshire and Worcestershire (LSC), the Herefordshire and Worcestershire Chamber of Commerce (H&W Chamber), Regional Action West Midlands (RAWM), South Wye Regeneration Partnership, Worcestershire County Council, Government Office for the West Midlands (GOWM), and Worcestershire Association of Voluntary Organisations in Community Care (WAVOCC), see summary below.

Community First's Chief Executive, Richard Quallington, was a Board member for the LSC until November 2005, is currently a Board member of H&W Chamber and is Chair of the Board of Trustees of RAWM. Honorary Treasurer Mike Weaver holds the post of Director of Financial Services with Worcestershire County Council. Community First Director Alistair Cormie is a Board member of the South Wye Regeneration Partnership. Magda Prail, a Director of Community First, is Treasurer and Trustee of WAVOCC. Community First President, Professor Michael G Clarke, is a non-executive member of the GOWM Strategic Board. The wife of Community First Director Geoffrey Elliott is the Chief Executive of GOWM. All potential conflicts of interest are declared and governance mechanisms and processes in place in relation to each of these related party transactions.

Chamber of Commerce	Business Advisor, Social Enterprise Start-Up	£21,495
Learning and Skills Council	Basic Skills, Voluntary Sector Development, Workforce Development, Information, Guidance, Advice, Basic Skills Capacity Building, Training Consortium Development	£51,168
Worcestershire County Council	Credit Unions, Community Care, Charity Information Service, Preventative Services, Mental Health Development, Web Database, Community Buildings and Community Resource Centres	£84,533
South Wye Regeneration Partnership	Environmental Project	£3,068
RAWM	West Midlands Rural Community Councils Network Administration	£44,933
WAVOCC	Secretariat	£9,496
GOWM	Change Up Infrastructure Programme, Grant Administration, Community Planning	£642,667

**COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE  
(A COMPANY LIMITED BY GUARANTEE)**

**APPENDIX  
ANALYSIS OF RESTRICTED AND UNRESTRICTED INCOME**

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**Restricted**

<b><u>Funder</u></b>	<b>£</b>
Learning & Skills Council/Cofinancing	51,168
RAWM	35,000
Worcs County Council	79,529
Chamber of Commerce Herefordshire & Worcestershire	21,495
Elmley Art Foundation	27,865
Business Link West Mercia	13,250
Worcs Health Authority	39,296
WAVOCC	9,496
ERDF Grant	54,353
Housing Associations	29,832
Home Office	42,849
Herefordshire Council	5,561
SRB	22,036
Calor Gas	5,569
Government Office West Midlands (incl Change Up)	642,667
Department for Environment, Food & Rural Affairs	225,700
Department for Education and Skills	300,586
Worcester College of Technology	8,098
Advantage West Midlands	64,865
Other	25,476
	1,704,691
	1,704,691

**Unrestricted**

<b><u>Funder</u></b>	<b>£</b>
Department for Environment, Food & Rural Affairs	98,061
Worcs County Council	56,968
Herefordshire Council	68,040
AON commission	4,058
Training receipts	9,415
CRC fee income	24,543
Sale of publications	585
Rent received	2,638
Cambridge Training & Development Ltd	3,782
Worcestershire Social Services	6,216
Worcestershire County Council	2,135
RAWM	9,933
RSEF	4,098
Fees for services/bursaries	3,375
Other	2,000
	295,847
	295,847

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