

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 2007

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

Directors

Mr. Brian Browne
Mr. Alistair Cormie
Mr. Alan Courtney
Mr. Cal Edwards (appointed 30th October 2006)
Prof. Geoffrey Elliott
Mr. Chris Hurley (resigned 30th October 2006)
Mrs. Sascha McDonald
Rev. Dr. Alwyn Pettersen (appointed 30th November 2006)
Mrs. Magda Praill
Rev. Nick Read
Ms. Catherine Smith (appointed 30th November 2006)
Mr. Roland Summers
Mrs. Deborah Summerfield

President

Professor Michael Clark

Vice President

Sir. Thomas Dunne

Honorary Officers

Mr. Alistair Cormie	Chair
Mr. Brian Browne	Vice Chair
Mrs. Magda Praill	Vice Chair
Mr. Mike Weaver	Treasurer

Chief Executive and Company Secretary

Mr. Richard Quallington

Charity number

703072

Company number

2504158

Registered office

141 Church Street
Malvern
Worcestershire
WR14 2AN

Auditors

Kendall Wadley LLP
Granta Lodge
71 Graham Road
Malvern
Worcestershire
WR14 2JS

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

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)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

The directors present their report and accounts for the year ended 31 March 2007.

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. During the year the organisations reviewed the role descriptions of all trustees and instructed the governance working party to conduct an open recruitment exercise to refresh the Board and to fill the skills gaps identified by the annual skills audit. The recruitment exercise resulted in three new trustees, with a diverse range of relevant skills and experience, joining the Board at the AGM in October.

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 sessions 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 which has been reviewed and substantially updated during the year 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 5 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 4 times during the year to advance specific human resource and financial planning issues including the review of human resource and finance policies and oversaw the review and tendering of external audit services during the year. The Board is further advised on issues relating to governance and trustee recruitment by the governance working party which meets as

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

required to advance specific tasks. During the year the governance working party met on several occasions to establish and conduct the recruitment process for new trustees. 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 conducted a review of its strategic plan, mission, vision, values and key aims and launched a consultation on its 'vision for the future' – aimed at securing stakeholders feedback on the future direction and priority actions for the organisation.

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

Five directors were reimbursed for traveling expenses of £ 323.74 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 £882,057. 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.
- 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.

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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 Strengthen the role, capacity and influence of the voluntary organisations and community groups in Herefordshire and Worcestershire.

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

- To build the capacity of 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 enhancing its influence in policy development and implementation
- To advance the governance, management and operations of the organisation, towards a model of best practice

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.
- 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 policies, strategies and delivery mechanisms of the public sector.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

- Reviewing and improving internal policies, procedures and processes to ensure effective governance and management of the organisation and to maximize flexibility in effective delivery to users and funders.

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:-

Building the capacity of voluntary and community organisations to manage and grow in a sustainable way;

- 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 fundraising, making funding applications and planning for financial sustainability.
- Provided social enterprise start-up training and on-going support.
- Delivered training on funding and fundraising in Herefordshire and Worcestershire.
- Delivered NVQs for the first time, achieving Institute of Leadership and Management (ILM) Centre status; 5 learners successfully completed NVQ 2 in Team Leading; 12 learners successfully completed NVQ 3 Advice and Guidance.
- Twenty four organisations participated in the PQASSO (quality standard) Mentoring Programme with 6 successfully achieving level 1 in all 12 quality areas and the remainder on target to achieve by the end of 2007.
- Completed the first phase of establishing a voluntary sector training provider consortium. Forty three voluntary and community organisations registered for membership and expressed an interest in joint contracting and in pursuing a quality development programme for members.
- Secured resources from the national Governance Hub to deliver a pilot Chairs' Mentoring Scheme aimed at developing a toolkit to grow the capacity and effectiveness of the Chair's role.
- Piloted the Code Assessment Scheme on behalf of the Governance Hub with local trustee boards.
- Delivered several large ICT projects utilizing Capacitybuilders resources. Projects with as many as seventeen partners focused on building websites; developing ICT capacity; ICT research; the development of a client relationship management (CRM) database aimed at sharing data between a range of voluntary sector support organisations.
- Completed the Herefordshire-In-Touch 3-year Voluntary and Community Sector ICT Support Project and developed a successor programme which received outline approval from the Big Lottery Fund for further development.

Improving the quality and scope of services delivered by the voluntary and community sector;

- Supported 17 regulated health and social care organisations to develop their core services, including providing information and advice for staff training and development.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

- Delivered NVQ level 3 Advice and Guidance specifically for the voluntary and community sector and supported over 12 candidates to complete this successfully.
- Established and introduced the new nexus grant scheme, under the auspices of The West Midlands Rural Community Council Network, aimed at increasing and enhancing access to services in priority areas within Herefordshire, Worcestershire and Shropshire. Over £70,000 of grant support has been awarded in the first year.
- Allocated £287,845 to voluntary and community groups in Worcestershire via the Local Network Fund, enabling them to introduce and sustain activities and opportunities for children and young people locally.
- Administered the Elmley Small Grants Arts Fund, which made 29 grants totalling over £16,000 to community-led arts events, activities and projects.
- Established a two-day training module with the University of Worcester for voluntary and community sector staff working with older people - 60 people attended the three modules run during the year.
- Won a national award for the Mental Health Development Project from a major telecommunications provider to develop a website for members of the Mental Health Link Network.
- Coordinated the Herefordshire Access to Services Partnership, developed and achieved approval of the delivery Plan.
- Mandatory output targets for the Herefordshire Access to Services Partnership were met.
- Established a consortium of community transport providers to explore options for the development of social enterprise activities, to enhance their sustainability.
- Managed the implementation of new websites for Herefordshire and Worcestershire consortium members.

Building stronger, more inclusive communities, that provide a good quality of life for everyone;

- Established email based system for delivering information leaflets to village hall committees seeking advice thus saving admin and postage costs and dramatically improving speed of response times.
- Delivered in depth support and advice service to more than 25 village hall committees applying to the Big Lottery Fund for major capital funding including detailed comment on drafts and dissemination of good practice in bid writing.
- Established widely read Village Halls feature in Newline aimed at keeping committees up to date with information on changes in legislation, funding opportunities and to stimulate consideration of the key issues facing village hall committees.
- Maintained the Community Resource Centres Network (CRC) and helped 10 Community Resource Centres to increase the range of facilities offered with a view to enhancing sustainability.
- Conducted a strategic review of the CRC Network with a view to establishing greater independence and financial sustainability. Helped CRCs to obtain appropriate legal status including setting up a Community Interest Company and a Company Limited by Guarantee.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

- Awarded and recognised 11 Community Champions for their contribution in inspiring others to get more involved in renewing their neighbourhoods and in participating in community groups. A further £30,000 was invested during 2006-2007 to support a number of new community champions.
- Worked with approximately 60 Parish Councils across Worcestershire to raise awareness of the lack of affordable housing for local people. Completed 7 Housing Need Surveys and helped facilitate the development of 45 affordable rented and shared ownership units for local people in 5 Worcestershire Villages.
- Identified suitable exception sites and brokered agreements between landowners, the local community and housing association developers. Facilitated a number of public consultation events and supported successful Housing Corporation funding bids to deliver an additional 43 units within 4 rural communities.
- Established partner support for a new Rural Housing Enabler project in Herefordshire to focus on facilitating the provision of small developments of affordable homes for local people.
- Held two high profile community planning events in each county with over 45 parishes in attendance in Worcestershire and over 35 in Herefordshire and produced quarterly community planning newsletter for each county and circulated widely.
- Produced Community Planning Local Guidance for Herefordshire and Worcestershire to assist groups with the process of developing a community plan.

Increasing understanding of the role, function and resources of the sector and enhance its influence in policy development and implementation;

- Commissioned and managed a substantial research project, on behalf of a multi agency partnership, aimed at measuring the economic benefit brought to the area by the voluntary and community sector locally. Valuing the Voluntary and Community Sector in Herefordshire and Worcestershire, January 2007: An online survey was complemented by 'Guidestar UK' information on 4,327 registered VCS organisations in the area. The project's results will be used by the sector, funders and statutory agencies to inform policy and funding development over the next few years.
- Contributed to the development of county-wide Compacts in both Herefordshire and Worcestershire. In Worcestershire led on the consultation and development of a Funding and Procurement Code to underpin the Compact.
- Represented Voluntary Sector Infrastructure organisations as an elected representative on the Policy Advisory Group of Worcestershire County Council, aiming to support the decision making and scrutiny process by involving non-Cabinet Members in ongoing policy development initiatives.
- 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 of approximately £683,712 for this purpose. Provided the secretariat and accountable body function to both consortia and chaired the Worcestershire Consortium.
- 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. Represented the Assembly on the Chief Executives group.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

- 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.
- Maintained substantial engagement 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, Herefordshire and Worcestershire Social Enterprise Partnership, Local Strategic Partnerships and the Local Area Agreements for the 2 counties.

Advancing the governance, management and operations of the organisation, as a model of best practice.

- Achieved level 1 peer review assessment against the ACRE Good Practice Quality Standards. Subsequent assessor feedback will be used to improve systems and processes in readiness for the level 2 assessment in 2007/08.
- Reviewed the skills mix of the Board, piloted an appraisal process for the Chair, updated the trustee handbook and role descriptions for trustees and elected officers and conducted an open recruitment process for new trustees to refresh the Board. Three new trustees were recruited and subsequently appointed at the AGM.
- Reviewed the external audit arrangements. Prepared a tender specification, received six expressions of interest and, following interviews, recommended Community First's current auditors as offering best overall value for money to the AGM.
- Conducted a review of personnel policies and conducted a staff salary benchmarking exercise.
- Fully implemented a Full Cost Recovery framework and trained project managers in its usage.
- Attracted a total of 279 members at the 31st March 2007.
- Enhanced the skills of the finance team and improved the accessibility of financial reporting systems.
- Upgraded Community First's servers and ICT network, enabling significantly improved speed and efficiency of the network's performance.
- Implemented a new internal central database and developed a unique facility for collaborative sharing of information with other organisations.
- Upgraded website systems: Community First website and intranet; board members' website and members' extranet.

Financial Review

During the financial year Community First completed the move to 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. Further improvements to the organisation's financial systems and processes during the year have continued to improve transparency, efficiency and ease of reporting.

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The directors report net incoming resources of £17,216 (31 March 2006 outgoing £3,735). Gains on investments amounted to £1,309 (31 March 2006 gain £4,215). This results in a net addition to the fund balances at 31 March 2007 of £18,525. The closing fund balances at 31 March 2007 were £369,428.

The financial year ending 31 March 2007 has again 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.

The SOFA shows that the total incoming resources for the year were £2,342,040 compared with £2,084,804 for the previous year. This increase of £257,236 is attributable, for the most part, to an increase of resources from Capacitybuilders 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 30 different sources; £1,978,565 restricted, £247,082 unrestricted. A list of the principal funding sources is included elsewhere 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 2007 were £240,104 (31 March 2006 £279,962). 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 budgeted expenditure and not more than four months budgeted expenditure 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.

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 Balanced 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. 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.

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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 focus its energies and activities in line with its current strategic plan (2006-2009) 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.

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 possible. 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. At the same time we also expect to be operating in a more competitive environment, tendering for service delivery alongside other organisations and experiencing a shift in resources away from grant funding towards a greater reliance on contract and earned income. Several key funding streams will be subject to considerable change in March 2008, resulting in new challenges and possible opportunities opening up for the organisation as it moves forward.

During the year ahead we expect to relocate the Malvern based staff into new premises. Internally, we will continue to build on recent developments to enhance our internal systems and processes. We also intend to review our strategic plan in the light of the many changes taking place in the external environment and to build the skills base within the organisations to maximize robustness and sustainability for the future. Having achieved level 1 of the ACRE quality standards the organisation is committed to achieving a peer assessed level 2 review during the 2007/08 financial year 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: - funders; volunteers; staff colleagues and partner agencies.

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

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2007**

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 on page 1 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

Auditors

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

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 27th June 2007, and signed on its behalf by:

Mr. Alistair Cormie

Director

Dated:

COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE (A COMPANY LIMITED BY GUARANTEE) INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE

We have audited the accounts of Community First in Herefordshire and Worcestershire for the year ended 31 March 2007 which comprise the statement of financial activities, the summary income and expenditure account, the balance sheet and related notes. These accounts have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the statement of trustees' responsibilities, the directors, who also act as trustees for the charitable activities of Community First in Herefordshire and Worcestershire, are responsible for preparing the Directors' Report and the 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 organisation 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 organisation'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 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.

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 21 to the accounts.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**TO THE MEMBERS OF COMMUNITY FIRST IN HEREFORDSHIRE AND
WORCESTERSHIRE**

Opinion

In our opinion:

- the accounts give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the organisation's affairs as at 31 March 2007 and of its incoming resources and application of resources in the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.

Kendall Wadley LLP

Chartered Accountants

Registered Auditor

Granta Lodge

71 Graham Road

Malvern

Worcestershire

WR14 2JS

Dated: 27 June 2007

COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
(A COMPANY LIMITED BY GUARANTEE)
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2007

	Notes	Unrestricted funds £	Restricted funds £	Total 2007 £	Total 2006 £
<u>Incoming resources</u>					
Incoming resources from generated funds					
Investment income		33,404	-	33,404	18,795
Incoming resources from charitable activities	2	247,082	1,978,565	2,225,647	2,000,538
Other incoming resources	3	82,989	-	82,989	65,471
Total incoming resources		363,475	1,978,565	2,342,040	2,084,804
<u>Resources expended</u>					
Charitable activities					
Grants payable	4	-	412,329	412,329	333,142
Provide & accommodate project workers		361,593	989,959	1,351,552	1,151,111
Programme running costs		-	526,710	526,710	553,560
Governance costs		34,233	-	34,233	50,726
Total resources expended	5	395,826	1,928,998	2,324,824	2,088,539
Net (outgoing)/incoming resources		(32,351)	49,567	17,216	(3,735)
Gains on investment assets		1,309	-	1,309	4,215
Net movement in funds		(31,042)	49,567	18,525	480
Fund balances at 1 April 2006		350,903	-	350,903	350,423
Fund balances at 31 March 2007		319,861	49,567	369,428	350,903

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 2007**

	2007 £	2006 £
Total income	2,342,040	2,084,804
Total expenditure from income funds	2,324,824	2,088,539
Net income/(expenditure) for the year	17,216	(3,735)

The summary income and expenditure account is derived from the statement of financial activities on page 13 which, together with the notes on pages 16 to 34, provides full information on the movements during the year on all funds of the charity.

STATEMENT OF RECOGNISED GAINS AND LOSSES

Net income/(expenditure) for the year	17,216	(3,735)
Unrealised gains on investment assets held by income funds	1,309	4,215
	18,525	480

COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEETS
AS AT 31 MARCH 2007

	Notes	Consolidated 2007 £	2006 £	Charity 2007 £	2006 £
Fixed assets					
Tangible assets	10	51,441	52,441	51,441	52,441
Investments	11	23,380	22,071	23,381	22,072
		<u>74,821</u>	<u>74,512</u>	<u>74,822</u>	<u>74,513</u>
Current assets					
Debtors	12	175,812	234,690	175,812	234,690
Cash at bank and in hand		493,215	912,485	493,136	912,406
		<u>669,027</u>	<u>1,147,175</u>	<u>668,948</u>	<u>1,147,096</u>
Creditors: amounts falling due within one year	13	(221,677)	(212,812)	(221,677)	(212,812)
		<u>447,350</u>	<u>934,363</u>	<u>447,271</u>	<u>934,284</u>
Total assets less current liabilities		522,171	1,008,875	522,093	1,008,797
Deferred income	14	(152,743)	(657,972)	(152,743)	(657,972)
		<u>369,428</u>	<u>350,903</u>	<u>369,350</u>	<u>350,825</u>
Income funds					
Restricted funds	16	49,567	-	49,567	-
Unrestricted funds:					
Designated funds	17	79,757	70,941	79,757	70,941
General funds		240,104	279,962	240,026	279,884
		<u>369,428</u>	<u>350,903</u>	<u>369,350</u>	<u>350,825</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 27 June 2007

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 2007

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.

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.

**COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007**

1 Accounting Policies

(continued)

1.8 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.

1.9 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.

Funds are treated as restricted if the donor places specific restrictions upon them.

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

1.10 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 2007 £	Total 2006 £
Incoming resources	<u>247,082</u>	<u>1,978,565</u>	<u>2,225,647</u>	<u>2,000,538</u>

The appendix to the accounts on page 35 provides further detail of the restricted fund income.

3 Other incoming resources

	2007 £	2006 £
Subscriptions and fees	<u>82,989</u>	<u>65,471</u>

COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

4 Grants payable to institutions

	2007	2006
	£	£
<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
Collar & Tie Theatre	6,950	6,850
Worcester Snoezelen Project	-	4,312
Indigo Arts	7,000	7,000
Decendants of Windrush	-	7,000
Kempsey Rocking Horse Pre-School	-	2,927
Sandycroft Nursery	-	7,000
Melody Makers	-	6,000
Young Fire Fighters	5,996	7,000
MOTO V8	-	7,000
Sidemoor Pre-School Group	-	1,780
Pinvin Pre-School	-	4,615
Redditch Wheels	6,980	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	7,000	6,873
North East Worcestershire branch of Pre-School Learning Alliance	-	7,000
Redditch Night Stop	-	6,200
Wyre Forest LAFS	6,000	6,000
Perdiswell Young Peoples Club	-	6,000
Worcester AIDS Foundation	-	6,000
Worcester Pre-School Learning Alliance	5,968	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

COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

4 Grants payable	(continued)	
Hallow Pre-School and Playgroup	-	4,000
Wyre Forest Night Stop	-	5,021
Hop Scotch Pre-School	-	2,167
Worcester Action for Youth	-	6,000
TG's Project	6,000	6,000
Rubery Festival	-	5,245
The Village Nursery	-	5,861
Pershore Riverside Youthcentre	-	5,000
Ashton Under Hill Playgroup	4,800	-
Dizz Kidz	6,901	-
Droitwich Air Cadets	1,740	-
Friday Fun Club	1,598	-
Malvern District Scout Group	1,759	-
Noah's Ark Nursery	4,038	-
Sedgeberrow Youth Group	7,000	-
St Lukes Arts Youth Group	2,843	-
Tiny Tots & Toddlers	5,280	-
Wyre Forest Women's Aid	6,000	-
Onside Independent Advocacy	6,000	-
Community Action Newtown	6,000	-
London Road Playgroup & Pre-School	3,250	-
Strikes Youth Club	4,000	-
Blatchley Support Group	6,000	-
Norton Pre-School	6,417	-
Asha Wyre-Forest	6,255	-
Bredon Play Group	3,114	-
Chatterbox Pre-School	7,000	-
Harvington Youth Council Project	7,000	-
Little Munchkins Young Parents	3,795	-
Worcester Diocesan Youth Council	5,890	-
Multi Agency Resource Centre	4,212	-
Beacon Church Mother & Toddler Group	4,058	-
Broadway and Tower View Playgroups	7,000	-
Wyre Forest Pre-School Learning Alliance	7,000	-
Hadzor & Oddingley Pre-School Group	6,260	-
9th Worcester Scout Group	6,967	-
Sticky Fingers at St Stephens	4,005	-
Southcrest Toddlers	1,770	-
Whats Your Point?	7,000	-
Malvern Childminders & Community Toddler Group	7,000	-
The Monday Mob	6,060	-
St Barnabas Pre-School	6,991	-
Evesham & Pershore Pre-School	6,999	-
Borrowers Toy Library	3,631	-
Eco Club (Westside Worcester)	7,000	-
Perdiswell Youth Inclusion Project	7,000	-
Bromsgrove & Redditch Autism Support Group	6,990	-

**COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007**

4 Grants payable (continued)

Sugarbrook Pre-School at St Andrews	6,935	-
First Malvern Boys Brigade	2,820	-
New Horizons	6,660	-
Rubery Community and Leisure Centre	6,915	-
Worcestershire Action for Youth	6,000	-
	287,847	265,666

nexus Grants Awarded over £1,000

nexus grants programme supporting the Rural Regeneration Zone in the West Midlands is funded by Advantage West Midlands.

Rhydycroesau Village Hall	4,639	-
North Shropshire Furniture Scheme	5,000	-
The Walled Garden Project	4,860	-
South Shropshire Voluntary Action	3,917	-
Homeless in Oswestry Action Partnership	4,993	-
Relate (Worcestershire)	4,997	-
Jumpstart Kidz Ltd	4,790	-
Tenbury Wells Tourist Information	5,000	-
North Shropshire Voluntary Action	4,847	-
Trading Faces Arts	5,000	-
Kimbolton Nursery	1,641	-
Bishops Castle (Shropshire) Skateboard Association	4,988	-
Lacon Childe School	4,993	-
Bridgenorth & District Furniture Scheme	5,000	-
Cutting Block	5,000	-
Bizmatch Ltd	5,000	-
	74,665	-

Other Grants Awarded over £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

**COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007**

4 Grants payable	(continued)	
Harvington Parish Council	-	1,000
Kempsey Community Project	-	1,900
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
Bromsgrove Carnival Procession	1,400	-
Carers Supporting Carers	1,940	-
St Barnabas Choir	1,276	-
Free Fundraising Services	1,087	-
Wychavon Student Windband	1,048	-
Hereford Disabled Peer Support Group	1,850	-
Community Firework Awareness	2,000	-
Inkberow Youth Consultation Event	1,170	-
Talking Drums	2,000	-
SAO	1,950	-
F & V Winter Workshop	2,161	-
Malvern Sea Cadets	1,995	-
Audio Play	2,000	-
Warndon Matters	1,900	-
Little Acorns Pre-School	1,857	-
Stock & Bradley Drop In Centre	1,275	-
Training Independent Volunteer Advocates	1,985	-
Cawley Hall Management Committee	1,000	-
Clowes Top Victory Hall	1,000	-
Bare Bones Theatre Company	1,000	-
Rotary Club of Evesham	1,000	-
Little Malvern & Welland Parish	1,000	-
Wythall Parish	1,000	-
Astley & Dunley Parish	1,000	-
Catshill Parish	1,000	-
Warndon Parish	1,000	-
	37,894	40,193

COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

4	Grants payable		(continued)
	2005/06 grant cancelled	(3,500)	
	Other grants under £1,000	15,423	27,283
		<hr/>	<hr/>
		412,329	333,142
		<hr/>	<hr/>

COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

5 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2007 £	Total 2006 £
Charitable expenditure:					
Grants payable	-	-	412,329	412,329	333,142
Provide & accommodate project workers	838,746	181,092	331,714	1,351,552	1,151,111
Programme running costs	-	-	526,710	526,710	553,560
Governance costs	28,665	-	5,568	34,233	50,726
	867,411	181,092	1,276,321	2,324,824	2,088,539

Other costs relating to provide & accommodate project workers comprise:

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

Unrestricted funds

Staff training and conferences	647	3,632
Publications	-	570
Subscriptions	7,070	8,609
Office costs	15,598	12,706
Legal and professional fees	3,054	10,795
Consultancy fees	16,142	25,492
Events organised	2,933	2,052
Travel expenses	3,450	6,782
Other staff expenses	503	89

Restricted funds

Staff training and conferences	14,794	11,198
Publications	79	31
Subscriptions	1,498	1,576
Office costs	126,406	128,916
Consultancy fees *	97,537	47,182
Events organised	8,111	10,762
Travel expenses	19,892	27,088
Other staff expenses	265	443
Recruitment costs	13,735	21,969
	331,714	319,892

* Projects and research related expenditure to enhance delivery capacity

COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

6 Analysis of governance costs

	2007	2006
	£	£
Legal and professional fees	-	35
Audit fees	3,084	2,969
Travel expenses	2,135	1,467
Telephone and other staff expenses	12	214
Directors expenses	337	1,010
	<hr/> 5,568 <hr/>	<hr/> 5,695 <hr/>

7 Directors

None of the directors (or any persons connected with them) received any remuneration during the year.
Directors were reimbursed expenses totalling £337 (2006- £1,010) 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 2007**

8 Employees

Number of employees

The average monthly number of employees during the year was:

	2007	2006
	Number	Number
	(full time	(full time
	equivalents)	equivalents)
Central Services	12	11
Community Care	3	2
ICT	2	2
Learning and Skills	6	5
Rural Development	3	5
Transport	1	1
Business Support	5	5
Grant Management	1	-
Network Support	1	-
	<u>34</u>	<u>31</u>

Employment costs

	2007	2006
	£	£
Wages and salaries	757,497	746,644
Social security costs	69,720	66,945
Other pension costs	40,194	43,373
	<u>867,411</u>	<u>856,962</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 2007

10 Tangible fixed assets (group and charity)

	Office equipment	Fixtures, fittings & furniture	Total
	£	£	£
Cost			
At 1 April 2006	178,761	17,514	196,275
Additions	180,092	-	180,092
Disposals	(13,248)	-	(13,248)
At 31 March 2007	345,605	17,514	363,119
Depreciation			
At 1 April 2006	130,743	13,091	143,834
On disposals	(13,248)	-	(13,248)
Charge for the year	180,428	664	181,092
At 31 March 2007	297,923	13,755	311,678
Net book value			
At 31 March 2007	47,682	3,759	51,441
At 31 March 2006	48,018	4,423	52,441

A new database was purchased in the year which has no resaleable value as it is tailored specifically for the charity. This has been fully depreciated 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 2007**

11 Fixed asset investments

Group	Other investments £	Total £
Market value at 1 April 2006	22,071	22,071
Change in value in the year	1,309	1,309
Market value at 31 March 2007	23,380	23,380
Historical cost:		
At 31 March 2007	20,000	20,000
At 31 March 2006	20,000	20,000

Charity	Other investments £	Shares in other companies £	Total £
Market value at 1 April 2006	22,071	1	22,072
Change in value in the year	1,309	-	1,309
Market value at 31 March 2007	23,380	1	23,381
Historical cost:			
At 31 March 2007	20,000	1	20,001
At 31 March 2006	20,000	1	20,001

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

At 31 March 2007 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 2007

12 Debtors (group and charity)	2007	2006
	£	£
Other debtors	134,320	219,306
Prepayments and accrued income	41,492	15,384
	<u>175,812</u>	<u>234,690</u>
	<u><u>175,812</u></u>	<u><u>234,690</u></u>
13 Creditors: amounts falling due within one year (group and charity)	2007	2006
	£	£
Taxes and social security costs	28,597	28,188
Other creditors	152,328	150,486
Accruals	40,752	34,138
	<u>221,677</u>	<u>212,812</u>
	<u><u>221,677</u></u>	<u><u>212,812</u></u>
14 Deferred income	2007	2006
	£	£
Total deferred income at 1 April 2006	657,972	116,495
Amounts received in year	150,000	650,000
Amounts credited to statement of financial activities	(655,229)	(108,523)
	<u>152,743</u>	<u>657,972</u>
Total deferred income at 31 March 2007	<u><u>152,743</u></u>	<u><u>657,972</u></u>

**COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007**

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 £40,194 (2006- £43,373).

The employer also participates in the Worcestershire County 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 interim report on the actuarial valuation of the Scheme as at 31 March 2006. That valuation showed the overall funding position of the Scheme as a whole was 74.9%, the deficit being £388,000,000. 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 full 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. This review will be available late 2007.

**COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007**

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 2007
	Balance at 1 April 2006	Incoming resources	Resources expended	
	£	£	£	£
Restricted funds	-	1,789,640	(1,789,640)	-
Tangible fixed assets	-	180,092	(139,358)	40,734
Training	-	8,833	-	8,833
	<u>-</u>	<u>1,978,565</u>	<u>(1,928,998)</u>	<u>49,567</u>

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

The tangible fixed asset fund represents the net book value of fixed assets at 31 March 2007 which were purchased with restricted income.

The training fund represents money to be spent on sector specific training as specified by the donor.

**COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007**

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 2007
	Balance at 1 April 2006	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
Fixed Assets	52,441	-	-	(41,734)	10,707
Organisational development and re-alignment	18,500	-	-	(8,500)	10,000
Provision for laptop	-	550	-	-	550
Office relocation fund	-	-	-	58,500	58,500
	<u>70,941</u>	<u>550</u>	<u>-</u>	<u>8,266</u>	<u>79,757</u>

This represents the balance of unrestricted tangible fixed assets yet to be depreciated of £10,707, an amount of £10,000 committed for 'Organisational development and re-alignment' and a designation of funds of £550 towards a new laptop for Rural Housing Enabler Worcester (RHEW) project. By 31 March 2008 Community First will relocate to new office premises and the cost is estimated to be between £50,000 and £60,000.

COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

18 Analysis of net assets between funds

Group	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2007 are represented by:			
Tangible fixed assets	1,874	49,567	51,441
Investments	23,380	-	23,380
Current assets	669,027	-	669,027
Creditors: amounts falling due within one year	(221,677)	-	(221,677)
Deferred income	(152,743)	-	(152,743)
	<u>319,861</u>	<u>49,567</u>	<u>369,428</u>
Unrealised gains included above:			
On investments (see below)	1,309	-	1,309
	<u>1,309</u>	<u>-</u>	<u>1,309</u>

Charity	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2007 are represented by:			
Tangible fixed assets	1,874	49,567	51,441
Investments	23,381	-	23,381
Current assets	669,027	-	669,027
Creditors: amounts falling due within one year	(221,677)	-	(221,677)
Deferred income	(152,743)	-	(152,743)
	<u>319,862</u>	<u>49,567</u>	<u>369,429</u>
Unrealised gains included above:			
On investments (see below)	1,309	-	1,309
	<u>1,309</u>	<u>-</u>	<u>1,309</u>

Unrestricted funds includes designated fund balances of £10,707 as tangible fixed assets and £69,050 as current assets.

**COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007**

19 Commitments under operating leases

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as follows:

	2007	2006
	£	£
Expiry date:		
Within one year	4,621	943
Between two and five years	2,455	10,193
	7,076	11,136

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 Business Link West Mercia, Worcestershire County Council, Worcestershire Association of Voluntary Organisations in Community Care (WAVOCC) and Government Office for the West Midlands (GOWM), see summary below.

Community First's Chief Executive, Richard Quallington, is currently a Board member of Hereford and Worcester Chamber of Commerce and Business Link West Mercia LLP. Honorary Treasurer Mike Weaver holds the post of Director of Financial Services with Worcestershire County Council. 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.

Business Link	New Horizons, Business Assist	£6,300
Worcestershire County Council	Preventative Services, Gateway to Care, Rural Housing, Charity Information Service, Community Buildings, Community Resource Centres, Training & Learning	£122,264
WAVOCC	Secretariat	£4,991
GOWM	Change Up Infrastructure Programme, Grant Administration & Grant funding	£748,502

COMMUNITY FIRST IN HEREFORDSHIRE AND WORCESTERSHIRE
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

21 Auditors' Ethical Standards

The relevant circumstances requiring disclosure in accordance with the requirements of APB Ethical Standard - Provisions Available for Small Entities are that, in common with many charities of our size and nature we use our auditors to assist with the preparation of the accounts.

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

APPENDIX ANALYSIS OF RESTRICTED AND UNRESTRICTED INCOME

Restricted

<u>Funder</u>	<u>£</u>
Learning & Skills Council/Cofinancing	66,479
Worcs County Council	89,981
Elmley Art Foundation	20,678
Business Link West Mercia	6,300
Worcs Health Authority	31,366
ERDF Grant	94,592
Housing Associations	26,023
Herefordshire Council	37,575
SRB	1,269
Government Office West Midlands (incl Capacity Builders)	748,502
Department for Environment, Food & Rural Affairs	340,983
Department for Education and Skills	332,452
AON	4,162
Advantage West Midlands	145,031
Wychavon District Council	3,285
Malvern Hills District Council	2,737
Wyre Forest District Council	639
The National Lottery Awards for All	4,960
Big Lottery	3,857
Other	17,694
	<hr/>
	1,978,565
	<hr/> <hr/>

Unrestricted

<u>Funder</u>	<u>£</u>
Department for Environment, Food & Rural Affairs	74,497
Worcs County Council	30,985
Herefordshire Council	36,465
Learning & Skills Council	10,699
Training receipts	13,135
CRC fee income	18,159
Sale of publications	758
Subscriptions	9,413
Worcs Health Authority	49,884
Other	3,087
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	247,082
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