

THE FORUM FOR THE FUTURE
Registered charity
Company limited by guarantee
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

Company Registration Number 2959712
Charity Registration Number 1040519



THE FORUM FOR THE FUTURE
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FOR THE YEAR ENDED 31ST DECEMBER 2006

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**THE FORUM FOR THE FUTURE
FOR THE YEAR ENDED 31ST DECEMBER 2006
Legal And Administrative Information**

Directors

Alison Ball (appointed April 2006)
Janet Barber (resigned December 2006)
Jack Boyer (appointed April 2006)
Anna Ford (appointed April 2006)
Ram Gidoomal
John Harman (appointed October 2006)
Janis Kong (appointed April 2006)
Prue Leith (resigned December 2006)
Jim Oatridge – Deputy Chair and Hon Treasurer
Sara Parkin
Jonathon Porritt
Sarah Butler-Sloss
Christine Tacon (resigned January 06)

Company Secretary

Patti Whaley

Senior Management Team

Peter Madden, Chief Executive
Sara Parkin, Founder Director
Jonathon Porritt, Founder Director
Warren Hatter, Director, Public Sector Programme
Ben Tuxworth, Director of Communications
Sally Uren, Director, Business Programme
Patti Whaley, Director of Finance and Resources

Registered Office

19-23 Ironmonger Row
London
EC1V 3QN

Company Registration Number

2959712 (England and Wales)

Charity Registration Number

1040519

Auditors

Haysmacintyre
Fairfax House
15 Fulwood Place
London
WC1V 6AY

Bankers

Co-operative Bank
Business Admin Centre
Olympic House
6 Olympic Court
Montford Street
Salford
M5 2QP

Solicitors

Bates Wells and Braithwaite
2-6 Cannon Street
London
EC4M 6YH

Website address

www.forumforthefuture.org.uk

THE FORUM FOR THE FUTURE

DIRECTORS REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2006

The trustees, who act as directors for the purposes of company law, present their report and audited financial statements for the year ended 31st December 2006, which have been prepared in accordance with the Statement of Recommended Practice Reporting and Accounting by Charities, and the Companies Act 1985

OBJECTS AND PRINCIPAL ACTIVITIES

The Forum for the Future is a registered educational charity and a company limited by guarantee and not having share capital. Its governing documents are its Memorandum and Articles of Association. The objects of the Charity are

- *To advance the education of the public in economic and social studies as they relate to individuals, communities, society at large and the planet as a whole, with special reference to their inter-relationship with ecology, the natural world, health, technology, agriculture, sustainable development, philosophy and psychology*
- *To promote sustainable development for the benefit of the public by*
 - *The preservation, conservation and protection of the environment and the prudent use of natural resources*
 - *The relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities*
 - *The promotion of sustainable means of achieving economic growth and regeneration*

Through these objects, we aim to show that a sustainable future is both possible and desirable

THE FORUM FOR THE FUTURE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

THE FORUM MANAGEMENT STRUCTURE

The governing body of the Forum is the Board of Trustees, which meets four times a year. The Trustees are responsible for ensuring that the Forum abides by its charitable aims, works within the law, and delivers its mission effectively. They oversee the policies and objectives of the Forum and ensure that the work of the organisation is monitored and evaluated effectively. Two of the Trustees, Jonathon Porritt and Sara Parkin, are also salaried employees of the Forum, and one other trustee was paid for services during the year, with the consent of the Charity Commission. The remaining Trustees are unpaid volunteers. The Trustees serve for a three-year term, after which they must be re-elected.

The Board is led by the Chair of Trustees, one trustee is elected as Deputy Chair and Honorary Treasurer. The Honorary Treasurer leads the Audit and Assurance Committee, which meets four times a year to ensure the adequacy of the Forum's internal controls and financial management, and to consider and evaluate the work of the external auditors.

New Trustees are appointed by the Board following open advertisement through our magazine, *Green Futures*, and approaches to other individuals. The Board maintains a list of required skills and competencies, and seeks to ensure that recruitment fills any skill gaps left by retiring Trustees. New Trustees are invited to an induction breakfast led by Chief Executive Peter Madden and Director of Resources Patti Whaley. The induction provides an introduction to the Forum and a review of the duties of Trustees as defined by the Charity Commission. This is supplemented by a booklet of essential documents and other reference materials.

The day-to-day running of the Forum is delegated to the Chief Executive Peter Madden, with the support of the two Founder-Directors, Sara Parkin and Jonathon Porritt. The CEO is assisted by the Senior Management Team who lead the separate programmes within the Forum.

As part of a ten-year strategic review carried out during 2006, the structure of the Forum was simplified. There are now five main programmes:

Business Programme (BP): helping leading corporations demonstrate that sustainable business is more successful.

Public Sector Programme (PSP): helping leading public-sector organisations deliver improved public services for people, places and the environment. The PSP also delivers the Forum's own scholarship programme, the Leadership for Sustainable Development Master's Degree.

Communications Programme): overseeing the Forum's media, communications and futures work, including *Green Futures*, a bi-monthly magazine communicating examples of best practice in sustainability across a wide range of policy areas.

Central Services (CS): providing operational support to all Forum programmes and staff.

The **London Sustainability Exchange (LSx)**, working to make London one of the world's most sustainable cities. LSx plans to become an independent charity in the second half of 2007.

THE FORUM FOR THE FUTURE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

ACHIEVEMENTS AND PERFORMANCE DURING 2006

The Forum celebrated its tenth birthday in June with a party 400 partners and supporters, a mixture of jazz, opera and humour, and a specially-commissioned poem by Helen Dunmore. The brief report below summarises some of our achievements against our top ten priorities for 2006, plus a sample of results from ongoing activities across our programmes.

Mission-related objectives

- We pushed for solutions on **climate change** across all sectors of the UK:
 - More than 25 of our business partners responded to our *Climate Challenge* to take a leadership position on reducing their environmental impact and providing solutions to climate change. Our partner Royal and Sun Alliance, who has been with us for seven years, became the first insurance company to go carbon neutral.
 - We advised the Prince of Wales on his 'Accounting for Sustainability' initiative and his direct carbon footprint.
 - We helped to develop and launch BP's *targetneutral* initiative *targetneutral*, the first consumer carbon-offset product in the UK, engages motorists on climate change and encourages them to reduce the amount they drive and, where that's not possible, to offset.
 - We began a 3-year, £2-million project to develop a sustainable paint with ICI and Carillion. The first phase of this work won an award for innovation.
 - We began two Defra-funded projects to communicate the climate-change message, one involving farmers and the rural community, and one coordinating pan-London work on climate change, giving particular support to South Asian communities.
 - We published a range of reports on sustainable transport including *Analysing the business case for sustainable rail* and *Access West*, a study on sustainable transport in the West of England.
- We focused on **sustainable procurement and consumption** as a key lever for change in the public sector.
 - We published *Hey, big spenders!*, a manifesto on sustainable procurement in the public sector, in response to the report of the Task Force on Sustainable Procurement.
 - We coordinated business and NGO input into government thinking on procurement and organised meetings with ministers.
- We began a more explicit programme of work in **futureology**, pulling together our existing work in backcasting, visioning and scenarios.
 - We completed a research project on nanotechnology and sustainability, and published our report *The Future of Nanotechnology: We need to talk*, exploring different future scenarios for nanotechnology development.
 - We worked with UCAS to conduct a survey on the attitudes of school leavers to the environment and the future, and received 56,000 responses, the resulting *Future Leaders Survey* was published in early 2007.
 - We announced the winner of the "Calor Village of the Year Award" for 2016, awarding the prize to a fictional village that exemplified how to embed sustainability in all aspects of village life.
- As part of our ten-year anniversary, we undertook a **strategic review** of the external challenges we face, our model for effecting change, and our organisational structure. The review culminated in a new three-year strategy, a simplified organisational structure, and a new emphasis on delivering our message through innovation, leadership, and futures.

THE FORUM FOR THE FUTURE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

Organisational priorities:

- We aimed to add £200,000 to our **unrestricted reserves**. We actually added £50,000 to our unrestricted reserves, which was sufficient to maintain the minimum level required by our reserves policy.
- We focused on **enhanced career satisfaction** at the Forum. We conducted a pay review, shifted to a system of annual experience increases, and continued to improve our pension provision. We standardised job descriptions in order to clarify the career path for our delivery staff. We consolidated a three-year rotating training and development plan, linking our core courses to the skills required for each staff level.
- We planned to improve our **information management** by building a new intranet and information storage strategy. We did not make as much progress in this area as we had hoped, however, we have developed a full specification for the intranet, reorganised and simplified our common online storage system, and completed the requirements specification and package selection for a new contact management database.
- We ensured a smooth transition to our new **leadership and governance** structure by agreeing clear governance roles and delegation of responsibilities. The new structure was reviewed in October 2006 and found to be working well.
- We improved our **external communications** by relaunching our web site, increasing the size and strength of our communications team, training staff in better writing skills, and ensuring quality control for all Forum publications.
- We began planning for the **office environment** that we want, but this objective was not completed in 2006. We plan to move our London office in 2007 or early 2008, and will implement a more structured homeworking and hotdesking programme in the context of that move. As part of our internal programme to offset the impacts of our office operations, we sponsored a bus at the Cheltenham Greenbelt Festival to help reduce car and taxi travel, and were also able to convince the bus company to use a biofuel mixture rather than straight petrol.

Other activities

The restructuring of the Forum, resulting from the strategic review, included a restructuring of the primary activities through which we achieve our objectives. We have therefore restated the activities proposed for 2006 in terms of our new primary activities.

- **Working with the Business Sector**
 - New partners in our successful business network included Kingfisher, Friends Provident, Virgin Atlantic, Morley, Cargill, MCM Architects and the property developer Minoan Practice.
 - We defined SD leadership in the business sector with our report, *Are you a leader business?*, featuring case studies of our partners Pret à Manger, BP, Nationwide, Boots, BT, First Choice, M&S, Nike and Toyota.
 - Other major business sector events included
 - a conference on sustainable food in November, attended by companies such as Sainsbury's, Waitrose and Cargill. This led to further engagement with the Food and Drink Federation looking at ways of improving the sustainability performance of the food value chain.
 - 'Hug a wind turbine', a trip to the UK's largest Green Energy Retail Park.
 - 'Offsets and Beyond', which addressed the risks and opportunities associated with climate change with contributions from BP, BT and Friends of the Earth.

THE FORUM FOR THE FUTURE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

- We launched Phase 2 of our London Principles for the financial community, looking at ways of increasing investment in clean technology. We also worked with the mainstream investment community and private equity to look at ways of incorporating sustainability criteria into investment decision processes.
- We also launched The Alliance for Building Sustainability, a network in partnership with CIRIA and Constructing Excellence, designed to spread awareness of sustainability in construction design and new buildings.
- **Working with the Public Sector**
 - We delivered a Sustainability Appraisal of the London Plan, and undertook an appraisal framework to integrate sustainability into the planning, delivery and legacy of the 2012 Olympics.
 - Our Sustainability Reporting Framework for the public sector, written in partnership with CIPFA, won the 2006 Sir Harry Page Award for outstanding work in public sector finance.
 - Our work on the Regional Spatial Strategy for the North West Regional Assembly was selected as one of the finalists for the 2006 Royal Town Planning Institute Planning Award.
 - We continued our successful Masters in Leadership for Sustainable Development, a further 12 scholars graduated in July with David Cameron delivering the graduation address.
 - We developed and launched a new module in Applied Sustainability with the London Business School.
 - We completed a three-year project on sustainable land use in the South West, as a result of the strategic review, we decided not to seek further funding for this work.
- **London Sustainability Exchange**
 - Our Motivate London and Diverse London projects continued to explore new ways to motivate Londoners to adopt sustainable behaviours and new ways to communicate sustainability to diverse communities in London. Sample outputs included a major report on recycling in the Muslim community, and a CD ROM titled *The Motivation Kit Means of Motivation and Powers of Persuasion*. Further pilot projects include one with Thames Water working on water saving with East London's Hindu community, and one partnering with Groundwork and young people on our 'Children as Change Agents' project.
 - We began a major new project to improve the sustainability of the food and drink sector in London, particularly focusing on small and medium-sized businesses.
 - We launched a Sustainable 2012 Network for NGOs and businesses committed to a sustainable Olympic legacy at an event at DCMS in May, with partners WWF-UK, Green Alliance and Encams.
- **Communications**
 - Our flagship magazine *Green Futures* published six issues, including special supplements on China, micro-energy, sustainable procurement, and the first ever guide to eco-visitor centres in the UK.
 - We launched two new, streamlined web sites (www.forumforthefuture.org.uk and www.greenfutures.org.uk).
 - In partnership with The Guardian, we published *The Giving List*, a special supplement looking at the progress companies are making on sustainable development.
 - We published 17 reports, including an analysis of Balance Transfer services in Egypt (*A sense of balance*) and a review of the environmental impacts of the mobile telecommunications industry (*Earth Calling*), all available free of charge on our website.
 - We had a record year for media coverage with stories in The Financial Times, The Telegraph, The Independent, The Times and The Director magazine.

THE FORUM FOR THE FUTURE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

- We held a range of public events and talks including a lecture by Amory Lovins at the Royal Academy of Engineers, a lecture by Treasury economist Michael Jacobs at the RSA and the launch a major new book by Jonathon Porritt, *Capitalism as if the earth matters*

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The Forum's total income increased by £467,572 to £4,037,525 (2005 £3,569,953) Total expenditure for the year amounted to £4,090,608 (2005 £3,640,850) resulting in net outgoing resources of £53,083 (2005 net outgoing resources of £70,897)

The increase in incoming resources derives principally from the expansion of business programme projects and partnership work and from grants received by the London Sustainability Exchange during the year Business income as a proportion of total income continues to increase year on year and now represents 47 per cent of overall income (compared to 42% of total income in 2005) The ratio of unrestricted to restricted income remains high at 72:28 (75:25 in 2005) compared to an average split of 65:35 over the last five years

The total unrestricted income generated by the Charity was £2,890,020, which represented a 9% increase over the previous year Restricted income also increased by over £237,837, mainly due to new London Sustainability Exchange grant-funded projects focusing on Green Food and Drink, London Olympics and Climate Change

Total expenditure increased during the year by £449,758; unrestricted expenditure increased by £290,436 with an increase in restricted spend of £159,322 The increase in expenditure was mainly due to staff costs related to new London Sustainability Exchange projects and the expansion of Business Programme As in previous years, support and external communications expenditure for 2006 has been allocated across all programmes on the basis of total staff cost

The provision for environmental sustainability held in the balance sheet now stands at £24,000 and was increased by £15,000 in the year This balance represents what it would cost the Forum to avoid, or if avoidance is not possible, to offset the effects of the most significant environmental impacts, including staff commuting, that have resulted from the Forum's activities during the year

The balance of restricted and unrestricted funds carried forward at the end of the year amounted to £1,031,568 (2005 £1,084,651) The balance of unrestricted funds at the end of the year has increased by nearly 8 per cent to £717,719 (2005 £667,122) an increase of £50,597 on previous year, restricted funds have decreased to £313,849 (2005 £417,529) The fall in restricted funds reflects the closure of completed projects in the Public Sector Programme and the winding down of our rural work

THE FORUM FOR THE FUTURE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

RESERVES POLICY

The reserves policy prescribes that unrestricted funds that are not designated to future activities or invested in tangible fixed assets should be not less than two nor more than four months of the budgeted unrestricted spend for the year. Budgeted unrestricted spend includes all central service and office costs as well as the budgeted cost of Forum's unrestricted cost centres, reduced by the amount of funds that are designated. Carrying forward adequate unrestricted free reserves underpins the successful implementation of Forum's charitable objectives by providing a measure of protection against unexpected drops in income or increases in expenditure.

To comply with this policy we should be holding free unrestricted reserves of £442,000 to £883,000 (2005 £409,000 to £819,000) at the end of 2006. At present, the Forum has £495,524 unrestricted free reserves (2005 £485,700), a figure calculated by deducting designated funds (£157,805) and unrestricted tangible fixed assets (£64,390) from the total of unrestricted funds at the year end (£717,719).

RISK ASSESSMENT

The risk assessment policy, approved by the Trustees in 2004 and reviewed in early 2006, continued to give the Trustees reasonable, but not absolute, assurance that key risks are adequately managed. The policy requires the identification of key risks each year and that, for each risk identified, the responsibility for constructing a risk mitigation strategy and monitoring the progress of that strategy is delegated to a named member of staff. Twice each year, the trustees review the risks being monitored and receive reports on the implementation of the risk mitigation strategy.

PLANS FOR 2007

The strategic review identified three overriding objectives for the Forum's future work:

- 1 To prove that sustainable business is more successful
- 2 To help leading organisations deliver improved public services for people, places and the environment
- 3 To demonstrate through sustainable development how our lives can be better

These objectives correspond to our three primary delivery activities: working with the business sector, working with the public sector, and using communications and futures to deliver the sustainable development message. For each of these activities we have defined three-year objectives, three-year indicators and one-year indicators. The objectives and one-year indicators are shown on the following pages.

The Forum has been 'incubating' London Sustainability Exchange (LSx) since its launch in 2002, with the intention that it would eventually become an independent charity. LSx has built a strong and sustainable programme of activities focusing on motivating and educating Londoners to adopt more sustainable behaviours. We are now proposing that LSx launch as an independent, self-sustaining charity in the second half of 2007.

FORUM FOR THE FUTURE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

Objectives and activities	One-year indicators
1. To prove that sustainable business is more successful.	
<p>By 2009 we will have</p> <ul style="list-style-type: none"> • Helped create, and worked closely with, a number of leaders in the business world who are delivering tangible improvements in the sustainability performance of their individual businesses and whole sectors • Used innovation to deliver new, more sustainable products and services which help the consumer be more sustainable • Developed new business models that allow businesses, large and small, to put sustainability at the heart of their operations • Helped make buildings and communities more sustainable and proved that sustainable buildings are the best thing for environment, people and the financial bottom line • Worked with the mainstream investment community to develop new ways in which money can be allocated to activities that support sustainable development • Delivered mainstream holidays and travel within environmental limits 	<ul style="list-style-type: none"> • Two mainstream, more sustainable, products and services are brought to market by partners working with the Forum • Forum's partners are demonstrably more successful and sustainable than their peers • 75% of partners set and meet transformation targets
2. To help leading organisations deliver improved public services for people, places and the environment.	
<p>By 2009 we will have</p> <ul style="list-style-type: none"> • Influenced the frameworks for public service delivery so that national multiplier bodies expect local and regional delivery bodies to embed SD • Catalysed inspirational exemplars of good SD practice, changing real places to show that sustainable living is possible • Created a 'can-do' culture among leaders in the public sector by building capacity and inspiring confidence in sustainable development • Achieved wide uptake of SD tools (such as the Sustainability Standard and Integration Tool) • Developed and piloted practical measures to make procurement and investment decisions more sustainable • Fostered six nationally-recognised SD innovations in the public sector 	<ul style="list-style-type: none"> • Ten per cent of leading local authorities adopt Forum's Sustainability Standard • £2bn of procurement by Forum partners has passed through an SD filter • 75% of partners set and meet transformation targets • Coverage by, and approval of, Forum's capacity building amongst SD leaders increases by 10%

FORUM FOR THE FUTURE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

Objectives and activities	One-year indicators
3. To demonstrate through sustainable development how our lives can be better.	
<p>By 2009 we will have</p> <ul style="list-style-type: none">• Developed an exciting online presence• Built our Futures reputation via high profile projects• Delivered a series of funky soirées• Refreshed and revitalised our brand• Significantly raised our profile via external media• Provided high quality communications and futures support for Forum teams, partners and projects	<ul style="list-style-type: none">• Two nationally-recognised exemplars underway• Forum fosters three nationally-recognised SD innovations• Forum futures work demonstrably drives strategy in two major organisations• A new interactive website, combining Forum for the Future and Green Futures• Web hits increased by 100%• Six major press hits on our positive solutions• A newly designed brand
4. Forum for the Future as an organisation	
<p>By 2009 we plan to</p> <ul style="list-style-type: none">• Improve our skills, including futures, innovation, climate change, project management• Build a network of Forum Associates and international contacts• Offer flexible working arrangements• Improve our reward package by providing life assurance and raising our employer pension contribution to 6%• Take a more strategic approach to using interns and volunteers• Move to new premises in London• Stay abreast of current technology and launch a new intranet• Improve the diversity of our staff• Launch London Sustainability Exchange as an independent charity	<ul style="list-style-type: none">• We maintain at least 80% staff satisfaction• We maintain unrestricted reserves at two months of unrestricted expenditure• LSx launched by mid- to late 2007

THE FORUM FOR THE FUTURE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company and charity law requires the directors, as directors and trustees, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of its income and expenditure for that period. In preparing those financial statements, the directors are required to,

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

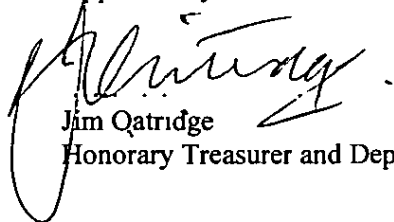
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each director is aware, there is no relevant information, defined as "information needed by the company's auditors in connection with preparing their report", of which the company's auditors are unaware, and each director has taken all steps that he ought to have taken to make himself aware of any relevant matters and to ensure that the company's auditors are aware of such information. Such steps include making inquiries of other directors and auditors and other steps required by the director's duty to exercise due care and skill.

AUDITORS

The auditors, Haysmacintyre, have expressed their willingness to continue in office and a resolution proposing their re-appointment will be put to the forthcoming Annual General Meeting.

Approved by the Board on 24-4-07 and signed on their behalf by



Jim Qatridge
Honorary Treasurer and Deputy Chair

THE FORUM FOR THE FUTURE

FOR THE YEAR ENDED 31ST DECEMBER 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FORUM FOR THE FUTURE

We have audited the financial statements of Forum for the Future for the year ended 31 December 2006, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and 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 auditors' 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 trustees and auditors

As described in the Statement of Trustees' Responsibilities the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Trustees are also directors of The Forum for the Future for the purposes of company law.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

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

haysmacintyre
Chartered Accountants
Registered Auditors

24 April 2007

Fairfax House
15 Fulwood Place
London
WC1V 6AY

THE FORUM FOR THE FUTURE

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST DECEMBER 2006

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £ (as Restated)
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Donations and legacies		190,129	-	190,129	223,181
<i>Investment Income</i>					
Interest receivable		16,454	-	16,454	16,087
<i>Incoming resources from charitable activities:</i>	2				
Business Programme		1,647,797	245,432	1,893,229	1,506,725
Public Sector Programme		655,477	217,431	872,908	1,011,806
London Sustainability Exchange		-	667,260	667,260	388,783
Communications		356,763	17,382	374,145	408,720
Other		23,400	-	23,400	14,651
<i>Total of incoming resources from charitable activities</i>		2,683,437	1,147,505	3,830,942	3,330,685
Total incoming resources		2,890,020	1,147,505	4,037,525	3,569,953
Resources expended	4				
<i>Costs of generating funds</i>					
Fundraising and development		66,127	-	66,127	58,878
<i>Charitable activities</i>					
Business Programme		1,364,452	271,464	1,635,916	1,350,738
Public Sector Programme		779,995	396,654	1,176,649	1,359,727
London Sustainability Exchange		-	634,495	634,495	387,718
Communications		542,819	17,322	560,141	469,647
<i>Governance costs</i>		17,280	-	17,280	14,142
Total resources expended		2,770,673	1,319,935	4,090,608	3,640,850
Net (outgoing)/incoming Resources before transfers		119,347	(172,430)	(53,083)	(70,897)
Transfer between funds		(68,750)	68,750	-	-
Net (outgoing)/incoming Resources for the year	3	50,597	(103,680)	(53,083)	(70,897)
Funds at beginning of year		667,122	417,529	1,084,651	1,155,548
Funds at 31st December 2006		£717,719	£313,849	£1,031,568	£1,084,651

There were no recognised gains and losses other than those shown in the above SOFA.

The notes on pages 16 to 22 form part of the financial statements.

THE FORUM FOR THE FUTURE

BALANCE SHEET

FOR THE YEAR ENDED 31ST DECEMBER 2006

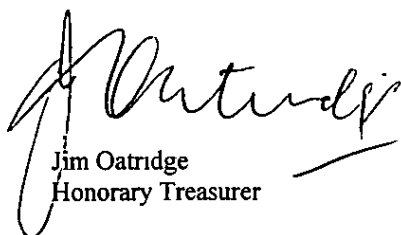
		2006		2005	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	7		66,424		68,732
CURRENT ASSETS					
Debtors	8	921,031		783,215	
Cash at bank and in hand		510,859		686,051	
		1,431,890		1,469,266	
CREDITORS: amounts falling Due within one year	9	(442,246)		(430,847)	
NET CURRENT ASSETS			989,644		1,038,419
TOTAL ASSETS LESS CURRENT LIABILITIES					1,107,151
CREDITORS : amounts falling Due after more than one year	9		(24,500)		(22,500)
NET ASSETS			£1,031,568		£1,084,651
FUNDS					
Unrestricted funds					
General		559,914		494,417	
Designated	10	157,805		172,705	
Total Unrestricted Funds			717,719		667,122
Restricted funds	11		313,849		417,529
			£1,031,568		£1,084,651

The notes on pages 16 to 22 form part of the financial statements

Approved by the Board on

24.4.07

and signed on its behalf by


 Jim Oatridge
 Honorary Treasurer

THE FORUM FOR THE FUTURE

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2006

RECONCILIATION OF NET OUTGOING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Net incoming resources for the year	(53,083)	(70,897)
Depreciation charge	40,096	59,019
(Profit) on disposal of fixed assets	(463)	(1,700)
Interest receivable	(16,454)	(16,087)
(Increase) in debtors	(137,816)	(19,120)
(Decrease) / Increase in creditors	13,399	79,136
Net cash inflow from operating activities	<u>(£154,321)</u>	<u>£30,351</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities	(154,321)	30,351
Returns on investment and servicing of finance	16,454	16,087
Income from disposal of fixed assets	996	2,000
Capital expenditure	<u>(38,321)</u>	<u>(53,064)</u>
Increase in cash	<u>£(175,192)</u>	<u>£(4,626)</u>

ANALYSIS OF CHANGES IN CASH BALANCES

Increase in cash during year	(175,192)	(4,626)
Cash balances at beginning of year	686,051	690,677
Cash balances at end of year	<u>£510,859</u>	<u>£686,051</u>

NOTES TO CASH FLOW STATEMENT

Returns on investment and servicing of finance

Interest received	<u>£16,454</u>	<u>£16,087</u>
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Capital expenditure

Payments to acquire tangible fixed assets	<u>£38,321</u>	<u>£53,064</u>
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THE FORUM FOR THE FUTURE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2006

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards and the Statement of Recommended Practice on Accounting by Charities (SORP 2005) issued February 2005. The 2005 comparative figures in the financial statements have been restated in order to comply with SORP 2005.

Income

With the exception of voluntary income arising from voluntary donations and gifts, all income is credited to the statement of financial activities on a receivable basis.

Voluntary donations and gifts are credited to the statement of financial activities in the year in which they are received. Gifts are included at retail cost or valued by the donors or the directors on the basis of their worth to the charity.

Expenditure

Direct charitable expenditure comprises expenses incurred on the defined charitable purposes of the charity and includes direct staff costs attributable to the activity and an allocation of the general management and overhead costs. Overheads are apportioned across the Forum cost centres in line with the ratio of staff costs of the cost centre in question to total staff costs, excluding the staff costs of those support cost centres that are included in the allocation. The costs that are allocated in this way include all office costs (rent, rates, asset hire, utilities, stationery, telephone, insurance etc) and support cost centres (external communications, finance, IT, HR, and office services).

Fundraising and development costs comprise expenditure incurred by the charity in inducing others to make contributions to it and in enhancing its public image and includes direct staff costs and an allocation of general management and overhead costs.

Governance costs include the cost of compliance with constitutional and statutory requirements.

Tangible fixed assets

Tangible fixed assets are stated at cost. Depreciation is provided using the straight line method at the following annual rates in order to write off each asset over its estimated useful life.

- Improvements to leasehold property 20% on cost
- Furniture and fittings 20% on cost
- Computer and office equipment 20% to 33.33% on cost

Fund accounting

The unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the directors.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor-imposed conditions.

The designated funds are set aside at the discretion of the trustees and are further analysed in note 10. There are two reasons behind the designation. Firstly, where the Trustees have identified a moral imperative to ensure funds are set aside to cover future expenditure, this is the case for the amount designated in the UK Scholarship programme, where the scholarship year runs to July following the year end. The second reason for designating reserves, applicable to all other designated reserves shown in note 10, is to reflect where trading income has been received in advance of completing a service. Where this has occurred a designation is equal to the estimated costs required to fulfil the service obligation to our partners.

Operating lease

Amounts payable under operating leases are charged to the SOFA in the period to which they relate.

THE FORUM FOR THE FUTURE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

2. Incoming resources from charitable activities:

	Unrestricted Funds £	Restricted Funds £	Total 2006 £	Total 2005 £
Central government	64,122	264,563	328,685	268,682
Local and regional government	465,198	146,402	611,600	520,274
Corporate	1,567,248	148,987	1,716,235	1,446,302
Higher education	22,165	104,400	126,565	86,969
Not-for-profit organisations	81,138	19,598	100,736	70,932
Trusts and foundations	122,733	200,000	322,733	402,816
Publishing	182,241	-	182,241	226,605
Individuals	14,454	26,019	40,473	12,510
European Union	35,792	133,759	169,551	119,009
Other income	128,346	103,777	232,123	176,586
Total income from charitable activities	£2,683,437	£1,147,505	£3,830,942	£3,330,685

3. Net Movement in Funds for the Year

	2006 £	2005 £
This is stated after charging		
Auditors' remuneration for audit	8,050	7,770
Depreciation of fixed assets	40,096	59,019

THE FORUM FOR THE FUTURE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

4. RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other £	Total 2006 £	Total 2005 £ (as Restated)
(a) Analysis of total resources expended					
Costs of generating funds					
Fundraising and development	36,383	587	29,157	66,127	58,878
Unrestricted funds					
<i>Charitable activities</i>					
Business Programme	991,253	14,980	358,217	1,364,450	1,260,645
Public Sector Programme	506,372	11,360	262,266	779,998	676,925
Communications	224,083	2,859	315,876	542,818	469,647
Governance Costs	0	0	17,280	17,280	14,142
Total unrestricted resources expended	<u>£1,758,091</u>	<u>£29,786</u>	<u>£982,796</u>	<u>£2,770,673</u>	<u>£2,480,237</u>
Restricted funds					
<i>Charitable activities</i>					
Business Programme	166,763	1,686	103,017	271,466	90,093
Public Sector Programme	291,105	3,425	102,122	396,652	672,802
London Sustainability Exchange	316,843	5,091	312,560	634,494	387,718
Communications	7,998	108	9,217	17,323	10,000
Total restricted resources expended	<u>£782,709</u>	<u>£10,310</u>	<u>£526,916</u>	<u>£1,319,935</u>	<u>£1,160,613</u>
Total expenditure	<u>£2,540,800</u>	<u>£40,096</u>	<u>£1,509,712</u>	<u>£4,090,608</u>	<u>£3,640,850</u>

(b) Analysis of Direct and Allocated Support Costs	Direct Costs £	Support Costs £	Total Direct & Allocated 2006 £	Total Allocated 2005 £
Costs of generating funds				
Fundraising and development	53,214	12,913	66,127	58,878
Charitable expenditure				
Business Programme	1,231,835	404,081	1,635,916	1,350,738
Public Sector Programme	873,648	303,002	1,176,650	1,359,727
London Sustainability Exchange	501,069	133,425	634,494	387,718
Communications	476,212	83,929	560,141	469,647
Governance Costs	-	17,280	17,280	14,142
Total expenditure	<u>£3,135,978</u>	<u>£954,630</u>	<u>£4,090,608</u>	<u>£3,640,850</u>

(c) Analysis of Support Costs	Business, Public Sector & Communications £	London Sustainability Exchange £	Fundraising and Development £	Governance Costs £	Total support costs £
Management	113,555	20,884	2,021	12,960	149,420
Finance	77,924	12,920	1,251	346	92,441
Human Resources	47,252	8,456	818	3,974	60,500
Information Technology	88,533	14,614	1,414	-	104,561
Office costs	283,975	46,876	4,536	-	335,387
External Communications	89,255	14,734	1,426	-	105,415
Other	90,518	14,941	1,447	-	106,906
Total	<u>£791,012</u>	<u>£133,425</u>	<u>£12,913</u>	<u>£17,280</u>	<u>£954,630</u>

THE FORUM FOR THE FUTURE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

5. STAFF COSTS AND DIRECTORS' REMUNERATION

Staff costs during the year were as follows

	2006 £	2005 £
Wages and salaries	2,232,844	1,996,370
Social Security costs	241,483	215,385
Pensions	66,473	29,803
	<u>£2,540,800</u>	<u>£2,241,558</u>

1 Employee (2005 2) earned between £60,000 and £70,000 per annum during the year

1 Employee (2005 1) earned between £80,000 and £90,000 per annum during the year

	2006 Number	2005 Number
The average number of employees, analysed by function was		
Direct charitable purpose of the charity	69	65
Fundraising and development	1	1
Management and administration of the charity	2	2
	<u>72</u>	<u>68</u>

Directors' consultancy fees, salary and expenses incurred during the year were

	Consultancy fees and salary		Expenses and travel costs	
	2006 £	2005 £	2006 £	2005 £
Jim Oatridge	-	-	2,001	1,179
Sara Parkin (salary)	55,058	54,018	4,016	4,657
Jonathon Porritt (salary)	62,118	60,900	7,786	11,044
Janet Barber (fees for services)	5,633	-	721	499
Alison Ball	-	-	114	-
	<u></u>	<u></u>	<u></u>	<u></u>

6. TAXATION

Forum for the Future is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities

7. TANGIBLE FIXED ASSETS

	Improvements To Leasehold Property £	Furniture And Fittings £	Computer And Office Equipment £	Total £
COST				
At 1st January 2006	83,588	43,893	247,038	374,519
Additions	1,920	1,001	35,400	38,321
Disposals			(799)	(799)
	<u>85,508</u>	<u>44,894</u>	<u>281,639</u>	<u>412,041</u>
DEPRECIATION				
At 1st January 2006	64,531	32,571	208,685	305,787
Charge for year	4,538	3,206	32,352	40,096
Charge on Disposals			(266)	(266)
	<u>69,069</u>	<u>35,777</u>	<u>240,771</u>	<u>345,617</u>
NET BOOK VALUE				
At 31st December 2006	<u>£16,439</u>	<u>£9,117</u>	<u>£40,868</u>	<u>£66,424</u>
At 31st December 2005	<u>£19,057</u>	<u>£11,322</u>	<u>£38,353</u>	<u>£68,732</u>

THE FORUM FOR THE FUTURE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

TANGIBLE FIXED ASSETS (continued)	Improvements to Leasehold Property £	Furniture And Fittings £	Computer and Office Equipment £	Total £
The net book value at 31st December 2006 represents tangible fixed assets used for				
Direct charitable expenditure	16,439	9,117	13,092	38,648
Fundraising and development	-	-	-	-
Management and administration			27,776	27,776
	<u>£16,439</u>	<u>£9,117</u>	<u>£40,868</u>	<u>£66,424</u>

8. DEBTORS

	2006 £	2005 £
Programme income receivable	852,743	707,382
Other debtors and prepayments	68,288	75,833
	<u>£921,031</u>	<u>£783,215</u>

9. CREDITORS: amounts falling due within one year

	2006 £	2005 £
Expense creditors	129,412	162,736
Other creditors and accruals	312,834	268,111
	<u>£442,246</u>	<u>£430,847</u>

CREDITORS: amounts falling due after more than one year

	2006 £	2005 £
Deferred income	<u>£24,500</u>	<u>£22,500</u>

10. DESIGNATED FUNDS

The unrestricted income funds of the charity include the following funds designated by the Trustees to cover future expenditure

Fund	At 1 January 2006 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2006 £
Business Programme:					
Business Partnerships	58,072	49,406	58,072	-	49,406
Sustainable Accounting	9,750	-	9,750	-	-
Competitiveness Project	3,900	-	3,900	-	-
Public Sector Programme:					
Scholarship Programme	58,743	126,804	136,606	-	48,941
Local and Regional Programmes	42,240	59,458	42,240	-	59,458
	<u>£172,705</u>	<u>£235,668</u>	<u>£250,568</u>	<u>-</u>	<u>£157,805</u>

THE FORUM FOR THE FUTURE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

11. RESTRICTED FUNDS

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trusts to be applied for specific purposes

Fund	At 1 January 2006 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2006 £
Business Programme:					
Nanologue	32,355	10,649	51,149	8,145	-
DTI/ICI Project	-	13,785	5,243	-	8,542
Engineers for Sustainability	58,916	90,650	91,151	-	58,415
Sustainable Economy Programme	9,970	124,351	123,921	-	10,400
Public Sector Programme:					
Partnerships for Sustainability	1,185	6,000	47,846	40,661	-
Biffaward	(5,653)	-	81	5,734	-
International Masters	26,850	-	30,360	3,510	-
SIGNET	27,665	51,400	71,886	(7,179)	-
Professions	27,256	24,421	58,380	6,703	-
Health Projects	-	148,588	89,435	16,153	75,306
South West Region/Farm Network and Landuse Initiatives	110,621	(6,978)	98,666	(4,977)	-
Communications:					
DEFRA Climate Challenge Fund	-	17,382	17,322	-	60
London Sustainability Exchange					
Bridge House Trust	98,665	159,502	111,253	-	146,914
ALG	45,577	118,620	144,258	-	19,939
Other Projects	4,614	116,102	97,247	-	23,469
DEFRA funding	(20,492)	141,451	134,996	-	(14,037)
Olympic Games	-	6,800	15,586	-	(8,786)
Greener Food and Drink	-	101,552	95,846	-	5,706
Climate Change	-	23,230	35,309	-	(12,079)
Total	£417,529	£1,147,505	£1,319,935	£68,750	£313,849

The negative restricted balances represent project overspends which will be offset by future income. More details about these funds can be found in the Directors Report on page 3

THE FORUM FOR THE FUTURE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total 2006 £
Fund balances at 31st December 2006 are represented by			
Tangible fixed assets	64,390	2,034	66,424
Net current assets	677,829	311,815	989,644
Long term liabilities	(24,500)	-	(24,500)
Net assets	<u>£717,719</u>	<u>£313,849</u>	<u>£1,031,568</u>

13. LIABILITY OF MEMBERS

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up members are required to contribute an amount not exceeding £1 per member.

14. OPERATING LEASE COMMITMENTS

At the year end there were operating lease commitments on office premises amounting to £46,500 p a due to expire in 2 – 5 years.

15. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.