

THE FORUM FOR THE FUTURE

**Registered charity
Company limited by guarantee**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2004**

Company Registration Number 2959712
Charity Registration Number 1040519



THE FORUM FOR THE FUTURE

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2004

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THE FORUM FOR THE FUTURE

FOR THE YEAR ENDED 31ST DECEMBER 2004

LEGAL AND ADMINISTRATIVE INFORMATION

Directors

Richard Sandbrook - Chair
Janet Barber
Jonathan Dimbleby (retired July 2004)
Ram Gidoomal
Prue Leith
Jim Oatridge – Deputy Chair and Hon Treasurer
Jonathon Porritt
David Puttnam (retired July 2004)
Sarah Butler Sloss
Christine Tacon
Stephen Tromans

Company Secretary

Patti Whaley

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
61 Charterhouse Street
London
EC1M 6HA

Website address

www.forumforthefuture.org.uk

THE FORUM FOR THE FUTURE

DIRECTORS REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2004

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 2004, 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.

During the year the Charity Commission approved a second object for the Forum; our objects are now:

- *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 carry out our mission to accelerate change to a sustainable way of life, taking a positive, solutions-oriented approach.

THE FORUM FOR THE FUTURE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2004

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 Forum abides by its charitable aims, works within the law, and delivers its mission effectively. They oversee the policies and objectives of Forum and ensure that the work of the organisation is monitored and evaluated effectively. Trustees are unpaid volunteers. Two of the Trustees, Jonathon Porritt and Janet Barber, are paid for services provided, with the consent of the Charity Commission. The Trustees plan to appoint Sara Parkin as a trustee in the future, subject to permission from the Charity Commission to allow her to also be paid for services provided to Forum.

The Board is led by the Chair of Trustees, currently Richard Sandbrook; 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 Forum's internal controls, and to consider and evaluate the work of the external auditors.

The day-to-day running of Forum is delegated to two Programme Directors, Sara Parkin and Jonathon Porritt. The Programme Directors are assisted by the Senior Management Team who head the separate programmes within the Forum.

In addition, London Sustainability Exchange is overseen by a Board chaired by trustee Ram Gidoomal and also comprising Sara Parkin and five appointees representing the other organisations in London Sustainability Exchange's founding consortium.

The programmes within the Forum are:

Forum Business Programme (FBP): helping companies map a route through the rapidly evolving sustainable development agenda

Sustainable Economy Programme (SEP): policy-oriented economic solutions to environmental problems; SEP includes the Centre for Sustainable Investment and the Sustainability Accounting team.

Education and Learning Programme (ELP): partnerships in higher education, and the Forum's own scholarship programme, the Leadership for Sustainable Development Master's Degree.

The Natural Step (TNS): an environmental training initiative for community groups, businesses and other organisations, developed in Sweden and being introduced to the UK by the Forum. The Natural Step has its own management board, consisting of Jonathon Porritt (chair), Sara Parkin, Janet Barber and four other appointees representing business and other interests.

Local, Regional and Rural Programme (LRRP): working with key players in local and regional authorities and the rural sector to implement sustainable development

The **London Sustainability Exchange (LSx)**, which works to make London one of the world's most sustainable cities. LSx is overseen by a board chaired by Forum trustee Ram Gidoomal and also including Sara Parkin and representatives of the five organisations in its founding consortium,

External Communications (ExComms): overseeing Forum's media and communications 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 FORUM FOR THE FUTURE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2004

ACHIEVEMENTS AND PERFORMANCE DURING 2004

In addition to carrying out our mission by working in partnership with corporations, local and regional authorities, higher education, and other key sectors, our strategy focused on five organisational objectives:

- Improving our financial performance
- Developing our human capital
- Improving “joined-up working” to build more cross-programme and cross-sectoral impact
- Raising our profile and communicating more effectively
- Measuring and enhancing our impact

A sample of our achievements during the year includes:

- **Taking forward our Master’s degree.** We recruited the 100th scholar to our UK Master’s Degree programme in Leadership for Sustainable Development; in parallel we launched a pilot degree programme for 12 internationally recruited students. We are also pleased that Queen’s University, Belfast, and the University Polytechnic of Catalonia, in Barcelona have launched new versions of the Masters Degree, multiplying further the impact of this programme.
- **Extending our partnership base:** The range of partners working with us to accelerate progress to a sustainable way of life now includes 32 local authorities, 9 regional authorities, and 50 corporations. We recruited educational partners for SIGnet, a new network to build sustainability literacy through the post-school sector.
- **Extending best practice:** During the year we worked with our partners to produce:
 - The UK’s first corporate use of Social Return on Investment (SROI)
 - The first environmental accounts in the public sector
 - The first fully monetised triple-bottom-line accounts
- **Research and publications:** Key reports during the year included:
 - Environmental Justice in London
 - Wasted Opportunities
 - Regional Strategies
 - Low Carbon Economy in the Regions
 - Spatial planning in the Regions
 - The future impacts of ICT on environmental sustainability
 - Encouraging Green Telework
 - Innovation for Sustainable Development
 - Communicating for sustainability: guidance for higher education institutions
 - Learning and skills for sustainable development: developing a sustainability literate society
 - On course for sustainability: a collation of all the different tools and models used to transform higher education institutions
- **New tools:** some of the new tools we launched are:
 - The ENGAGE website (www.engageweb.org), an online toolkit on how to be a socially responsible construction client
 - A new Sustainable Procurement tool for local authorities
 - The Green Investment ANalysis Tool (GIANT) to help the National Environment Research Council analyse the environmental impact of large capital investments
 - HEPS RT: the first tailor made sustainability reporting tool for the higher education sector
 - The Leadership Challenge, to help companies benchmark their SD performance
- **Sharing our knowledge:** In addition to our regular series of events for our partner networks, our workshops and public events during the year included:
 - A series of workshops with professional institutes in the financial sector
 - Sustainable Investment in Developing Countries: Pipedream or Possibility?’ hosted by the Shell Foundation and The Forum for the Future
 - Telling it like it is, on the role of the media in presenting sustainability

THE FORUM FOR THE FUTURE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2004

- James Lovelock: Gaia and Global change, in association with the RSA
- Sustainability literacy: knowledge and skills for the future, consultation workshop as part of the development of Defra's sustainability development strategy
- Charles Clarke and leaders from HE/FE sector: Embedding sustainability literacy
- Your Turn: an event for all Forum partners exploring the challenges of leadership and change management for sustainable development
- **Green Futures**, our flagship magazine, had leading features and supplements on designing for sustainability, sustainability entrepreneurs, nanotechnology, climate change, and the UK strategy for sustainable development.

We also worked to improve the management and governance of the Forum. We built a new Sustainability Management System, based on the Five Capitals, which provides a framework for planning and continual improvement in our operations. The SMS builds on our successful Environmental Management System, which is certified to the ISO14001 standard. Our efforts to improve the management of the Forum were reflected in our year-end staff survey; 83% of our staff said that they were 'satisfied' or 'very satisfied' with their work at Forum, the number of staff who are satisfied with management went up by 17%, and for the first time we achieved our target levels of performance against our Values Statement. During 2004 we benchmarked the Forum against the Charity Commissions "Hallmarks of an Effective Charity", CC60. The majority of hallmarks identified by the Commission were found to be operating well at the Forum; areas requiring improvement will be addressed during 2005.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Incoming resources for the year amounted to £3,834,368 (2003: £3,928,936) while total expenditure for the year amounted to £3,567,469 (2003: £3,721,257).

Overall, income has declined year on year by just under £100,000, though income from unrestricted sources increased by over £150,000. Key to this increase was the expansion of our Regional Government network and a deeper engagement with our Corporate Partners. Restricted income declined by over £250,000. While funding received from Trusts and Foundations increased by almost a quarter of a million pounds year on year, reduced restricted income was experienced from other sources due to either the ending or winding down of funding for activities (European Union funding for Digital Europe, Higher Education Funding Council for England and Wales for the Higher Education Partnerships) or because of the one off nature of a material restricted donation received in 2003 (£240,000 received in 2003 from Wessex Water).

Expenditure decreased during the year by around £155,000, almost all of which being reduced unrestricted expenditure, explained by large decrease in spend in The Natural Step (the programme was dramatically reduced in size during 2004) and a smaller reduction in the Education and Learning programme (as costs became absorbed by restricted activities that took off in 2004). Restricted expenditure has remained stable, with the winding down of restricted activities mentioned above counteracted by the commencement of new restricted activities (Mass Balance work funded by Biffaward, a full year of the International Scholarship programme funded by Vodafone Foundation and Motivate London project funded by the Association of London Government). Staff costs have stabilised, as have average staff numbers.

Included in our expenses for the year are our environmental sustainability costs. This represents what it would cost the Forum to avoid, or if avoidance is not possible, to restore the effects of the most significant environmental impacts, including staff commuting, that have resulted from our institutional activities during the year. This figure, our environmental sustainability cost, has been estimated at £6,700 and has been provided in full in our financial accounts. More details about the method of calculation can be found in our Annual Report and on our website (www.forumforthefuture.org.uk).

The balance of restricted and unrestricted funds carried forward at the end of the year amounted to £1,155,548 (2003: £888,649).

THE FORUM FOR THE FUTURE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2004

RESERVES POLICY

The reserves policy requires unrestricted funds that are not designated to future activities or invested in tangible fixed assets should be between a minimum of 2 months and a maximum of 4 months of the budgeted unrestricted spend for the following 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. The target unrestricted "free" reserves so calculated equates to a range between £409k and £819k (2003: £456k and £913k). 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. At present, Forum has £175,746 unrestricted free reserves (2003: just under zero), a figure calculated by deducting designated funds (£297,881) and unrestricted tangible fixed assets (£70,412) from the total of unrestricted funds at the year end (£544,039).

RISK ASSESSMENT

The risk assessment procedure, approved by the Trustees in 2003 and reviewed in early 2005, was effective during its first full year of operation. This policy will 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 2005

During 2005 we plan to recruit our first Chief Executive Officer to take over the top-level management of the Forum; our founding directors, Jonathon Porritt and Sara Parkin, will continue their commitment to the Forum, but will focus their attention on working directly with partners on our front-line programmes. Other highlights of our plan for the year include:

- Continued expansion of our partnership base in the commercial, local, regional and rural sectors.
- The launch of a new Sustainability Integration Group, drawing together decision makers and leaders from the post-16 and higher education sectors to facilitate the growth of sustainability literacy.
- Phase three of our successful "Engineer of the 21st century" project to integrate sustainability into the engineering profession; we will also explore ways to roll this approach out to other key professions.
- A new project on nanotechnology and sustainability
- The Forum Business Programme will focus the Sustainable Development aspects of six key areas: new technology, marketing, energy and climate, transport, the built environment, and innovation.
- A major new project on social capital with Unilever
- Phase two of our Mass Balance project, promoting this tool for more active use by government
- Continuing to build our partnerships and research projects in the construction sector, the finance sector and the rural sector.

We will also pilot a new approach to measuring our outcomes. For the past three years we have used the Transformation Index to gauge our success in effecting permanent transformative change with our partners and other stakeholders. During 2005 we will pilot a more target-based approach, in which our partners will set specific transformation goals to be achieved with the Forum's support.

Internally, key improvements planned for the year include the implementation of a new time management system to ensure that we maximise and capture the value we offer to our partners and stakeholders; the implementation of a more proactive approach to diversity; and the strengthening of our personal development and learning programme. Our new Sustainability Management System will be in its first full cycle, and we will assess at the end of the year whether our targets are realistic and have helped us to improve in practice.

THE FORUM FOR THE FUTURE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2004

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;

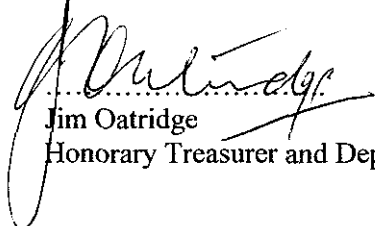
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements 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.

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 28/04/05 and signed on their behalf by:



Jim Oatridge
Honorary Treasurer and Deputy Chair

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 2004 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 preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards. The Trustees are also Directors of 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 United Kingdom Auditing Standards.

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 transactions with the charitable company is not disclosed.

We read the other information contained in the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or apparent material inconsistencies with the financial statements.

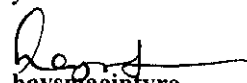
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 of the state of the charitable company's affairs as at 31 December 2004 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


haysmacintyre
Chartered Accountants
Registered Auditors

28.04.2005

Fairfax House
15 Fulwood Place
London
WC1V 6AY

THE FORUM FOR THE FUTURE

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST DECEMBER 2004

	Notes	Unrestricted Funds £	Restricted funds £	Total Funds 2004 £	Total Funds 2003 £
Incoming resources					
Donations and legacies		120,418	-	120,418	104,071
Activities in furtherance for the Charities objectives:					
Central government	2	27,336	-	27,336	27,421
Local and regional government		408,331	107,016	515,347	294,567
Corporate		1,376,342	61,150	1,437,492	1,618,028
Higher education		33,280	57,000	90,280	195,824
Not-for-profit organisations		30,329	-	30,329	90,350
Trusts and foundations		-	1,226,634	1,226,634	982,614
Publishing		91,816	2,928	94,744	165,003
Individuals		-	869	869	10,315
European Union		10,669	-	10,669	113,738
Other income		212,027	58,435	270,462	317,918
Interest receivable		9,788	-	9,788	9,087
Total incoming resources		<u>2,320,336</u>	<u>1,514,032</u>	<u>3,834,368</u>	<u>3,928,936</u>
Resources expended					
Costs of generating funds:					
Fundraising and development	4	44,270	-	44,270	78,436
Costs in furtherance of charity Objectives:					
Grants payable	3/4	-	103,130	103,130	108,110
Operational programmes	3/4	1,982,168	1,338,063	3,320,231	3,423,643
Governance costs	4	81,944	17,894	99,838	111,068
Total resources expended	4	<u>2,108,382</u>	<u>1,459,087</u>	<u>3,567,469</u>	<u>3,721,257</u>
Net (outgoing)/incoming Resources before transfers		211,954	54,945	266,899	207,679
Transfer between funds		-	-	-	-
Net (outgoing)/incoming Resources for the year		211,954	54,945	266,899	207,679
Funds at beginning of year		332,085	556,564	888,649	680,970
Funds at 31st December 2004		<u>£544,039</u>	<u>£611,509</u>	<u>£1,155,548</u>	<u>£888,649</u>

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

The notes on pages 12 to 18 form part of the financial statements.

THE FORUM FOR THE FUTURE

BALANCE SHEET

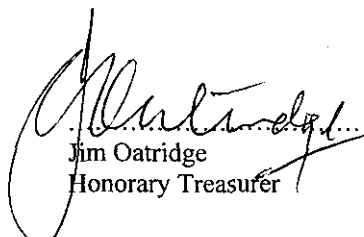
FOR THE YEAR ENDED 31ST DECEMBER 2004

		2004		2003	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	7		74,987		105,337
CURRENT ASSETS					
Debtors	8	764,095		590,275	
Cash at bank and in hand		690,676		585,784	
		<u>1,454,771</u>		<u>1,176,059</u>	
CREDITORS: amounts falling					
Due within one year	9	<u>(374,210)</u>		<u>(392,747)</u>	
NET CURRENT ASSETS			<u>1,080,561</u>		<u>783,312</u>
NET ASSETS			<u><u>£1,155,548</u></u>		<u><u>£888,649</u></u>
FUNDS					
Unrestricted funds:					
General		246,158		88,405	
Designated	10	<u>297,881</u>		<u>243,680</u>	
Total Unrestricted Funds			<u>544,039</u>		<u>332,085</u>
Restricted funds	11		<u>611,509</u>		<u>556,564</u>
			<u><u>£1,155,548</u></u>		<u><u>£888,649</u></u>

The notes on pages 12 to 18 form part of the financial statements.

Approved by the Board on 28/04/05

and signed on its behalf by:


 Jim Oatridge
 Honorary Treasurer

THE FORUM FOR THE FUTURE

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2004

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

	2004 £	2003 £
Net incoming resources for the year	266,899	207,679
Depreciation charge	67,479	67,409
(Profit) on disposal of fixed assets	(573)	(437)
Interest receivable	(9,788)	(9,087)
(Increase) in debtors	(173,820)	(127,805)
(Decrease) / Increase in creditors	(18,537)	39,360
Net cash inflow from operating activities	<u>£131,660</u>	<u>£177,119</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities	131,660	177,119
Returns on investment and servicing of finance	9,788	9,087
Income from disposal of fixed assets	1,546	1,000
Capital expenditure	(38,102)	(75,170)
Increase in cash	<u>£104,892</u>	<u>£112,036</u>

ANALYSIS OF CHANGES IN CASH BALANCES

Increase in cash during year	104,892	112,036
Cash balances at beginning of year	585,784	473,748
Cash balances at end of year	<u>£690,676</u>	<u>£585,784</u>

NOTES TO CASH FLOW STATEMENT

Returns on investment and servicing of finance

Interest received	<u>£9,788</u>	<u>£9,087</u>
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Capital expenditure

Payments to acquire tangible fixed assets	<u>£38,102</u>	<u>£75,170</u>
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THE FORUM FOR THE FUTURE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2004

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 2000) issued October 2000.

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 direct 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.

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 expenditure on general administration, management and 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 Trustees.

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 need for designation. Firstly, where the Trustees have identified a particular obligation to ensure funds are set aside to cover future expenditure. Such is the case for the amount designated in the UK Scholarship programme, where the scholarship year runs to the month of 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 made equal to an estimate of the 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 2004

2.	CENTRAL GOVERNMENT		2004 £	2003 £	
	Department of Environment, Transport and Regions		-	6,000	
	Department of Trade and Industry		-	15,000	
	Department for Environment, Food and Rural affairs		10,160	-	
	Government Office for London		426	3,421	
	Sustainable Development Commission		16,750	3,000	
			<hr/>	<hr/>	
			£27,336	£27,421	
			<hr/>	<hr/>	
3.	COST OF ACTIVITIES IN FURTHERANCE OF THE OBJECTS OF THE CHARITY				
		Grants Payable £	Operational Programmes £	Total 2004 £	Total 2003 £
	Education and learning programme	100,630	500,585	601,215	489,410
	Business programme	-	756,055	756,055	927,135
	Local, regional and rural programme	-	474,858	474,858	406,850
	Sustainable economy programme	-	480,944	480,944	506,969
	Green Futures Magazines	-	381,481	381,481	403,348
	The Natural Step	-	273,604	273,604	414,593
	London Sustainability Exchange	2,500	349,226	351,726	284,699
	Health and wellbeing programme	-	3,223	3,223	-
	External Communication	-	100,255	100,255	98,749
		<hr/>	<hr/>	<hr/>	<hr/>
		£103,130	£3,320,231	£3,423,361	£3,531,753

The grants made by the Education and learning programme consist of three types. Grants totalling £3,125 were paid as hardship fund payments to the scholars of Forum's Masters Programme. Places on the Masters programme are offered after interview, where the academic record, commitment to environmental / sustainable issues, leadership potential, project ideas and relevant experience are assessed. A further £9,960 was granted to international scholars as bursary payments to cover living expenses (but not travel costs and accommodation) up to 31st December 2004. This represented a weekly allowance of £75 per scholar. Finally, £87,545 was transferred to LEAD International, our partner in running the International Scholarship programme, to cover the costs of administering the programme overseas.

Grants payable by the London Sustainability Exchange relate to payments made to partner organisations under the Motivate London activity funded by the Association of London Government.

THE FORUM FOR THE FUTURE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2004

4. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other costs £	Total 2004 £	Total 2003 £
Costs of generating funds:					
Fundraising and development	25,898	800	17,572	44,270	78,436
Costs in furtherance of charity objects:					
Education and learning programme	283,503	8,235	309,477	601,215	489,410
Business programme	539,300	15,609	201,146	756,055	927,135
Local, regional and rural programme	305,326	13,905	155,627	474,858	406,850
Sustainable economy programme	342,457	9,272	129,215	480,944	506,969
Green Futures Magazines	128,439	3,665	249,377	381,481	403,348
The Natural Step	147,003	4,678	121,923	273,604	414,593
London Sustainability Exchange	267,502	7,779	76,445	351,726	284,699
Health and wellbeing Programme	-	-	3,223	3,223	-
External Communication	81,935	1,768	16,552	100,255	98,749
Governance Costs	85,212	1,768	12,858	99,838	111,068
	<u>£2,206,575</u>	<u>£67,479</u>	<u>£1,293,415</u>	<u>£3,567,469</u>	<u>£3,721,257</u>

Included under other costs is the following:

	2004 £	2003 £
Programme director and editor fees	22,870	97,600
Secondee in kind costs	35,000	71,100
Temporary staff, recruitment and training	62,021	86,107
Printing, design, publishing & promotion	262,974	302,794
Travel	133,824	166,179
Audit & legal fees	14,972	28,890
Fees, subscriptions and provisions	26,778	31,375
Irrecoverable VAT	33,460	37,229
Meetings	15,851	13,552
Scholars travel & subsistence	70,417	27,379
Consultancy fees	126,228	131,425
Grants to partner organisations and scholar bursary	103,130	108,110
Events	86,647	129,536
Development	760	1,495
Telephone, stationary, postage, equipment rental and sundry	111,840	98,932
Computer maintenance, licenses & supplies	52,422	41,891
Liability insurance, bank and payroll charges, etc	11,030	13,979
Profit on disposal of fixed assets	(573)	-
Rent, rates, utilities, property insurance & maintenance	123,764	100,021
	<u>£1,293,415</u>	<u>£1,487,594</u>

THE FORUM FOR THE FUTURE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2004

5. STAFF COSTS AND DIRECTORS' REMUNERATION

	2004 £	2003 £
Staff costs during the year were as follows:		
Wages and salaries	1,964,557	1,942,393
Social Security costs	213,450	206,472
Pensions	28,568	17,389
	<u>£2,206,575</u>	<u>£2,166,254</u>

2 Employees (2003: 3) earned between £50,000 and £60,000 per annum during the year.

2 Employees (2003: 1) earned between £60,000 and £70,000 per annum during the year.

0 Employees (2003: 1) earned between £70,000 and £80,000 per annum during the year.

	2004 Number	2003 Number
The average number of employees, analysed by function was:		
Direct charitable purpose of the charity	64	65
Fundraising and development	1	1
Management and administration of the charity	2	2
	<u>67</u>	<u>68</u>

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

	Consultancy fees and salary		Expenses and travel costs	
	2004 £	2003 £	2004 £	2003 £
Jonathon Porritt	60,000	50,000	7,579	10,278
Janet Barber	-	4,315	534	600
	<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 2004	67,204	30,612	187,747	285,563
Additions	12,075	2,591	23,436	38,102
Disposals	-	-	(1,910)	(1,910)
	<u>79,279</u>	<u>33,203</u>	<u>209,273</u>	<u>321,755</u>
DEPRECIATION				
At 1st January 2004	38,650	23,948	117,628	180,226
Charge for year	14,371	4,211	48,897	67,479
Charge on Disposals	-	-	(937)	(937)
	<u>53,021</u>	<u>28,159</u>	<u>165,588</u>	<u>246,768</u>
NET BOOK VALUE				
At 31st December 2004	<u>£26,258</u>	<u>£5,044</u>	<u>£43,685</u>	<u>£74,987</u>
At 31st December 2003	<u>£28,554</u>	<u>£6,664</u>	<u>£70,119</u>	<u>£105,337</u>

THE FORUM FOR THE FUTURE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2004

TANGIBLE FIXED ASSETS (continued)	Improvements to Leasehold Property £	Furniture And Fittings £	Computer and Office Equipment £	Total £
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The net book value at 31st December 2004 represents tangible fixed assets used for:

Direct charitable expenditure	26,258	5,044	42,952	74,254
Fundraising and development	-	-	358	358
Management and administration	-	-	375	375
	<u>£26,258</u>	<u>£5,044</u>	<u>£43,685</u>	<u>£74,987</u>

8. DEBTORS

	2004 £	2003 £
Programme income receivable	721,260	549,233
Other debtors and prepayments	42,835	41,042
	<u>£764,095</u>	<u>£590,275</u>

9. CREDITORS: amounts falling due within one year

	2004 £	2003 £
Expense creditors	95,899	120,749
Other creditors and accruals	278,311	271,998
	<u>£374,210</u>	<u>£392,747</u>

Bursary payments agreed at the year end but not paid to the International Scholars amounted to £6,640.

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 2004 £	Income £	Expenditure £	Transfers £	At 31st December 2004 £
Scholarship programme	102,834	76,850	68,021	-	111,663
Sustainable Agriculture project	-	4,905	-	-	4,905
Business Programme	71,401	108,497	71,401	-	108,497
Local, regional and rural programme	50,108	43,560	50,108	-	43,560
The Natural Step	3,230	6,256	3,230	-	6,256
Sustainable Accounting	16,107	19,800	16,107	-	19,800
The Centre for Sustainable Investment	-	800	-	-	800
Competitiveness Project	-	2,400	-	-	2,400
	<u>£243,680</u>	<u>£263,068</u>	<u>£208,867</u>	<u>£-</u>	<u>£297,881</u>

THE FORUM FOR THE FUTURE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2004

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 1st January 2004 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31st December 2004 £
Forum Programmes:					
Business Programme	-	420	420	-	-
Education Programme - core	-	6,025	6,025	-	-
Education Programme – UK Masters	21,000	94,300	115,300	-	-
Education Programme – HEPS	(26,946)	57,000	30,180	-	(126)
Education Programme – International Masters	157,954	336,000	291,444	-	202,510
Green Futures	30,000	43,677	63,677	-	10,000
Local, Regional and Rural Programme – Regional Futures	36,460	143,494	152,252	-	27,702
Sustainable Economy Programme – agriculture	43,125	117,500	63,031	-	97,594
Sustainable Economy Programme – South West Region	183,897		76,749	-	107,148
Sustainable Economy Programme – Education	10,908	117,175	100,083	-	28,000
Sustainable Economy Programme – Sustainable Accounts	-	4,800	4,800	-	-
Sustainable Economy Programme – Competitiveness	19,905	10,000	19,905	-	10,000
The Natural Step	-	35,000	35,000	-	-
London Sustainability Exchange – Bridge House Trust core funding	42,711	289,160	229,209	-	102,662
London Sustainability Exchange – ALG Motivate London	9,212	107,016	91,591	-	24,637
London Sustainability Exchange – other projects	-	25,000	25,000	-	-
External Communications	11,000	39,000	50,000	-	-
Engineers for sustainability	1,736	5,000	9,116	-	(2,380)
Mass Balance rural and education	(19)	83,465	84,259	-	(813)
Office Premises	15,621	-	11,046	-	4,575
Total	£556,564	£1,514,032	£1,459,087	£-	£611,509

More details about these funds can be found in the Directors Report on page 5.

THE FORUM FOR THE FUTURE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2004

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total 2004 £
Fund balances at 31st December 2004 are represented by:			
Tangible fixed assets	70,412	4,575	74,987
Net current assets	473,627	606,934	1,080,561
Net assets	<u>£544,039</u>	<u>£611,509</u>	<u>£1,155,548</u>

14. 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.

15. OPERATING LEASE COMMITMENTS

At the year end there were operating lease commitments on office premises amounting to £22,250 p.a. due to expire in 2 – 5 years and £36,000 p.a. due to expire in more than five years.

16. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.