

**HEART OF THE NATIONAL FOREST FOUNDATION**  
(Limited by Guarantee)

Company Number: 3468753

**ANNUAL REPORT**

**YEAR ENDED 31 DECEMBER 2009**

**HEART OF THE NATIONAL FOREST FOUNDATION**  
(Limited by Guarantee)

**COMPANY INFORMATION**

<b>Directors</b>	S H Woolfe A V Astling M Ballantyne S E Blaza S Churchill A D Mortimer J C Nicholls P Williams K S Blount A S Webster D Sprason (resigned 31/10/2009) I S Smith (resigned 16/07/2009) R I Tulloch (appointed 16/02/2010)
<b>Secretary</b>	M Ballantyne
<b>Company Number</b>	3468753
<b>Charity Number</b>	1073891
<b>Registered Office</b>	The Gatehouse Bath Yard Moir, Swadlincote Derbyshire DE12 6BD
<b>Auditors</b>	PKF (UK) LLP Pannell House 159 Charles Street Leicester LE1 1LD
<b>Solicitors</b>	Harvey Ingram LLP 20 New Walk Leicester LE2 6TX
<b>Bankers</b>	Alliance & Leicester Commercial Bank plc Midland Business Centre 5th Floor, Permanent House Horsefair Street Leicester LE1 5BJ

**HEART OF THE NATIONAL FOREST FOUNDATION**  
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# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2009

The directors submit their report and the consolidated financial statements for the year ended 31 December 2009.

Heart of the National Forest Foundation is a company limited by guarantee (number 3468753) and a registered charity (number 1073891). The principal and registered office address is The Gatehouse, Bath Yard, Moira, Swadlincote, Derbyshire, DE12 6BA.

The report outlines the Foundation's Objectives and Activities; Structure, Governance and Management; Achievements and Performance; Financial Activities; Plans for Future Periods and concludes with the Foundation's Public Benefit report.

## Objectives and Activities

The Foundation's objects, as set out in its Memorandum and Articles of Association, are

- to promote for the benefit of the public any charitable purpose connected with forestry in England and Wales and in particular in the areas of Leicestershire, Derbyshire and Staffordshire, and
- to hold and develop land in its ownership or occupation for the benefit of the public for recreational and leisure occupations and in the interest of the social welfare of the public.

The main activities the Foundation is undertaking in furtherance of its objects are

- The development of CONKERS as a major indoor and outdoor visitor experience interpreting life in British Woodland, the rationale and concept of The National Forest and addressing global environmental issues.
- The acquisition and transformation of at least 1,000 acres of derelict land into the Heart of the National Forest Park to provide an environmental, educational and recreational resource for the benefit of the public.
- The development of facilities including nature trails, walks, bridle paths, cycle tracks, and footpaths, parklands, car parks and visitor accommodation in order to facilitate the enjoyment of woodlands as a public amenity.
- The provision of opportunities for voluntary participation by individuals, schools, groups, companies and their employees.
- Contributing to the overall development of The National Forest and its charitable aims.

The Foundation has adopted a 20 year strategic framework and master plan for the creation of the Heart of the National Forest Park. The strategy is designed to ensure that income generators are created of a scale that can fund the long term cost of maintaining a high quality forest park.

# HEART OF THE NATIONAL FOREST FOUNDATION

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DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2009

## Structure, Governance and Management

The Foundation's constitution is set out in its Memorandum and Articles of Association and provides for the Directors of the company to be appointed by the Members of the company. Directors can either be Members of the company or can be co-opted in recognition of their special expertise being valuable to the work of the Board. There is no limit on the number of Directors that can be appointed although there can be no more than six Co-opted Directors at any one time.

The subscribers to the Memorandum and Articles of the Foundation are its initial Members. Additional Members can be approved by the Board.

At every AGM, one third of the Directors and all the co-opted Directors retire from office but are all eligible for re-election provided that no Director shall serve on the Board for longer than a consecutive period of nine years (after a gap of one year such a Director can be re-elected). This does not apply to a Director who is also an officer of the company.

The Foundation seeks to ensure that its Directors have the appropriate mix of skills to guide the work of the Foundation and has put in place succession arrangements for the ongoing development of the Board.

New Directors are inducted by the Chairman and by the Project Director who ensure that each Director understands his/her role on the Board and their responsibilities.

In 2009, Ian Smith and David Sprason retired from the Board and the Directors wish to record their appreciation of the valuable contribution both made to the work of the Foundation.

The Foundation has a very small executive team and except for the day to day decisions on spending within the administrative budget there are no delegations to staff.

The Directors have examined the major strategic, business and operational risks which the Foundation faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to manage those risks. Issues addressed include succession arrangements, funding for day to day management costs and for the development of facilities, contingency planning for the operation of CONKERS, marketing and public relations, and health and safety matters arising on the sites being developed by the Foundation.

The Foundation has two wholly owned subsidiaries to assist in the delivery of its strategy. Forest Experience Limited manages CONKERS on behalf of the Foundation and Heart of the National Forest Park Developments Limited leads on the creation of the Forest Park.

## Achievements and Performance

The Foundation commenced activities in June 1998 as the designated delivery vehicle for the Millennium Commission supported CONKERS project to be developed on the former Rawdon Colliery site, Moira.

CONKERS was officially opened by HRH The Princess Royal on 21 March 2001 and opened to the public on 6 April 2001

CONKERS has had an extremely successful opening period and, by the end of 2009, visitor numbers exceeded 1,900,000. Over 310,000 children have now participated in educational visits to CONKERS.

All trading activities at CONKERS have been carried out under the auspices of The Forest Experience Limited, a wholly owned subsidiary of the Foundation.

During 2009, visitor numbers were lower than anticipated due to poor weather, the recession and concerns over swine flu. However, tight control over costs and a continued high level of Gift Aid donations resulted in a net revenue financial contribution from CONKERS to the Foundation's activities of £135,000.

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2009 proved to be a difficult year in which to raise funds and develop new projects and this impacted on the Foundation's achievement of its short term targets.

- Good progress was made with the CONKERS circuit – a 5 mile multi user recreational trail – with the Swains Park Wood section and three highway crossings completed in time for the formal opening of the Circuit in June 2009 by Councillor Mike Preston of Leicestershire County Council. Agreement was reached with the Highway Authority for the design of the final section of the Circuit and planning permission is expected to be received early in 2010.
- Planning permission for the proposed CONKERS Aerial Walkway, incorporating two 'Classrooms in the Sky' was secured in January 2009. Whilst it was not possible to secure the total amount of funding required for the project during 2009, the Directors remain confident that once the economy improves it will be possible for the project to proceed.
- During the year, the Foundation jointly with the National Forest Company and on behalf of a wide range of stakeholders, appointed Roger Tyms and Partners, Land Use Consultants and Lockhart Garratt to develop a Vision and Action plan for the Heart of the Forest. The Final Report, produced in September 2009, sets out the steps necessary to unlock the full potential of the area in terms of securing a high quality landscape, built development and visitor experience; becoming a major tourism and leisure destination; meeting its economic potential in terms of generating wealth, jobs, business start ups, and skills and contribution to health and well being; developing the woodland environmental economy potential of the area; improving the cohesiveness of the area between place and people; increasing the sense of orientation, interest, information and confidence in using the area. The report has been well received by stakeholders and it is anticipated that significant progress will be made with the implementation of the Action Plan in the next two years. Funding for the project was received from Leicester Shire Economic Partnership and the National Forest Company.
- The landscaping of the Rawdon East compound was completed in autumn 2009 with funding provided by East Midlands Development Agency. What was a derelict and contaminated eyesore has been transformed into a pleasant woodland area with a new wetland area and a network of surfaced paths linking to the adjoining Maybury Wood site.
- In September 2009, Leigh Interests plc transferred the ownership of the Maybury Wood site to the Foundation.

# HEART OF THE NATIONAL FOREST FOUNDATION

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DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2009

## Review of Financial Activities

During the period, the Foundation continued to seek further sponsorship and grant support to fund future development of CONKERS, to allow for the development of the Forest Park and, in the longer term, to establish reserves to meet the costs of refreshing CONKERS and of maintaining the Park. Whilst 2009 was a very difficult year the Directors consider that the Foundation's long term funding targets remain achievable.

Funds received in the year totalled £1,072,855. This was made up of Gift Aid donations, rents and grants and donations from Alliance and Leicester plc, emda, Forestry Commission, Leicester Shire Economic Partnership, Midlands Co-operative Society, The National Forest Company, Next plc and Toyota Motor Manufacturing (UK) Limited.

The Company expended some £1,392,362 on the continued development and operation of CONKERS, the CONKERS Circuit, the creation of the Forest Park, fundraising and publicity.

The company's net assets at 31 December 2009 were £7,777,986 and its net current liabilities at the end of the period were £222,136 – compared to £308,204 at the start of the year.

## Plans for Future Periods

The Foundation has set the following short term targets in line with its 20 year strategic framework:

- The continual refreshment of facilities at CONKERS to maintain visitor numbers and maximise its financial contribution towards the development of the wider forest park.
- Enhancing the education programmes delivered at CONKERS to reach as wide an audience as possible
- The development of a closer working relationship with the National Forest Company especially with regard to joint fundraising for the development of the Foundation's facilities and the wider National Forest.
- Develop proposals for additional visitor accommodation so that a viable scheme can be commenced during 2011.
- Maintain fundraising activity targeted at wealthy individuals and large companies in order to secure a minimum of new sponsorship commitments of £200,000 during 2010.
- Completion of the final section of the CONKERS Circuit and related landscape enhancements by mid 2011.

# HEART OF THE NATIONAL FOREST FOUNDATION

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DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2009

## Public Benefit

The Charities Act 2006 introduced the requirement that charities must demonstrate, explicitly, that their aims are for the benefit of the public. In January 2008, the Charity Commission published its statutory general guidance 'Charities and Public Benefit' which explained what charity trustees should consider in order to show that their charity's aims are for the public benefit.

This section of the Directors' Report sets out how the Foundation's aims have been carried out for the public benefit and confirms that the Directors will have regard to the Commission's guidance in how it plans its future activities.

The Commission has established two key Principles of Public Benefit and within those principles, some important factors that must be considered.

- **Principle 1** – There must be an identifiable benefit or benefits
- **Principle 2** – Benefit must be to the public, or section of the public

The Foundation's objects and the activities it is undertaking to further those objects are set out earlier in this report. The Directors consider that it is clear that public benefits are delivered. In particular the public benefits from the following activities which are all related to the objects of the Foundation.

- The transformation of derelict sites ravaged by coal mining and mineral extraction into an accessible forest park which can be used for recreational and leisure purposes.
- The creation of CONKERS, on the site of two former coal mines, which in addition to being a recreational and leisure resource provides for education about the creation of the National Forest and its importance in the global environment – with particular emphasis on raising the public's awareness of climate change and on what individuals can do to reduce its impact.
- The development of affordable visitor accommodation in conjunction with the YHA and the Camping and Caravan Club which makes it easier for people to visit the area to enjoy the woodlands and the National Forest as a public amenity.

The Directors consider that there are no significant or detrimental effects of the Foundation's activities. In particular the Foundation works closely with ROSPA and other professionals to ensure that the health and safety of visitors to its facilities is properly addressed.

As regards Principle 2, the Directors consider that the opportunity to benefit from the Foundation's activities is open to all people in England and Wales although it is expected that people who live nearer to its facilities are most likely to benefit. Over 200,000 people every year visit CONKERS and the number of visitors to the surrounding forest park is increasing year on year.

Whilst the Foundation places no restrictions on who can benefit from its activities, the Directors are aware that national studies have shown that some people are not as likely to access the natural environment for recreation and other purposes. The under-represented groups were found to be disabled people, black and minority ethnic people, people who live in inner city areas and young people. From work with local CVS organisations the Foundation recognises that a major issue for such under represented groups is the cost or availability of public transport. Natural England's 'The Outdoors for All' programme aims to ensure that opportunities are maximised for more people from currently under-represented groups to benefit from everything that the outdoors has to offer. The Foundation currently concentrates its efforts on making its educational programmes more accessible to such groups by offering a total package with local transport providers.

The Foundation is aware that its facilities are located in an area that is very poorly served by public transport. It has raised this issue with the local authorities in the area and is supporting the lobby for the reintroduction of passenger services on the National Forest rail line which would significantly increase the accessibility of its facilities to people who have no access to a car. The Foundation supports the National Forest Company's initiative to develop sustainable transport options in and around the National Forest.



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The Directors consider that people in poverty are not excluded from the opportunity to benefit from the Foundation's activities. Access to the woodlands and footpaths etc created by the Foundation are free of charge. Additionally, whilst there is a charge to enter CONKERS the Foundation ensure that The Forest Experience Company, its wholly owned subsidiary that operates CONKERS does so in line with the Foundation's commitment to the Millennium Commission that it will have Full Community Access – defined as Access

- Without charge or subject to such reasonable charges as do not exceed the charges levied by similar facilities in the locality
- At all reasonable times of the day including such times as similar facilities in the locality are open and available to the public
- To all sections of the community without distinction as to race, religion, age or otherwise, and
- To both able bodied and disabled alike by the provision of the appropriate facilities.

Admission prices to CONKERS have been set at a level below that charged by other visitor facilities operated in the locality by local authorities and other charities.

The Directors consider that the vast majority of people can afford the admission prices and therefore they do not prevent people from accessing its facilities.

Finally the Directors confirm that they are not aware of any non-incidental private benefits that have been provided to individuals or organisations.

## Directors

The directors who served during the year were:

S H Woolfe  
A V Astling  
M Ballantyne  
S E Blaza  
S Churchill  
A D Mortimer  
J C Nicholls  
P Williams  
K S Blunt  
A S Webster  
D Sprason  
I S Smith

The company is limited by guarantee and has no share capital. The liability of each member of the company is limited to an amount not exceeding £10.

# HEART OF THE NATIONAL FOREST FOUNDATION

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DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2009

## Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each of the directors has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 10 June 2010 and signed on its behalf.

M Ballantyne  
Secretary

# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for the charity for each financial year. Charity law requires the directors to prepare group financial statements for the charity and its subsidiary undertakings. The financial statements must be prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and are required to give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the group for the year. In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The directors are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities Act 1993 and regulations made thereunder. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND DIRECTORS OF HEART OF THE NATIONAL FOREST FOUNDATION

We have audited the group and parent charity financial statements of Heart of the National Forest Foundation for the year ended 31 December 2009 which comprises of the consolidated statement of financial activities, the consolidated and parent charity balance sheets, the consolidated cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and, in respect of the group financial statements, to the charity's directors as a body, in accordance with regulations made under section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's members and directors 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 charity, the charity's members as a body and the charity's directors as a body, for our audit work, for this report, or for the opinions we have formed.

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

The responsibilities of the directors for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

The directors were not required by section 399 of the Companies Act 2006 Act to prepare group financial statements accounts for the financial year and accordingly have prepared the group financial statements in accordance with the requirements of the Charities Act 1993 and regulations made under that Act.

We have been appointed as auditors under the Companies Act 2006 and, in respect of our audit of the group financial statements, under the Charities Act 1993. We report to you in accordance with those Acts and in accordance with regulations made under section 44 of the Charities Act 1993.

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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been properly prepared in accordance with the Companies Act 2006 and, in respect of the group financial statements, the Charities Act 1993 and regulations made thereunder. We also report whether the information given in the directors' report is consistent with those financial statements.

We also report to you if, in our opinion, the parent charity has not kept adequate accounting records, if the charity's individual financial statements are not in agreement with those records and returns, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charity and other members of the group is not disclosed.

We read the directors' 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the parent charity's circumstances, consistently applied and adequately disclosed.

# HEART OF THE NATIONAL FOREST FOUNDATION

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEART OF THE NATIONAL FOREST FOUNDATION

We planned and performed our audit so as to obtain all the information and explanations 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 group's and the parent company's affairs as at 31 December 2009 and of the group's incoming resources and application of resources for the year then ended;
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- The financial statements have been properly prepared in accordance with the Companies Act 2006 and, in respect of the group financial statements, in accordance with the Charities Act 1993 and regulations made thereunder; and
- The information given in the directors' report is consistent with the financial statements.

Stephen King  
Senior statutory auditor  
For and on behalf of PKF (UK) LLP, statutory auditors

Leicester  
Date:

# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an Income and Expenditure Account)

YEAR ENDED 31 DECEMBER 2009

	Notes	Unrestricted Funds £	2009 Restricted Funds £	Total Funds £	2008 Total Funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds:</b>					
Voluntary income					
Grants	3	-	266,395	266,395	1,340,384
Donations		720,060	-	720,060	639,391
Activities for generating funds					
Sponsorship income		55,020	20,000	75,020	140,000
Investment income - interest		-	-	-	2,332
<b>Incoming resources from charitable activities</b>					
Rental income		39,542	-	39,542	45,230
Income generated by trading subsidiary		96,157	-	96,157	86,028
Other incoming resources		-	8,000	8,000	-
<b>TOTAL INCOMING RESOURCES</b>		<u>910,779</u>	<u>294,395</u>	<u>1,205,174</u>	<u>2,253,365</u>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds		20,787	22,287	43,074	63,712
Costs of generating voluntary income		22,382	-	22,382	54,158
Charitable activities	4	703,258	623,698	1,326,956	1,893,305
Governance costs		88,898	-	88,898	66,960
<b>TOTAL RESOURCES EXPANDED</b>		<u>835,325</u>	<u>645,985</u>	<u>1,481,310</u>	<u>2,078,135</u>
<b>NET MOVEMENT IN FUNDS</b>	6	75,454	(351,590)	(276,136)	175,230
Total funds brought forward		870,537	7,816,289	8,686,826	8,511,596
<b>TOTAL FUNDS CARRIED FORWARD</b>	14	<u>945,991</u>	<u>7,464,699</u>	<u>8,410,690</u>	<u>8,686,826</u>

The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)  
CONSOLIDATED BALANCE SHEET  
31 DECEMBER 2009

	Notes	2009 £	2008 £
<b>FIXED ASSETS</b>			
Tangible	9	8,924,875	9,200,399
<b>CURRENT ASSETS</b>			
Debtors	11	464,446	642,541
		<u>464,446</u>	<u>642,541</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(686,578)</u>	<u>(958,281)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(222,132)</u>	<u>(315,740)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,702,743</u>	<u>8,884,659</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	<u>(292,053)</u>	<u>(197,833)</u>
<b>NET ASSETS</b>		<u><u>8,410,690</u></u>	<u><u>8,686,826</u></u>
<b>REPRESENTED BY:</b>			
Unrestricted funds	14	945,991	870,537
Restricted funds	14	7,464,699	7,816,289
		<u><u>8,410,690</u></u>	<u><u>8,686,826</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 June 2010.

S H Woolfe                      Director

Peter Williams                Director

**HEART OF THE NATIONAL FOREST FOUNDATION**  
(Limited by Guarantee)

REGISTERED NUMBER: 3468753  
BALANCE SHEET  
31 DECEMBER 2009

	Notes	2009 £	2008 £
<b>FIXED ASSETS</b>			
Tangible	9	8,292,171	8,599,695
Investments	10	4	4
		<u>8,292,175</u>	<u>8,599,699</u>
<b>CURRENT ASSETS</b>			
Debtors	11	379,073	560,560
		<u>379,073</u>	<u>560,560</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<b>(601,209)</b>	<b>(868,764)</b>
		<u>(222,136)</u>	<u>(308,204)</u>
<b>NET CURRENT LIABILITIES</b>		<b>(222,136)</b>	<b>(308,204)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>8,070,039</b>	<b>8,291,495</b>
<b>CREDITORS: amounts falling due after more than one year</b>	13	<b>(292,053)</b>	<b>(197,833)</b>
<b>NET ASSETS</b>		<b>7,777,986</b>	<b>8,093,662</b>
		<u><u>7,777,986</u></u>	<u><u>8,093,662</u></u>
<b>REPRESENTED BY:</b>			
Unrestricted funds		908,457	871,304
Restricted funds		6,869,529	7,222,358
		<u>7,777,986</u>	<u>8,093,662</u>
		<u><u>7,777,986</u></u>	<u><u>8,093,662</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 June 2010.

S H Woolfe                      Director

Peter Williams                Director



# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)  
CONSOLIDATED CASH FLOW STATEMENT  
YEAR ENDED 31 DECEMBER 2009

	2009 £	2008 £
<b>Reconciliation of operating profit to net cash (outflow)/inflow from operating activities</b>		
Net incoming resources	(276,136)	175,230
Depreciation of tangible fixed assets	354,019	374,103
Profit on sale of fixed assets	(8,000)	-
Decrease/(increase) in debtors	178,095	(162,495)
(Decrease)/increase in creditors	(415,754)	279,866
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(167,776)</b>	<b>666,704</b>
<b>CASH FLOW STATEMENT (note 17)</b>		
Net cash (outflow)/inflow from operating activities	(167,776)	666,704
Capital expenditure	(70,495)	(569,784)
<b>Financing</b>	<b>(238,271)</b>	<b>96,920</b>
	113,086	(19,288)
<b>(Decrease)/increase in cash</b>	<b>(125,185)</b>	<b>77,632</b>
<b>Reconciliation of net cash flow to movement in net debt (note 18)</b>		
(Decrease)/increase in cash in the year	(125,185)	77,632
Cash inflow from increase in debt financing	(113,086)	19,288
<b>Change in net debt</b>	<b>(238,271)</b>	<b>96,920</b>
Net debt at 1 January 2009	(295,268)	(392,188)
<b>Net debt at 31 December 2009</b>	<b>(533,539)</b>	<b>(295,268)</b>

# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 1 ACCOUNTING POLICIES

#### (a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005), applicable accounting standards and the Companies Act 2006.

The financial statements of the company and its group undertakings have been consolidated to 31 December 2009, on a line by line basis. The Statement of Financial Activities of the company is not presented as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

#### (b) Incoming resources

All incoming resources are recognised once there is entitlement to the resources, certainty of receipt and the amount can be measured with sufficient reliability.

#### (c) Donations

Donations are accounted for on a receivable basis.

#### (d) Gifts-in-kind

Gifts-in-kind in the form of tangible fixed assets are included in the financial statements at their value to the charity and accounted for immediately as restricted funds, where it is clear the donor intended the continuing use of the asset. Assets given for use by the charity are recognised in the Statement of Financial Activities as incoming resources when received. Non monetary gifts of services are not valued.

#### (e) Resources expended

Expenditure is recognised when a liability is incurred.

- Costs of generating funds are those incurred in trading activities and raising funds.
- Charitable activities include expenditure associated with land feasibility studies, depreciation and include direct costs and support costs relating to these activities.
- Governance costs include those costs incurred in the governance of the charity, which relate to the general running of the charity as opposed to the direct management costs inherent in generating funds. These costs include costs related to statutory audit together with an apportionment of overhead and support costs.
- Support costs have been allocated between charitable activity, governance and cost of generating funds according to staff time spent on each area.

# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 1 ACCOUNTING POLICIES (continued)

#### (f) Tangible fixed assets

Tangible fixed assets costing more than £500 are capitalised and included at cost including any incidental costs of acquisitions.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

CONKERS Waterside Centre	2% per annum straight line
CONKERS Waterside Centre exhibits and equipment	33% per annum straight line
CONKERS Discovery Centre	2% per annum straight line
CONKERS Discovery Centre exhibits and equipment	2%-33% per annum straight line
Office Equipment and furniture	33% per annum straight line

Freehold land is not depreciated.

#### (g) Investments

Investments are stated at cost at the balance sheet date.

#### (h) Fund accounting

Unrestricted funds comprise those funds which the directors are free to use in accordance with the charitable objects.

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

Restricted funds are those funds which have been given for particular purposes and projects.

#### (i) Pensions

The company contributes to a portable pension plan for the executive director, the assets of which are held separately from those of the company. The contributions are charged in the Statement of Financial Activities as they arise.

# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 2 NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARIES

The Charity has two wholly owned subsidiaries which are incorporated in Great Britain. The Forest Experience Limited operates the CONKERS visitor attraction, whilst Heart of the National Forest Park Developments Limited holds and is preparing land for the Heart of the National Forest Park. A summary of their trading results is shown below. Audited accounts will be filed with the Registrar of Companies.

	Heart of the National Forest Park Developments Limited		The Forest Experience Limited	
	2009	2008	2009	2008
	£	£	£	£
<b>Profit and loss account</b>				
Turnover	-	-	96,157	86,028
Cost of sales	-	-	(85,325)	(89,471)
	<u>-</u>	<u>-</u>	<u>10,832</u>	<u>(3,443)</u>
Administrative expenses	(5,029)	(6,363)	(6,141)	(1,248)
Other operating income	7,876	3,516	-	-
	<u>2,847</u>	<u>(2,847)</u>	<u>4,691</u>	<u>(4,691)</u>
	<u><u>2,847</u></u>	<u><u>(2,847)</u></u>	<u><u>4,691</u></u>	<u><u>(4,691)</u></u>
<b>Balance sheet</b>				
Current assets	2	-	96,159	85,984
Creditors: amounts falling within one year	-	(2,845)	(96,157)	(90,673)
Net assets	<u>2</u>	<u>(2,845)</u>	<u>2</u>	<u>(4,689)</u>
	<u><u>2</u></u>	<u><u>(2,845)</u></u>	<u><u>2</u></u>	<u><u>(4,689)</u></u>
Aggregate share capital and reserves	2	(2,845)	2	(4,689)
	<u><u>2</u></u>	<u><u>(2,845)</u></u>	<u><u>2</u></u>	<u><u>(4,689)</u></u>

### 3 GRANTS RECEIVED

	2009	2008
	£	£
National Forest Company	38,528	160,443
Leicester Shire Economic Partnership	192,040	708,834
East Midlands Development Agency	34,548	456,316
North West Leicestershire District Council	-	11,200
Other	1,279	3,591
	<u>266,395</u>	<u>1,340,384</u>
	<u><u>266,395</u></u>	<u><u>1,340,384</u></u>

# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 4 ANALYSIS OF CHARITABLE ACTIVITIES

	Activities undertaken directly £	Support costs £	2009 Total £	2008 Total £
<b>Unrestricted:</b>				
Foundation Activities	683,747	19,511	703,258	602,727
<b>Restricted:</b>				
CONKERS	284,807	-	61,267	321,395
Diana, Princess of Wales Memorial Woodland	-	-	109,699	797
Rawdon East Reclamation	31,667	1,898	33,565	461,925
Conkers Circuit	142,040	11,024	153,064	323,523
Donington Island Tender Scheme	6,762	-	6,762	11,972
Youth Hostel	45,603	877	46,480	61,267
Conkers Aerial Walkway	5,217	1,898	7,115	109,699
Heart of The Forest Vision	69,124	22,781	91,905	-
	<u>1,268,967</u>	<u>57,989</u>	<u>1,326,956</u>	<u>1,893,305</u>

### 5 ANALYSIS OF SUPPORT COSTS

	Total allocated £	Governance £	Charitable activities £	Cost of generating funds £	Basis of apportionment
Staff costs	127,479	46,721	46,339	34,419	Staff time
Employee expenses	360	132	130	98	Staff time
Premises costs	17,112	6,272	6,220	4,620	Staff time
Office costs	14,581	5,344	5,300	3,937	Staff time
	<u>159,532</u>	<u>58,469</u>	<u>57,989</u>	<u>43,074</u>	

### 6 NET INCOME

Net income is stated after charging:

	2009 £	2008 £
Depreciation of tangible fixed assets:		
- owned by the charity: restricted assets	315,004	334,740
- owned by the charity: unrestricted assets	39,015	39,363
Operating lease rentals:		
- plant & machinery	997	997
Audit fees	13,000	13,000
Auditors' remuneration - other non-audit services	3,800	3,800

The net outgoing resources for the year of the parent company amounted to **£315,676** (2008 £218,484 net incoming resources).

# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 7 DIRECTORS' EMOLUMENTS AND BENEFITS

	2009	2008
	£	£
Directors' emoluments	87,675	95,700
Contributions to money purchase pension schemes	11,250	13,750
	<u>          </u>	<u>          </u>
The number of directors accruing benefits under pension schemes were:		
	No	No
Money purchase schemes	1	1
	<u>          </u>	<u>          </u>

### 8 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

	2009	2008
	£	£
Wages and salaries	104,329	111,830
Social security costs	11,900	12,929
Other pension costs	11,250	13,750
	<u>          </u>	<u>          </u>
	<u>127,479</u>	<u>138,509</u>

The average monthly number of employees, including executive directors, during the year was:

	No	No
Between £0 - £60,000	1	1
Between £90,000 - £100,000	1	1
	<u>          </u>	<u>          </u>
	<u>2</u>	<u>2</u>

#### Director's expenses

One director was reimbursed expenses amounting to **£348** during the year (2008 - £2,281 relating to three directors).

Directors indemnity insurance was in place during the year. The premium payable was £3,937.50 and the period of the insurance was from 13 August 2009 to 12 August 2010. This insurance jointly covered the directors of this company and The Forest Experience Limited and Heart of National Park Development Limited.

# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 9 TANGIBLE FIXED ASSETS

#### Group

	Freehold land, buildings and fitting out £	Office equipment and furniture £	Total £
<b>Cost</b>			
At 1 January 2009	14,093,534	11,246	14,104,780
Additions	78,495	-	78,495
At 31 December 2009	<u>14,172,029</u>	<u>11,246</u>	<u>14,183,275</u>
<b>Depreciation</b>			
At 1 January 2009	4,893,475	10,906	4,904,381
Charge for year	353,789	230	354,019
At 31 December 2009	<u>5,247,264</u>	<u>11,136</u>	<u>5,258,400</u>
<b>Net book amount</b>			
At 31 December 2009	<u>8,924,765</u>	<u>110</u>	<u>8,924,875</u>
At 31 December 2008	<u>9,200,059</u>	<u>340</u>	<u>9,200,399</u>

#### Company

	Freehold land, buildings and fitting out £	Office equipment and furniture £	Total £
<b>Cost</b>			
At 1 January 2009	13,492,830	11,184	13,504,014
Additions	46,495	-	46,495
At 31 December 2009	<u>13,539,325</u>	<u>11,184</u>	<u>13,550,509</u>
<b>Depreciation</b>			
At 1 January 2009	4,893,475	10,844	4,904,319
Charge for year	353,789	230	354,019
At 31 December 2009	<u>5,247,264</u>	<u>11,074</u>	<u>5,258,338</u>
<b>Net book amount</b>			
At 31 December 2009	<u>8,292,061</u>	<u>110</u>	<u>8,292,171</u>
At 31 December 2008	<u>8,599,355</u>	<u>340</u>	<u>8,599,695</u>

# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 9 TANGIBLE FIXED ASSETS (continued)

#### Group and company

Included within freehold land, buildings and fitting out is land and buildings for the CONKERS Waterside Centre which were donated as a gift-in-kind, and have been included at a valuation carried out by Leicestershire County Council on 7 January 1999 of £565,000 on an open market basis, including land at £19,000, together with exhibits which were donated as a gift-in-kind, by E.On, during the year ended 31 December 2007, at a cost of £130,000.

#### Group

Included within freehold land, buildings and fitting out is the Princess of Wales Memorial Woodland site and Donington Island land which were donated to the group in 2003 as a gift-in-kind at £nil cost and have been included at a valuation carried out by Leicestershire County Council on 7 April 2004 of £14,000 and £26,500 respectively, on an open market basis.

During the year the group received a donation of land. The land has been valued by the directors at £32,000.

During the year the group disposed of a small parcel of land to third parties at market value. In the opinion of the directors, the cost of the land sold in the year was negligible. These land sales resulted in a profit on disposal of £8,000 (2008: £nil).

### 10 FIXED ASSET INVESTMENTS

#### Company

£

#### Cost

At 1 January 2009 and

31 December 2009

4

Investments comprise a 100% shareholding in the ordinary shares of The Forest Experience Limited and Heart of the National Forest Park Developments Limited both companies being incorporated in Great Britain. Details of subsidiary undertakings are given in note 21.

### 11 DEBTORS

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
<b>Due within one year</b>				
Trade debtors	149,366	198,218	53,209	112,234
Amounts due from group undertakings	-	-	10,784	4,003
Other debtors	8,015	65,947	8,015	65,947
Prepayments & accrued income	307,065	378,376	307,065	378,376
	<u>464,446</u>	<u>642,541</u>	<u>379,073</u>	<u>560,560</u>



# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 12 CREDITORS

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
<b>Amounts falling due within one year</b>				
Bank loans	<b>44,954</b>	26,088	<b>44,954</b>	26,088
Overdraft	<b>196,532</b>	71,347	<b>196,532</b>	71,301
Trade creditors	<b>12,979</b>	175,830	<b>12,979</b>	175,830
Other creditors	<b>376,935</b>	540,459	<b>291,566</b>	450,988
Accruals and deferred income	<b>55,178</b>	144,557	<b>55,178</b>	144,557
	<b>686,578</b>	958,281	<b>601,209</b>	868,764

Bank loans are secured by way of first legal charge over certain freehold property.

Accruals and deferred income is made up of grants received in advance. The grant income deferred at the start of the year of £144,557 has been released as income in the Statement of Financial Activities. The grant income deferred at the end of the year relates to grant income received in the year.

### 13 CREDITORS

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
<b>Amounts falling due after more than one year</b>				
Bank loans	<b>292,053</b>	197,833	<b>292,053</b>	197,833
	<b>292,053</b>	197,833	<b>292,053</b>	197,833

Bank loans are secured by way of first legal charge over certain freehold property.

Creditors include bank loans not wholly repayable within five years amounting to £101,068.

# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 14 STATEMENT OF FUNDS

	Balance at 1 January 2009 £	Net incoming/ (outgoing) resources £	Transfers £	Balance at 31 December 2009 £
<b>GENERAL FUNDS</b>	870,537	75,454	(20,000)	925,991
<b>DESIGNATED FUNDS</b>				
Exhibition Renewal Fund	-	-	20,000	20,000
<b>TOTAL UNRESTRICTED FUNDS</b>	870,537	75,454	-	945,991
<b>RESTRICTED FUNDS</b>	7,816,289	(351,590)	-	7,464,699
<b>TOTAL FUNDS</b>	8,686,826	(276,136)	-	8,410,690

The general funds represent the free funds of the charity which are not designated for particular purposes.

The Exhibition Renewal Fund has been designated by the directors for the renewal of exhibits within the CONKERS visitor attraction.

Restricted funds are funds which have been given for particular purposes and projects and are reduced, over a period of time, in line with the associated capital expenditure and depreciation. In the Foundation's case the balance on restricted funds reflects the amount of capital expenditure financed by restricted funds but not yet charged to the statement of financial activities as depreciation.

The restricted funds received to date by the Foundation must be used for the development of the CONKERS visitor attraction; the CONKERS Circuit; the Aerial Walkway; the development of the Diana, Princess of Wales Memorial Woodland; the Rawdon East Reclamation project; the Youth Hostel; the development of Donington Island; and the preparation of the Heart of the Forest Vision and Action plan.

### 15 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds £	Unrestricted funds £	Total £
<b>Fund balances at 31 December 2009 are represented by:</b>			
Tangible fixed assets	7,464,699	1,460,176	8,924,875
Current assets	20,652	443,794	464,446
Current liabilities	(20,652)	(665,926)	(686,578)
Long term liabilities	-	(292,053)	(292,053)
	7,464,699	945,991	8,410,690

# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 16 SHARE CAPITAL

The company is limited by guarantee and has no share capital. The liability of each member of the company is limited to an amount not exceeding £10.

### 17 GROSS CASH FLOWS

	2009 £	2008 £
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(78,495)	569,784
Receipts from sales of tangible fixed assets	8,000	-
	70,495	569,784
<b>Financing</b>		
New secured loans	(150,000)	-
Repayment of loans	36,914	19,288
	(113,086)	19,288

### 18 ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	At 1 January 2009 £	Cash flows £	Other changes £	At 31 December 2009 £
Overdraft	(71,347)	(125,185)	-	(196,532)
Debt due within 1 year	(26,088)	(18,866)	-	(44,954)
Debt due after 1 year	(197,833)	(94,220)	-	(292,053)
Net funds/(debt)	(295,268)	(238,271)	-	(533,539)

# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 19 TRANSACTIONS WITH RELATED PARTIES

A number of the directors have been invited to join the board as representatives of partner organisations. As such, a range of financial and non-financial links exist between the charity and the organisations by which its directors are employed. No disclosure has been made in respect of these organisations in which the directors have an involvement where the transactions (primarily grants receivable, as disclosed in note 3) have been subject to public scrutiny and are in the public domain.

KPMG LLP, were engaged by the directors during the year for the provision of services totalling **£695** (2008 £695). I S Smith is a director of the company and is a partner in KPMG LLP.

Harvey Ingram LLP, Solicitors, were engaged by the directors during the year for the provision of services totalling **£5,931** (2008 £18,106). S Woolfe is a director of the company and is a partner in Harvey Ingram LLP.

### 20 LANDFILL TAX CREDIT SCHEME

The Foundation is an approved environmental body under the above scheme. During the year no contributions (2008 £NIL) were received from landfill operators. An amount of **£NIL** (2008 £8,000) was received from other environmental bodies.

### 21 SUBSIDIARY UNDERTAKINGS

Company	Country of incorporation	Profit for the year	Shareholders funds/(deficit)	Nature of business
The Forest Experience Limited	Great Britain	£4,691	£2	Operation of CONKERS
Heart of the National Forest Park Developments Limited	Great Britain	£2,847	£2	Holding and preparing land for the Heart of the National Forest Park

Heart of The National Forest Foundation owns 100% of the ordinary share capital of the above companies.

### 22 OPERATING LEASES

Net obligations under operating leases fall due as follows:

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Between one and five years	<b>997</b>	997	<b>997</b>	997

### 23 CAPITAL COMMITMENTS

#### Company and group

At 31 December 2009 the company had entered into contracts for capital expenditure relating to a Biomass heating system not provided for in these accounts amounting to approximately **£74,576** (2008 - £115,459).

# HEART OF THE NATIONAL FOREST FOUNDATION

(Limited by Guarantee)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2009

### 24 CONTROLLING PARTIES

In the opinion of the directors, given the structure of the company, there is no ultimate controlling party.