

# 2.17B

The Insolvency Act 1986

## Statement of administrator's proposals

Name of Company

Groundwork Community Forests North  
East Development Limited

Company number

03327239

In the Durham County Court

(full name of court)

Court case number

40 of 2008

(a) Insert full  
name(s) and  
address(es) of  
administrator(s)

I/We (a)

John Twizell  
Geoffrey Martin & Co  
St James's House  
28 Park Place  
Leeds  
LS1 2SPGeoffrey Martin  
Geoffrey Martin & Co  
St James's House  
28 Park Place  
Leeds  
LS1 2SP\*Delete as  
applicable

attach a copy of our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) 19 January 2009

Signed

Joint / Administrator(s)

Dated

19 January 2009.

### Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form.

The contact information that you give will be visible to researchers of the public record

John Twizell  
Geoffrey Martin & Co  
St James's House  
28 Park Place  
Leeds  
LS1 2SP

DX Number

0113 2445141

DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at:-  
**Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff**



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A83 21/01/2009 369

COMPANIES HOUSE

WEDNESDAY

## **Joint Administrators' proposals**

**Groundwork Community Forests North East Development Limited  
(formerly Groundwork Community Forests Development Company Limited,  
formerly North East Community Forests Development Company Limited,  
formerly Tees Forest Development Company Limited,  
formerly Tees Valley Forest Development Company Limited)  
("the Company") (In Administration)**

### **Statement of Joint Administrators' proposals under Paragraph 49 of Schedule B1 of the Insolvency Act 1986**

In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 ("the Act") and Rule 2.33 (1) of The Insolvency (Amendment) Rules 1986 ("The Rules"), John Twizell and Geoffrey Martin, the Joint Administrators of the Company, ("the Joint Administrators"), make the following proposals for achieving the purposes of the Administration, following their appointment on 27 November 2008, to the creditors of the Company for consideration and, if thought fit, approval.

The following proposals shall be considered at the meeting of creditors to be held at 10.00 am on Tuesday 3 February 2009 at The Aston Hotel, Newton Park, Coatham Mundeville, Darlington, DL1 3NL.

### **Proposals**

The Joint Administrators propose that:

- (1) They continue to manage the business, affairs and property of the Company in order to achieve the following purposes for which the Administration was made; namely:
  - achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).
- (2) They continue to take any action they consider expedient with a view to achieving the purposes of administration detailed at (1) and in particular that they:
  - (i) continue to investigate and market for sale the Company's interest in its various land holdings and complete the sales thereof on the basis of recommendations from GVA Grimleys;
  - (ii) be authorised to resolve and agree any liabilities of the Company which may relate to its various land holdings, such as but not limited to, S106 agreements, restrictions, conditions, covenants, liens etc;
  - (iii) be authorised to pursue any offers received for the remaining assets of the Company, in whole or in part, and they be further authorised to complete a sale(s) to whichever party(ies) (whatsoever) they deem appropriate to maximise realisations for creditors without further reference to creditors;
  - (iv) do all such things they may consider expedient with a view to enhance the value of the Company's assets;
  - (v) investigate and collect, as appropriate, the Company's inter-company account balances;

## Appendix F (continued)

- (vi) dispose of the Company's remaining assets, if any, on such terms as they consider expedient;
  - (vii) to investigate the Company's and the Group's financial affairs and accounting and recording procedures with particular regard to, but not limited to, Corporate Governance and preserving any action which may ultimately be taken by the Company or any eventual Liquidator;
  - (viii) continue to wind down the Company's affairs in an orderly manner.
- (3) They be authorised to make a distribution to any secured creditors by way of covenants, liens or restrictions in title deeds, and preferential creditors, should such classes of creditors be identified. The Company's records and affirmed by the directors' Statement of Affairs indicate that there are no secured or preferential creditors. Companies House shows that there are no secured chargeholders with fixed and/or floating charges.
- (4) If the Joint Administrators conclude that the Company has no property to permit a distribution to unsecured creditors, and when the Joint Administrators think that the purpose of Administration has been sufficiently achieved they will file a notice in accordance with Paragraph 80 of Schedule B1 of the Act. The Joint Administrators appointment shall then cease to have effect and the Joint Administrators will be discharged from liability at that time.
- Alternatively, in such circumstances they shall send a notice in accordance with Paragraph 84 of the Act whereupon the Joint Administrators appointment shall cease to have effect, and the Joint Administrators will be discharged from liability at that time. The effect of this is that the Company would eventually be dissolved without any formal liquidation.
- (5) In the event that the Joint Administrators think a distribution will be made to unsecured creditors the Joint Administrators propose that either one or both of them (at their discretion) be appointed as liquidator(s) in accordance with Paragraph 83(7) of the Act and Rule 2.117(3) of The Rules. Creditors may nominate a different person as the proposed liquidator should they so wish, provided that the nomination is made after the receipt of these proposals and before these proposals are approved by creditors.
- (6) The creditors should consider establishing and if thought fit appointing a Creditors' Committee to exercise the functions conferred on it by or under the Act.
- (7) They consult with the Creditors' Committee, if formed, at appropriate intervals concerning the conduct of the Administration and the implementation and development of these proposals and where they consider it expedient obtain the sanction of that Committee on behalf of the creditors of the Company (and without further reference to them) to any proposed action on the part of the Joint Administrators.
- (8) If no Creditors' Committee is to be formed then the Joint Administrators' remuneration be fixed by reference to the time properly incurred by them and their staff in attending to matters arising in the Administration. The Joint Administrators be authorised to draw their remuneration from time to time during the period of the Administration without further recourse to creditors, as and when funds allow. The Joint Administrators will incur and shall pay such costs and expenses, including professional fees as they consider to be incidental to the achievement of the proposals outlined above or their statutory duties as and when funds allow.
- (9) The Joint Administrators be authorised to draw a disbursement charge relating to the recovery of overheads costs in accordance with their firm's current disbursements policy (appendix G).

- (10) That in the event that either one or both of the Joint Administrators be appointed Liquidator(s) over the Company the following resolutions be approved, namely:-
- (i) that the Liquidator be authorised to pay preferential creditors (if any, and if not already paid by the Joint Administrators) in full if appropriate and any balance of funds available be distributed by way of a dividend to unsecured creditors.
  - (ii) in order for the Liquidator(s) to draw fees by reference to time properly spent by the Liquidator(s) and their staff and a disbursements charge relating to the recovery of overhead costs in accordance with the firm's disbursements policy at the time, the Liquidator shall seek sanction from either the Court, the Committee, if one is formed or via a meeting of the Company's creditors.
- (11) To seek an extension to the Administration period if deemed necessary by the Joint Administrators.
- (12) The Joint Administrators be authorised to receive payment in the sum of £2,086.50 plus VAT and disbursements in respect of their advice provided to the Company in connection with the making of the appointment and in determining that it was reasonably likely that the purpose of the administration would be achieved.
- (13) With the acceptance of these proposals creditors confirm that upon discharge of the Administration by way of whichever route applicable as set out between Paragraph 76 to 84 of Schedule B1 of the Act, the Joint Administrators is discharged from all liability incurred in respect of the Administration, in accordance with Paragraph 98(1) of Schedule B1 of the Act.
- (14) That in the event that the Joint Administrators consider that the Company should be placed into Compulsory Liquidation, that they be authorised to take the necessary steps and that creditors shall be notified in accordance with the Act.
- (15) In addition, they do all such other things and generally exercise all their powers as Joint Administrators as they in their discretion consider desirable or expedient in order to achieve a purpose of the Administration or protect and preserve any remaining assets of the Company or maximise realisations of those assets, or for any other purpose incidental to these proposals. Without limitation to the general powers of the Joint Administrators they shall have the power and discretion to compromise any debts or claims should, in their opinion, it be beneficial to the achievement of the proposals outlined above.



**John Twizell and Geoffrey Martin**

Joint Administrators of Groundwork Community Forests North East Development Limited

**Groundwork Community Forests North East Development  
Limited  
(formerly Groundwork Community Forests Development  
Company Limited,  
formerly North East Community Forests Development  
Company Limited)  
(In Administration)**

**Report prepared for all known creditors of the Company  
pursuant to Paragraph 49 of Schedule B1 of the Insolvency  
Act 1986**

**Dated 19 January 2009**

**Strictly private and confidential  
Not for publication**

The concept of community forests was based on "large areas on the edge of towns and cities where environmentally led regeneration would create new, well-wooded landscapes for work, wildlife, recreation and education, improving the health, well-being and quality of life of local communities

- 2.7 The Company and its projects were led and sponsored by a partnership governed by a Memorandum of Agreement between: -

- Countryside Agency;
  - Forestry Commission;
  - Gateshead Council;
  - South Tyneside Council;
  - Sunderland City Council;
  - Derwentside District Council;
  - Chester-le-Street District Council and;
  - Durham County Council
- ("together the Partners")

Each of the parties had representation on the Board of Directors.

- 2.8 It is understood that funding arrangements were to be sourced through the public, private and voluntary sectors, with each Partner contributing to the budget from their own organisation by way of service level agreements, grant aid and secondments, together with additional funding from external agencies.
- 2.9 Following its incorporation, the Company is understood to have become the employer of the former staff of the Great North Forests and Tees Forest projects, both directly and indirectly (as secondees from the Partner organisations).
- 2.10 In December 2004, North East Community Forests (Trading) Limited ("Trading") a company limited by guarantee, was incorporated to undertake the commercial trading activities and work on the Company's land holdings. It is understood at this point the Company was seeking to obtain charitable status and that any surpluses generated by Trading would be gift aided to the Company.
- 2.11 In May 2005, North East Community Forests Limited ("Charity") was incorporated. Charity is a company limited by guarantee and registered with the Charity Commission. It is understood that Charity was specifically set up to satisfy the requirements of the Charity Commission and that it was intended that the Company's assets and liabilities would be transferred to it. The Trustees of Charity, who are also its directors, included representatives of the Partners.
- 2.12 I have only a limited knowledge of the Company's activities and financial affairs for the period from its incorporation in 1997 through to mid 2008. However, from 2005 it appears that the Company, together with Charity and Trading, traded as a group and latterly were trading at a loss. Charity appears to have acted as the sole member of Trading and the Company ("the Group").

The Group appears to have operated as one entity, albeit inter-company transactions appear to have been recorded within the Group. For example, the Company held the sole bank account for the Group with the Co-Operative Bank plc. Charity appears to have held all employment contracts. Trading is the holder of the Group's PAYE/NIC reference and the defined Benefit Pension Scheme with Teesside Pension Fund.

- 2.13 The Company and the Group appear to have experienced serious financial difficulties during 2007 and 2008. These difficulties resulted in the directors approaching Groundwork West Durham and Darlington ("Groundworks"), an environmental charity with compatible objectives, in the summer of 2008 to discuss a rescue package.

- 2.14 Groundworks were keen to continue the principles of community forestry, related projects and business activities, with a view to safeguarding the existing stakeholder investment in the land assets, charitable projects and employees. Groundworks took control of Charity by becoming its sole member on 23 July 2008.
- 2.15 Members of the Groundworks' team became trustees and directors of the Group companies. Groundworks injected £250,000 into the Group via Charity, as part of the rescue package supported by the other Partner organisations.
- 2.16 Groundworks' senior management team immediately implemented a streamlining strategy of the Group's businesses and to work with existing project funders. It was at this time that the Group's respective company names were changed to reflect their new association with Groundworks.
- 2.17 An initial post acquisition review of trading operations resulted in the immediate closure of one of the probation service contracts. The directors and senior management team explored various scenarios in an effort to restore Trading, and ultimately the Group, back to profitability. Groundworks' increased its loan to £400,000 in October 2008 to meet the Group's additional working capital requirements.
- 2.18 In November 2008, the Groundworks' team identified significant additional liabilities of in excess of £200,000, which had not been declared to them at the time of the takeover. These additional liabilities had an immediate adverse impact on the Group's cashflow and thus the Group was effectively rendered unable to function due to its lack of cash resources.
- 2.19 The Company has not granted any charges or securities against its assets; as confirmed at Companies House. The Company and the Group does not have any bank overdraft or borrowing facilities. Given the Company's financial position at this time, the directors did not seek to take on any such borrowings or introduce further monies from Groundworks.
- 2.20 It was apparent to the directors that the Group would be unable to source further funds or generate profits that would enable it to meet the payment demands of its suppliers and ongoing costs of employees within its cashflow. Thus, the directors resolved that the Company should become "creditor protection orientated" by protecting the Group's assets to maximise the returns to creditors. The directors also sought advice from its professional advisers.
- 2.21 My firm was first engaged to advise the Company and the Group on 21 November 2008. Prior to this, neither my firm nor myself have had any professional relationship with the Company, the Group or their directors.
- 2.22 There subsequently followed an immediate review of the Company's financial position. The directors concluded that the Company and the Group were insolvent and there was no alternative but to seek the protection of Administration to safeguard the business and assets of the Company and maximise the returns to creditors.
- 2.23 Accordingly, following a full board decision, the directors with my firm's assistance took the appropriate steps to place the Group into Administration.
- 2.24 My partner, Geoffrey Martin, and I were appointed Joint Administrators of the Company, Charity and Trading on 27 November 2008.
- 2.25 At the date of my appointment, the Company employed no staff. The Group, via Charity, employed 19 full time staff and 9 sessional staff.
- 2.26 I would wish to formally record my thanks to Groundworks for making available a number of their employees to assist in providing me with information necessary to enable me to carry out my obligations as Administrator. They have been most helpful.

### **3. Statutory and historical information**

- 3.1 The statutory information for the Company is detailed at appendix A.
- 3.2 The Company filed audited annual accounts for the period ended 31 March 2007. Prior to the involvement of Groundworks, the Company's accountants and auditors (at that time) prepared draft accounts for the year ended 31 March 2008, which incorporate the filed 2007 accounts. I attach a copy of these draft accounts as appendix B. It would appear that these accounts reflect the Group's activities and financial position as a whole.
- 3.3 Shortly following Groundworks' takeover of the Group in July 2008, the directors instructed a new firm of accountants to prepare annual accounts for the year ended 31 March 2008 for the individual companies within the Group. I understand that this was an extensive and time consuming task and not completed at the time of my appointment. The draft summary accounts for the year ended 31 March 2008 prepared by the Company's new accountants are attached at appendix C.
- 3.4 The Company has prepared management accounts for the period 1 April to 27 November 2008 and these are also included in appendix C.
- 3.5 I have not carried out any work to verify any of the figures contained within appendices B or C.

### **4. Purpose of Administration**

- 4.1 The objectives of administration, as defined pursuant to Paragraph 3 of Section B1 of the Act, are summarised as follows:
- rescuing the Company as a going concern, or
  - achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or
  - realising property in order to make a distribution to one or more secured or preferential creditors.
- 4.2 Based on my experience to date in the Administration and following a review of the Company's affairs, I believe that the first objective is not achievable. Options such as a Company Voluntary Arrangement or an arrangement under Section 425 of the Companies Act 1985 are unlikely to be appropriate for the following reasons:
- lack of ability to raise secured lender funding;
  - no realistic prospect of a return to profitability to make contributory payments into an arrangement;
  - no realistic prospect of being able to fund employee costs in the immediate and short term;
  - a potentially significant pension scheme deficit.
- 4.3 I have therefore concentrated my efforts on achieving the second objective of administration; namely a better result for creditors than would be likely if the Company were wound up (without first being in administration).
- 4.4 My actions to date to achieve this objective are set out below in section 7.



## **5. Estimated financial position**

- 5.1 The directors were notified of their duty to submit a Statement of Affairs of the Company as at 27 November 2008. I received a duly completed Statement of Affairs on 15 January 2009. This document is attached as appendix D. A schedule of the names and addresses of creditors prepared from the Company's records is also attached.
- 5.2 The Statement of Affairs dated 9 January 2009 was affirmed by Mr Henry Barrie following a board meeting. To date, I have received Statement of Concurrences affirmed by Kate Culverhouse and Douglas Chapman.
- 5.3 The Statement of Affairs indicates that the Company has no secured or preferential creditors.
- 5.4 It should be noted that the directors' Statement of Affairs does not take into consideration the realisation and professional costs of the Administration. If the costs of Administration are taken into account, the directors' Statement of Affairs indicates that there will be no funds available to unsecured creditors.
- 5.5 The directors requested the assistance of their accountants in preparing the Statement of Affairs due to the complexities and historic accounting procedures of the Group. This cost is an allowable expense of the Administration.
- 5.6 The Company's key asset is its land holdings. The directors have attributed a £nil estimated to realise value on these land holdings. I understand the basis of this valuation is to reflect their view of the various Section 106 agreements, liens, restrictions and covenants against the land holdings.
- 5.7 I am presently investigating these land holdings with the assistance of the Company's solicitors, Mincoff Jacksons and my valuation agents, GVA Grimleys.
- 5.8 I am presently at the early stages of my review of the Company's affairs. At this point, having only recently received the directors' Statement of Affairs, I will defer making any detailed comments on the information provided. However, my investigations to date would suggest that the Company actually holds legal title or interest to additional land holdings over and above those reflected in its accounts, and the Statement of Affairs. These land holdings appear to be reflected in Trading's accounts.
- 5.9 I will provide creditors with my thoughts on the directors' Statement of Affairs at the creditors meeting.
- 5.10 A key issue facing the Administration is funding the costs necessary to optimise the asset realisations. The Company has very limited cash resources and I have made the professional firms engaged in the Administration (including my own firm) aware that there may not be sufficient realisations achieved to meet their costs.
- 5.11 Following the introduction of certain provisions of the Enterprise Act 2003 in September 2003, I am obliged to consider setting aside a proportion of funds for the benefit of unsecured creditors ("the Prescribed Part"). However, given that there are no secured creditors who hold a floating charge over the assets of the Company, this provision of the Enterprise Act 2003, is not applicable.

## **6. Administrators' receipts and payments account**

- 6.1 I attach at appendix E an abstract of the Joint Administrators' receipts and payments account for the period 27 November 2008 to 16 January 2009, in accordance with Rule 2.47(2) of the Rules. I would emphasise that this receipts and payments account is based on my present understanding of the Company's affairs.

- 6.2 The allocation of receipts and payments to date may be subject to future reallocation between the Group should my investigations reveal any misapplications.

## **7. Actions since appointment**

- 7.1 Upon my appointment, I, together with my team, attended the Group's premises and met with some of the Company's directors and the Groundwork's senior management team. The Company was effectively non-trading at the date of my appointment, thus the Administration strategy and the main priority has been focussed on safeguarding the Company's assets.

- 7.2 The key actions undertaken by the Joint Administrators in safeguarding the Company's assets may be summarised as follows, (the list is not exhaustive):

- investigating the Company's title and interest in various land holdings;
- ensuring adequate insurance arrangements are in place;
- liaising extensively with the Company's solicitors and my valuation agents in relation to the Group's land holdings;
- meeting with the Forestry Commission;
- liaising with other potential stakeholders in the Group's various land holdings;
- reviewing the realisability of the inter-group debtor;
- taking possession of the Group's records, with the assistance of the Groundworks' team.

## **8. Investigations into the affairs of the Company and the Group**

- 8.1 Following my appointment, my team and I have commenced a high level review of the Group's financial affairs. This review is still very much in the information gathering phase. However, a number of corporate governance issues have already come to light. For example, title to the Group's various land holdings, as explained in Section 5.8 above. There are also the issues raised in Section 2.12.

- 8.2 In addition, it would appear that the Group have not accounted separately for restricted and unrestricted income and have simply treated all income as unrestricted funds. As at the date of my appointments, the Group operated from one bank account, which is in the name of the Company, which account held a little over £500.

## **9. Administrators' proposals**

- 9.1 The Joint Administrators' proposals are attached as appendix F.

- 9.2 In summary, it is proposed that the Joint Administrators complete their identification and realisations of the Company's assets, as appropriate, and investigate the Company's financial affairs, concentrating on corporate governance. The Joint Administrators should then address the most appropriate method of exiting the Administration. The key issue in determining the exit will be what funds, if any, are ultimately available for unsecured creditors.

- 9.3 In the event there are no funds available for unsecured creditors, the Administration be brought to a conclusion under either Paragraph 80 or 84 of Schedule B1 of the Act, whichever is considered most appropriate at that time. For further explanation see proposal 4 at appendix F.

- 9.4 In the event that funds do become available for distribution to unsecured creditors, the Joint Administrators propose that the Company moves from Administration into Creditors' Voluntary Liquidation and that they be appointed as Joint Liquidators under Paragraph 83 of Schedule B1 of the Act. For further details see proposal 5 of appendix F.

#### **10. Joint Administrators' costs**

- 10.1 You will note that the Joint Administrators propose that their remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the Administration. A detailed guide to fees can be downloaded from the Insolvency Practitioners website at [www.insolvency-practitioners.org.uk](http://www.insolvency-practitioners.org.uk) (click on info, select technical – SIP and choose SIP9 from the list).
- 10.2 Details of my firm's time costs to 9 January 2009 are shown as appendix G. I provide the information in this format as recommended by the provisions of Statement of Insolvency Practice 9. No fees have been drawn to date.
- 10.3 My firm's time costs attributed to the individual companies within the Group are based on my present understanding of the title to assets and claims against those companies. It may be that a future re-allocation of these costs may be necessary depending on the ultimate outcome of my investigations.
- 10.4 The level of realisations that may ultimately be achieved in the Administration is uncertain. My firm have accepted that there may not be sufficient funds in the Administration to meet these costs (together with other professionals). Accordingly, we will be managing my firm's time to focus on achieving initial realisations to finance the Administration.
- 10.5 In addition, under proposal 12 of appendix G, I will be seeking approval to my firm's fees in determining whether it was reasonably likely that the purpose of the Administration would succeed and providing assistance to the Company in obtaining the Administration Order. I shall seek approval to draw fees of £2,086.50 plus disbursements and VAT.
- 10.6 Appendix G also contains details of the firm's policy on charging disbursements.

Should creditors wish to discuss any matter including within this report, or any aspect of this case in advance of the creditors' meeting, please do not hesitate to contact my colleagues, John Birkinshaw, Dominic Wolski or myself.

Yours faithfully

For and on behalf of

Groundwork Community Forests North East Development Limited

**John Twizell**

Joint Administrator

Acting as agent of the Company

and contracting without personal liability

Geoffrey Martin is licensed by the Insolvency Practitioners Association

John Twizell is licensed by the Institute of Chartered Accountants in England and Wales

## Appendix A

**Groundwork Community Forests North East Development Limited**  
(formerly Groundwork Community Forests Development Company Limited,  
formerly North East Community Forests Development Company Limited,  
formerly Tees Forest Development Company Limited,  
formerly Tees Valley Forest Development Company Limited)  
("the Company") (In Administration)

The statutory information of the Company is as follows:

<b>Company number:</b>	03327239
<b>Date of incorporation:</b>	26 February 1997
<b>Registered office:</b>	c/o Geoffrey Martin & Co St James's House 28 Park Place Leeds LS1 2SP  Formerly of: Grosvenor House 29 Market Place Bishop Auckland Durham DL14 7NP  Formerly of: Sporting Lodge Low Lane Thornaby Stockton on Tees TS17 9LW
<b>Shareholding:</b>	The Company is limited by guarantee and the sole member is Groundwork Community Forests North East Limited
<b>Directors:</b>	Henry John Barrie Douglas Norman Chapman Kate Culverhouse Ian Robinson Tate
<b>Company secretary:</b>	Tony Wentworth

Direct accounts  
for the year

**NORTH EAST COMMUNITY FORESTS  
DEVELOPMENT COMPANY LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**  
**(LIMITED BY GUARANTEE)**

Company Number 3327239

# **NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**

## **COMPANY INFORMATION**

### **Members**

Mrs S G Hanson (Chair)  
C L Davies

### **Directors**

Mrs S G Hanson (Chair)  
C L Davies  
R Stather (Treasurer)  
K Whitty

### **Secretary**

C L Davies

### **Company Number**

3327239

### **Registered Office**

Sporting Lodge  
Low Lane  
Thornaby  
Stockton on Tees  
TS17 9LW

### **Bankers**

Co-operative Bank PLC  
Business Customer Services  
Olympic House  
6 Olympic Court  
Off Montford Street  
Salford  
M5 2QP

### **Solicitors**

Jackson's  
Innovation House  
Yarm Road  
Stockton  
TS18 3TN

### **Auditors**

Censis  
Exchange Building  
66 Church Street  
Hartlepool  
TS24 7DN

**NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**  
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# **NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**

## **Directors' and Members' Report for the year ended 31 March 2008**

The directors and members present their report and accounts for the year ended 31 March 2008. The directors have adopted the provisions of the Statement of Recommended Practice (SORP) - "Accounting and Reporting by Charities" issued in March 2005 in preparing the Annual Report and financial statements of the company.

### **Structure. Governance and Management**

The company is a company limited by guarantee, and is, therefore, governed by a memorandum and articles of association.

The company is organised so that the members meet regularly to manage its affairs.

The company has a business plan which covers a three year period and which is updated and revised on a six monthly basis.

The company takes responsibility for the induction of new directors/members and this induction process can include:

- provision of written background information about the company
- meetings with other staff members
- one to one meetings
- provision of regular reports on the work of the organisation

The company has adopted a Risk Management Strategy and this is included in the Business and Development plan and is updated and revised on a yearly cycle.

### **Objectives and activities**

The company's object and its principal activity is to facilitate the creation and management of many environments within the area of The North East for the benefit of the community.

### **Directors and Members**

The Board has the power to appoint additional members as it continues fit to do so. The members and directors who served throughout the year are:-

#### Members

Mrs S G Hanson (Chair)  
C L Davies

#### Directors

Mrs S G Hanson (Chair)  
C L Davies  
R Stather (Treasurer)  
K Whitty



# NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED

## Directors' and Members' Report for the year ended 31 March 2008

### Achievements and Performance

Our strategy to increase our land holdings has become central to the way we operate as an organisation. Land ownership is of benefit to us in many ways; it gives financial resilience but also allows us to offer multiple benefits to the public at large. We were delighted to accept ownership of a large land holding near Shildon as part of a planning led development which will become the largest new woodland we have created since 2000. We have already planted over 20,000 new trees on this site alone and expect to plant a further 30,000 before we are finished. We are also seeing the benefit of vertical integration as all the trees have been grown in our tree nursery business near Sedgfield, which is run as a social enterprise, and the labour for the future site maintenance will come from our relationship with the Probation service.

We remain at the cutting edge of new thinking in the countryside and have been delighted with the results in two new work areas. The first of these is green infrastructure which is a new approach to managing natural green space and the second is green exercise, which as the name suggests is about encouraging people to be 'out and active' and hence improve their personal fitness. We have been able to attract new resources for both these areas of work from organizations such as Countryside Agency (now Natural England).

The North East Community Forests are going through a period of rapid adjustment caused by a change in public funding base of the national community forest programme; these accounts reflect some of the challenges we face. We are adapting to new ways of working based on earning income through project delivery and products we make and sell. These rapid changes have created pressures which we are addressing with a new strategy. Change brings out the best in people and we have an enthusiastic team of staff and committed Trustees that are enabling us to move forward on the next stage of our development.

### Financial Review

The company received funding from a number of organisations during 2006/2007, chief amongst these were Natural England, Forestry Commission and Forestry Commission - DEFRA.

The company seeks to act prudently in all matters related to spending decisions and has the following financial management structure:

Finance Officer  
Treasurer  
Project Managers

Informal team meetings take place on a regular basis involving the company directors, treasurer and finance team. More formal finance meetings take place quarterly and also as and when needed.

The finance team, make a quarterly report to the board and a variance analysis of income and expenditure is prepared by the Finance Officer.

The company has a reserves policy which is kept under review and which currently seeks to maintain a minimum level of reserves.

Any major financial risks during the year have been brought to the attention of the Board and a Risk Management Strategy is in place.

# NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED

## Directors' and Members' Report for the year ended 31 March 2008

### Plans for Future Periods

We believe that the future of the North East Community Forests is dependant on our success in adapting to the 'new economic realities' that the face the environmental voluntary sector as a whole. These realities include a notable move to more regional government, a greater focus on sustainable development which has to some extent drawn resources away from the natural environment, a reduction in public finance as the UK economy slows and the need for evidence based commissioning. Our response has been our first three year business plan covering the period 1<sup>st</sup> April 2008 to 31 March 2011. This recognises that this is a period for consolidation not for rapid expansion which is not sustainable.

We now describe ourselves as an *"intelligent partner bringing about positive environmental, economic and social change at the landscape scale"*. During the life of our new Business Plan we expect our prime work focus to be on the two city regions (*Tees Valley and Tyne & Wear*) and the areas that fall within their larger urban fringe footprint. This footprint includes much of County Durham and some parts of Northumberland. We have reached the decision to market ourselves as one organisation rather than draw a distinction between the charity and trading company.

To deliver our objectives we have developed six priority programme areas for 2008/09 – 2010/11 these are:-

- Trees and woodlands for the purpose of increasing local tree cover, access opportunities and improved management of existing woodland where they are threatened by decline.
- Green infrastructure for sustainable communities with a focus on quality of place, activities that facilitate participation in lifestyle improvements, climate change adaptation and increasing the land ownership of NECF.
- Education in the context of the benefits trees, woodlands and natural green space play in sustainable development.
- Green Exercise in an outdoor setting that leads to improved life quality, fitness and reduced costs for health providers.
- Community involvement in woodlands and natural green-space that enables people to care for their local environment and interact socially.
- Social enterprise that provides employment, training and improved citizenship pathways and delivers valuable products into the local economy.

To meet our objectives we aim to operate on a financially stable platform consistent with meeting with servicing our day-to-day financial requirements. To do this we will practice Full Cost Recovery (FCR) throughout our work and seek to quality assure everything we do.

### Funds held as Custodian Trustee on behalf of others

The company holds funds on behalf of the Great Western Community Forest, the amount held at 31 March 2008 amounted to £101,516, (2007 - £97,017). This fund is shown as a restricted fund note 11 in the accounts.

# **NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**

## **Directors' and Members' Report for the year ended 31 March 2008**

### **Transactions and Financial Position**

The statement of Financial Activities for the period is set out on page 7 of the financial statements.

Details of grant income is disclosed in the statement of funds, note 11 to the accounts.

The Statement of Financial Activities shows a surplus for the period of £229,778 and reserves stand at £563,912 in total. The free reserves of the company (i.e. those not tied up in fixed assets) were in deficit by £475,525 (excluding defined pension scheme deficit of £128,000) at the period end.

The considered opinion of the board is that the company will continue at enhanced operational capacity with the continued support of grant funders and suppliers. Funding is in place to enable the company to continue at its present level and during the financial year ending 31 March 2008.

### **Tangible Fixed Assets for use by the Company**

Details of movements in fixed assets are set out in note 8 to the accounts.

### **Statement of Directors' Responsibilities**

The directors are required by law to prepare financial statements for each financial year which give a true and fair view of the financial activities of the organisation and of its financial position at the end of that year. In preparing those financial statements the members are required to:

- (a) select suitable accounting policies and apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether the policies adopted are in accordance with the Companies Act 1985 and with applicable accounting standards and statements of recommended practice, subject to any material departures disclosed and explained in the financial statements;
- (d) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the organisation 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 organisation and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

The auditors Censis, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report, which has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, and the Financial Reporting Standard for Smaller Entities (effective January 2005), was approved by the board of Directors and Members on \_\_\_\_\_ and signed on its behalf.

C L Davies  
Secretary

# **NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**

## **Independent Auditor's Report to the Members of North East Community Forests Development Company Limited**

We have audited the financial statements of North East Community Forests Development Company Limited for the period ended 31 March 2008 which comprise of the statement of financial activities, the balance sheet and related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), under the historical cost convention modified to include the revaluation of certain fixed assets and the accounting policies set out on pages 9-11.

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

### **Respective Responsibilities of Directors and Auditors**

As described in the statement of directors' and members' responsibilities the company's directors and members are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards

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 directors' and members' report is not consistent with the financial statements, if the 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 directors' remuneration and transactions with the company 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.

# **NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**

## **Auditor's Report to the Members of North East Community Forests Development Company Limited**

Cont.....

### **Basis of Opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom's Generally Accepted Accounting Practice, applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2008, and of its incoming resources and application of resources, including its income and expenditure, in the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Censis  
*Registered Auditors and  
Chartered Accountants*  
*Exchange Building*  
*66 Church Street*  
*Hartlepool*  
*TS24 7DN*

Dated this

**NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**  
**Statement of Financial Activities for the year ended 31 March 2008**

	Notes	Unrestricted Funds £	Restricted Funds £	Totals 2008 £	Totals 2007 £
<b>Incoming Resources</b>					
Incoming Resources from Generated Funds					
<i>Voluntary Income:</i>					
Donations and Grants	2	46,972	8,741	55,713 ✓	404,599
<i>Activities for generating funds:</i>					
Land Services		141,034	-	141,034 ✓	144,175
Tree Nursery		78,702	-	78,702 ✓	64,701
Workshop		13,926	-	13,926 ✓	7,021
Food Chain		-	-	-	12,354
Consultancy Fee		23,225	-	23,225 ✓	7,938
Land Income		115,944	-	115,944 ✓	-
Path Finder Income		120,000	-	120,000 ✓	-
Other		778	8,492	9,270 ✓	29,440
Interest Received		2,406	-	2,406 ✓	6,176
Net finance income from Defined Benefit Pension Scheme		53,000	-	53,000	47,000
<i>Incoming Resources from Charitable Activities</i>					
Grants	3	539,426	718,222	1,257,648 ✓	796,881
Landfill Tax	4	-	-	-	105,719
<b>Total Incoming Resources</b>		<b>1,135,413</b>	<b>735,455</b>	<b>1,870,868</b>	<b>1,626,004</b>
<b>Resources Expended</b>					
Costs of Generating Voluntary Income					
		40,006	-	40,006	92,046
Costs of Generating Funds		687,538	-	687,538	404,042
Charitable Activities		197,418	648,128	845,546 ✓	1,007,282
Governance costs		68,000	-	68,000 ✓	77,700
<b>Total Resources Expended</b>	5	<b>992,962</b>	<b>648,128</b>	<b>1,641,090</b>	<b>1,581,070</b>
Net Incoming Resources Before Transfers		142,451	87,327	229,778	44,934
Transfers Between Funds		23,451	(23,451)	-	-
<b>Net Outgoing Resources before other recognised gains &amp; losses</b>		<b>165,902</b>	<b>63,876</b>	<b>229,778</b>	<b>44,934</b>
Pension Schemes Actuarial Gains		109,000	-	109,000	48,000
Deficit on revaluation reserve		-	-	-	(90,087)
Fund Balance b/fwd		40,350	184,784	225,134	222,287
<b>Fund Balances at 31 March 2007</b>	11	<b>315,252</b>	<b>248,660</b>	<b>563,912</b>	<b>225,134</b>

The notes on pages 9 - 21 form part of these accounts.

# NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED

## Balance Sheet as at 31 March 2008

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
		£	£
<u>Fixed Assets</u>			
Tangible Assets	8	824,777 ✓	820,743 ✓
<u>Current Assets</u>			
Stock		45,000	45,000
Debtors	9	203,884 ✓	159,202 ✓
Cash at Bank		4,386 ✓	225,306 ✓
		-----	-----
		253,270	429,508
<u>Creditors: Amounts Falling</u>			
Due Within One Year	10	(480,135) ✓	897,117 ✓
		-----	-----
<u>Net Current (Liabilities)/Assets</u>		(226,865)	(467,609)
		-----	-----
		597,912	353,134
Pension deficit	15	(34,000)	(128,000)
		-----	-----
		563,912	225,134
		=====	=====
<u>Accumulated Funds</u>			
Revaluation Reserve		-	(90,087)
Pension Reserve		(34,000)	(128,000)
Unrestricted General Fund	11	349,252	258,437
Restricted Funds	11	248,660	184,784
		-----	-----
	12	563,912	225,134
		=====	=====

Approved by the Board of Directors and Members on this

and signed on its behalf.

C L Davies  
Director

The notes on pages 9 to 21 form part of these accounts.

# **NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**

## **Notes to the Accounts for the year ended 31 March 2008**

### **1 Accounting Policies**

#### **1.1 Basis of Preparation of Accounts**

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Companies Act 1985 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

#### **Changes in Accounting Policy**

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

##### **FRS17 'Retirement Benefits'**

The directors have implemented FRS17 in full for the first time in the current year. This implementation has resulted in the full inclusion of the North East Community Forests' Teesside Defined Benefit Pension Fund within the company accounts for the current year, and the restatement of the prior year comparatives.

The net pension deficit is reflected in full within the balance sheet with year on year movements showing in the defined benefit pension reserve.

Detailed analysis of all pension movements are shown in note 15.

#### **1.2 Company Status**

The company is a company limited by guarantee. The members of the company are named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member.

#### **1.3 Fund Accounting**

General funds are unrestricted funds which are available for use at the discretion of the members in furtherance of the general objectives of the company and which have not been designated for other purposes. unrestricted funds include a revaluation reserve representing the restatement of land at market values.

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



# **NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**

## **Notes to the Accounts for the year ended 31 March 2008**

Notes Continued ...

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income and gains are allocated to the appropriate fund.

### **1.4 Incoming Resources**

All incoming resources are included in the Statement of Financial Activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant
- Gifts in kind are recognised at market value in the Statement of Financial Activities when receivable.
- Incoming resources from trading activities are accounted for when earned.
- Incoming resources from grants, where related to performance and specific deliveries, are accounted for as the company earns the right to consideration by its performance.

### **1.5 Resources Expended**

Expenditure is recognised on an accruals basis as a liability is incurred.

Expenditure includes any VAT which cannot be recovered, and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.
- Charitable expenditure comprises those costs incurred by the company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the company and include the audit fees and costs linked to the strategic management of the company.
- All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis or estimated usage as set in note 5.

### **1.6 Stocks**

Stock is valued at the lower of cost and net realisable value.

**NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**  
**Notes to the Accounts for the year ended 31 March 2008**

Notes Continued ...

**1.7 Tangible Fixed Assets**

Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:

Freehold Land Non depreciable asset which is considered to have an infinitely useful life.

Improvements to Property      2% straight line.

Fixtures, Furniture & Equipment	3 - 10 Years.
Plant & Machinery	15% straight line.
Motor Vehicles	25% straight line.

**1.8 Pensions and other post-retirement benefits**

The company operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company.

Pension scheme liabilities are measured on an actuarial basis using a projected unit method by Barnett Waddington. The last valuation was carried out on 31 March 2008.

Pension scheme assets are valued at market value at the balance sheet date.

The pension scheme deficit is recognised in full on the balance sheet.

<b>2. Donations</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2008 £</b>	<b>2007 £</b>
Gifted Land	-	-	-	370,000
Various Schools, Associations and Trusts	12,611	8,741	21,352	-
Individuals	21,777	-	21,777	26,201
Corporate	-	-	-	1,200
Gift Aid	12,584	-	12,584	4,364
New Deal Placement	-	-	-	2,834
	<b>46,972</b>	<b>8,741</b>	<b>55,713</b>	<b>404,599</b>

Land gifted in the year has been valued at market value by an independent valuer Stanton Mortimer, rural, residential and commercial property consultants. Valuations have been undertaken as defined within the RICS Appraisal and Valuation Manual.

**NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**  
**Notes to the Accounts for the year ended 31 March 2008**

Notes Continued...

3.	Grant Income	Unrestricted £	Restricted £	2008 £	2007 £
	Theakson	391,161	-	391,161	-
	Natural England	-	93,095	93,095	168,396
	Middlesbrough Borough Council	-	27,435	27,435	39,236
	Sport of England	-	13,002	13,002	15,000
	Rural Development Service	-	48,957	48,957	32,607
	One North East	-	-	-	10,971
	Northern Rock Foundation	-	33,000	33,000	-
	Groundworks	-	5,000	5,000	6,000
	Durham County Council	-	20,000	20,000	5,387
	Forestry Commission	20,000	22,000	42,000	93,446
	Gateshead County Council	-	58,995	58,995	8,039
	South Tyneside County Council	-	25,000	25,000	9,914
	Chester le Street County Council	-	10,000	10,000	9,000
	Environ Agency	-	37,000	37,000	-
	Redcar & Cleveland Partnership	-	41,250	41,250	35,000
	Redcar & Cleveland Borough Council	-	26,000	26,000	26,636
	Forestry Commission - DEFRA	-	-	-	148,180
	Stockton Borough Council	-	27,435	27,435	26,636
	Hartlepool Borough Council	-	27,435	27,435	31,636
	Darlington Borough Council	-	27,435	27,435	26,636
	City of Sunderland	-	27,268	27,268	9,914
	Derwentside County Council	-	18,220	18,220	9,914
	Renew Tees Valley	-	-	-	11,000
	Durham City Open Fund	19,055	-	19,055	-
	Contribution to Land Purchase	109,210	-	109,210	-
	Surestart	-	-	-	1,000
	Arts Council	-	-	-	5,000
	Tees Valley Joint Strategy Unit	-	4,000	4,000	5,000
	Middlesbrough Primary Care Trust	-	10,738	10,738	14,974
	Northumberland Strategic Partnership	-	-	-	7,000
	Stem Project	-	4,300	4,300	-
	Northumbria Students Union	-	1,000	1,000	-
	Woodland Trust	-	5,500	5,500	5,000
	The Shears Foundation	-	-	-	5,000
	The Kelly Charitable Trust	-	-	-	200
	The Ballinger Charitable Trust	-	-	-	900
	Sir John Priestman Trust	-	-	-	3,000
	The Joicey Trust	-	-	-	850
	The Dulverton Trust	-	-	-	15,000
	Ernest Cook Trust	-	-	-	7,309
	Storow Scott Will Trust	-	-	-	500
	Joseph Strong Frazer Trust	-	-	-	1,000
	The William Webster Charitable Trust	-	-	-	1,000
	The Rothley Trust	-	-	-	600
	Marriott	-	1,000	1,000	-
	Heritage Trees	-	24,900	24,900	-
	Great Western	-	1,500	1,500	-
	Friends	-	2,125	2,125	-
	?	-	2,000	2,000	-
	Landfill	-	6,375	6,375	-
	Tree Foundations	-	799	799	-
	Stainton & Thornton	-	3,800	3,800	-
	NHMF Lottery	-	21,400	21,400	-
	PASC	-	400	400	-
	Annual Report	-	2,250	2,250	-
	SITA	-	13,458	13,458	-
	Heritage Lottery Fund	-	24,150	24,150	-
		539,426	718,222	1,257,648	796,881

**NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**  
**Notes to the Accounts for the year ended 31 March 2008**

Notes Continued ...

**4. Landfill Tax**

Landfill taxes were received in the year totalling £nil (2007 - £105,719) to facilitate the creation and management of many environments within the area of The Tees Forest for the benefit of the community. The monies have been credited to restricted funds as follows:-

	2008	2007
	£	£
INCA	-	42,000
Impetus Environmental Trust	-	55,000
Elementis	-	8,719
	-----	-----
	-	105,719
	-----	-----

**NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**  
**Notes to the Accounts for the year ended 31 March 2008**

**NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**  
**Notes to the Accounts for the year ended 31 March 2008**

Notes Continued ...

**6. Director's emoluments**

2008	2007
£	£
Director's remuneration and other payments	54,222

Retirement benefits are accruing under a defined benefit scheme for one director, (2007 – no. 1).

**7. Staff Costs**

2008	2007
£	£
Wages & Salaries (including National Insurance, Pension)	762,618

The average weekly number of employees during the year calculated on a full time equivalent basis, analysed by function was:

	2008 number	2007 number
Project Support Staff	15	15
Trading staff	6	6
Fundraising	1	1
Management and Administration	4	4

No employee received remuneration amounting to more than £50,000 in either year.

**NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**  
**Notes to the Accounts for the year ended 31 March 2008**

Notes Continued ...

**8. Tangible Fixed Assets**

	Land	Improvements	Plant &	Motor	Fixtures	Total
	to Property		Machinery	Vehicle	Furniture	
					& Equipment	
	£	£	£	£	£	£
<u>Cost or Valuation</u>						
At 1 April 2007	731,000	10,272	46,136	35,260	94,359	917,027
Additions	70,951	-	2,336	-	1,893	75,180
Disposal	(50,000)	-	-	-	-	(50,000)
At 31 March 2008	751,951	10,272	48,472	35,260	96,252	942,207
	✓		✓	✓	✓	
<u>Depreciation</u>						
At 1 April 2007	-	820	20,882	24,397	50,185	96,284
Charge for Year	-	205	6,920	4,205	9,816	21,146
Depreciation on disposal	-	-	-	-	-	-
At 31 March 2008	-	1,025	27,802	28,602	60,001	117,430
			✓			
<u>Net Book Value</u>						
As at 31 March 2008	751,951	9,247	20,670	6,658	36,251	824,777
As at 31 March 2007	731,000	9,452	25,254	10,863	44,174	820,743

**NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**  
**Notes to the Accounts for the year ended 31 March 2008**

Notes Continued ...

<b>9. Debtors</b>	<b>2008</b>	<b>2007</b>
	£	£
Trade Debtors	202,312	142,938
VAT Repayable	-	590
Other Debtors	1,572	-
Prepayments		15,674
	<u>203,884</u>	<u>159,202</u>
<b>10. Creditors Amounts Falling Due Within One Year</b>	<b>2008</b>	<b>2007</b>
	£	£
Trade Creditors	371,563	497,628
VAT	23,823	-
PAYE	15,970	-
Corporation Tax	458	458
Other Creditors	46,247	-
Accruals and deferred income	22,074	399,031
	<u>480,135</u>	<u>897,117</u>



**NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**  
**Notes to the Accounts for the year ended 31 March 2008**

Notes Continued ...

11. Statement of Funds	At 1 April 2007	Income	Expenditure	Transfers	At 31 March 2008
	£	£	£	£	£
General Fund	(229,372)	390,618	569,414	46,801	(361,367)
<b>Designated Fund Projects:</b>					
Fundraising	(148,514)	46,972	40,006	-	(141,548)
Business Support	(82,075)	20,000	186,244	(23,350)	(271,669)
NECF Land Services	(49,020)	141,034	21,780	-	70,234
NECF Tree Nursery	2,585	78,702	70,146	-	11,141
Workshop	(49,852)	13,926	26,198	-	(62,124)
Merrybent land plantation	11,781	-	-	-	11,781
West Stockton plantation	15,907	-	-	-	15,907
Shildon land plantation	(34,090)	-	-	-	(34,090)
Shildon land project	-	391,161	11,174	-	379,987
<b>Designated land:</b>					
Ouston Community Woodland	110,000	-	-	-	110,000
Skerningham Woods	50,000	-	-	-	50,000
Redhouse Farm	110,000	-	-	-	110,000
Merrybent land	91,000	-	-	-	91,000
Shildon Land	370,000	-	-	-	370,000
<b>Pension deficit reserve</b>	(128,000)	53,000	68,000	109,000	(34,000)
	40,350	1,135,413	992,962	132,451	315,252
<b>Restricted Funds:</b>					
Tees Forest	-	250,272	151,837	10,779	109,214
The Great North Forest	-	262,715	224,300	231	38,646
Great Western Community Forest	97,017	4,499	-	-	101,516
Region	(30,072)	21,135	90,541	(8,411)	(107,889)
Berwick Hills	1,820	-	-	-	1,820
Green Bus	2,651	2,000	530	-	4,121
Green Exercise	(20,413)	71,502	36,464	-	14,625
Healing Arts	116,879	-	66,562	-	50,317
Admiralty Ecology Site	155	4,375	2,018	-	2,512
Green Street	15,671	30,000	15,780	(13,622)	16,269
Grazing	1,076	48,957	30,219	-	19,814
Spam	-	40,000	29,877	(12,428)	(2,305)
<b>Total Restricted Funds</b>	184,784	735,455	648,128	(23,451)	248,660
<b>Total Funds</b>	225,134	1,870,868	1,641,090	109,000	563,912

**NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**  
**Notes to the Accounts for the year ended 31 March 2008**

Notes Continued ....

The general fund represents the free funds of the company which are not designated for particular purposes.

Designated funds are unrestricted funds set aside by members for particular purposes.

Income and expenditure for the year comprised of

	<b>NECF Land Services</b>		<b>NECF Tree Nursery</b>		<b>NECF Workshop</b>	
	2008	2007	2008	2007	2008	2007
<u>Income</u>	£	£	£	£	£	£
Land income	-	14,636	-	-	-	-
Activities Generating Funds	141,034	129,539	78,702	64,701	13,926	7,021
	<u>141,034</u>	<u>144,175</u>	<u>78,702</u>	<u>64,701</u>	<u>13,926</u>	<u>7,021</u>
<u>Expenditure</u>						
Salaries and Wages	-	(89,254)	(1,886)	(3,259)	(3,288)	(16,818)
Direct Project Costs	(21,780)	(61,262)	(68,260)	(57,826)	(22,910)	(26,278)
	<u>119,254</u>	<u>(6,341)</u>	<u>8,556</u>	<u>3,616</u>	<u>(12,272)</u>	<u>(36,075)</u>
Surplus/(Deficit) for the year	119,254	(6,341)	8,556	3,616	(12,272)	(36,075)
Retained (Deficit)/Surplus b/fwd	(49,020)	(42,679)	2,585	(1,031)	(49,852)	(13,777)
	<u>70,234</u>	<u>(49,020)</u>	<u>11,141</u>	<u>2,585</u>	<u>(62,124)</u>	<u>(49,852)</u>

Transfer between funds represent the following:

	2008 £	2007 £
Contribution to business support costs	23,451	238,219
Transfer of funds on completed projects	-	43,194
Restricted funds reclassified as designated	-	(45,790)
	<u>23,451</u>	<u>235,623</u>
Transfers from restricted funds	23,451	235,623
Recognised gains and losses:		
Revaluation loss on land	-	(90,087)
Actuarial gain on pension reserve	-	48,000
	<u>23,451</u>	<u>193,536</u>

**12. Analysis of Net Assets Between Funds**

Fund Balances at 1 April 2007 are represented by:	Restricted Funds £	General Funds £	Total £
Fixed Assets	-	824,777	824,777
Net Current Liabilities	248,660	(475,525)	(226,865)
Pension deficit	-	(34,000)	(34,000)
	<u>248,660</u>	<u>315,252</u>	<u>563,912</u>

**13. Related Party Transactions**

Middlesbrough Borough Council process and pay the monthly salaries of the staff of North East Community Forests Development Company Limited, amounts outstanding to Middlesbrough Borough Council, in this respect, at the year end amount to £135,388 (2007 - £302,601).

**NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**  
**Notes to the Accounts for the year ended 31 March 2008**

Notes Continued .....

**14. Financial Commitments**

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land & Buildings 2008 £	2007 £
Expiry date:		
within one year	-	7,332
between one & five years	-	14,057

**15. Pensions and other post-retirement benefits**

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company scheme forms part of the Local Government Pension Scheme and therefore the fund is administered by Middlesbrough Borough Council in accordance with Local Government Pension Scheme Regulations 1997, as amended.

Pension contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. A full actuarial valuation was carried out at 31 March 2008. The main assumptions used by the actuary were:

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus/(deficit) are:

<b>Teesside Pension Fund</b>	<b>2008 £</b>	<b>2007 £</b>
Total market value of assets	770,000	705,000
Present value of scheme liabilities	(804,000)	(833,000)
	-----	-----
Deficit in the scheme	(34,000)	(128,000)
	-----	-----
Net pension liability	(34,000)	(128,000)
	=====	=====

An analysis of the movements in the surplus/deficit during the year are shown below:

<b>Teesside Pension Fund</b>	<b>2008 £</b>	<b>2007 £</b>
Deficit brought forward	(128,000)	(153,000)
Total operating charge	(68,000)	(70,000)
Total finance income	3,000	2,000
Actuarial gain	109,000	48,000
Contributions	50,000	45,000
	-----	-----
Deficit carried forward	(34,000)	(128,000)
	=====	=====

The pension contribution in the year totalled £68,128 (2007 - £74,869).

There is no intended change in the contribution rates for future years and although there is a pension deficit the actuaries believe that there are currently no unfunded benefits in payment.

**NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**  
**Notes to the Accounts for the year ended 31 March 2008**

Notes Continued.....

**Analysis of the amount charged to operating loss**

	<b>Teesside Pension</b>	
	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Current service cost	68,000	70,000
Total finance income	<u>68,000</u>	<u>70,000</u>

**Analysis of amount recognised in statement of total recognised gains and losses**

	<b>Teesside Pension</b>	
	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Actual return less expected return on pension scheme assets	(58,000)	(1,000)
Gains/losses arising from changes in assumptions underlying the present value of the scheme liabilities	167,000	49,000
Actuarial gain/loss	<u>109,000</u>	<u>48,000</u>

**NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**  
**Income and Expenditure Account for the year ended 31 March 2008**

	Unrestricted	Restricted	Total 2008	Total 2007
	£	£	£	£
<b>Incoming Resources</b>				
Gifts in kind	-	-	-	370,000
Donations	46,972	8,741	55,713	34,599
Land Services	141,034	-	141,034	144,175
Tree Nursery	78,702	-	78,702	64,701
Workshop	13,926	-	13,926	7,021
Food Chain	-	-	-	12,354
Consultancy fee	23,225	-	23,225	7,938
Land Income	115,944	-	115,944	-
Pathfinder Income	120,000	-	120,000	-
Other	778	8,492	9,270	29,440
Bank interest received	2,406	-	2,406	6,176
Net finance income from				
Defined benefit pension scheme	112,000	-	112,000	47,000
Grants	539,426	718,222	1,257,648	796,881
Landfill tax	-	-	-	105,719
<b>Total incoming resources</b>	<b>1,194,413</b>	<b>735,455</b>	<b>1,929,868</b>	<b>1,626,004</b>
<b>Total resources expended</b>	<b>992,962</b>	<b>648,128</b>	<b>1,641,090</b>	<b>1,581,070</b>
<b>(Deficit)/surplus for year</b>	<b>201,451</b>	<b>87,327</b>	<b>288,778</b>	<b>44,934</b>

**NORTH EAST COMMUNITY FORESTS DEVELOPMENT COMPANY LIMITED**  
**Income and Expenditure Account for the year ended 31 March 2008**

	Unrestricted £	Restricted £	Total 2008 £	Total 2007 £
<b>Resources Expended</b>				
Salaries	400,549	372,838	773,387	687,749
Employer's pension costs	23,817	44,311	68,128	74,869
Redundancy	22,074	-	22,074	-
Seconded staff	-	-	-	27,360
Recruitment costs	-	-	-	5,243
Travel and subsistence	18,801	18,850	37,651	41,515
Training, seminars and workshops	1,361	1,193	2,554	6,608
Events	-	767	767	2,712
Rent and rates	39,301	12,935	52,236	41,059
Insurance	23,116	-	23,116	9,790
Heat and light	2,080	547	2,627	935
Telephone and fax	18,426	991	19,417	18,491
Printing, postage and stationery	9,885	52	9,937	17,141
Computer consumables	5,224	57	5,281	15,200
Reference books	11,308	-	11,308	3,184
Advertising	-	-	-	1,200
Motor expenses	44,939	250	45,189	38,254
Vehicle leasing	52,796	-	52,796	40,302
Repairs and maintenance	360	-	360	3,296
Equipment	165	-	165	6,595
Room hire	-	-	-	1,694
Materials	58,515	1,196	59,711	75,264
Project activity costs	18,059	155,428	173,487	165,477
Land maintenance	10,847	-	10,847	8,462
Legal fees	12,726	360	13,086	24,367
Audit	8,838	-	8,838	7,700
Consultancy fees	70,564	30,605	101,169	81,763
Marketing	4,871	603	5,474	55,772
Commission paid	-	-	-	1,828
Entrust admin fee	-	-	-	174
Subscriptions	1,808	120	1,928	2,968
Health and safety	2,269	357	2,626	-
Bank interest paid	2,076	-	2,076	117
Bank charges	2,626	-	2,626	1,540
General expenses	16,986	6,668	23,654	9,859
Defined benefit pension service costs	68,000	-	68,000	70,000
Depreciation	21,146	-	21,146	31,913
Loss on disposal of fixed asset	-	-	-	669
Pathfinder Costs	18,137	-	18,137	-
Refunds	1,292	-	1,292	-
<b>Total resources expended</b>	<b>992,962</b>	<b>648,128</b>	<b>1,641,090</b>	<b>1,581,070</b>

**Groundwork Community Forests North East Development Limited**  
**("the Company") (In Administration)**

**Summary of financial information**

	Management accounts for the period 1/4/2008 to 27/11/2008	Draft restated accounts for the year ended 30/09/2007	Draft restated accounts for the period 01/05/2006 - 31/03/2007
	£	£	£
<b>Profit and loss accounts</b>			
Turnover	-	-	-
Cost of Sales	-	-	-
<b>Operating loss</b>	-	-	-
Administrative expenses	(3,524)	-	-
<b>Operating Profit</b>	(3,524)	-	-
<b>Profit on Ordinary Activities before Taxation</b>	(3,524)	-	-
Interest payable and similar charges	-	-	-
<b>(Loss)/Profit on ordinary activities before taxation</b>	(3,524)	-	-
Tax on (loss)/profit on ordinary activities	-	-	-
<b>(Loss)/Profit for the financial year after taxation</b>	(3,524)		

**Groundwork Community Forests North East Development Limited**  
**("the Company") (In Administration)**

**Summary of financial information**

	Management accounts for the period 1/04/2008 to 27/11/2008 £	Draft restated accounts for the year ended 31/3/2008 £	Draft restated accounts for the year ended 31/3/2007 £
<b>Balance sheets</b>			
<b>Fixed assets</b>			
Tangible assets	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>
	220,000	220,000	220,000
<b>Current assets</b>			
Debtors	-	54,172	33,205
Cash at bank	2,176	2,210	221,946
Inter-company balances	<u>75,759</u>	<u>-</u>	<u>-</u>
	77,935	56,382	255,151
<b>Creditors</b>			
Current Liabilities	(81,459)	(56,382)	(255,151)
<b>Net current liabilities</b>	<u>(3,524)</u>	<u>-</u>	<u>-</u>
<b>Total assets less current liabilities</b>	<u>216,476</u>	<u>220,000</u>	<u>220,000</u>
<b>Reserves</b>			
Revaluation reserve	(3,172)	(3,172)	(3,172)
Profit & loss b/fwd	223,172	223,172	223,172
Loss for the period	(3,524)	-	-
	<u>216,476</u>	<u>220,000</u>	<u>220,000</u>



Groundwork Community Forests North East Development Limited  
Statement of Affairs as at

## A - SUMMARY OF ASSETS

Assets	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
Assets subject to floating charge:		
Uncharged assets:		
Land	220 000	0
Bank balance	2,176	2,176
Community Forests (North East (Trading) Limited	15,759	4,000
Estimated Total Assets Available For Preferential Creditors		6,176

Signature

Harry J Barrie

Date


9<sup>th</sup> Jan 09.

Groundwork Community Forests North East Development Limited  
Statement of Affairs as at

A1- SUMMARY OF LIABILITIES

		Estimated to Realise £
Estimated total assets available for preferential creditors (carried from Page A)		
Liabilities	£	6,176
Preferential Creditors:-		
	£	0
	£	6,176
Estimated deficiency / surplus as regards preferential creditors	£	
Estimate prescribed part of net property where applicable (to carry forward)	£	0
	£	6,176
Estimated total assets available for floating charge holders		
Debts secured by floating charges	£	0
	£	6,176
Estimated deficiency / surplus of assets available after floating charges	£	
Estimated prescribed part of net property where applicable (brought down)	£	0
	£	6,176
Total assets available to unsecured creditors		6,176
Unsecured non-preferential claims		
HMRC - Vat	£	
Groundwork Community Forests North East Ltd	£ 3,584	
	77,875	
Estimated deficiency after floating charge where applicable (brought down).		81,459
	£	(75,283)
Estimated deficiency/surplus as regards creditors		
Issued and called up capital	£	0
Estimated deficiency / surplus as regards members		(75,283)

Signature Henry J Bance Date 9<sup>th</sup> Jan 09.

Groundwork Community Forests North East Development Ltd							
COMPANY CREDITORS							
Name	Contact	Address 1	Address 2	Address 3	Address 4	Postcode	
						Amount £	
						Comments	
Groundwork Community Forests North East Ltd	L Fleming	Grosvenor House	29 Market Place	Bishop Auckland	Co Durham	DL14 7NP	77,875 Inter - company
HMRC	845 6401 24	Alexander House	21 Victoria Ave	Southend-on Sea		SS99 1AB	3,584 VAT
							81,459
SIGNATURE		DATE	21/10/19				

## Groundwork Community Forests North East Development Limited

## B - Company Creditors

Key	Name	Address	£
CC00	Community Forests North East (Trading) Limited	Grosvenor House, 29 Market Place, Bishop Auckland, County Durham, DL14 7NP	0.00
CC01	Censis	Exchange Building, 66 Church Street, Hartlepool, Cleveland, TS24 7DN	
CC02	Clive Owen & Co LLP	140 Coniscliffe Road, Darlington, Co Durham, DL3 7RT	
CF00	Forestry Commission	North East England Conservancy, 1 Walby Hill, Rothbury, Morpeth, NE65 7NT	
CG00	Groundwork Community Forests North East Limited	Grosvenor House, 29 Market Place, Bishop Auckland, County Durham, DL14 7NP	
CH00	HM Revenue & Customs	Debt Management & Bank Enforcements, Durrington Bridge House, Barrington Road, Worthing, West Sussex BN12 4SE	
CH01	HM Revenue & Customs	VAT Central Unit, 21 Victoria Avenue, Southend on Sea, SS99 1AA	
CM00	Mincoff Jacksons	Innovation House, Yarm Road, Stockton on Tees, TS18 3TN	
CP00	The Board of the Pensions Protection Fund	Knolleys House, 17 Addiscombe Road, Croydon, CR0 8SR	
RB00	Henry John Barrie	26 Rosemount, Durham, DH1 5GA	
RC00	Douglas Norman Chapman	29 Leazes Crescent, Hexham, Northumberland, NE46 3JZ	
RC01	Kate Culverhouse	2 Oakdene Avenue, Darlington, Co. Durham, DL3 7HS	
RT00	Ian Robinson Tate	15 Black Wood, Wynyard, Stockton on Tees, Teesside, TS22 5QQ	

13 Entries Totalling

Signature \_\_\_\_\_

Date \_\_\_\_\_

**Groundwork Community Forest North East Development Limited  
(In Administration)**

**Joint Administrators' Abstract Of Receipts And Payments  
To 16 January 2009**

<b>RECEIPTS</b>	<b>Total (£)</b>
Cash at bank	439.26
Refunds	390.92
Interest received	1.78
	<u>831.96</u>
 <b>PAYMENTS</b>	
	<u>0.00</u>
Balance	<u>831.96</u>
 <b>MADE UP AS FOLLOWS</b>	
Floating current a/c	831.96
	<u>831.96</u>

<b>Case Name</b>	Groundwork Community Forests North East Development Limited
<b>Office Holders</b>	John Twizell and Geoffrey Martin
<b>Firm</b>	Geoffrey Martin & Co
<b>Address</b>	St James's House 28 Park Place Leeds LS1 2SP
<b>Telephone</b>	0113 2445141
<b>Reference</b>	GROU002/JT/JB/DW
<b>Type of Appointment</b>	Administration
<b>Date of Appointment</b>	27 November 2008

#### **CHARGING AND DISBURSEMENTS POLICY (Leeds Office)**

##### **Time costs**

The firm's hourly charge out rates are revised annually from 1 May. The rates currently in use are within the following bands:

	£
Partner	300
Manager	190 – 240
Senior Administrator	125 – 165
Junior Administrator and Support Staff	60 – 100

##### **Disbursements**

A disbursement charge relating to the recovery of overhead costs is levied at the rate of £9.00 per creditor from 1 May 2008 (previously £7.50 per creditor). This sum is drawn at the outset of the case and on each anniversary thereafter and covers printing, postage, stationery, photocopying, telephone and fax usage.

Outsourced printing and/or photocopying will be charged at cost in addition to the above.

Travelling expenses are charged at the rate of 40p per mile.

**GROU002      Groundwork Community Forests NorthEast Development****SIP 9 - Time & Cost Summary**

Period: 27/11/08..09/01/09

## Time Summary

Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	2.21	13.10	1.60	23.60	40.51	5,805.50	143.31
Investigations	1.20	0.00	0.00	0.00	1.20	360.00	300.00
Realisations of assets	1.72	24.00	0.00	0.00	25.72	5,436.00	211.35
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.20	3.40	7.70	0.10	11.40	2,013.00	176.58
Case specific matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Hours</b>	<b>5.33</b>	<b>40.50</b>	<b>9.30</b>	<b>23.70</b>	<b>78.83</b>	<b>13,614.50</b>	<b>172.71</b>
<b>Total Fees Claimed</b>						<b>0.00</b>	

## **Appendix G (continued)**

**Groundwork Community Forests North East Development Limited  
(formerly Groundwork Community Forests Development Company Limited,  
formerly North East Community Forests Development Company Limited,  
formerly Tees Forest Development Company Limited,  
formerly Tees Valley Forest Development Company Limited)  
("the Company") (In Administration)**

The above costs have been incurred in dealing with all aspects of the Administration to 9 January 2009.

In addition to the above costs, my firm has incurred time costs totalling £2,086.50 in providing advice to the Company in connection with the making of the appointment.

### **Overview of Administrators' time spent**

I detail below the key areas of work undertaken by the Joint Administrators' and their staff in respect of this matter to date (the list is not exhaustive);

- formalising and implementing the Administration strategy;
- safeguarding the known assets of the Company;
- dealing with insurance related matters;
- extensive liaising with the Company's solicitors in relation to the Company's land holdings;
- extensive liaising with my valuation agents in relation to the Company's land holdings;
- developing a strategy for the disposal of assets, specifically the land holdings;
- meeting with the Forestry Commission;
- liaising with other stakeholders in the Company's various land holdings;
- dealing with all classes of creditors, both verbal and written;
- statutory requirements imposed by the Insolvency Act and Rules 1986 and insolvency bodies.

### **Other professional costs of the administration**

I have engaged the services of solicitors, Mincoff Jacksons and valuation agents, GVA Grimley.

Mincoff Jacksons were instructed to advise on all legal aspects arising prior to and during the Administration and were chosen due to their experienced knowledge of insolvency and property matters. Their charges will be on the basis of time properly spent in advising on the various issues of this matter.

GVA Grimley were instructed to provide valuation advice in respect of the Company's land interests. Their charges will be on the basis of time properly spent in attending to the above issues.



## Rule 2.35

## Notice of a meeting of Creditors

Name of Company

Groundwork Community Forests North  
East Development Limited

Company number

03327239

In the Durham County Court

(full name of court)

Court case number

40 of 2008

(a) Insert full name(s)  
and address(es) of  
administrator(s)

Notice is hereby given by (a)

John Twizell  
Geoffrey Martin & Co  
St James's House  
28 Park Place  
Leeds  
LS1 2SPGeoffrey Martin  
Geoffrey Martin & Co  
St James's House  
28 Park Place  
Leeds  
LS1 2SP(b) Insert full name and  
address of registered  
office of the company

that a meeting of creditors of (b)

Groundwork Community Forests North East Development Limited  
St James's House  
28 Park Place  
Leeds  
LS1 2SP(c) Insert details of place  
of meeting

is to be held at The Aston Hotel, Newton Park, Coatham Mundeville, Darlington, DL1 3NL

(c)

(d) Insert date and time  
of meeting

on (d) 3 February 2009

at 10.00am

The meeting is:

\*Delete as applicable

\*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ('the schedule')

I invite you to attend the above meeting.

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Signed

Joint / Administrator(s)

Dated

\*Delete as applicable

A copy of the proposals is attached

## Proxy (Administration)

Groundwork Community Forests North  
East Development Limited

Name of Creditor \_\_\_\_\_

Address \_\_\_\_\_

Name of Proxy Holder

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on 3 February 2009, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

## Voting Instructions for resolutions

\*Please delete as appropriate

1. For the acceptance/rejection\* of the administrator's proposals/revised proposals\* as circulated

\_\_\_\_\_  
\_\_\_\_\_

2. For the acceptance of the administrator's proposals with the following modifications (please detail)

\_\_\_\_\_  
\_\_\_\_\_

3. For the appointment of

of \_\_\_\_\_  
representing \_\_\_\_\_

as a member of the creditors' committee

This form must be signed

Signature \_\_\_\_\_ Date \_\_\_\_\_

Name in CAPITAL LETTERS \_\_\_\_\_

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

\_\_\_\_\_  
\_\_\_\_\_

Remember: there may be resolutions on the other side of this form

**PROOF OF DEBT - GENERAL FORM**

**In the matter of Groundwork Community Forests North  
East Development Limited**

**and in the matter of The Insolvency Act 1986**

Date of Administration: 27 November 2008

1.	Name of Creditor	
2.	Address of Creditor	
3.	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4.	Details of any document by reference to which the debt can be substantiated. [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5.	If total amount above includes outstanding uncapitalised interest please state amount	£
6.	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category   Amount(s) claimed as preferential £
7.	Particulars of how and when debt incurred.	
8.	Particulars of any security held, the value of the security, and the date it was given	£
9.	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

**NOTE:** A company goes into liquidation if it passes a resolution for voluntary winding up or an order for its winding up is made by the court at a time when it has not already gone into liquidation by passing such a resolution.