

Charity Registration Number 801436

THE RAINFOREST FOUNDATION (UK)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

THE RAINFOREST FOUNDATION (UK)**OFFICERS AND PROFESSIONAL ADVISERS****AS AT 31 DECEMBER 2005**

Trustees	Mr J P Davidson (Chairman) Mr R Reoch Dr M Colchester Ms J Carino Dr J Hemming Prof Sir G Prance Mr M Campanale Ms L Morriss
Principal office	Suite A5 City Cloisters 196 Old Street LONDON EC1V 9FR
Registered charity number	801436
Bankers	Coutts & Co St Martins Office 440 The Strand LONDON WC2R 0QS
Solicitors	Burley & Company 10 Grays Inn Square Grays Inn LONDON WC1R 5JD
Auditor	Berkeley Hall Marshall Chartered Accountants and Registered Auditor 6 Charlotte Street BATH BA1 2NE

THE RAINFOREST FOUNDATION (UK)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2005

The Rainforest Foundation (UK) was established on 21 April 1989 with the following objects:

1. to conserve or assist in the conservation on the rainforests of the world and in particular of Brazil, including all flora, fauna, rivers, waterways and other natural resources therein;
2. to advance the education of the general public in the need to conserve the rainforests and other natural resources of the world and the balance of such resources for the long-term benefit of the human race and all other living things therein;
3. to relieve sickness amongst the inhabitants of the rainforests by the provision of medical care;
4. to protect and preserve the health of the said inhabitants through the medium of health education;
5. to promote education suitable for the said inhabitants.

Review

During the period, the Rainforest Foundation continued to support its long-term partners, and continued with a major international policy initiative concerning the Congo Basin. Principal activities have included:

- Important work was continued in the Democratic Republic of Congo, where new laws and forest zoning threaten to bring about a massive expansion of industrial logging. Practical support has been given to a large network of local human rights, development and environmental organisations to work directly with forest communities, to assess the likely changes, and to raise the concerns of civil society and forest communities with national authorities and international agencies. The Rainforest Foundation has also directly challenged the World Bank over its plans for 'development' of the forests of the Congo.
- The Africapacity Project has continued to provide training, mentoring and other capacity strengthening work for key indigenous and human rights groups in Eastern DRC. Following on from this work, the Foundation has also now started supporting a range of small projects with the local Batwa organisations.
- Our project to support territorial mapping and civil rights work with the Baka people in Cameroon, funded by Comic Relief, was continued. Also in Cameroon, we continued support a major project with local partner the Centre for Environment and Development to train and mobilise a team of 'community legal field workers'. This project, which is funded by the Big Lottery Fund, advises forest communities on the application of the law in order to protect their rights, improve management of forest resources, and increase local economic benefits from forest management.
- During the year, we completed a successful final phase of a project with Ashaninka communities of the lower Ene and Upper Tambo River valleys, including cadastral (tenure) mapping, securing of legal tenure rights, and resolution of conflicts with colonist communities. The project has so far resulted in the granting of 11 land titles to Ashaninka communities; further titles are likely to follow in 2006.
- The Foundation has continued to strengthen its information and public outreach work. Our website has continued to be developed, and a new children's channel has been added. We have produced a range of high quality research reports focusing on areas of particular concern.

On behalf of the Trustees


J P Davidson
Chairman

Dated: 2/5/06

THE RAINFOREST FOUNDATION (UK)

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

The Charities Act requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Foundation, and of its incoming resources and application thereof for that year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Foundation will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation and to enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees consider that there are sufficient reserves held at the year end to avoid an unacceptable level of disruption to the organisation in the event of a downturn in future income, and there is reasonable expectation that the Foundation has adequate resources to continue in operation for the foreseeable future.

The trustees have assessed the major risks to which the charity is presently exposed, in particular those related to the finances and operation of the Trust, and are satisfied that systems are in place to mitigate their exposure to these risks.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF**THE RAINFOREST FOUNDATION (UK)**

We have audited the financial statements of The Rainforest Foundation (UK) for the year ended 31 December 2005 on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the charity's trustees, as a body, in accordance with section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To use fullest extent permitted by law we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work for this report, or the opinion we have formed.

Respective responsibilities of the trustees and auditors

As described on page 3, the trustees are responsible for the preparation of the 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 have been appointed as auditors under Section 43(2) of the Charities Act 1993 and report in accordance with regulations made under Section 44 of that Act.

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 Charities Act 1993. We also report to you if, in our opinion, the Report of the Trustees is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the Foundation is not disclosed.

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

Basis of audit opinion

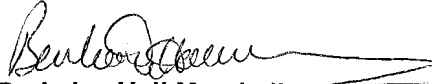
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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 the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2005 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

6 Charlotte Street
Bath


Berkeley Hall Marshall
Chartered Accountants
and Registered Auditor

THE RAINFOREST FOUNDATION (UK)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Unrestricted £	Restricted £	2005 £	2004 £
INCOME RESOURCES					
Donations and other income		241,228	556,739	797,967	530,565
Investment income		<u>5,515</u>	<u>-</u>	<u>5,515</u>	<u>6,391</u>
		<u>246,743</u>	<u>556,739</u>	<u>803,482</u>	<u>536,956</u>
RESOURCES EXPENDED					
Direct charitable expenditure	2	-	547,822	547,822	382,018
Fundraising and publicity	3	123,200	-	123,200	105,743
Advocacy, information and education	4	27,993	-	27,993	35,331
Management and administration	5	<u>48,712</u>	<u>-</u>	<u>48,712</u>	<u>67,607</u>
		<u>199,905</u>	<u>547,822</u>	<u>747,727</u>	<u>590,699</u>
Total incoming/(outgoing) resources before transfers		46,838	8,917	55,755	(53,743)
Surplus from finished projects		-	-	-	-
Transfer between funds	11	<u>(30,062)</u>	<u>30,062</u>	<u>-</u>	<u>-</u>
Net movement in funds		16,776	38,979	55,755	(53,743)
Fund balances brought forward at 1 January 2005		<u>93,803</u>	<u>71,191</u>	<u>164,994</u>	<u>218,737</u>
Fund balances carried forward at 31 December 2005		<u>110,579</u>	<u>110,170</u>	<u>220,749</u>	<u>164,994</u>

None of the Foundation's activities were acquired or discontinued during the above period. There were no recognised gains and losses other than the net movement of funds during the year.

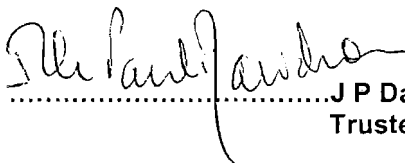
The notes on pages 7 to 10 form part of these accounts.

THE RAINFOREST FOUNDATION (UK)

BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	2005		2004	
		£	£	£	£
Fixed assets					
Tangible assets	7		4,132		4,193
Investments	8		<u>2</u>		<u>2</u>
			4,134		4,195
Current assets					
Debtors	9	36,718		30,942	
Cash at bank and in hand		<u>197,311</u>		<u>148,863</u>	
		234,029		179,805	
Creditors - due within one year	10	<u>17,414</u>		<u>19,006</u>	
Net current assets			<u>216,615</u>		<u>160,799</u>
Total assets less current liabilities			<u>220,749</u>		<u>164,994</u>
Reserves					
Unrestricted			110,579		93,803
Restricted	12		<u>110,170</u>		<u>71,191</u>
Total reserves			<u>220,749</u>		<u>164,994</u>

The financial statements on pages 5 to 10 were approved by the trustees on


J P Davidson
 Trustee

The notes on pages 7 to 10 form part of these accounts.

THE RAINFOREST FOUNDATION (UK)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice 'Accounting by Charities' under the historical cost convention.

Income

Income from donations is accounted for when received. Other income is accounted for on the basis of the amounts receivable in the year.

Depreciation

Depreciation is calculated on a straight-line basis at the rate of 25% in order to reduce fixed assets to their estimated realisable value.

2 Direct charitable expenditure

	Unrestricted £	Restricted £	2005 £	2004 £
Project activities	-	508,408	508,408	243,542
Project support costs	<u>-</u>	<u>39,414</u>	<u>39,414</u>	<u>138,476</u>
	<u>-</u>	<u>547,822</u>	<u>547,822</u>	<u>382,018</u>

3 Fundraising

	£	£	2005 £	2004 £
Salaries	48,838	-	48,838	37,918
Other costs	<u>74,362</u>	<u>-</u>	<u>74,362</u>	<u>67,825</u>
	<u>123,200</u>	<u>-</u>	<u>123,200</u>	<u>105,743</u>

4 Advocacy, information and education

	£	£	2005 £	2004 £
Salaries	14,919	-	14,919	26,307
Other costs	<u>13,074</u>	<u>-</u>	<u>13,074</u>	<u>9,024</u>
	<u>27,993</u>	<u>-</u>	<u>27,993</u>	<u>35,331</u>

5 Management and administration of the charity

	£	£	2005 £	2004 £
Salaries and related costs	37,516	-	37,516	23,180
Audit fees	2,820	-	2,820	2,820
Bank charges	1,297	-	1,297	1,883
Overheads	44,651	-	44,651	35,895
Depreciation	<u>1,842</u>	<u>-</u>	<u>1,842</u>	<u>3,829</u>
	<u>88,126</u>	<u>-</u>	<u>88,126</u>	<u>67,607</u>
Share of expenses (excluding salaries) allocated to projects	<u>(39,414)</u>	<u>39,414</u>	<u>-</u>	<u>-</u>
	<u>48,712</u>	<u>39,414</u>	<u>88,126</u>	<u>67,607</u>

THE RAINFOREST FOUNDATION (UK)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2005

6 Total resources expended

	Staff costs £	Other costs £	2005 £	2004 £
Direct charitable expenditure	90,335	457,487	547,822	382,018
Fundraising and publicity	48,838	74,362	123,200	105,743
Advocacy, information and education	14,919	13,074	27,993	35,331
Management and administration	<u>37,516</u>	<u>11,196</u>	<u>48,712</u>	<u>67,607</u>
	<u>191,608</u>	<u>556,119</u>	<u>747,727</u>	<u>590,699</u>
Staff costs			2005 £	2004 £
Wages, salaries and freelance fees			168,157	168,310
Social security costs			17,321	15,731
Pension costs			6,130	8,672
Recruitment and volunteers expenses			-	<u>4,142</u>
			<u>191,608</u>	<u>196,855</u>
No employee earned £50,000 per annum or more. The average number of employees in the period was			<u>7</u>	<u>7</u>

The trustees did not receive any remuneration but received reimbursement of expenses during the year totalling £141.

7 Tangible fixed assets

	Office equipment £
Cost	
As at 1 January 2005	42,513
Additions	<u>1,781</u>
As at 31 December 2005	<u>44,294</u>
Depreciation	
As at 1 January 2005	38,320
Charge for the year	<u>1,842</u>
As at 31 December 2005	<u>40,162</u>
Net book value	
As at 31 December 2005	<u>4,132</u>
As at 1 January 2005	<u>4,193</u>

8 Investments

The investment represents a 100% shareholding in the Rain Forest Foundation Trading Company Limited, a company incorporated in the United Kingdom.

THE RAINFOREST FOUNDATION (UK)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

9 Debtors - Amounts due within one year

	2005 £	2004 £
Grants receivable	32,246	-
Prepayments and accrued income	<u>4,472</u>	<u>30,942</u>
	<u>36,718</u>	<u>30,942</u>

10 Creditors - Amounts due within one year

	2005 £	2004 £
Amounts due to subsidiary undertakings	2	2
Accruals and deferred income	8,907	15,055
Other taxation and social security	<u>8,505</u>	<u>3,949</u>
	<u>17,414</u>	<u>19,006</u>

11 The Rainforest Foundation UK would like to thank the following companies for their invaluable support by way of gifts in kind: -

Fashion Event 29 June 2005

Steinberg and Tolkein - for Steinberg and Tolkein Clothes - value of £5,000

19 Management and Will Young - for the performance of Will Young - value of £20,000

10K Fun Run 2 October 2005

Traidcraft - for Geoactive Bars - value of £1,050

Community Foods - for Crazy Jacks Currants - value of £750

12 Related parties

These are as follows:

The Rainforest Foundation (UK) is part of the international Rainforest Foundation network, which consists of a number of autonomous organisations. The international network of Rainforest Foundations consists of organisations in Oslo, New York and Tokyo.

In 1999, a Rainforest Foundation Fund, whose address is 270 Lafayette Street, Suite 1107, New York 10012 was set up in order to provide funding to Rainforest Foundation projects.

THE RAINFOREST FOUNDATION (UK)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

13 Restricted funds - movements

Funders	Project	Balances brought forward £	Incoming resources £	Expenditure £	Transfers from unrestricted funds £	Balances carried forward £
Rainforest Foundation Fund	UEFA	2,300	8,000	11,843	1,543	-
Rainforest Foundation Fund	Heritiers de la Justice	3,500	-	1,000	-	2,500
Rainforest Foundation Fund	DRC Law	-	13,000	13,000	-	-
IUCN	DRC Law	-	42,910	42,910	-	-
Rainforest Foundation - Norway	DRC Law	-	9,859	9,859	-	-
Rainforest Foundation Fund	Ashaninka/ACPC	-	12,961	19,181	6,220	-
Rainforest Foundation Fund/DFID	Brazza Pygmy Rights	-	22,000	19,185	-	2,815
Comic Relief	Africapacity II	-	46,776	49,679	18,495	15,592
DFID	Pygmy Rights Law	-	100,491	100,491	-	-
Comic Relief	CED/BBB Pygmy Rights	-	101,751	94,037	-	7,714
Rainforest Foundation - Norway	DRC Forest Law	6,788	-	6,788	-	-
Rettet den Regenwald	CED - CLFW2	-	117,105	73,219	-	43,886
Big Lottery Fund	Central Africa Small Projects	4,417	-	8,221	3,804	-
Network for Social Reform	Mapping Manual	6,837	-	6,837	-	-
Baring Foundation	Pygmy Rights Advocacy	47,349	60,585	71,461	-	36,473
Rainforest Foundation - Norway	Pygmy Rights Advocacy	-	11,968	11,968	-	-
Forest Monitor	Concessions Report	-	9,333	8,143	-	1,190
		<u>71,191</u>	<u>556,739</u>	<u>547,822</u>	<u>30,062</u>	<u>110,170</u>