

The Woodland Trust
Registered Company No. 1982873
Registered Charity in England No. 294344
Registered Charity in Scotland No. SC038885



WOODLAND
TRUST

REPORT AND ACCOUNTS

31 DECEMBER 2007

PRESIDENT

Clive Anderson, MA

VICE PRESIDENT

Theodore H White, FRICS

TRUSTEES

Dawn J Austwick, OBE, MBA, BA, PhD(hc)
Robert W Brown, OBE, BSc
Alison J Chmiel, MA, FCMA
Timothy N Field, MA
David L Foot, CB, FICFor
Colin Hall, LLB
Sally D Horrox
James W Humphreys, MA
Trevor W Jones, MA, FInstF, FIDM
John B Lake, PhD, MSc (Chairman)
J Nicola Nicholls, PhD
Adrian A Phillips, CBE, MA, Dip TP, MRTPI, FLI
Rachel M Thomas, CBE, DL, BA, DSc(hc), FRGS
Michael B Usher, OBE, PhD, DUniv, FIBiol, FRSE

The Trustees are also the Directors of the Company.

The Woodland Trust was founded in 1972 by Kenneth Watkins, OBE.
It is a non-profit making company limited by guarantee and is a registered charity.

In Scotland the Woodland Trust operates as the *Woodland Trust Scotland*.
In Wales the Woodland Trust operates as *Coed Cadw*.

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CHAIRMAN'S REPORT

For the year ended 31 December 2007

I'm pleased to announce that our income was again record breaking in 2007 at just over £28 million giving us greater resources than ever to achieve our aims. This would not have been possible without the help of our members and other supporters, including those who donated to our appeals or who remembered us in their will.

Our highest source of income this year was from legacies, the most substantial of which came from Mary Watkins, wife of our late founder, Kenneth Watkins. However, membership also continues to be vital to the Trust. The number of members has tripled over the past decade. We now have over 180,000 members and are on target to reach 200,000 by the end of 2008.

Corporate partnership funding doubled year on year, with these business relationships offering numerous other benefits over and above income. Charitable trusts and grant-giving bodies also made a huge difference.

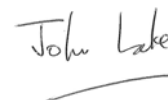
The most exciting event of our year was the acquisition of Brede High Woods, a significant, beautiful ancient woodland in Sussex, and now our largest site in England. Many people and organisations contributed to the appeal and we would like to thank them all for helping us to secure its future.

Securing large sites is becoming increasingly difficult due to rising land prices and yet, if woods are to stand up to climate change, they need to be big and ideally connected ecologically to other sites. We now have a clearer strategy as to where and how we will 'unlock' as much land as possible for native woods. We will acquire more ancient woods and woodland creation sites, restore woods where necessary and help persuade others to follow our example.

Climate change is still the greatest threat to ancient woodland and our campaigning on this issue is becoming ever more imaginative. Last autumn, politicians who attended 'Climate Clinic' events at each of the three major party conferences were given acorns. Many said how struck they were by the symbolism and how it reminded them of their own childhood experiences with woodland. We hope this will inspire them to protect it.

Thousands of people also became passionate about tracking down ancient trees in order to record their location as part of our Ancient Tree Hunt. And, our Tree For All campaign - which aims to give every child the chance to plant a tree - had another strong year. We planted over 1 million trees, boosted by the involvement of the Scout Association which, to mark their centenary, helped us to plant 100 new woods across the UK.

What better way to celebrate the past than to invest in the future!



John B Lake
Chairman
21st May 2008

REPORT OF THE DIRECTORS

For the year ended 31 December 2007

The Directors have pleasure in presenting their report together with the audited accounts for the year ended 31 December 2007. The Chairman's Report appears on page 1.

STRUCTURE

The Woodland Trust is a charity registered with the Charity Commission in England and Wales No 294344. It is a company limited by guarantee, No 1982873, and does not have a share capital. It has the consent of the Registrar of Companies to be exempt from the requirement to use the word "Limited" in its name.

The Woodland Trust is registered as a cross-border charity with the Office of the Scottish Charity Regulator (No SC038885).

The Trust's governing documents are its Memorandum and Articles of Association. These documents can be accessed via our website (www.woodlandtrust.org.uk).

The Trust has two wholly owned trading subsidiaries, Woodland Trust (Enterprises) Limited (Company No 2296645) and Woodland Trust Farming Limited (Company No 6360791, registered on 4 September 2007). Woodland Trust Farming Limited commenced trading in February 2008.

REGISTERED OFFICE

Autumn Park, Dysart Road, Grantham, Lincolnshire, NG31 6LL.

PROFESSIONAL ADVISORS

A list of the Trust's main professional advisors appears on page 30.

haysmacintyre have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the Annual General Meeting.

GOVERNANCE AND MANAGEMENT

The Directors of the Company who served throughout the year and to the date of this report were:

Mrs D J Austwick	Mr R W Brown	Mrs A J Chmiel
Mr T N Field	Mr D L Foot	Mr C Hall
Ms S D Horrox	Mr J W Humphreys	Mr T W Jones
Dr J B Lake (Chairman)	Dr J N Nicholls	Prof A A Phillips
Mrs R M Thomas	Prof M B Usher	

Mr T Field retired as a Director on 21st May 2008.

Mr D Foot retired as a Director on 21st May 2008.

Mr T Jones retired as a Director on 21st May 2008.

The following Directors served on the Finance Sub-Committee:

Mrs A J Chmiel
Mr C Hall (Chairman of the Sub-Committee)
Mr J W Humphreys
Mr T W Jones (retired from the Sub-Committee on 21st May 2008)
Dr J B Lake
Dr J N Nicholls

The Directors of the Company, who are the charity's trustees, form the Woodland Trust's Council which is its ultimate governing body. They are required to retire every three years and may offer themselves for re-appointment. The Chairman and the chair of the Finance Sub-Committee may normally serve up to 12 years as a Director, whilst other Directors may normally serve up to nine years.

Report of the Directors (continued)

For the year ended 31 December 2007

The Finance Sub-Committee also acts as an Audit Committee, a Remuneration Committee and a Health and Safety Audit Committee.

Recruitment of Directors

Directors are recruited to provide the specific skills and experience required to govern the Trust. Normally each vacancy is advertised widely and short listed applicants undergo a selection process. Recommendations for appointment are made by the recruitment panel which comprises an appropriate mix of existing Directors, the Chief Executive and the Deputy Chief Executive.

Induction and training of Directors

Following appointment, each Director is provided with a tailored induction programme. Directors are provided regularly with internal and external information relevant to the Trust's governance and make visits to Trust properties.

Directors' emoluments

The Directors of the Company, who comprise its Council, did not receive any remuneration during the period. Travelling and subsistence expenses incurred by 14 (2006: 16) Directors on Council business amounted to £5k (2006: £6k) during the year.

The Woodland Trust purchases indemnity insurance to protect it and its Directors and Officers from losses arising from any wrongful act of its Directors or Officers and to indemnify them against their legal liability arising from any claim against them. The premium for the policy was £7k (2006: £7k).

Statement of Directors' Responsibilities

Company Law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the group as at the end of the financial year and of the surplus or deficit of the Company for that period. In preparing these financial statements the Directors are required to:

- ◆ select suitable accounting policies and apply them consistently
- ◆ make judgements and estimates that are reasonable and prudent
- ◆ state whether applicable accounting standards have been followed and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

So far as each of the Directors is aware at the time the report is approved:

- ◆ there is no relevant audit information of which the Company's auditors are unaware; and
- ◆ the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Decision making

A decision making framework, which is reviewed and agreed annually by Council, sets out the delegated authority of the Finance Sub-Committee and the principal officers. The day-to-day management is delegated to the Chief Executive, the principal officers and other Trust staff.

Report of the Directors (continued)

For the year ended 31 December 2007

The principal officers are:

Chief Executive	Sue A Holden, MA, FRSA
Deputy Chief Executive and Financial Director	Julian C Purvis, BSc, FCA
Policy Director	Hilary M Allison, PhD, MA, MSc
Director of Fundraising	Karl D Mitchell, MSc MInstF (Cert)
UK Operations Director	Norman J Starks, BSc (For), MIFCF
Director of Supporter Marketing	Helen M R Nott, PhD, BSc
Director of Communications and Engagement	Alan I Kennedy, MA, MBA

The Trust's UK head office is in Grantham, Lincolnshire and there are country offices for Scotland and Northern Ireland; in Perth and Bangor in County Down respectively.

Investments – powers, policy and performance

The Trust's Memorandum of Association enables it to invest monies not immediately needed for its purposes in such investments as may be thought fit, subject to conditions and consents required by law.

The investments representing endowment funds are held for the long-term and those that represent other restricted funds are held for the medium-term. Each investment portfolio is managed by professional investment managers and has an objective of optimising total return, subject to an acceptable level of risk. Performance is monitored against a tailored benchmark.

The Trust's investment managers manage these funds in accordance with an investment policy that has been agreed by the Directors. They take account of environmental/conservation issues in their investment choice. If they become aware of any conflicts of interest between the Trust's objectives and the objectives/activities of any company whose shares may be acquired they are requested to advise the Trust at the earliest opportunity. It is however recognised that the ultimate responsibility for identifying conflicts with its objectives lies with the Trust.

During 2007 the Trust had five separate restricted funds with its investment managers. The benchmark return was 6.3% (2006 12.7%). The actual returns achieved ranged from 9.7% to 9.8% (2006: 11.5% to 11.9%).

In addition the Trust has short-term liquidity deposit funds which represent unrestricted, designated and restricted funds.

Supplier Payment Policy

The Trust does not impose standard payment terms on suppliers but agrees specific terms with each. The Trust's policy is to pay its suppliers in accordance with the terms that have been agreed.

Taxation

The Woodland Trust is a registered charity and can claim exemption from Corporation Tax on income and gains which are applied for charitable purposes under section 505, Income and Corporation Taxes Act 1988.

Charities need to have regard to taxation in all their activities. During 2007 the Trust was successful in making further improvements in its ability to recover VAT on its expenditure but irrecoverable VAT paid over amounted to £151k (2006: £167k).

We would like to thank our many supporters who helped optimise the tax benefits available to the Trust by completing Gift Aid forms, as well as those who reduced their own tax liabilities by donating land and shares, donating via Payroll Giving and making tax effective bequests. We recovered over £1.5m in tax, which increased greatly the amount of work we were able to undertake.

Report of the Directors (continued)

For the year ended 31 December 2007

OBJECTIVES AND ACTIVITIES**Objectives**

The Woodland Trust is required by charity and company law to act within the objects of its Memorandum of Association. Its principal objects are to “conserve, restore and re-establish trees and in particular broad-leaved trees, plants and all forms of wildlife in the United Kingdom of Great Britain and Northern Ireland and thereby to secure and enhance the enjoyment by the public of the natural environment of those territories”

The Woodland Trust has two wholly owned trading subsidiaries. As from February 2008 Woodland Trust Farming Limited undertakes some of the farming activity. The principal activities of Woodland Trust (Enterprises) Limited are sponsorship and commercial promotions in support of the Woodland Trust, lotteries and the sale of goods by mail order. All profits are donated by Gift Aid to the Woodland Trust. A summary of its results appears in note 18 on page 28.

Aims

The Woodland Trust’s four key conservation aims are to:

- ◆ ensure no further loss of ancient woodland
- ◆ increase woodland biodiversity
- ◆ increase the area of new native woodland
- ◆ increase people’s understanding and enjoyment of woodland

In *Keeping Woodland Alive*, originally published in 1998 and revised in 2001 and which can be accessed via our website, we set out how we are seeking to achieve each of these four key aims.

No further loss of ancient woodland

Our key strategies are to:

- ◆ seek protection of all ancient woodland through legislation and planning policy
- ◆ acquire those ancient woods that would particularly benefit from our ownership, especially major planted ancient woods that can benefit from our expertise in restoring such sites
- ◆ work with other landowners and other organisations
- ◆ undertake campaigns to safeguard ancient woods
- ◆ assist communities to save specific woods through our Woods Under Threat website (www.woodsunderthreat.info) and be prepared to fight the most significant development threats to ancient woodland

In 2007 the Woodland Trust:

- ◆ acquired Brede High Woods, an ancient wood in Sussex, and now our largest site in England.
- ◆ maintained its record of helping to secure a successful outcome in 80% of the completed cases of threatened woods it has been involved with
- ◆ continued its campaign to stop airport expansion with notable success in defeating the expansion at Luton Airport thereby saving ancient woodland
- ◆ mobilised outstanding public support in our campaign to prevent the loss of ancient woodland for high profile cases (Weymouth relief road and Aberdeen by-pass)
- ◆ was involved in a judicial review in order to try to prevent the loss of ancient woodland at Bramley Frith in Hampshire

Increasing woodland biodiversity

Our key strategies are to:

- ◆ adopt a landscape scale approach to woodland conservation in the face of climate change
- ◆ care for over 1,000 woods covering over 20,000ha that we own or lease throughout the UK

Report of the Directors (continued)

For the year ended 31 December 2007

- ◆ buffer and extend ancient woodland through targeted woodland and habitat creation
- ◆ have all the Trust's ancient woods previously planted with non-native species in an active restoration programme
- ◆ secure, or work with others to secure, further planted ancient woods into restoration programmes
- ◆ conserve ancient trees and old growth woodland including the creation of a UK database of ancient trees

In 2007 the Woodland Trust:

- ◆ worked with other landowners to get 2,124ha of planted ancient woods into restoration programmes, 1,300ha is part of the Welsh Reclaiming our Forgotten Heritage project (www.forestry.gov.uk/forestry) in which we are partners. This surpasses our annual target of 1,000ha.
- ◆ continued to manage its own estate to a high standard, certified by the Forest Stewardship Council, delivering a wide range of public benefits
- ◆ went live on-line with the Ancient Tree Hunt which has accumulated more than 13,500 tree records in six months

Increasing the area of new native woodland

Our key strategies are to:

- ◆ acquire land on which to create new native woodland
- ◆ work with other landowners and other organisations to create new native woods
- ◆ campaign for more native woodland and more financial support to enable its creation
- ◆ create new woods that will improve the environment around settlements of all sizes

We set ourselves a target of creating at least 5,000ha of new native woodland between 2003 and 2007 either on land acquired by the Trust or through working with other partners. We had achieved 4,952ha by the end of 2007.

We also set ourselves a target which, in part, contributes to the above. This was to plant 12m trees under our *Tree for All* campaign, which was launched in November 2004. Over 4.6m trees had been planted by the end of 2007.

In 2007 the Woodland Trust:

- ◆ created 459ha of new native woodland either on our own land or by working with others
- ◆ planted one million trees as part of its *Tree for All* campaign

Increasing people's understanding and enjoyment of woodland

Our key strategies are to:

- ◆ provide free access to our own woods and encourage visits to woods generally
- ◆ provide a wide range of information and advice (see activities and services provided below)
- ◆ engage people in our work, especially via membership and practical involvement
- ◆ provide opportunities for everyone in the UK, especially children, to have the chance to plant trees

We aim to have 200,000 members by 2010.

In 2007 the Woodland Trust:

- ◆ enabled 496,000 people to plant trees as part of its *Tree for All* campaign and delivered 13,000 free tree packs to schools
- ◆ achieved a net increase in membership from 159,000 to 181,000
- ◆ had 4.1m visitor sessions to its website (www.woodlandtrust.org.uk)
- ◆ continued to provide and improve access to and interpretation of its woods
- ◆ completed the Nature Detectives project with 400,000 learning resources downloaded from www.naturedetectives.org.uk
- ◆ launched the Ancient Tree Hunt successfully, with over 100 volunteer verifiers and approximately 60 partner organisations supporting the campaign across the UK

Report of the Directors (continued)

For the year ended 31 December 2007

General strategies

In addition, we seek to achieve all four of our aims by raising awareness of and support for our cause and by campaigning on behalf of the UK's woodland and ancient trees. Our campaign targets are summarised in a series of "Woodland Challenges" for each country and at a UK level. These can be found on our website.

Activities and services provided

The Trust's Annual Review and this Annual Report, together with *Broadleaf* – our magazine for members, provide an overview of our key activities.

Our website, www.woodlandtrust.org.uk, provides the main source of information and advice including:

- ◆ how to join the Woodland Trust, dedicate trees and the benefits of leaving a legacy to the Trust
- ◆ details about our policies, position statements and publications
- ◆ details about our woods, including management plans
- ◆ links to various community woodlands via our *Community Woodland Network*
- ◆ the ability to buy trees and merchandise through our online shops
- ◆ guidance and support to help acquire and manage a wood via our *Conservation Land Trust* site
- ◆ the ability to get involved in monitoring climate change via our phenology projects – Nature's Calendar and Nature Detectives
- ◆ a wealth of other educational materials for all ages on our *Wild about Woods* and *Tree for All* websites
- ◆ how to identify, record and appreciate ancient trees on our *Ancient Tree Hunt* website
- ◆ where ancient woods and trees are threatened by development and how to prevent their destruction on our *Woodland under Threat* website

Our website provides a comprehensive choice of activities, services provided and many ways in which you can help us achieve our objectives.

OTHER ACHIEVEMENTS AND PERFORMANCE IN 2007

Total unrestricted income increased from £15.1m to £16.3m and total restricted income increased from £6.8m to £11.8m. Total income increased from £21.9m to £28.1m. Our income increased primarily as a result of increases in restricted legacies, restricted appeals and corporate sponsorship.

In 2007 the Trust received record legacy income of £6.9m (2006: £4.0m). This increase was due in part to the magnificent legacy of £2.1m from our founder's wife, Mrs Mary Watkins.

The appeal to our members for the acquisition and restoration of Brede High Woods raised a record £1.2m.

Sponsorship and commercial promotions income was £2.3m (2006: £1.1m). Significant sponsor and commercial partners include Dorothy Perkins, BT, Penguin Books, Tesco, Sainsbury's Supermarkets, Nobles Foods, Ikea, Yell, W H Smiths, Co-operative Bank and Britannia Building Society.

Total expenditure increased from £19.9m to £22.3m. The main areas of expenditure in furtherance of the Trust's objects were:

	2007 £'000	2006 £'000
◆ Protection of ancient woodland	1,978	2,280
◆ Woodland conservation and management	4,918	3,205
◆ Creation of new native woodland	5,381	5,568
◆ Access, recreation and education	5,249	4,736
	<u>17,526</u>	<u>15,789</u>
◆ Cost of generating funds	4,545	3,877
◆ Governance	187	194
Total expenditure	<u>22,258</u>	<u>19,860</u>

Report of the Directors (continued)

For the year ended 31 December 2007

This summary of expenditure relates directly to our four key conservation aims together with the cost of raising over £28m income and our governance costs. Inevitably many of the projects we undertake contribute to more than one of our conservation aims. Out of the £5.8m surplus generated, £3.1m is restricted for specific purposes and £2.7m has been transferred to the Strategic Investment Fund. The analysis of expenditure above includes £3.8m (2006: £3.0m) applied to land acquisition, see page 23 for details.

The Trust acquired 14 sites covering 482ha during the year. The most significant in terms of size were:

	<u>Ha</u>
Brede High Wood, East Sussex	262
White Hill Woods, Durham	82
Coed Ysgubor Wen, Gwynedd	42
Botany Bay, Derbyshire	39
Cefn Ila Farm, Monmouthshire	29

Further details of these exciting projects are available in our Annual Review and on our website.

Ancient woods across the UK continued to be threatened by generic threats like climate change and site specific development threats. Our *Woods Under Threat* team were dealing with 289 cases of ancient woods under threat across the UK at the end of 2007. So despite all the improvements and achievements of recent years there are still no grounds for complacency.

Our *Tree for All* campaign remains a major focus and has now engaged over one million people in planting 4.6m trees since the launch of the campaign in November 2004. In one single week in November, 7,000 schools planted trees as part of *Tree for All* – that's one in every five schools in the UK.

Volunteers

In 2007 over 61,000 volunteers donated 241,571 hours of work with an estimated value of £1.9m – a terrific effort, for which we are very grateful. Of these 58,388 assisted our *Springwatch* and *Autumnwatch* partnerships with the BBC, along with our Nature Detectives initiative.

REVIEW OF THE TRUST'S FINANCIAL POSITION

The Consolidated Statement of Financial Activities on page 12 shows a surplus of £2.7m on Unrestricted Funds in 2007.

Financial Reserves

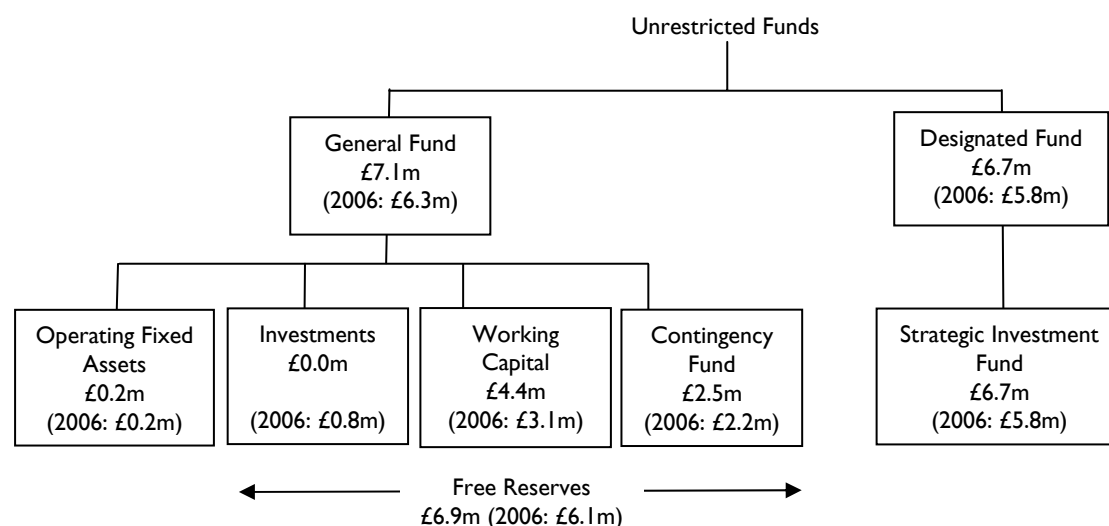
The Trust's Financial Reserves policy is reviewed annually. Each year the Directors consider a financial projection prior to reviewing financial reserve levels for the following year and the preparation and approval of an annual budget. Financial forecasts for the current year are updated for each Council meeting.

The Trust holds financial reserves to be applied to future activities in a number of categories:

- ◆ Free – can be for any of the Trust's purposes
- ◆ Designated – funds earmarked by the Directors for specific purposes
- ◆ Restricted – to be applied to the specific purpose intended by the donor

Report of the Directors (continued)
For the year ended 31 December 2007

The Trust's unrestricted funds at 31 December 2007 comprise the General Fund and one Designated Fund.



The General Fund consists primarily of working capital, a contingency reserve and operating fixed assets required for the day-to-day management of the Trust. At 31 December this amounted to £7.1m of which £3.5m is represented by cash. The increase in working capital reflects the growth in income.

The Directors have agreed a strategic plan which includes a range of new initiatives and some very ambitious conservation and other targets that are summarised under "Future Developments" below. The Directors have established the Strategic Investment Fund to provide some initial funds to enable these to happen, but most of them will need to attract substantial additional funding in order to proceed.

The policy of the Directors is that the Trust's free reserves should be in the range of three to nine months of total expenditure. They were £6.9m at 31 December 2007 which represents over four month's expenditure.

Within free reserves the Contingency Fund is a separate provision to give some protection against unforeseen shortfalls in income or essential unplanned expenditure. Following an assessment of financial risks the Directors concluded its target value should be £2.5m. Its value at 31 December 2007 was £2.5m.

The Strategic Investment Fund and Contingency Fund comprise short-term liquidity deposits and are separate funds under the control of the Directors.

The Trust also holds other funds restricted for use on specific projects or woods by the donors of those funds, and the Trust's permanent endowments.

An analysis of all funds can be found on pages 26-27 in notes 16-17 to the Accounts.

FUTURE DEVELOPMENTS

Our vision is to protect what we have, restore what has been spoilt and create new woods for the future, and to make our countryside more friendly for people and wildlife. Our aspirations in the UK are for:

- ◆ a doubling of native woodland cover as part of developing a landscape scale approach to woodland conservation
- ◆ everyone to be within 4km of an accessible large woodland
- ◆ all ancient woods planted with non-native conifers (220,000ha) to be under active restoration
- ◆ absolute protection of ancient woodland
- ◆ people, especially children, to better understand and value trees and woods
- ◆ every child to have the chance to plant trees

Report of the Directors (continued)

For the year ended 31 December 2007


We know we can do this but we need to invest more and quickly. Investment today will provide both immediate and long term benefits. We have some ambitious goals over the next five years, to lay the foundations for achieving our vision. Some examples of the things we want to happen are to:

- ◆ bring into protective ownership one flagship ancient woodland each year by acquiring a site of the scale and importance of Brede High Wood (est £15 million)
- ◆ directly restore or support the restoration of a further 15,000ha of ancient woods planted with non-native conifers (est £15 million)
- ◆ identify and record every ancient tree in the UK and ensure they are protected (est £1.5 million)
- ◆ establish a further 5,000ha of new native woodland (est £40 million)
- ◆ involve more than 1 million children in the planting of 12 million trees as part of our *Tree for All* campaign (est further costs £10 million)
- ◆ campaign for absolute protection of ancient woodland and ancient trees (est £5million)
- ◆ make improvements, especially to visitor access and interpretation, at premier Woodland Trust sites (est £2.5 million)

We also intend to invest in a new head office in Grantham to improve our operational effectiveness. Part of the cost of the office is expected to be financed from our own funds.

We have established the Strategic Investment Fund to help the Trust to do all these things. However, we cannot achieve these vital goals without the support of committed individuals and organisations and hope that all those reading this will wish to help us to do so.

These accounts were approved by the Directors on 21st May 2008 and signed on their behalf:


John B Lake
Chairman
21st May 2008

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE WOODLAND TRUST

We have audited the financial statements of the Woodland Trust for the year ended 31 December 2007 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Group Balance Sheets, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the charitable 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 charitable 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 to anyone other than the charitable company and the charitable 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' Responsibilities the charity's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Directors are also the charity trustees of the Woodland Trust for the purposes of charity law.

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

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

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

Basis of audit opinion

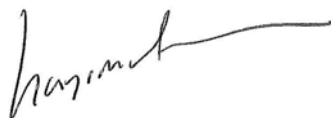
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's and group's affairs as at 31 December 2007 and of its incoming resources and application of resources in the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Adam Halsey, Audit Partner
On behalf of haysmacintyre
Chartered Accountants
Registered Auditors
Date: 21st May 2008

Fairfax House
15 Fulwood Place
London
WC1V 6AY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2007

	Note	UNRESTRICTED FUNDS		RESTRICTED FUNDS		Total 2007 £'000	Total 2006 £'000
		General Fund £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000		
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary Income	2	11,866	-	7,200	-	19,066	14,032
Activities for generating funds	2	3,242	-	-	-	3,242	2,067
Investment Income	8	842	-	344	-	1,186	849
Total incoming resources from generated funds		15,950	-	7,544	-	23,494	16,948
Incoming resources from charitable activities	2	297	-	4,291	-	4,588	4,544
Other incoming resources		22	-	8	-	30	375
Total incoming resources		16,269	-	11,843	-	28,112	21,867
Less costs of generating funds	4	(3,742)	(9)	(758)	(36)	(4,545)	(3,877)
Governance	6	(187)	-	-	-	(187)	(194)
Net resources available for charitable activities		12,340	(9)	11,085	(36)	23,380	17,796
RESOURCES EXPENDED							
Resources expended on charitable activities							
Protection of ancient woodland	4	715	413	49	-	1,177	1,815
Woodland conservation and management	4	2,518	1,132	815	-	4,465	2,857
Creation of new native woodland	4	1,917	99	1,715	-	3,731	3,528
Access, recreation and education	4	2,719	101	1,506	-	4,326	4,630
Total resources expended on charitable activities		7,869	1,745	4,085	-	13,699	12,830
This statement of resources expended excludes £3,827k (2006: £2,959k) of woodland and land acquired and capitalised as per note 9.							
Net incoming resources from operations before transfers and investment gains							
Transfers between funds	16	4,471	(1,754)	7,000	(36)	9,681	4,966
Net Gains on Investment Assets	11	(3,650)	2,673	210	767	-	-
		-	-	124	531	655	812
Net movements in funds		821	919	7,334	1,262	10,336	5,778
Fund Balances brought forward at 1 January		6,252	5,784	56,158	7,191	75,385	69,607
Fund balances carried forward at 31 December	17	7,073	6,703	63,492	8,453	85,721	75,385

There are no recognised gains or losses other than those shown in the consolidated statement of financial activities above.

All income and expenditure is derived from continuing activities.


No separate income and expenditure account as required under the Companies Act 1985 has been presented as the only difference between the net incoming resources for the year before transfers (£9,681k) and the net income for the year as defined under the Companies Act (£10,584k) are realised gains on investments of £867k reflected within net gains on investment assets and expenditure within the endowment funds of £36k.

The Notes on pages 15 to 29 form part of these accounts.

BALANCE SHEETS AT 31 DECEMBER 2007

	Note	Group		Charity	
		2007 £'000	2006 £'000	2007 £'000	2006 £'000
Fixed Assets					
Tangible Assets:					
♦ Woodland and Land	9	52,897	49,108	52,897	49,108
♦ Other Fixed Assets	10	212	183	212	183
		<u>53,109</u>	<u>49,291</u>	<u>53,109</u>	<u>49,291</u>
Investments	11	25,310	20,673	25,310	20,673
		<u>78,419</u>	<u>69,964</u>	<u>78,419</u>	<u>69,964</u>
Current Assets					
Stocks	12	226	207	151	141
Debtors	13	6,753	4,583	7,393	4,926
Cash at Bank and in-hand	23(b)	3,501	2,837	2,990	2,622
		<u>10,480</u>	<u>7,627</u>	<u>10,534</u>	<u>7,689</u>
Creditors					
Amounts falling due within one year	14	<u>(3,177)</u>	<u>(2,202)</u>	<u>(3,231)</u>	<u>(2,264)</u>
Net Current Assets					
		<u>7,303</u>	<u>5,425</u>	<u>7,303</u>	<u>5,425</u>
Total Assets Less Current Liabilities					
		<u>85,722</u>	<u>75,389</u>	<u>85,722</u>	<u>75,389</u>
Creditors					
Amounts falling due after more than one year	15	<u>(1)</u>	<u>(4)</u>	<u>(1)</u>	<u>(4)</u>
Net Assets					
	17	<u>85,721</u>	<u>75,385</u>	<u>85,721</u>	<u>75,385</u>
Financed by:					
Unrestricted Funds:					
♦ General Fund	16	7,073	6,252	7,073	6,252
♦ Designated Funds	16	6,703	5,784	6,703	5,784
Restricted Funds	16	63,492	56,158	63,492	56,158
Permanent Endowments	16	8,453	7,191	8,453	7,191
		<u>85,721</u>	<u>75,385</u>	<u>85,721</u>	<u>75,385</u>

These accounts were approved by the Directors on 21st May 2008.


 John B Lake
 Chairman

The Notes on pages 15 to 29 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Net cash inflow from operating activities	23(a)	7,143	2,415
Returns on investments and servicing of finance			
Investment income		1,186	849
Capital expenditure and financial investment			
Purchase of woodland and land		(3,549)	(2,839)
Purchase of fixed assets		(172)	(117)
Purchase of investments		(11,011)	(7,120)
Sale of land		38	385
Sale of fixed assets		-	1
Sale of investments		7,029	6,014
		(7,665)	(3,676)
Reconciliation of net cash flow to movement in net funds			
Increase/(Decrease) in cash in year	23(b)	664	(412)
Net funds at 1 January	23(b)	2,837	3,249
Cash at bank and in-hand funds at 31 December		3,501	2,837

The Notes on pages 15 to 29 form part of these accounts.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

I. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared under the historical cost convention, with the exception of listed investments, which are included at their market value. The financial statements have been prepared in accordance with the Charity Commission Statement of Recommended Practice (SORP) (Revised 2005) – Accounting and Reporting by Charities, the Companies Act 1985 and applicable accounting standards. The accounting policies adopted are described below.

Basis of Consolidation

Group accounts have been prepared for the Woodland Trust and its wholly owned subsidiary, Woodland Trust (Enterprises) Limited. The accounts have been consolidated on a line-by-line basis. A separate Statement of Financial Activities has not been prepared for the Charity as permitted by paragraph 397 of the SORP 2005.

Fund Accounting

Unrestricted Funds

These funds can be used for any of the Trust's purposes.

Designated Funds

These funds have been set aside out of unrestricted funds, by the Directors, for specific purposes.

Restricted Funds

These funds have been given to the Trust for a particular purpose to be used in accordance with the wishes of the donor. They include grants from statutory bodies. Until they are expended the funds are invested.

All land and woodland purchased and donated has been classified as restricted funds. This is a prudent approach as it is not practicable to review the legal documents and funding conditions on all the sites acquired since the Trust was established.

Endowment Funds

These represent money given in conjunction with gifts of land to provide for their future conservation. All the endowments are intended to be permanent with the original capital being maintained and the income and capital growth being utilised. In certain circumstances some of the original capital can be expended subject to the terms of the endowment.

Incoming Resources

Life and annual membership subscriptions are treated as donations and are included in full in the year they are received.

Income from investments, Gift Aid and deeds of covenant is included gross. An estimate of the income tax reclaimable at the period end is included in these accounts.

Incoming resources in the form of donated assets have been included in the Consolidated Statement of Financial Activities at a reasonable estimate of their value and where appropriate, they have been capitalised.

Grants for woodland management are credited to the Consolidated Statement of Financial Activities in the year in which they are receivable. The SORP (Revised 2005) indicates that, for charities, this treatment is the most appropriate interpretation of the relevant Statement of Standard Accounting Practice.

Notes to the accounts (continued)

For the year ended 31 December 2007

ACCOUNTING POLICIES (continued)**Incoming Resources (continued)**

Legacy income from each bequest is recognised once a reasonable estimate of its value can be made and providing there is no evidence of any significant contentious claims against the deceased's estate. Where the Trust is left part of the residue of an estate, the deceased's Will, initial statements of assets and liabilities and draft estate accounts are used to calculate the estimated value of the bequest. This estimate is only recognised as income once the executors have proved the Will, (ie obtained probate). Bequests of land for conservation purposes are recognised as income and as an asset on the date the land is transferred to the Trust.

No incoming resources in the Consolidated Statement of Financial Activities have been included net of expenditure.

Resources Expended*Costs of generating funds*

These are costs incurred in generating the income analysed in note 2 to the accounts. These costs are analysed in notes 4 and 5 to the accounts.

Governance costs

These costs are associated with the strategic management of the Trust as opposed to day-to-day management. They are analysed in note 6 to the accounts.

Resources expended on charitable activities

Expenditure is allocated to our four strategic aims as follows:

- ◆ **Protection of ancient woodland** – direct expenditure includes fighting generic threats to ancient woodland as well as site specific threats, lobbying to improve the degree of protection for ancient woods and ancient trees.
- ◆ **Woodland conservation and management** – direct expenditure includes the restoration of planted ancient woods, woodland management and research.
- ◆ **Creation of new native woodland** – direct expenditure includes the cost of planting trees and maintaining new woodland.
- ◆ **Access, recreation and education** – direct expenditure includes providing access to our woods, education, tree safety, a variety of communications and events involving our supporters and the general public.

Note 7 to the accounts includes an analysis of staff numbers across charitable activities, fundraising activities, governance and support.

The cost of those staff directly focused on the Trust's charitable activities has been allocated across the four aims listed above in the same ratio as the expenditure on each strategic aim prior to their allocation.

Support costs

These include the provision of offices, staff recruitment and development, information technology and our finance function.

Support costs have been allocated to activities on the basis of the number of direct staff employed in that activity.

Notes to the accounts (continued)

For the year ended 31 December 2007

ACCOUNTING POLICIES (continued)**Depreciation**

Depreciation is not provided on freehold and long leasehold woodland and land, which is considered to have a useful life of more than 50 years. Leasehold land with a lease term of less than 50 years remaining is depreciated over the period of the lease.

Fixed assets with a cost of more than £1,000 are capitalised and depreciated. A full year's depreciation is charged in the year of purchase and none in the year of disposal. Depreciation has been charged at 20% per annum on cost for Office Equipment and 25% per annum on cost for Computers, Plant & Machinery and Motor Vehicles.

Woodland and Land

The value of donated land is disclosed in note 9 to the accounts. Each site is valued in line with open market land values at the time of transfer to the Trust.

All woodland and land purchased has been capitalised at cost.

Investments

Investments are stated at market value. The Trust's policy is to keep valuations up to date such that when investments are sold, there is no gain or loss arising relating to the previous year. As a result the Consolidated Statement of Financial Activities include those unrealised gains and losses arising from the revaluation of the investment portfolio throughout the year. Disclosure is made in the notes to the accounts of the difference between historic cost and sale proceeds of investments sold during the year.

Stocks

Stocks are stated at the lower of cost and net realisable value, where cost comprises purchase price.

Other

Operating lease rentals are charged to expenditure in equal annual amounts over the lease term.

The Trust operates defined contribution pension schemes. The cost of providing pensions is charged to expenditure in the period in which contributions are made.

Irrecoverable VAT is classified under the same heading as the expenditure or asset to which it relates. In 2007 this amounted to £151k (2006: £167k).

Notes to the accounts (continued)

For the year ended 31 December 2007

2. INCOMING RESOURCES

As summarised in the Consolidated Statement of Financial Activities:

	Unrestricted General Funds £'000	Restricted Funds £'000	Total 2007 £'000	Total 2006 £'000
INCOMING RESOURCES FROM GENERATED FUNDS				
Voluntary Income				
Membership subscriptions	4,733	-	4,733	4,626
Legacies	4,238	2,638	6,876	4,023
Fundraising and appeals	2,271	2,665	4,936	3,465
Company donations, Charitable Trusts and Landfill Tax	624	1,897	2,521	1,918
Total voluntary income	11,866	7,200	19,066	14,032
Activities for generating funds				
Sponsorship income	2,242	-	2,242	1,006
Lotteries	748	-	748	738
Merchandise income	252	-	252	323
Total income from activities for generating funds	3,242	-	3,242	2,067
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES				
Grants	2	3,695	3,697	3,828
Woodland Management income	17	596	613	596
Donated Woodland and Land	278	-	278	120
Total income from charitable activities	297	4,291	4,588	4,544

Included in fundraising and appeals is £9k (2006: £19k) gifts in kind.

Legacy Notifications

In addition to the legacy income recorded above, the Trust had been advised of a number of legacies bequeathed to it where the conditions regarding income recognition were not fulfilled by the year end. The combined estimated value of these legacies where it is possible to estimate their value was at least £2.3m (2006: £0.5m).

Notes to the accounts (continued)

For the year ended 31 December 2007

3. GRANTS	2007 £'000	2006 £'000
Heritage Lottery Fund	1,277	800
Forestry Commission	884	1,067
Tubney Charitable Trust	668	76
Local Authorities	192	255
Environment and Heritage Service, Northern Ireland	114	287
Department for Communities and Local Government	107	473
Natural England	67	136
European Structural Funds	63	-
Big Lottery Fund - Transforming Your Space	62	96
Department for the Environment, Food and Rural Affairs	51	178
Big Lottery Fund – The Peoples Millions	44	-
Countryside Council for Wales	41	28
Scottish Natural Heritage	32	47
Rural Payments Agency	29	2
Department of Agriculture and Rural Development (Northern Ireland)	17	25
Welsh Council for Voluntary Action	13	-
Friends of the Lake District	6	4
EC Life Nature	5	45
Scottish Executive	3	72
Northern Ireland Forest Service	3	13
Rail Link Countryside Initiative	2	13
North West Regional Development Agency	-	99
Big Lottery Fund - Transforming Your Space Northern Ireland	-	42
Environment Agency	-	15
Big Lottery Fund – Enfys Scheme	-	6
High Weald Sustainable Development Fund	-	4
Kent Downs Area of Outstanding Natural Beauty	-	2
Others (10 grant providers)	17	43
	3,697	3,828

Of these, £3.695m (2006: £3.1m) are restricted grants.

Notes to the accounts (continued)

For the year ended 31 December 2007

4. TOTAL RESOURCES EXPENDED	Direct £'000	Support £'000	2007 £'000	2006 £'000
Costs of generating funds				
<i>Costs of generating voluntary income</i>				
Membership	2,053	75	2,128	1,750
Fundraising and appeals	744	156	900	816
Company donations, Charitable Trusts and Landfill Tax	376	120	496	482
Legacies	141	25	166	184
	<u>3,314</u>	<u>376</u>	<u>3,690</u>	<u>3,232</u>
<i>Fundraising Trading Costs</i>				
Sponsorship	264	131	395	270
Merchandise	170	47	217	165
Lotteries	150	47	197	159
	<u>584</u>	<u>225</u>	<u>809</u>	<u>594</u>
<i>Investment management costs</i>	46	-	46	51
Costs of generating funds	<u>3,944</u>	<u>601</u>	<u>4,545</u>	<u>3,877</u>
Governance	<u>162</u>	<u>25</u>	<u>187</u>	<u>194</u>
Charitable activities				
Protection of ancient woodland	1,005	172	1,177	1,815
Woodland conservation and management	3,812	653	4,465	2,857
Creation of new native woodland	3,185	546	3,731	3,528
Access, recreation and education	3,693	633	4,326	4,630
	<u>11,695</u>	<u>2,004</u>	<u>13,699</u>	<u>12,830</u>
Total resources expended	<u>15,801</u>	<u>2,630</u>	<u>18,431</u>	<u>16,901</u>

The expenditure on acquisition of woodland and land is excluded (see note 9).

Notes to the accounts (continued)

For the year ended 31 December 2007

5. SUPPORT COSTS	Premises	Depreciation	Finance & IS	Human Resources	Management & Other	2007	2006
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Generating income resources	39	30	280	210	42	601	499
Charitable expenditure							
♦ Protection of ancient woodland	11	9	80	60	12	172	238
♦ Woodland conservation and management	43	32	304	228	46	653	376
♦ Creation of new native woodland	36	27	254	190	39	546	464
♦ Access, recreation and education	41	31	295	221	45	633	608
	131	99	933	699	142	2,004	1,686
Governance	2	1	12	9	1	25	22
Total support costs	172	130	1,225	918	185	2,630	2,207

Total depreciation across all Trust assets was £174k. Depreciation allocated to support costs excludes depreciation of short leasehold land (£31k) and depreciation of assets at Glen Finglas (£13k), which appears within charitable activities.

6. GOVERNANCE OF THE CHARITY	2007	2006
	£'000	£'000
Staff costs	115	112
Audit and professional fees	20	24
Trustees' expenses	5	6
Other costs	22	52
Support costs	25	22
	187	216

7. **NET INCOME FOR THE YEAR BEFORE TRANSFERS**

The surplus for the year is after charging:

♦ Salaries and wages	5,885	5,396
♦ Social Security costs	590	545
♦ Other pension costs	294	289
	6,769	6,230
Depreciation	174	177
Auditors' fees and expenses:		
♦ Audit work	17	16
♦ Other services	3	8
Rentals under operating leases	458	410
Irrecoverable Value Added Tax	151	167

Notes to the accounts (continued)

For the year ended 31 December 2007

Employees and Volunteers

The average number of employees during the year was 242 (2006: 230). The average number of employees, analysed by function, was:

	2007 Total	2006 Total
Charitable activities	155	148
Fundraising	46	44
Governance and support	41	38
	242	230

We rely on volunteers to help with a wide range of activities including administration, tree planting, wardening and care of our woods, research, photography, and promotion of our work. Over 2,829 volunteers assist with these activities. In addition we rely on volunteers to collect data on climate change through our Phenology project. Currently 58,388 individuals are providing information.

We use the volunteer investment and value audit (VIVA) process to estimate the contribution our volunteers make. In 2007 they contributed 241,571 hours with an ascribed value of £1.9m (2006: 251,000 hours, value £2.05m).

Employees' emoluments for the staff earning in excess of £60,000 for the year fell into the following bands:

£'s	No. of Employees	
	2007	2006
80,000-89,999	1	0
70,000-79,999	1	1
60,000-69,999	1	1

All employees earning more than £60k participated in the defined contribution pension scheme. Contributions of £23k (2006: £16k) were made during the year for these employees by the company.

Notes to the accounts (continued)

For the year ended 31 December 2007

8. INVESTMENT INCOME	2007	2006
	£'000	£'000
Income from investments was as follows:		
Income from other UK Authorised Investments	886	560
Income from UK listed investments	218	221
Bank interest receivable	51	54
Income from cash deposits	30	13
Income from overseas listed investments	1	1
	1,186	849

9. FIXED ASSETS - WOODLAND AND LAND

<i>The Group and the Charity:</i>	Total	Purchased (Freehold)	Purchased (Long Leasehold)	Purchased (Short Leasehold)	Donated (Freehold)	Donated (Long Leasehold)	Donated (Short Leasehold)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or donated value							
At 1 January 2007	49,269	38,483	619	183	4,890	4,134	960
Additions for the year	3,827	3,548	-	-	279	-	-
Disposals in the year	(7)	(1)	-	-	(6)	-	-
At 31 December 2007	53,089	42,030	619	183	5,163	4,134	960
Depreciation							
At 1 January 2007	161	-	-	8	-	-	153
Charge for the year	31	-	-	4	-	-	27
At 31 December 2007	192	-	-	12	-	-	180
Net book value							
At 31 December 2007	52,897	42,030	619	171	5,163	4,134	780
At 31 December 2006	49,108	38,483	619	175	4,890	4,134	807

The additions to donated woodland and land include legal fees of £1k (2006: £9k).

In addition the Trust currently leases 20ha (2006: 20ha) of woodland under short leaseholds at peppercorn rents. In the opinion of the Directors it is impracticable to assign a value to these leases.

The additions are allocated across our charitable aims:

	2007	2006
	£'000	£'000
Protection of ancient woodland	801	466
Woodland conservation and management	452	347
Creation of new native woodland	1,650	2,040
Access, recreation and education	924	105
	3,827	2,958

Notes to the accounts (continued)

For the year ended 31 December 2007

	2007 £'000	2006 £'000
The movement on valuation of investments is as follows:		
Market value at 1 January	20,673	18,755
Acquisitions	11,011	7,120
Sales proceeds	(7,029)	(6,014)
Net investment gains	655	812
Market value at 31 December	25,310	20,673
Cost at 31 December	(24,061)	(19,212)
Unrealised investment gains at 31 December	1,249	1,461
Investment profit calculated on a historic cost basis	867	831

12. **STOCKS**

	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Livestock at Glen Finglas	141	123	141	123
Raw materials and consumables	85	84	10	18
	226	207	151	141

13. **DEBTORS**

	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Grants receivable	3,014	1,727	3,014	1,727
Legacies receivable	2,053	1,669	2,053	1,669
Trade debtors	608	517	195	162
Other debtors	566	311	1,619	1,009
Prepayments and accrued income	512	359	512	359
	6,753	4,583	7,393	4,926

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Trade creditors	1,701	1,714	1,700	1,713
Payments received on account of future projects	173	25	173	25
Taxation and Social Security	181	162	181	162
Other creditors	1,015	217	1,116	322
Accruals	107	84	61	42
	3,177	2,202	3,231	2,264

15. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

<i>The Group and the Charity</i>	2007 £'000	2006 £'000
Trade creditors - retentions	1	4

Notes to the accounts (continued)

For the year ended 31 December 2007

16. MOVEMENT ON FUNDS

	Balance at 1 January 2007 £'000	Movement in Funds:			Balance at 31 December 2007 £'000
		Incoming Resources £'000	Resources Expended £'000	Transfers £'000	
General Fund	6,252	16,269	(11,798)	(3,650)	7,073
Designated Funds					
Strategic Investment Fund	5,784	-	(1,754)	2,673	6,703

The purpose and structure of the Trust's Unrestricted Funds is described in detail in the Directors' Report on pages 8-9.

The General Fund represents working capital and operating fixed assets and is analysed in note 17.

The transfers from the General Fund are £0.8m to the Endowment Funds, £0.2m to the Restricted Funds and £2.7m to the Strategic Investment Fund.

Costs of £1.8m were met by the Strategic Investment Fund and a transfer of £2.7m from the General Fund increased its value to £6.7m.

Restricted Funds	Balance at 1 January 2007 £'000	Movement in Funds			Balance at 31 December 2007 £'000
		Incoming Resources £'000	Gains/ Expenses £'000	Transfers £'000	
Woodland and land	49,108	4,652	-	(863)	52,897
Woodland Management Fund	3,525	1,602	(1,297)	1,000	4,830
Restricted legacies	1,269	2,761	-	(144)	3,886
Woods on Your Doorstep (Northern Ireland)	862	199	(318)	(10)	733
Woods on Your Doorstep (England and Wales)	436	35	(136)	(114)	221
Various other funds	885	2,554	(2,938)	341	842
Forest Education Initiative	73	40	(30)	-	83
	56,158	11,843	(4,719)	210	63,492

Woodland and land comprises the capital costs of the woods purchased and the value of donated woodland and land. Where an acquisition of woodland and land has taken place a transfer may be made from restricted legacies or from other funds. In 2007, £0.04m was transferred from restricted legacies. £0.3m was transferred from the General Fund and £1.2m for the management of new sites was transferred to the Woodland Management Fund.

The Woodland Management Fund consists of unspent restricted income associated with specific sites. The Woodland Management Fund includes a revaluation reserve of £0.2m (2006: £0.2m). The transfers into the Woodland Management Fund also include £1.2m surplus from Woodland and Land and various other restricted funds and £0.1m from restricted legacies. £0.3m was transferred to the General Fund.

Restricted legacies represent those where the testator has restricted use for specific purposes or in specific locations. We are actively seeking opportunities to spend these for woodland conservation, but because of the nature of the restrictions imposed by the testator, it can sometimes take an appreciable period of time before qualifying spend can be identified. In 2007 £0.04m was transferred to acquire woodland and land and £0.1m to the Woodland Management Fund.

Woods on Your Doorstep (England and Wales) and Woods on Your Doorstep (Northern Ireland) represent a surplus of restricted income, which will be applied to future costs.

Notes to the accounts (continued)

For the year ended 31 December 2007

Various other restricted funds include many individual grants and donations for specific purposes, which will be applied to future costs. In 2007 £0.34m was transferred to the General Fund. The Landfill Tax received in 2007 amounted to £391k and £351k was expended leaving a balance at 31 December 2007 of £60k (2006: £9k), which will be applied to future costs.

Forest Education Initiative funds represent surplus income which will be applied to future costs.

Permanent Endowments	Balance at	Movement in Funds		Balance at
	1 January 2007 £'000	Net Investment Gains £'000	Transfers £'000	31 December 2007 £'000
Glenrothes	3,632	226	(3)	3,855
Livingston	1,837	115	(1)	1,951
Warrington and Runcorn	902	84	455	1,441
Preston and Chorley	820	70	316	1,206
	7,191	495	767	8,453

The Permanent Endowments represent funds given to the Trust with gifts of woodland and land in the locations noted above, under terms requiring the funds to be invested permanently to provide income for the future management of that woodland and land. These funds include a revaluation reserve of £1.1m (2006: £1.3m).

The transfers from the Glenrothes and Livingston endowments are a drawdown to contribute to operating costs. This expendable element of £0.16m is transferred to the General Fund.

17. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

This note details the Group position, which is the same as the Charity position.

The Directors consider that the resources available to the Charity are suitable and adequate to meet the known present obligations of the charitable company and group.

Fund balances at 31 December 2007 are represented by:

	Unrestricted Funds			Restricted Funds	
	Total Funds £'000	General Fund £'000	Designated Fund £'000	Restricted Fund £'000	Permanent Endowments £'000
Tangible fixed assets	53,109	210	-	52,899	-
Investments	25,310	-	6,703	10,154	8,453
Net current assets	7,303	6,864	-	439	-
Liabilities due over more than one year	(1)	(1)	-	-	-
Total net assets	85,721	7,073	6,703	63,492	8,453

Restricted tangible fixed assets consist of woodland and land (£52,897k) and other restricted fixed assets (£2k).

Notes to the accounts (continued)

For the year ended 31 December 2007

18. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The Woodland Trust has two wholly owned trading subsidiaries which are incorporated in England. Woodland Trust Farming Limited commenced trading in February 2008. Woodland Trust (Enterprises) Limited was established to undertake sponsorships, commercial activities, lotteries and merchandise sales. This company donates its taxable profits to the Woodland Trust. A summary of its trading account is shown below. Audited accounts have been filed with the Registrar of Companies.

	2007 £'000	2006 £'000
Profit and Loss Account		
Turnover	3,278	2,109
Cost of sales	(554)	(415)
Gross profit	2,724	1,694
Licence payment to the Woodland Trust	(80)	(80)
Distribution costs	(74)	(77)
Administration expenses	(48)	(60)
Other operating income	2	2
Operating profit	2,524	1,479
Interest receivable	9	4
Net profit	2,533	1,483
Payment under Gift Aid to the Woodland Trust	2,533	1,483
Accumulated reserves brought forward	-	-
Accumulated reserves carried forward	-	-
Balance Sheet		
Net current assets	1,243	776
Net current liabilities	(1,243)	(776)
Net assets	-	-
Capital and reserves	-	-

19. OPERATING LEASE COMMITMENTS

At 31 December, the Woodland Trust, both the Group and the Charity, are committed to making the following payments during the next year in respect of operating leases.

	2007 £'000	2006 £'000
Land and buildings		
Leases which expire:		
Within one year	157	17
Within two to five years	15	149
	172	166
Other		
Leases which expire:		
Within one year	47	19
Within two to five years	281	238
After five years	-	-
	328	257

Notes to the accounts (continued)

For the year ended 31 December 2007

20. CAPITAL COMMITMENTS

There are no commitments for expenditure not provided for in these accounts in respect of woodland and land purchases (2006: nil).

21. PENSION SCHEMES

The Woodland Trust operates defined contribution schemes for all qualifying employees. The assets of the schemes are held in separate funds administered by independent pension providers. The total cost of pensions for the year incurred by the Woodland Trust was £294k (2006: £289k). Included in other creditors is £nil (2006: £nil) in respect of pension schemes.

22. CONTINGENT LIABILITIES

The Directors were not aware of any significant contingent liabilities at 31 December 2007 and 31 December 2006.

The Woodland Trust has given indemnities to executors under the standard terms for legacies received. The Directors believe the chance of significant claims arising as a result of these to be negligible.

23. NOTES TO THE CASH FLOW STATEMENT

	2007		2006	
	£'000	£'000	£'000	£'000
(a) Reconciliation of net incoming resources to net cash inflow from operations				
Net incoming resources from operations		9,681		4,966
Depreciation:				
♦ Woodland and land		31		31
♦ Other fixed assets		143		146
Profit on disposal of woodland and land		(31)		(378)
Loss on disposal of other fixed assets		-		2
Investment income		(1,186)		(849)
Increase in stock		(19)		(16)
Increase in debtors		(2,170)		(805)
Increase/(Decrease) in creditors		972		(562)
Donated woodland and land		(278)		(120)
		<u>(2,538)</u>		<u>(2,551)</u>
Net cash inflow from operating activities		<u>7,143</u>		<u>2,415</u>
(b) Analysis of changes in net funds				
	At 1 January 2007 £'000	2007 Cash Flows £'000	At 31 December 2007 £'000	
Cash at bank and in-hand	<u>2,837</u>	<u>664</u>	<u>3,501</u>	

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