

The Woodland Trust
Registered Company No. 1982873
Registered Charity No. 294344



WOODLAND
TRUST

REPORT AND ACCOUNTS

31 DECEMBER 2006

PRESIDENT

Clive Anderson, MA

VICE PRESIDENT

Theodore H White, FRICS

TRUSTEES

Dawn J Austwick, OBE, MBA, BA, PhD
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, BSc
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 2006

I am proud to report a record income of £21.9 million for the Woodland Trust in 2006. Clearly there are many who share our passion for native woodland and this is supported by another all time high – our membership has now exceeded 160,000.

I believe that 2006 will be remembered as the year when climate change finally reached the top of the political and media agendas. The Woodland Trust has said for some time that climate change is the biggest threat to the UK's native wildlife, including irreplaceable ancient woodland, but our key audiences are now increasingly receptive to this message. To press home this change we took part in 'Climate Clinics' at the three main political party conferences. Here we promoted the view that everyone has a responsibility not only to try to slow climate change but also to help nature cope with the effects that are now unavoidable.

We are in no doubt that creating native woodland in the right places is hugely beneficial to both people and wildlife. At our woodland creation conference we invited debate among a highly influential audience on the many reasons why planting trees is important.

In 2006, we acquired more sites than in recent years. Most will become new native woods and play a vital role in conserving wildlife and giving pleasure to people.

There are few living organisms on the planet that play host to as many other species as ancient trees. In this year we prepared the ground for thousands of people to take part in the Ancient Tree Hunt.

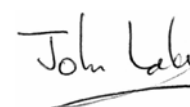
All these are impressive achievements and I would like to thank everyone who has contributed to our success this year - our members and other supporters who have helped our work in so many ways by making a donation, pledging the lasting gift of a legacy or by participating in our campaigns. To date, through our *Tree For All* campaign, we have involved over 500,000 people in planting over 3.5 million trees.

We are also indebted to our many volunteers, the companies who have provided funding and helped us to spread the word, and the trusts and grant-giving bodies who have boosted crucial projects.

Over the next three years, we will be guided by the Trust's new strategic plan, and inspired by the ambitious vision it sets out for trees and woods.

Our priorities will include working across whole landscapes to make vulnerable, fragmented ancient woodland more robust. Acquiring carefully selected new sites will enable us to achieve this, and to plant more trees. We will develop our use of email and internet communication, create more learning and involvement opportunities so that more adults and children can appreciate the value of trees and woods, and continue to invest in our extremely dedicated staff.

There is still much to do, as so many of the UK's woods remain under threat, but together we are rising to the challenge.



John B Lake
Chairman
22 May 2007

REPORT OF THE DIRECTORS

For the year ended 31 December 2006

The Directors have pleasure in presenting their report together with the audited accounts for the year ended 31 December 2006. 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. The Company does not have a share capital and is a company limited by guarantee No 1982873. It has the consent of the Registrar of Companies to be exempt from the requirement to use the word "Limited" in its name.

The Trust has applied to be registered as a cross-border charity with the Office of the Scottish Charity Regulator.

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 one wholly owned trading subsidiary, Woodland Trust (Enterprises) Limited (Company No 2296645).

REGISTERED OFFICE

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

PROFESSIONAL ADVISORS

A list of the Trust's main professional advisors appears on page 28.

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
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

Ms S D Horrox was appointed a Director on 20 September 2006.

Mr J W Humphreys was appointed a Director on 20 September 2006.

Mr A T Bigg retired as a Director on 24 May 2006.

Ms N A Ramsden retired as a Director on 20 September 2006.

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 (joined the Sub-Committee 22 March 2007)
Mr T W Jones
Dr J B Lake (joined the Sub-Committee 22 March 2007)
Dr J N Nicholls

The Chairman of the Woodland Trust attended all the Finance Sub-Committee meetings held in 2006.

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 2006

The Finance Sub-Committee carried out some of the roles of 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 16 (2005: 16) Directors on Council business amounted to £6k (2005: £13k) 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 (2005: £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 2006

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)
Marketing Director	Douglas P Seddon, MA, MInstF
Woodland Operations Director UK	Norman J Starks, BSc (For), MICE

The Trust's UK head office is in Grantham, Lincolnshire and there are country offices for Scotland, Wales and Northern Ireland in Auchterarder in Perthshire, Llanidloes in Powys 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 restricted and designated funds are held for the medium/short-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 2006 the Trust had five separate funds with its investment managers. The benchmark return for four of those funds was 12.7% (2005 19.8%). The actual returns achieved ranged from 11.5% to 11.9% (2005: 20.2% to 21.0%). The exclusion of companies that fail to comply with the Trust's ethical policy adversely affected the performance by 0.7% (2005: favourable 0.3% variance). The other fund exceeded its benchmark return of 13.4%, achieving 14.0%, (2005: 22.6% benchmark, 22.6% return).

In addition the Trust has short-term liquidity deposit 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 2006 the Trust was successful in making further improvements in its ability to recover VAT on its expenditure but irrecoverable VAT still increased to £167k (2005: £148k).

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 £1.4m in tax, which increased greatly the amount of work we were able to undertake. The Trust has been commended by *The Giving Campaign* for achieving one of the highest Gift Aid recovery rates in the charity sector.

Report of the Directors (continued)

For the year ended 31 December 2006

OBJECTIVES AND ACTIVITIES**Objectives**

The Woodland Trust is required by charity and company law to act within the objectives 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’s commercial activities are undertaken by its wholly owned trading subsidiary, Woodland Trust (Enterprises) Limited and all profits are donated by Gift Aid to the Woodland Trust. 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. A summary of its results appears in note 18 on page 26.

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*, published 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 2006 the Woodland Trust:

- ◆ 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
- ◆ completed the first ever inventory of ancient woodland in Northern Ireland. This was launched at Belfast Castle in January 2007 (see www.backonthemap.org.uk)
- ◆ spent £0.5m acquiring planted ancient woods for restoration

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
- ◆ 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. Our original target of 1,000ha by the end of 2007 has already been surpassed. We achieved 1,438ha by the end of 2006.
- ◆ conserve ancient trees and old growth woodland including the creation of a UK database of ancient trees

Report of the Directors (continued)

For the year ended 31 December 2006

In 2006 the Woodland Trust:

- ◆ continued to manage its own Forest Stewardship Council's certified estate to a high standard, delivering a wide range of public benefits
- ◆ worked with other landowners to get 752ha of planted ancient woods into restoration programmes
- ◆ commenced work to establish a database of ancient trees throughout the UK. Partial funding for its development has been secured and the website and database was launched early in 2007 (see www.ancient-tree-hunt.org.uk)

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 it to happen
- ◆ 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 4,494ha by the end of 2006.

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 3.6m trees had been planted by the end of 2006.

In 2006 the Woodland Trust:

- ◆ created 2,261 ha of new native woodland either on our own land or by working with others
- ◆ planted 1.1m trees as part of its *Tree for All* campaign
- ◆ organised and hosted a national conference on woodland creation

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.

We aim to engage at least 1m people, mainly children, in planting trees under our *Tree for All* campaign. 545,000 people had planted trees by the end of 2006.

In 2006 the Woodland Trust:

- ◆ achieved a net increase in membership from 147,000 to 159,000
- ◆ had 3.1m visitor sessions to its website (www.woodlandtrust.org.uk)
- ◆ enabled 280,000 people to plant trees as part of its *Tree for All* campaign
- ◆ continued to provide and improve access to and interpretation of its woods

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.

Report of the Directors (continued)

For the year ended 31 December 2006

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

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 2006

Total unrestricted income increased from £14.4m to £15.1m and total restricted income increased from £6.5m to £6.8m. Total income increased from £20.9m to £21.9m. Our unrestricted income increased primarily as a result of increases in membership income.

In 2006 the Trust received a record membership income of £4.7m (2005: £4.3m), which reflects an increase in membership from 147,000 to 159,000. This was in line with our budgeted expectations. Legacy income was £4.0m (2005: £4.8m, an exceptional year), which was less than the budget of £4.5m.

Total expenditure increased from £18.1m to £19.9m. The main areas of expenditure in furtherance of the Trust’s objects were:

	2006 £'000	2005 £'000
◆ Protection of ancient woodland	2,280	3,384
◆ Woodland conservation and management	3,205	3,027
◆ Creation of new native woodland	5,568	3,343
◆ Access, recreation and education	4,736	4,542
	<u>15,789</u>	<u>14,296</u>
◆ Cost of generating funds	3,877	3,657
◆ Governance	194	175
Total expenditure	<u>19,860</u>	<u>18,128</u>

This summary of expenditure relates directly to our four key conservation aims together with the cost of raising over £21m income and our governance costs. Inevitably many of the projects we undertake contribute to more than one of our conservation aims.

The Trust acquired 20 sites covering 413ha during the year. The most significant in terms of size were:

	<u>Ha</u>
Wragby, Lincolnshire	82
Dutton Park Farm, Cheshire	60
Havering Park Farm, Essex	54
Woodbury Hill (Moccas Park), Herefordshire	44
Theydon Bois, Essex	38
George Henry Wood, Rutland	33

Report of the Directors (continued)

For the year ended 31 December 2006

The analysis of expenditure above includes £3.0m (2005: £2.1m) applied to land acquisition. Just over £2m of this was for land on which to create new native woods and £0.5m was spent acquiring planted ancient woods, which has been included within expenditure on "protection of ancient woodland" in the summary above.

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 391 cases of ancient woods under threat across the UK at the end of 2006. 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 545,000 people in planting 3.6m trees since the launch of the campaign in November 2004. In one single week in November, 5,124 schools planted trees as part of *Tree for All* – that's one in every five schools in the UK.

Volunteers

In 2006 over 46,000 volunteers donated over 250,000 hours of work with an estimated value of over £2m – a terrific effort, for which we are very grateful. Of these nearly 44,000 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 11 shows a surplus of £0.9m on the General Fund in 2006.

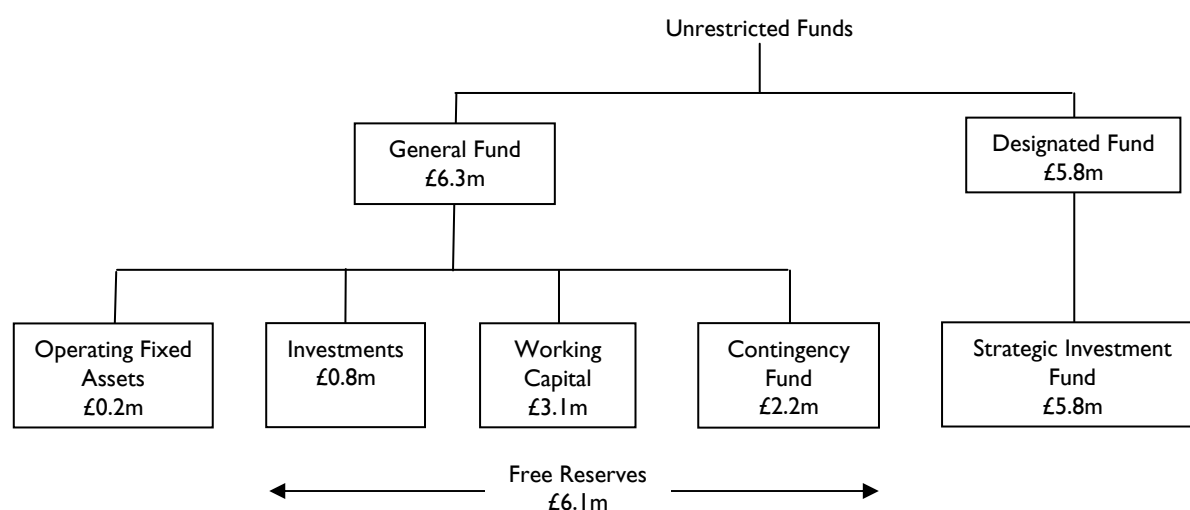
Financial Reserves

The Trust's Financial Reserves policy is reviewed annually. Each year the Directors consider a three-year 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

The Trust's unrestricted funds at 31 December 2006 comprise the General Fund and one Designated Fund.



Report of the Directors (continued)

For the year ended 31 December 2006

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 £6.3m of which £2.8m is represented by cash.

During 2006 the Directors agreed a strategic plan which includes a range of new initiatives and some very ambitious conservation targets that are summarised under "Future Developments" below. The Directors have set aside a sum of £5.8m 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 £6.1m at 31 December 2006 which represents nearly four months 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 minimum value should be £2.2m. Its value at 31 December 2006 was £2.2m.

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

We also hold 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 24-25 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. Within the next 50 years our aspirations are for:

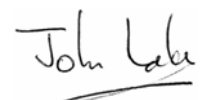
- ◆ a doubling of native woodland cover in the UK to 550,000ha as part of developing a landscape scale approach to woodland conservation
- ◆ everyone to be within 4km of an accessible large woodland
- ◆ all ancient woods planted with non-native conifers (220,000ha across the UK) to be under active restoration
- ◆ 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

We know we can do this but we need to invest more and quickly. Investment today will provide both immediate and long term benefits. The Trust has 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:

- ◆ save one flagship ancient woodland each year by acquiring a site of the scale and importance of Wentwood (est £15 million)
- ◆ directly restore or support the restoration of 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 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 50 premier Woodland Trust sites (est £2.5 million)

We have set aside £5.8m to assist the Trust to achieve this. 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 22 May 2007 and signed on their behalf:



John B Lake, Chairman
22 May 2007

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 2006 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 2006 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.



haysmacintyre
Chartered Accountants
Registered Auditors
Date: 22 May 2007

Fairfax House
15 Fulwood Place
London
WC1V 6AY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2006

	Note	UNRESTRICTED FUNDS		RESTRICTED FUNDS		Total 2006 £'000	Total 2005 £'000
		General Fund £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000		
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary Income	2	11,145	-	2,887	-	14,032	14,518
Activities for generating funds	2	1,935	-	132	-	2,067	2,051
Investment Income	8	601	-	248	-	849	772
Total incoming resources from generated funds		13,681	-	3,267	-	16,948	17,341
Incoming resources from charitable activities	2	997	-	3,547	-	4,544	3,486
Other incoming resources		373	-	2	-	375	31
Total incoming resources		15,051	-	6,816	-	21,867	20,858
Less costs of generating funds	4	(2,827)	-	(1,009)	(41)	(3,877)	(3,657)
Governance	6	(194)	-	-	-	(194)	(175)
Net resources available for charitable activities		12,030	-	5,807	(41)	17,796	17,026
RESOURCES EXPENDED							
Resources expended on charitable activities							
Protection of ancient woodland	4	1,524	-	291	-	1,815	1,553
Woodland conservation and management	4	2,350	-	507	-	2,857	3,015
Creation of new native woodland	4	1,893	-	1,635	-	3,528	3,117
Access, recreation and education	4	3,539	-	1,091	-	4,630	4,542
Total resources expended on charitable activities		9,306	-	3,524	-	12,830	12,227
This statement of resources expended excludes £2,959k (2005: £2,069k) of woodland and land acquired and capitalised as per note 9.							
Net incoming resources from operations before transfers and investment gains							
		2,724	-	2,283	(41)	4,966	4,799
Transfers between funds	16	(1,865)	2,424	(247)	(312)	-	-
Net Gains on Investment Assets	11	-	-	176	636	812	1,297
Net movements in funds		859	2,424	2,212	283	5,778	6,096
Fund Balances brought forward at 1 January		5,393	3,360	53,946	6,908	69,607	63,511
Fund balances carried forward at 31 December	17	6,252	5,784	56,158	7,191	75,385	69,607

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.

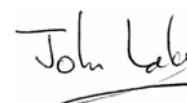
No separate income and expenditure account as required under the Companies Act 1985 has been presented as the only difference between the net incoming resources for the year before transfers (£4,966k) and the net income for the year as defined under the Companies Act (£5,838k) are realised gains on investments of £831k reflected within net gains on investment assets and expenditure within the endowment funds of £41k.

The Notes on pages 14 to 27 form part of these accounts.

BALANCE SHEETS AT 31 DECEMBER 2006

	Note	Group		Charity	
		2006 £'000	2005 £'000	2006 £'000	2005 £'000
Fixed Assets					
Tangible Assets:					
♦ Woodland and Land	9	49,108	46,187	49,108	46,187
♦ Other Fixed Assets	10	183	215	183	215
		<u>49,291</u>	<u>46,402</u>	<u>49,291</u>	<u>46,402</u>
Investments	11	20,673	18,755	20,673	18,755
		<u>69,964</u>	<u>65,157</u>	<u>69,964</u>	<u>65,157</u>
Current Assets					
Stocks	12	207	191	141	151
Debtors	13	4,583	3,778	4,926	4,372
Cash at Bank and in-hand	23(b)	2,837	3,249	2,622	2,964
		<u>7,627</u>	<u>7,218</u>	<u>7,689</u>	<u>7,487</u>
Creditors					
Amounts falling due within one year	14	<u>(2,202)</u>	<u>(2,764)</u>	<u>(2,264)</u>	<u>(3,033)</u>
Net Current Assets					
		<u>5,425</u>	<u>4,454</u>	<u>5,425</u>	<u>4,454</u>
Total Assets Less Current Liabilities					
		<u>75,389</u>	<u>69,611</u>	<u>75,389</u>	<u>69,611</u>
Creditors					
Amounts falling due after more than one year	15	<u>(4)</u>	<u>(4)</u>	<u>(4)</u>	<u>(4)</u>
Net Assets					
	17	<u>75,385</u>	<u>69,607</u>	<u>75,385</u>	<u>69,607</u>
Financed by:					
Unrestricted Funds:					
♦ General Fund	16	6,252	5,393	6,252	5,393
♦ Designated Funds	16	5,784	3,360	5,784	3,360
Restricted Funds	16	56,158	53,946	56,158	53,946
Permanent Endowments	16	7,191	6,908	7,191	6,908
		<u>75,385</u>	<u>69,607</u>	<u>75,385</u>	<u>69,607</u>

These accounts were approved by the Directors on 22 May 2007.



John B Lake
Chairman

The Notes on pages 14 to 27 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2006

	Note	2006 £'000	2005 £'000
Net cash inflow from operating activities	23(a)	2,415	4,588
Returns on investments and servicing of finance			
Investment income		849	772
Capital expenditure and financial investment			
Purchase of woodland and land		(2,839)	(2,049)
Purchase of fixed assets		(117)	(75)
Purchase of investments		(7,120)	(3,813)
Sale of land		385	31
Sale of fixed assets		1	3
Sale of investments		6,014	1,782
		(3,676)	(4,121)
Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in cash in year	23(b)	(412)	1,239
Net funds at 1 January	23(b)	3,249	2,010
Cash at bank and in-hand funds at 31 December		2,837	3,249

The Notes on pages 14 to 27 form part of these accounts.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2006

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) Ltd. 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 2006

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 2006

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.

Donated 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.

It is the policy of the Trust not to dispose of its sites, unless exceptional circumstances arise.

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 2006 this amounted to £167k (2005: £148k).

Notes to the accounts (continued)

For the year ended 31 December 2006

2. INCOMING RESOURCES

As summarised in the Consolidated Statement of Financial Activities:

	Unrestricted General Funds £'000	Restricted Funds £'000	Total 2006 £'000	Total 2005 £'000
INCOMING RESOURCES FROM GENERATED FUNDS				
Voluntary Income				
Membership subscriptions	4,746	-	4,746	4,298
Legacies	3,550	473	4,023	4,836
Fundraising and appeals	2,499	846	3,345	3,799
Company donations, Charitable Trusts and Landfill Tax	350	1,568	1,918	1,585
Total voluntary income	11,145	2,887	14,032	14,518
Activities for generating funds				
Sponsorship income	874	132	1,006	982
Lotteries	738	-	738	681
Merchandise income	323	-	323	388
Total income from activities for generating funds	1,935	132	2,067	2,051
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES				
Grants	725	3,103	3,828	2,974
Woodland Management income	272	324	596	492
Donated Woodland and Land	-	120	120	20
Total income from charitable activities	997	3,547	4,544	3,486

Included in fundraising and appeals is £19k (2005: £40k) 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 £0.5m (2005: £0.5m).

Notes to the accounts (continued)

For the year ended 31 December 2006

3. GRANTS	2006 £'000	2005 £'000
Forestry Commission	1,067	1,011
Heritage Lottery Fund	800	415
Department for Communities and Local Government Environment and Heritage Service, Northern Ireland	473	-
Local Authorities	287	145
Department for the Environment, Food and Rural Affairs	255	158
Natural England	178	228
North West Regional Development Agency	136	51
Big Lottery Fund Transforming Your Space	99	-
Tubney Charitable Trust	96	87
Scottish Executive	76	500
Scottish Natural Heritage	72	5
EC Life Nature	47	-
Big Lottery Fund Transforming Your Space Northern Ireland	45	34
Countryside Council for Wales	42	36
Department of Agriculture and Rural Development (Northern Ireland)	28	106
Environment Agency	25	-
The Northern Ireland Forest Service	15	-
Rail Link Countryside Initiative	13	15
Big Lottery Fund – Enfys Scheme	13	-
High Weald Sustainable Development Fund	6	15
Kent Downs Area of Outstanding Natural Beauty	4	-
Rural Payment Agency	2	1
European Structural Fund	2	44
Others	-	93
	47	30
	3,828	2,974

Included within Grants are restricted grants of £3.1m (2005: £2.2m).

4. TOTAL RESOURCES EXPENDED	Direct £'000	Support £'000	2006 £'000	2005 £'000
Costs of generating funds				
<i>Costs of generating voluntary income</i>				
Membership	1,668	82	1,750	1,641
Fundraising and appeals	666	150	816	818
Company donations, Charitable Trusts and Landfill Tax	363	119	482	457
Legacies	159	25	184	142
	2,856	376	3,232	3,058
<i>Fundraising Trading Costs</i>				
Sponsorship	185	85	270	276
Merchandise	146	19	165	166
Lotteries	140	19	159	113
	471	123	594	555
<i>Investment management costs</i>	51	-	51	44
Costs of generating funds	3,378	499	3,877	3,657
Governance	172	22	194	175
Charitable activities				
Protection of ancient woodland	1,577	238	1,815	1,553
Woodland conservation and management	2,481	376	2,857	3,015
Creation of new native woodland	3,064	464	3,528	3,117
Access, recreation and education	4,022	608	4,630	4,542
	11,144	1,686	12,830	12,227
Total resources expended	14,694	2,207	16,901	16,059

Notes to the accounts (continued)

For the year ended 31 December 2006

5. SUPPORT COSTS	Premises	Depreciation	Finance & IT	Human Resources	Management & Other	2006	2005
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Generating income resources	41	28	225	170	35	499	449
Charitable expenditure							
♦ Protection of ancient woodland	19	14	107	81	17	238	197
♦ Woodland conservation and management	31	21	170	128	26	376	383
♦ Creation of new native woodland	38	26	209	158	33	464	395
♦ Access, recreation and education	50	34	274	207	43	608	577
	138	95	760	574	119	1,686	1,552
Governance	2	2	10	7	1	22	20
Total support costs	181	125	995	751	155	2,207	2,021

Total depreciation across all Trust assets was £177k. Depreciation allocated to support costs excludes depreciation of short leasehold land (£31k) and depreciation of assets at Glen Finglas (£21k), which appears within charitable activities.

6. GOVERNANCE OF THE CHARITY	2006	2005
	£'000	£'000
Staff costs	112	108
Audit and professional fees	24	19
Trustees' expenses	6	13
Other costs	52	35
	194	175

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

The surplus for the year is after charging:

♦ Salaries and wages	5,396	5,117
♦ Social Security costs	545	509
♦ Other pension costs	289	278
	6,230	5,904
Depreciation	177	228
Auditors' fees and expenses:		
♦ Audit work	16	16
♦ Other services	8	3
Rentals under operating leases	410	432
Irrecoverable Value Added Tax	167	148

Notes to the accounts (continued)

For the year ended 31 December 2006

Employees and Volunteers

The average number of employees during the year was 230 (2005: 223). The average number of employees, analysed by function, was:

	2006 Total	2005 Total
Charitable activities	148	145
Fundraising	44	42
Governance and support	38	36
	230	223

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 2,200 volunteers assist with these activities. In addition we rely on volunteers to collect data on climate change through our Phenology project. Currently 43,905 individuals are providing regular information.

We use the volunteer investment and value audit (VIVA) process to estimate the contribution our volunteers make. In 2006 they contributed 251,000 hours with an ascribed value of £2.05m (2005: 252,000 hours, value £1.93m).

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

£'s	No. of Employees	
	2006	2005
70,000-79,999	1	2
60,000-69,999	1	-

All employees earning more than £60k participated in the defined contribution pension scheme. Contributions of £16k (2005: £15k) were made during the year for these employees by the company.

Notes to the accounts (continued)

For the year ended 31 December 2006

8. INVESTMENT INCOME	2006	2005
	£'000	£'000
Income from investments was as follows:		
Income from other UK Authorised Investments	560	448
Income from UK listed investments	221	165
Bank interest receivable	54	136
Income from cash deposits	13	12
Income from overseas listed investments	1	11
	849	772

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 2006	46,317	35,653	619	183	4,768	4,134	960
Additions for the year	2,959	2,830	-	-	129	-	-
Disposals in the year	(7)	-	-	-	(7)	-	-
At 31 December 2006	49,269	38,483	619	183	4,890	4,134	960
Depreciation							
At 1 January 2006	130	-	-	4	-	-	126
Charge for the year	31	-	-	4	-	-	27
At 31 December 2006	161	-	-	8	-	-	153
Net book value							
At 31 December 2006	49,108	38,483	619	175	4,890	4,134	807
At 31 December 2005	46,187	35,653	619	179	4,768	4,134	834

The additions to donated woodland and land include legal fees of £9k (2005: £2k).

In addition the Trust currently leases 20ha (2005: 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.

Notes to the accounts (continued)

For the year ended 31 December 2006

10. OTHER FIXED ASSETS

<i>The Group and the Charity:</i>	Total £'000	Computer Equipment £'000	Office Equipment £'000	Plant & Machinery £'000	Livestock Quota £'000
Cost or donated value					
At 1 January 2006	1,549	1,035	279	170	65
Additions	117	106	8	3	-
Disposals	(90)	(25)	-	-	(65)
At 31 December 2006	1,576	1,116	287	173	-
Depreciation					
At 1 January 2006	1,334	894	237	138	65
Charge for the year	146	104	22	20	-
Disposals	(87)	(22)	-	-	(65)
At 31 December 2006	1,393	976	259	158	-
Net book value					
At 31 December 2006	183	140	28	15	-
At 31 December 2005	215	141	42	32	-

11. INVESTMENTS

<i>The Group and the Charity:</i>	2006 £'000		2005 £'000	
Investments at market value				
Permanent endowments	7,312	7,022		
Designated funds	5,784	3,360		
Restricted funds	6,804	7,773		
Unrestricted funds	773	600		
	20,673	18,755		
			Cost	Valuation
			2006	2005
			£'000	£'000
Investments consist of:				
Cash held as part of investments	139	94	139	94
UK Listed Investments	3,809	3,384	4,364	4,031
Overseas Listed Investments	1,869	1,541	2,385	1,999
Other UK Authorised Investments	13,395	12,256	13,785	12,631
	19,212	17,275	20,673	18,755

Investment advisors are appointed to assist with the management of the Trust's investment portfolios. The investments consist of equities, unit trusts, investment trusts, gilts and other fixed interest investments. No individual investment, other than in common investment funds/unit trusts, comprises more than 5% of the value of the portfolio and there are no restrictions on the realisation of any of the investments. Included in "Other UK Authorised Investments" is £9.6m (2005: £10.1m) invested in short-term liquidity deposits.

The Woodland Trust owns the entire issued share capital (100 ordinary shares of £1) in its subsidiary, Woodland Trust (Enterprises) Limited, which is incorporated in England. Details of its trading activities are set out in note 18 to the accounts.

Notes to the accounts (continued)

For the year ended 31 December 2006

	2006 £'000	2005 £'000
The movement on valuation of investments is as follows:		
Market value at 1 January	18,755	15,427
Acquisitions	7,120	3,813
Sales proceeds	(6,014)	(1,782)
Net investment gains	812	1,297
Market value at 31 December	20,673	18,755
Cost at 31 December	(19,212)	(17,275)
Unrealised investment gains at 31 December	1,461	1,480
Investment profit calculated on a historic cost basis	831	337

12. **STOCKS**

	Group		Charity	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Livestock at Glen Finglas	123	128	123	128
Raw materials and consumables	84	63	18	23
	207	191	141	151

13. **DEBTORS**

Grants receivable	1,727	1,460	1,727	1,460
Legacies receivable	1,669	1,242	1,669	1,242
Trade debtors	517	279	162	88
Other debtors	311	331	1,009	1,116
Prepayments and accrued income	359	466	359	466
	4,583	3,778	4,926	4,372

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

Trade creditors	1,714	1,724	1,713	1,717
Payments received on account of future projects	25	236	25	236
Taxation and Social Security	162	151	162	151
Other creditors	217	559	322	877
Accruals	84	94	42	52
	2,202	2,764	2,264	3,033

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

<i>The Group and the Charity</i>	2006 £'000	2005 £'000
Trade creditors - retentions	4	4

Notes to the accounts (continued)

For the year ended 31 December 2006

16. MOVEMENT ON FUNDS

	Balance at 1 January 2006 £'000	Incoming Resources £'000	Movement in Funds: Resources Expended £'000	Transfers £'000	Balance at 31 December 2006 £'000
General Fund	5,393	15,051	(12,327)	(1,865)	6,252
Designated Funds					
Strategic Investment Fund	-	-	-	5,784	5,784
Contingency Fund	3,360	-	-	(3,360)	-
	3,360	-	-	2,424	5,784

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 in the General Fund are the net of £4.6m transferred into the Strategic Investment Fund offset by the reclassification of the £2.2m Contingency Fund as part of the General Fund, £0.3m, transferred from the endowment funds and £0.2m from restricted funds.

The Strategic Investment Fund of £5.8m was created by transferring £1.2m from the Contingency Fund and £4.6m from the General Fund.

	Balance at 1 January 2006 £'000	Incoming Resources £'000	Movement in Funds Gains/ Expenses £'000	Transfers £'000	Balance at 31 December 2006 £'000
Restricted Funds					
Woodland and land	46,187	2,212	-	709	49,108
Woodland Management Fund	3,006	1,455	(1,382)	446	3,525
Restricted legacies	1,881	555	-	(1,167)	1,269
Woods on Your Doorstep (Northern Ireland)	1,009	112	(274)	15	862
Woods on Your Doorstep (England and Wales)	738	125	(427)	-	436
Various other funds	1,056	2,269	(2,190)	(250)	885
Forest Education Initiative	69	88	(84)	-	73
	53,946	6,816	(4,357)	(247)	56,158

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 2006, £1.0m was transferred from restricted legacies. £0.3m 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 (2005: £0.1m). The transfers into the Woodland Management Fund also include £0.1m from restricted legacies.

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. £1.0m 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 2006

Various other restricted activities include many individual grants and donations for specific purposes, which will be applied to future costs. £0.2m was transferred to the General Fund. The Landfill Tax received in 2006 amounted to £400k and £515k was expended leaving a balance at 31 December 2006 of £9k (2005: £124k), 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 2006 £'000	Net Investment Gains £'000	Transfers £'000	31 December 2006 £'000
Glenrothes	3,425	274	(67)	3,632
Livingston	1,761	142	(66)	1,837
Warrington and Runcorn	902	97	(97)	902
Preston and Chorley	820	82	(82)	820
	6,908	595	(312)	7,191

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 £1.3m (2005: £1.4m).

The terms of the Warrington and Runcorn and Preston and Chorley endowments enable the capital growth in excess of the original sums paid to the Trust to be treated as unrestricted funds. The transfers from the Glenrothes and Livingston endowments are a drawdown to contribute to operating costs. This expendable element of £0.3m 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 2006 are represented by:

	Total Funds £'000	Unrestricted Funds		Restricted Funds	
		General Fund £'000	Designated Fund £'000	Restricted Fund £'000	Permanent Endowments £'000
Tangible fixed assets	49,291	172	-	49,119	-
Investments	20,673	773	5,784	6,804	7,312
Net current assets	5,425	5,311	-	235	(121)
Liabilities due over more than one year	(4)	(4)	-	-	-
Total net assets	75,385	6,252	5,784	56,158	7,191

Notes to the accounts (continued)

For the year ended 31 December 2006

18. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The Woodland Trust has one wholly owned trading subsidiary which is incorporated in the UK. 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.

	2006 £'000	2005 £'000
Profit and Loss Account		
Turnover	2,109	2,069
Cost of sales	(415)	(500)
Gross profit	1,694	1,569
Licence payment to the Woodland Trust	(80)	(70)
Distribution costs	(77)	(78)
Administration expenses	(60)	(53)
Other operating income	2	2
Operating profit	1,479	1,370
Interest receivable	4	4
Net profit	1,483	1,374
Payment under Gift Aid to the Woodland Trust	1,483	(1,374)
Accumulated reserves brought forward	-	-
Accumulated reserves carried forward	-	-
Balance Sheet		
Net current assets	776	856
Net current liabilities	(776)	(856)
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.

	2006 £'000	2005 £'000
Land and buildings		
Leases which expire:		
Within one year	17	7
Within two to five years	149	168
	166	175
Other		
Leases which expire:		
Within one year	19	43
Within two to five years	238	306
After five years	-	-
	257	349

Notes to the accounts (continued)

For the year ended 31 December 2006

20. CAPITAL COMMITMENTS

There are no commitments for expenditure not provided for in these accounts in respect of woodland and land purchases (2005: 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 £289k (2005: £278k). Included in other creditors is £nil (2005: £nil) in respect of pension schemes.

22. CONTINGENT LIABILITIES

The Directors were not aware of any significant contingent liabilities at 31 December 2006 and 31 December 2005.

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

	2006		2005	
	£'000	£'000	£'000	£'000
(a) Reconciliation of net incoming resources to net cash inflow from operations				
Net incoming resources from operations		4,966		4,799
Depreciation:				
♦ Woodland and land		31		31
♦ Other fixed assets		146		197
Profit on disposal of woodland and land		(378)		(31)
Loss on disposal of other fixed assets		2		1
Investment income		(849)		(772)
Increase in stock		(16)		(54)
Increase in debtors		(805)		(310)
(Decrease)/Increase in creditors		(562)		747
Donated woodland and land		(120)		(20)
		<u>(2,551)</u>		<u>(211)</u>
Net cash inflow from operating activities		<u>2,415</u>		<u>4,588</u>
(b) Analysis of changes in net funds				
	At 1 January 2006 £'000	2006 Cash Flows £'000	At 31 December 2006 £'000	
Cash at bank and in-hand	<u>3,249</u>	<u>(412)</u>	<u>2,837</u>	

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