

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 2008

**PRESIDENT**

Clive Anderson

**DIRECTORS/TRUSTEES**

Dawn Austwick, OBE  
Robert Brown, OBE  
Alison Chmiel  
Roger Clarke  
Jonathan Drori, CBE  
Colin Hall  
James Humphreys  
John Lake (Chair)  
Elliott Mannis  
Jeremy Marshall  
Nicola Nicholls (Deputy Chair)  
Michael Usher, OBE

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*.

CONTENTS

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	<b>Page</b>
Chair's Report .....	1
Report of the Directors .....	2-11
Auditors' Report .....	12
Consolidated Statement of Financial Activities .....	13
Consolidated and Charity Balance Sheets .....	14
Consolidated Cash Flow Statement .....	15
Notes to the Accounts .....	16-30
Professional Advisors .....	31



## CHAIR'S REPORT

For the year ended 31 December 2008

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Despite the present economic situation, I am pleased to report that our finances are in a stable position.

In 2008 we once again achieved record levels of income - nearly £30 million – allowing us to spend a record amount on delivering our charitable objectives.

We achieved this with the support of our many members and other funders. In particular, we are indebted to those people who left us a contribution in their will; legacies were crucially important, making up almost 30% of our total income.

All of our income sources have been vitally important in helping us achieve our charitable aims of protecting, creating, restoring and promoting the importance of native woods and trees everywhere, as well as caring for our own estate of over 1,000 woods.

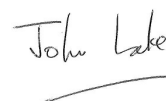
In 2008, we were successful in 81% of 'wood under threat' cases. One such wood was Pencoedtre in the Vale of Glamorgan, Wales, a rich, ancient woodland with rare plant communities. We played a major part in getting planning permission refused in January 2008, which would have otherwise led to it being bulldozed to make way for housing and industrial units. We also launched WoodWatch to make it even easier for people to work in partnership with us to save trees and woods under threat near them.

Our woodland creation plans continued apace with the acquisition of over 347 hectares of land in the South East of England, where we plan to create Heartwood Forest – England's largest continuous new native forest. Continuing to fundraise for this project is a key priority for 2009.

We have also been working to persuade other landowners to create more woods. Thanks to the support of a range of funders we are helping landowners to plant 90,000 native trees and create 85 hectares of new woodland.

During 2008, through a range of partnership projects, we helped others bring another 3,400 hectares of ancient woods in urgent need of attention into active restoration programmes. And, among our many community participation projects, we achieved our Tree For All target of involving one million children in planting trees one year ahead of schedule.

Looking to the future we are not resting on our laurels. We are managing our costs tightly to ensure that the Woodland Trust remains in a strong position. Especially in these difficult times, we believe many will find comfort in the natural world and that protecting woodland, our richest wildlife habitat, must remain a priority for everyone.



John Lake  
Chair  
20 May 2009

## REPORT OF THE DIRECTORS

For the year ended 31 December 2008

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The Directors have pleasure in presenting their report together with the audited accounts for the year ended 31 December 2008. The Chair'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](http://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

The registered office is Autumn Park, Dysart Road, Grantham, Lincolnshire, NG31 6LL.

### PROFESSIONAL ADVISORS

A list of the Trust's main professional advisors appears on page 31.

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, unless otherwise stated, were:

Dawn Austwick	Robert Brown	Alison Chmiel
Colin Hall	James Humphreys	John Lake (Chair)
Nicola Nicholls	Michael Usher	

Timothy Field retired as a Director on 21 May 2008  
David Foot retired as a Director on 21 May 2008  
Trevor Jones retired as a Director on 21 May 2008  
Adrian Phillips retired as a Director on 17 September 2008  
Sally Horrox retired as a Director on 5 December 2008  
Rachel Thomas retired as a Director on 5 December 2008

Roger Clarke was appointed a Director on 5 December 2008  
Jonathan Drori was appointed a Director on 5 December 2008  
Elliott Mannis was appointed a Director on 5 December 2008  
Jeremy Marshall was appointed a Director on 5 December 2008

A governance review was carried out during 2008 to review the role, make up and operation of the Board of Directors. The size of the Board will normally comprise 10-12 directors. Directors are required to retire every four years and may offer themselves up for re-appointment for one further period of four years. A performance review will be carried out after one year and year four. The normal term of office for a Chair is four years. The maximum term of office for a director shall in the case of the Chair, be extended until the end of his or her term of office as Chair.

## Report of the Directors (continued)

For the year ended 31 December 2008

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A Board Affairs Committee has been established with the responsibility for promoting good governance and effective working of the Board. The Board Affairs Committee is made up of Directors or ex-Directors. The current members are:

Nicola Nicholls (chair)  
Dawn Austwick  
Robert Brown  
Timothy Field (ex-Director)  
Jeremy Marshall (appointed to the Board Affairs Committee on 29 January 2009)

The Finance Committee acts as an Audit Committee, a Remuneration Committee and an Investment Committee.

The following Directors served on the Finance Committee:

Alison Chmiel  
Colin Hall (Chair of the Finance Committee)  
James Humphreys  
John Lake  
Nicola Nicholls (retired from the Finance Committee on 5 December 2008)  
Elliott Mannis (appointed to the Finance Committee on 5 December 2008)

The Directors of the Company, who are the charity's trustees, form the Woodland Trust's Board which is its ultimate governing body.

### **Recruitment of Directors**

Directors are recruited to provide the 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 a selection panel appointed by the Chair and ratified by the Board.

### **Induction and training of Directors**

Following appointment, each Director is provided with a tailored induction programme and training as appropriate. 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 Board, did not receive any remuneration during the period. Travelling and subsistence expenses incurred by 18 (2007: 14) Directors on Board business amounted to £7k (2007: £5k) 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 £6k (2007: £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.

## Report of the Directors (continued)

For the year ended 31 December 2008

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.

The Directors have taken account of the Charity Commission's general guidance on public benefit when setting our aims and objectives and in planning our future activities. In particular, the Directors consider how planned activities contribute to the aims and objectives they have set.

### **Risk Management**

The Trust's risk assessment process identifies and prioritises the risks it faces and establishes suitable mitigating controls. During 2008, the Trust reviewed the effectiveness of its controls over risks and the relevant documents used to monitor and evaluate risks were updated and approved by the Directors. This review is undertaken annually, in accordance with the Charity Commission's Statement of Recommended Practice (SORP) 2005.

### **Health and Safety**

We apply risk management principles, aiming to reduce risks to an acceptable level without adopting policies that would compromise our basic purposes of conservation and access. We monitor our own health and safety performance and during 2008 updated our Health and Safety management system with the assistance of an external consultant.

Very regrettably, during a period of gale force winds, a man was killed by a falling tree as he drove past one of our woods in Scotland. The resulting Health and Safety Executive (HSE) enquiry is still on-going but an internal review has indicated that all our procedures were appropriate.

### **Scheme of Delegation**

A scheme of delegation, which is reviewed and agreed annually by the Board, sets out the delegated authority of the Finance Committee, the Board Affairs Committee and the principal officers. The day-to-day management is delegated to the Chief Executive, the principal officers and other Trust staff.

The principal officers are:

Chief Executive	Sue Holden, MA
Director of Corporate Services & Company Secretary	Julian Purvis, BSc, FCA
Policy Director	Hilary Allison, PhD, MA, MSc
Director of Fundraising	Karl Mitchell, MSc, MInstF (Cert)
UK Operations Director	Norman Starks, BSc (For), MICE
Director of Supporter Marketing	Helen Nott, PhD, BSc
Director of Communications and Engagement	Alan Kennedy, MA, MBA

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

### **Investments – powers and policy**

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.

## Report of the Directors (continued)

For the year ended 31 December 2008

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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.

### **Equal Opportunities**

The Woodland Trust is committed to providing equal opportunities for all employees. Our aim is to select, recruit, train, promote and reward on the basis of merit, ability and performance. We are fully committed to creating a working environment free from unlawful discrimination on the grounds of colour, race, religious/political beliefs, trade union membership, nationality, ethnic origin, disability, sex, sexual orientation, gender reassignment, age or marital status. Policies and procedures are in place for whistle blowing, health and safety and protecting the vulnerable.

### **Employee Involvement**

Our decision making processes incorporate quarterly feedback from our Staff Representation Group, which has been established to promote a further two way communication channel between staff and management. We also communicate through team briefings, weekly updates and regular communications from the Chief Executive.

## **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 and thereby to secure and enhance the enjoyment by the public of the natural environment."

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 and internet orders. Woodland Trust Farming Limited undertook some of our farming activity. All profits are donated by Gift Aid to the Woodland Trust. A summary of our trading subsidiaries results appears in note 18 on page 29.

### **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.

## Report of the Directors (continued)

For the year ended 31 December 2008

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### Ensure 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](http://www.woodsunderthreat.info)) and be prepared to fight the most significant development threats to ancient woodland

In 2008 the Woodland Trust:

- ◆ launched WoodWatch, a campaign to empower local communities to take action to save local woods under threat
- ◆ maintained its record of helping to secure a successful outcome in 81% (2007: 80%) of the completed cases of threatened woods it has been involved with
- ◆ mobilised outstanding public support in our campaigns to prevent the loss of ancient woodland for high profile cases such as the Aberdeen by-pass and certain airport expansion proposals
- ◆ acquired Robson's Spring Wood in North Yorkshire, a large Planted Ancient Woodland site in need of restoration

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 545 (2007: 289) woods under threat across the UK at the end of 2008. This rise is due to a few large infrastructure proposals affecting a number of woods. So despite all the improvements and achievements of recent years there are still no grounds for complacency.

### 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 22,000ha 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 conifers in an active restoration programme
- ◆ work with others to restore their planted ancient woods
- ◆ conserve ancient trees and old growth woodland including the creation of a UK database of ancient trees

In 2008 the Woodland Trust:

- ◆ continued to work with other landowners to increase the amount of planted ancient woods in restoration programmes by over 3,400ha. This surpasses our target of 3,000ha per annum.
- ◆ continued to manage our own estate to a high standard, certified by the Forest Stewardship Council, delivering a wide range of public benefits
- ◆ increased the number of trees recorded on the Ancient Tree Hunt database to over 31,000, surpassing our target of 30,000

### 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

## Report of the Directors (continued)

For the year ended 31 December 2008

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In 2008 the Woodland Trust:

- ◆ acquired a total of 517ha of open land on which to create new native woodland including a 347ha site to create Heartwood Forest, England's largest new native forest
- ◆ created 282ha of new native woodland either on our own land or by working with others
- ◆ planted 980,000 trees as part of our *Tree for All* campaign
- ◆ launched FREEwoods – a campaign planting trees on other people's land

We have increased our emphasis on woodland creation during 2008 by establishing exemplar sites and are delighted with the acquisition in total of 517ha of open land. The acquisition of these sites is only the first stage and we are actively fundraising for the creation and establishment of woodland on these sites.

FREEwoods was launched in August as a pilot to create new native woods on other people's land. Using funding from a legacy and Essex County Council we initiated the creation of 58 new woods comprising 85ha and had we had the funding we could have created over 300 new woods, such was the demand from landowners. During next winter's planting season we aim to create 500ha of new woodland in this way but require £1m funding to achieve this.

### 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

In 2008 the Woodland Trust:

- ◆ enabled 593,000 people to plant trees as part of its *Tree for All* campaign
- ◆ achieved a net increase in membership of 15,000 taking us to over 191,000 by the year end
- ◆ had 4.1m visitor sessions to our website ([www.woodlandtrust.org.uk](http://www.woodlandtrust.org.uk))
- ◆ continued to provide and improve access to and interpretation of our woods through our site investment programme by investing in 10 such sites
- ◆ had over 100 volunteer verifiers and approximately 60 partner organisations supporting the Ancient Tree Hunt campaign across the UK
- ◆ engaged over 14,500 actively participating schools in our learning activities and delivered just under 15,000 free tree packs to schools

Our *Tree for All* campaign remains a major focus and has now engaged over 1.6m people in planting 5.3m trees since the launch of the campaign in November 2004.

We aim to have 200,000 members by 2010.

### 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 2008

Our website, [www.woodlandtrust.org.uk](http://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, maps, blogs and images
- ◆ 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 and our *Tree for All* website
- ◆ 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 through WoodWatch

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

### Acquisitions

During 2008, the Trust acquired 11 sites covering 565ha during the year. The most significant in terms of size were:

	Ha
Heartwood Forest, Hertfordshire	347
Low Burnhall, Durham	71
Robson’s Spring Wood, North Yorkshire	43
Elmstead Market, Essex	37
Ervey, County Londonderry	24

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

### Volunteers

In 2008 over 61,000 volunteers donated over 228,000 hours of work with an estimated value of £2.0m – a substantial effort, for which we are very grateful. Volunteers contribute to a wide variety of business and practical skills that enable us to maximise our resources.

## REVIEW OF THE TRUST’S FINANCIAL POSITION

Despite difficult economic conditions, the Trust’s finances are in a stable condition. We are responding to the current economic environment by reviewing and monitoring our financial processes and management. Our existing risk management structure and approach meant that we entered this turbulent period in a sound position. As an ambitious organisation it is important to take advantage of opportunities within a strong control framework.

### Incoming Resources

In 2008 we achieved record income of £29.7m (2007: £28.1m) as we continue to receive strong support from a wide range of companies, funding bodies and dedicated individuals. Importantly, our unrestricted income has increased to £20.5m (2007: £16.2m). This increase came mainly from unrestricted legacies at £7.6m (2007: £4.2m). Total legacies, including those with restrictions, reached a record £8.2m (2007: £6.9m). Other increases in income result from a successful VAT back claim of £0.5m. A more detailed split of income is given in note 2 to the accounts.

The appeal to our members for the acquisition of Heartwood Forest raised more than £1.0m. In total we have more than £4.5m committed to help us purchase Heartwood and we are seeking to raise a further £4.0m in order to create the largest new native forest in England.

Sponsorship and commercial promotions income was £2.3m (2007: £2.3m). Significant sponsor and commercial partners include Dorothy Perkins, BT, Sainsbury’s Supermarkets, Hammonds Furniture, Ikea, Yell, Golden Charter, TJX Europe and Unilever. We applied £2.0m of Corporate Sponsorship income to acquire Heartwood, Low Burn Hall and Elmstead Market.

## Report of the Directors (continued)

For the year ended 31 December 2008

Grant income at £3.1m (2007: £3.7m) is project activity based and the level of income depends not only upon our success in raising grants, but the income relates directly to the activity taking place on the ground. In recent years it has become increasingly difficult to raise grant income to fund woodland and land acquisitions, and so the funding of new acquisitions relies upon other sources of income.

Charities need to have regard to taxation in all their activities. During 2008 the Trust was successful in making further improvements in its ability to recover VAT on its expenditure by successfully submitting a back claim to 1980 of £0.5m including interest, following the Conde Nast/Fleming ruling. Nonetheless, irrecoverable VAT paid over amounted to £0.2m (2007: £0.1m).

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 (2007: £1.5m) in tax, which increased greatly the amount of work we were able to undertake.

**Expenditure**

Total expenditure increased from £22.3m to £28.9m. This summary of expenditure relates directly to our four key conservation aims together with £4.4m (2007: £4.5m) being the cost of raising over £29.7m income and our governance costs of £0.2m (2007: £0.2m). Inevitably many of the projects we undertake contribute to more than one of our conservation aims. The analysis of expenditure below includes £9.4m (2007: £3.8m) applied to land acquisition, see page 24 for details.

The main areas of expenditure in furtherance of the Trust's objects were:

	2008			2007		
	Revenue £k	Capital £k	Total £k	Revenue £k	Capital £k	Total £k
Protection of ancient woodland	1,302	312	1,614	1,177	801	1,978
Woodland conservation and management	3,899	1,804	5,703	4,465	453	4,918
Creation of new native woodland	4,010	7,223	11,233	3,731	1,650	5,381
Access, recreation and education	5,677	44	5,721	4,326	923	5,249
Conservation Expenditure	14,888	9,383	24,271	13,699	3,827	17,526
Cost of generating funds	4,411	-	4,411	4,545	-	4,545
Governance	182	-	182	187	-	187
Total Expenditure	19,481	9,383	28,864	18,431	3,827	22,258

In addition the protection of ancient woodland expenditure increased as we launched WoodWatch, and we continue to be involved in fighting for woods under threat and mobilising public support for high profile campaigns. We acquired Robson Spring Wood in North Yorkshire, a 43ha site.

Our woodland conservation and management includes planted ancient woodland restoration on our sites and continuing activity on large flagship sites, such as our Glen Finglas estate in the Trossachs.

The increase in expenditure on creating new native woodland reflects the cost of tree planting on existing sites and the acquisition of Heartwood, Low Burnhall and Elmstead Market.

We have an investment programme for our priority biodiversity and access sites and during 2008 we invested in 10 such sites. We continue to engage school children in planting trees with our extensive school planting programmes and our hedge and copse packs.

In order to achieve our conservation objectives we must engage in fundraising. We invested £4.4m (2007: £4.5m) in various fundraising activities, a breakdown is given in note 4.

Staff costs increased to £7.5m (2007: £6.8m) as we increased the number of staff involved in our charitable activities by 14 and the number of fundraisers by 6.

## Report of the Directors (continued)

For the year ended 31 December 2008

Overall we generated a net revenue surplus of £10.2m (2007: £9.7m) out of which £9.4m (2007: £3.8m) was applied to acquisitions of new land and woodland which are capitalised under fixed assets in note 9. The remaining surplus is applied to our reserves and those funds with restrictions are held to be applied in accordance with the restrictions.

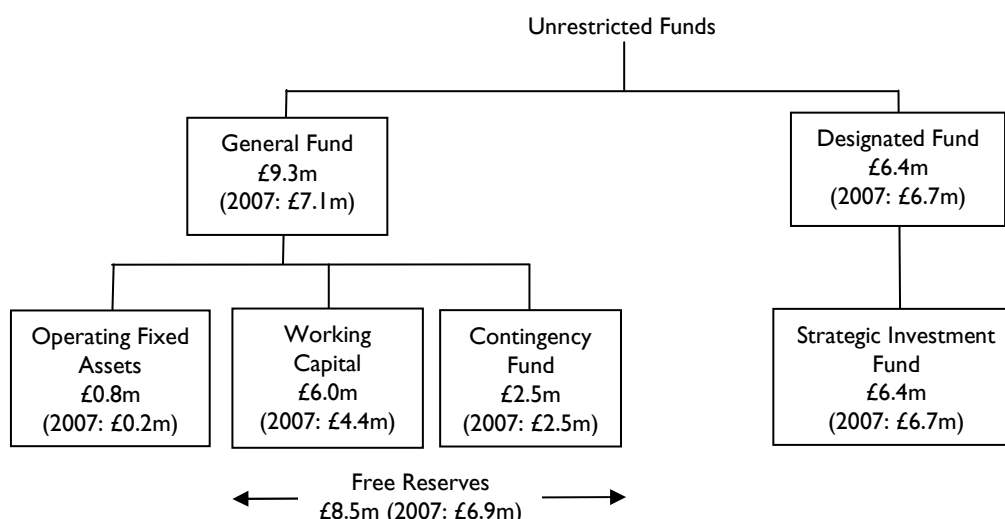
### Financial Reserves

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 Board 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 2008 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 £9.3m of which £4.0m is represented by cash. The increase in working capital results from the growth in income as reflected by the increase in unrestricted legacy debtors to £3.7m (2007: £2.0m) coupled with a decrease in creditors to £2.3m (2007: £3.1m).

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. These reserves were £8.5m at 31 December 2008, which represents over four month's expenditure, and which is appropriate under this current economic climate.

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 2008 was £2.5m.

The Trust's strategic plan 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 Strategic Investment Fund and Contingency Fund comprised at the year end short-term liquidity deposits and are separately managed funds under the control of the Directors.

## Report of the Directors (continued)

For the year ended 31 December 2008

The Trust also holds other funds restricted for use on specific projects or woods by the donors of those funds. These funds were held in short-term liquidity deposits at the December year end.

During 2008 the Trust had five separate restricted funds with its investment managers. The benchmark return was -18.4% (2007 6.3%). The actual returns achieved ranged from -20.5% to -21.0% (2007: 9.7% to 9.8%). Performance was ahead of benchmark for the first six months of the year. Underperformance in the last six months was due to equity selection, asset allocation and a substantial holding in corporate bonds relative to the benchmark. Overall, the Woodland Trust continues to review its investment managers to ensure optimal performance.

The market value of these funds has fallen in line with the current market conditions. More details on these investments may be found in note 11. An analysis of all funds can be found on pages 27-28 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:

- ◆ absolute protection of ancient woodland
- ◆ all ancient woods planted with non-native conifers (220,000ha) to be under active restoration
- ◆ 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
- ◆ 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. Here are some examples of the things we want to deliver over the next few years:

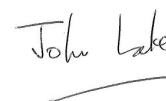
- ◆ Campaign for absolute protection of ancient woodland and ancient trees (est £1m pa)
- ◆ Acquire a flagship site each year of the scale and importance of Wentwood in 2006, Brede High Woods in 2007 and Heartwood in 2008 (est £5-10m pa)
- ◆ Actively restore or support the restoration of 15,000ha of ancient woods planted with non-native conifers (est £15m)
- ◆ Establish at least 500ha of new native woodland on other people's land each year (est £1m pa)
- ◆ Involve a further 1m children in planting trees as part of our Tree for All campaign (est £10m)
- ◆ Make improvements, especially to visitor access and interpretation, at premier Woodland Trust sites (est £1m)

We are embarking on a strategic review, which will further inform our plans for 2010-2012.

We also have to invest in developing our efficiency and effectiveness. Investing in management training, a new website and new supporter database are examples of this. We are also making a major investment in a new office. The current premises in Grantham are inadequate and the lease expires in two years.

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 and authorised for issue by the Directors on 20 May 2009 and signed on their behalf by:



John Lake  
Chair  
20 May 2009

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

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We have audited the financial statements of the Woodland Trust for the year ended 31 December 2008 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 2008 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  
20 May 2009

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2008

	Note	UNRESTRICTED FUNDS		RESTRICTED FUNDS		Total 2008 £'000	Total 2007 £'000
		General Fund £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000		
<b>INCOMING RESOURCES</b>							
<b>Incoming resources from generated funds</b>							
Voluntary Income	2	15,231	-	5,379	-	20,610	19,066
Activities for generating funds	2	3,254	-	-	-	3,254	3,242
Investment Income	8	837	-	457	-	1,294	1,186
<b>Total incoming resources from generated funds</b>		<b>19,322</b>	<b>-</b>	<b>5,836</b>	<b>-</b>	<b>25,158</b>	<b>23,494</b>
Incoming resources from charitable activities	2	666	-	3,401	-	4,067	4,588
Other incoming resources	2	505	-	-	-	505	30
<b>Total incoming resources</b>		<b>20,493</b>	<b>-</b>	<b>9,237</b>	<b>-</b>	<b>29,730</b>	<b>28,112</b>
Less costs of generating funds	4	(4,363)	-	(20)	(28)	(4,411)	(4,545)
Governance	6	(182)	-	-	-	(182)	(187)
<b>Net resources available for charitable activities</b>		<b>15,948</b>	<b>-</b>	<b>9,217</b>	<b>(28)</b>	<b>25,137</b>	<b>23,380</b>
<b>RESOURCES EXPENDED</b>							
<b>Resources expended on charitable activities</b>							
Protection of ancient woodland	4	828	88	386	-	1,302	1,177
Woodland conservation and management	4	1,911	466	1,522	-	3,899	4,465
Creation of new native woodland	4	1,714	594	1,702	-	4,010	3,731
Access, recreation and education	4	2,827	825	2,025	-	5,677	4,326
<b>Total resources expended on charitable activities</b>		<b>7,280</b>	<b>1,973</b>	<b>5,635</b>	<b>-</b>	<b>14,888</b>	<b>13,699</b>
<b>Net incoming resources from operations before transfers and investment gains</b>		<b>8,668</b>	<b>(1,973)</b>	<b>3,582</b>	<b>(28)</b>	<b>10,249</b>	<b>9,681</b>
Transfers between funds	16	(6,456)	1,769	5,134	(447)	-	-
Net (Losses)/Gains on Investment Assets	11	-	-	(458)	(1,898)	(2,356)	655
<b>Net movements in funds</b>		<b>2,212</b>	<b>(204)</b>	<b>8,258</b>	<b>(2,373)</b>	<b>7,893</b>	<b>10,336</b>
Fund Balances brought forward at 1 January		7,073	6,703	63,492	8,453	85,721	75,385
<b>Fund balances carried forward at 31 December</b>	17	<b>9,285</b>	<b>6,499</b>	<b>71,750</b>	<b>6,080</b>	<b>93,614</b>	<b>85,721</b>

This statement of resources expended excludes £9,383k (2007: £3,827k) of woodland and land acquired and capitalised as per note 9.

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.

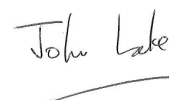
No separate income and expenditure account as required under the Companies Act 1985 has been presented as the only difference between the net incoming resources for the year before transfers (£10,249k) and the net income for the year as defined under the Companies Act (£10,138k) are realised losses on investments of £(139)k reflected within net losses on investment assets and expenditure within the endowment funds of £28k.

The Notes on pages 16 to 30 form part of these accounts.

## BALANCE SHEETS AT 31 DECEMBER 2008

	Note	Group		Charity	
		2008 £'000	2007 £'000	2008 £'000	2007 £'000
<b>Fixed Assets</b>					
Tangible Assets:					
♦ Woodland and Land	9	62,248	52,897	62,248	52,897
♦ Other Fixed Assets	10	822	212	822	212
		<u>63,070</u>	<u>53,109</u>	<u>63,070</u>	<u>53,109</u>
Investments	11	20,991	25,310	20,991	25,310
		<u><b>84,061</b></u>	<u><b>78,419</b></u>	<u><b>84,061</b></u>	<u><b>78,419</b></u>
<b>Current Assets</b>					
Stocks	12	239	226	137	151
Debtors	13	7,646	6,753	7,962	7,393
Cash at Bank and in-hand		4,000	3,501	3,811	2,990
		<u>11,885</u>	<u>10,480</u>	<u>11,910</u>	<u>10,534</u>
<b>Creditors</b>					
Amounts falling due within one year	14	<u>(2,331)</u>	<u>(3,177)</u>	<u>(2,356)</u>	<u>(3,231)</u>
<b>Net Current Assets</b>		<u><b>9,554</b></u>	<u><b>7,303</b></u>	<u><b>9,554</b></u>	<u><b>7,303</b></u>
<b>Total Assets Less Current Liabilities</b>		<u><b>93,615</b></u>	<u><b>85,722</b></u>	<u><b>93,615</b></u>	<u><b>85,722</b></u>
<b>Creditors</b>					
Amounts falling due after more than one year	15	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
<b>Net Assets</b>	17	<u><b>93,614</b></u>	<u><b>85,721</b></u>	<u><b>93,614</b></u>	<u><b>85,721</b></u>
<b>Financed by:</b>					
Unrestricted Funds:					
♦ General Fund	16	9,285	7,073	9,285	7,073
♦ Designated Funds	16	6,499	6,703	6,499	6,703
Restricted Funds	16	71,750	63,492	71,750	63,492
Permanent Endowments	16	6,080	8,453	6,080	8,453
		<u><b>93,614</b></u>	<u><b>85,721</b></u>	<u><b>93,614</b></u>	<u><b>85,721</b></u>

These accounts were approved and authorised for issue by the Directors on 20 May 2009 and signed on their behalf by:



John Lake  
Chair

The Notes on pages 16 to 30 form part of these accounts.

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	2008 £'000	2007 £'000
<b>Net cash inflow from operating activities</b>	7,140	7,143
<b>Returns on investments and servicing of finance</b>		
Investment income	1,294	1,186
<b>Capital expenditure and financial investment</b>		
Purchase of woodland and land	(9,145)	(3,549)
Purchase of fixed assets	(753)	(172)
Purchase of investments	(2,988)	(11,011)
Sale of land	-	38
Sale of investments	4,951	7,029
<b>Net cash flow from capital expenditure and financial investment</b>	<b>(7,935)</b>	<b>(7,665)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Increase/(Decrease) in cash in year	499	664
Net funds at 1 January	3,501	2,837
<b>Cash at bank and in-hand funds at 31 December</b>	<b>4,000</b>	<b>3,501</b>

	2008 £'000	2007 £'000
<b>(a) Reconciliation of net incoming resources to net cash inflow from operations</b>		
Net incoming resources from operations	10,249	9,681
Depreciation:		
♦ Woodland and land	32	31
♦ Other fixed assets	142	143
Profit on disposal of woodland and land	-	(31)
Loss on disposal of other fixed assets	1	-
Investment income	(1,294)	(1,186)
Increase in stock	(13)	(19)
Increase in debtors	(893)	(2,170)
(Decrease)/Increase in creditors	(846)	972
Donated woodland and land	(238)	(278)
<b>Net cash inflow from operating activities</b>	<b>7,140</b>	<b>7,143</b>

**(b) Analysis of changes in net funds**

	At 1 January 2008 £'000	2008 Cash Flows £'000	At 31 December 2008 £'000
Cash at bank and in-hand	<b>3,501</b>	<b>499</b>	<b>4,000</b>

The Notes on pages 16 to 30 form part of these accounts.

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2008

I. **ACCOUNTING POLICIES**a) **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.

b) **Basis of Consolidation**

Group accounts have been prepared for the Woodland Trust and its wholly owned subsidiaries, Woodland Trust (Enterprises) Limited and Woodland Trust Farming 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.

c) **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.

d) **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 2008

**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.

Exceptional items, derived from events that fall within the ordinary course of business are disclosed separately by virtue of their size.

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

e) **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 2008

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**ACCOUNTING POLICIES (continued)****f) 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 include the capitalisation of the design costs for the new office which are stated at cost. No depreciation has been charged as the expected life of the property is considered to be so long and residual values based on cost to be high enough to ensure that there is no significant annual depreciation.

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.

**g) 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.

**h) Investments**

Investments are stated at market value. The Trust's policy is to mark to market 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.

**i) Stocks**

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

**j) 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 2008 this amounted to £208k (2007: £151k).

## Notes to the accounts (continued)

For the year ended 31 December 2008

## 2. INCOMING RESOURCES

	Unrestricted General Funds £'000	Restricted Funds £'000	Total 2008 £'000	Total 2007 £'000
<b>INCOMING RESOURCES FROM GENERATED FUNDS</b>				
<b>Voluntary Income</b>				
Legacies	7,615	595	8,210	6,876
Membership subscriptions	4,894	-	4,894	4,733
Fundraising and appeals	2,289	2,862	5,151	4,936
Company donations, Charitable Trusts and Landfill Tax	433	1,922	2,355	2,521
<b>Total voluntary income</b>	<b>15,231</b>	<b>5,379</b>	<b>20,610</b>	<b>19,066</b>
<b>Activities for generating funds</b>				
Sponsorship income	2,253	-	2,253	2,242
Lotteries	668	-	668	748
Merchandise income	333	-	333	252
<b>Total income from activities for generating funds</b>	<b>3,254</b>	<b>-</b>	<b>3,254</b>	<b>3,242</b>
<b>INCOMING RESOURCES FROM CHARITABLE ACTIVITIES</b>				
Grants	1	3,128	3,129	3,697
Woodland Management income	665	35	700	613
Donated Woodland and Land	-	238	238	278
<b>Total income from charitable activities</b>	<b>666</b>	<b>3,401</b>	<b>4,067</b>	<b>4,588</b>
<b>OTHER INCOMING RESOURCES</b>				
Exceptional item	505	-	505	-
Other income	-	-	-	30
	<b>505</b>	<b>-</b>	<b>505</b>	<b>30</b>

Included in fundraising and appeals is £0.7k (2007: £9k) gifts in kind.

The exceptional item is the refund of VAT dating from 1980 to 1997 and related interest following the Fleming/Conde Nast ruling.

*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 £1.7m (2007: £2.3m).

## Notes to the accounts (continued)

For the year ended 31 December 2008

3. GRANTS	2008 £'000	2007 £'000
Forestry Commission	1,138	884
Heritage Lottery Fund	493	1,277
Local Authorities	454	192
Environment and Heritage Service, Northern Ireland	469	114
Woodland Trust Farming	110	-
Department for Communities and Local Government	86	107
European Structural Funds	78	63
Countryside Council for Wales	73	41
The Tubney Charitable Trust	43	668
DEFRA	40	-
Scottish Natural Heritage	31	32
Natural England	30	67
Rural Payments Agency	25	29
Environment Agency	15	-
Perth & Kinross Countryside Trust	9	-
Rail Link Countryside Initiative	8	2
Department of Agriculture and Rural Development (Northern Ireland)	4	17
Scottish Executive	4	3
Welsh Council for Voluntary Action	2	13
Friends of the Lake District	2	6
Friends of Storeton Woods	1	-
Big Lottery Fund - Transforming Your Space	-	62
Department for the Environment, Food and Rural Affairs	-	51
Big Lottery Fund – The Peoples Millions	-	44
EC Life Nature	-	5
Northern Ireland Forest Service	-	3
Others (12 grant providers)	14	17
	<b>3,129</b>	<b>3,697</b>

Of those listed above, £3,128k (2007: £3,695k) are restricted grants.

Grant income is project activity based and the level of income recognised relates to the activity taking place during the year.

## Notes to the accounts (continued)

For the year ended 31 December 2008

4. TOTAL RESOURCES EXPENDED	Direct £'000	Support £'000	2008 £'000	2007 £'000
<b>Costs of generating funds</b>				
<i>Costs of generating voluntary income</i>				
Membership	1,893	80	1,973	2,128
Fundraising and appeals	584	155	739	900
Company donations, Charitable Trusts and Landfill Tax	442	142	584	496
Legacies	160	39	199	166
	<u>3,079</u>	<u>416</u>	<u>3,495</u>	<u>3,690</u>
<i>Fundraising Trading Costs</i>				
Sponsorship	303	122	425	395
Merchandise	206	43	249	217
Lotteries	163	43	206	197
	<u>672</u>	<u>208</u>	<u>880</u>	<u>809</u>
<i>Investment management costs</i>	36	-	36	46
<b>Costs of generating funds</b>	<b><u>3,787</u></b>	<b><u>624</u></b>	<b><u>4,411</u></b>	<b><u>4,545</u></b>
<b>Governance</b>	<b><u>160</u></b>	<b><u>22</u></b>	<b><u>182</u></b>	<b><u>187</u></b>
<b>Charitable activities</b>				
Protection of ancient woodland	1,125	177	1,302	1,177
Woodland conservation and management	3,368	531	3,899	4,465
Creation of new native woodland	3,464	546	4,010	3,731
Access, recreation and education	4,904	773	5,677	4,326
	<u>12,861</u>	<u>2,027</u>	<u>14,888</u>	<u>13,699</u>
<b>Total resources expended</b>	<b><u>16,808</u></b>	<b><u>2,673</u></b>	<b><u>19,481</u></b>	<b><u>18,431</u></b>

This statement of resources expended excludes £9,383k (2007: £3,827k) of woodland and land acquired and capitalised as per note 9.

## Notes to the accounts (continued)

For the year ended 31 December 2008

5. <b>SUPPORT COSTS</b>	Premises	Depreciation	Finance & IS	Human Resources	Management & Other	2008	2007
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Generating income resources</b>	40	32	280	226	46	624	601
<b>Charitable expenditure</b>							
♦ Protection of ancient woodland	11	9	80	64	13	177	172
♦ Woodland conservation and management	34	27	238	193	39	531	653
♦ Creation of new native woodland	35	28	245	198	40	546	546
♦ Access, recreation and education	49	40	346	280	58	773	633
	129	104	909	735	150	2,027	2,004
<b>Governance</b>	1	1	9	9	2	22	25
<b>Total support costs</b>	<b>170</b>	<b>137</b>	<b>1,198</b>	<b>970</b>	<b>198</b>	<b>2,673</b>	<b>2,630</b>

Total depreciation across all Trust assets was £174k. Depreciation allocated to support costs excludes depreciation of short leasehold land (£32k) (2007: £31k) and depreciation of assets at Glen Finglas (£5k) (2007: £13k), which appears within charitable activities.

6. <b>GOVERNANCE OF THE CHARITY</b>	2008	2007
	£'000	£'000
Staff costs	122	115
Audit and professional fees	25	20
Trustees' expenses	7	5
Other costs	6	22
Support costs	22	25
	<b>182</b>	<b>187</b>

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

Included in the Statement of Financial Activities are these amounts which require separate disclosure.

	2008	2007
	£'000	£'000
The surplus for the year is after charging:		
♦ Salaries and wages	6,572	5,885
♦ Social Security costs	661	590
♦ Other pension costs	314	294
	<b>7,547</b>	<b>6,769</b>
Depreciation	174	174
Auditors' fees and expenses:		
♦ Audit work	17	17
♦ Other services	8	3
Rentals under operating leases	489	458
Irrecoverable Value Added Tax	208	151

## Notes to the accounts (continued)

For the year ended 31 December 2008

**Employees and Volunteers**

The average number of employees during the year was 261 (2007: 242). The average number of employees, analysed by function, was:

	2008 Total	2007 Total
Charitable activities	169	155
Fundraising	52	46
Governance and support	40	41
	<b>261</b>	<b>242</b>

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 2,928 (2007: 2,829) volunteers assist with these activities. In addition we rely on volunteers to collect data on climate change through our Phenology project. Currently nearly 29,000 individuals are providing information.

We use the volunteer investment and value audit (VIVA) process to estimate the contribution our volunteers make. In 2008 they contributed over 228,000 hours with an ascribed value of £2m (2007: 242,000 hours, value £1.9m).

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

£'s	No. of Employees	
	2008	2007
80,000-89,999	1	1
70,000-79,999	1	1
60,000-69,999	2	1

All employees earning more than £60k participated in the defined contribution pension scheme. Contributions of £30k (2007: £23k) were made during the year for these employees by the company.

**8. INVESTMENT INCOME**

	2008 £'000	2007 £'000
Income from investments was as follows:		
Income from other UK Authorised Investments	994	886
Income from UK listed investments	208	218
Bank interest receivable	49	51
Income from cash deposits	31	30
Income from overseas listed investments	12	1
	<b>1,294</b>	<b>1,186</b>

## Notes to the accounts (continued)

For the year ended 31 December 2008

## 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	
<b>Cost or donated value</b>							
At 1 January 2008	53,089	42,030	619	183	5,163	4,134	960
Additions for the year	9,383	8,881	254	-	225	-	23
At 31 December 2008	<b>62,472</b>	<b>50,911</b>	<b>873</b>	<b>183</b>	<b>5,388</b>	<b>4,134</b>	<b>983</b>
<b>Depreciation</b>							
At 1 January 2008	192	-	-	12	-	-	180
Charge for the year	32	-	-	4	-	-	28
At 31 December 2008	<b>224</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>208</b>
<b>Net book value</b>							
At 31 December 2008	<b>62,248</b>	<b>50,911</b>	<b>873</b>	<b>167</b>	<b>5,388</b>	<b>4,134</b>	<b>775</b>
At 31 December 2007	<b>52,897</b>	<b>42,030</b>	<b>619</b>	<b>171</b>	<b>5,163</b>	<b>4,134</b>	<b>780</b>

The additions to donated woodland and land include legal fees of £10k (2007: £1k).

In addition the Trust currently leases 20ha (2007: 20ha) of woodland under short leaseholds at peppercorn rents. In the opinion of the Directors the value of these assets are immaterial.

The additions are allocated across our charitable aims:

	2008 £'000	2007 £'000
Protection of ancient woodland	312	801
Woodland conservation and management	1,804	453
Creation of new native woodland	7,223	1,650
Access, recreation and education	44	922
	<b>9,383</b>	<b>3,827</b>

## Notes to the accounts (continued)

For the year ended 31 December 2008

## 10. OTHER FIXED ASSETS

<i>The Group and the Charity:</i>	Total £'000	Buildings £'000	Computer Equipment £'000	Office Equipment £'000	Plant & Machinery £'000
<b>Cost or donated value</b>					
At 1 January 2008	1,695	-	1,228	294	173
Additions	753	542	186	4	21
Disposals	(1)	-	(1)	-	-
At 31 December 2008	2,447	542	1,413	298	194
<b>Depreciation</b>					
At 1 January 2008	1,483	-	1,053	259	171
Charge for the year	142	-	124	11	7
Disposals	-	-	-	-	-
At 31 December 2008	1,625	-	1,177	270	178
<b>Net book value</b>					
At 31 December 2008	<b>822</b>	<b>542</b>	<b>236</b>	<b>28</b>	<b>16</b>
At 31 December 2007	<b>212</b>	<b>-</b>	<b>175</b>	<b>35</b>	<b>2</b>

Included in buildings are £542k of assets under construction, these are not depreciated, because depreciation is appropriate only when assets are in operational use.

## 11. INVESTMENTS

<i>The Group and the Charity:</i>	2008 £'000		2007 £'000	
<b>Investments at market value</b>				
Permanent endowments	6,198	8,453		
Designated funds	5,992	6,703		
Restricted funds	8,801	10,154		
	<b>20,991</b>	<b>25,310</b>		
			Cost	Valuation
			2008	2007
			£'000	£'000
<b>Investments consist of:</b>				
Cash held as part of investments	152	402	153	402
UK Listed Investments	1,207	1,179	1,190	1,151
Overseas Listed Investments	3,362	2,621	3,062	2,818
Other UK Authorised Investments	17,218	19,859	16,567	20,939
Other Overseas Authorised Investments	20	-	19	-
	<b>21,959</b>	<b>24,061</b>	<b>20,991</b>	<b>25,310</b>
			2008	2007
			£'000	£'000
<b>The movement on valuation of investments is as follows:</b>				
Market value at 1 January			25,310	20,673
Acquisitions			2,988	11,011
Sales proceeds			(4,951)	(7,029)
Net investment (losses)/gains			(2,356)	655
Market value at 31 December			20,991	25,310
Cost at 31 December			(21,959)	(24,061)
Unrealised investment (losses)/gains at 31 December			(968)	1,249
Investment (loss)/profit calculated on a historic cost basis			(139)	867

## Notes to the accounts (continued)

For the year ended 31 December 2008

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, comprised 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 £13.1m (2007: £15.1m) invested in short-term liquidity deposits.

As at 1 May 2009, the total value of investments held had declined from £20,991k at the year end to £20,695k, a fall of 1%. The fall is indicative of the volatility of the stock market and current market conditions. Over the same period the FTSE 100 Index declined by 4%. There has been no significant fall in the current market value since 1 May 2009 to the date of signing these accounts.

In response to the current economic conditions, a major part of our short term liquidity deposits have, since the year end, been transferred into UK Treasury Bills and Gilts.

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

## 12. STOCKS

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Livestock at Glen Finglas	131	141	131	141
Livestock at Home Farm	6	-	6	-
Raw materials and consumables	102	85	-	10
	<b>239</b>	<b>226</b>	<b>137</b>	<b>151</b>

## 13. DEBTORS

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Legacies receivable	3,705	2,053	3,705	2,053
Grants receivable	1,878	3,014	1,878	3,014
Trade debtors	599	608	212	195
Amounts owed to subsidiaries	-	-	997	1,114
Other debtors	1,149	566	855	505
Prepayments and accrued income	315	512	315	512
	<b>7,646</b>	<b>6,753</b>	<b>7,962</b>	<b>7,393</b>

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

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade creditors	1,975	1,701	1,975	1,700
Payments received on account of future projects	16	173	16	173
Taxation and Social Security	205	181	190	181
Amounts owed from subsidiaries	-	-	19	101
Other creditors	19	1,015	99	1,015
Accruals	116	107	57	61
	<b>2,331</b>	<b>3,177</b>	<b>2,356</b>	<b>3,231</b>

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

<i>The Group and the Charity</i>	2008	2007
	£'000	£'000
Trade creditors - retentions	<b>1</b>	<b>1</b>

## Notes to the accounts (continued)

For the year ended 31 December 2008

## 16. MOVEMENT ON FUNDS

	Balance at	Movement in Funds:			Balance at
	1 January 2008 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	31 December 2008 £'000
<b>General Fund</b>	<b>7,073</b>	<b>20,495</b>	<b>(11,827)</b>	<b>(6,456)</b>	<b>9,285</b>
<b>Designated Funds</b>					
Strategic Investment Fund	<b>6,703</b>	-	<b>(1,973)</b>	<b>1,769</b>	<b>6,499</b>

The purpose and structure of the Trust's Unrestricted Funds is described in detail in the Directors' Report on pages 10-11.

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

The transfers from the General Fund are £5,309k designated by Directors for Strategic Investments, £2,000k sponsorship income designated by Directors for acquisitions and £54k funding for legal fees and other costs involved in transferring gifts of land to the ownership of the Woodland Trust.

The transfers into the General Fund are from restricted funds £379K, restricted legacies £81k and endowment funds £447k towards the cost of woodland management and other charitable activities.

£3,540k was transferred from the Strategic Fund to bridge the fundraising gap for the acquisition of Heartwood, Elmstead Market and Low Burn Hall.

<b>Restricted Funds</b>	Balance at	Movement in Funds			Balance at
	1 January 2008 £'000	Incoming Resources £'000	Gains/ Expenses £'000	Transfers £'000	31 December 2008 £'000
Woodland and land	52,897	3,181	(66)	6,236	62,248
Woodland Management Fund	4,830	2,089	(2,342)	-	4,577
Restricted legacies	3,886	791	-	(723)	3,954
Woods on Your Doorstep (Northern Ireland)	733	62	(274)	(5)	516
Woods on Your Doorstep (England and Wales)	221	20	(66)	(175)	-
Various other funds	842	3,174	(3,362)	(199)	455
Forest Education Initiative	83	(82)	(1)	-	-
	<b>63,492</b>	<b>9,235</b>	<b>(6,111)</b>	<b>5,134</b>	<b>71,750</b>

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 2008, £2,000k sponsorship income was transferred from General Fund, £3,540k from the Strategic Investment Fund, £54k from the General Fund and £642k was transferred from restricted legacies.

The Woodland Management Fund consists of unspent restricted income associated with specific sites. The Woodland Management Fund includes unrealised losses of £(0.2)m (2007: unrealised gains of £0.2m).

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 2008 £642k was transferred to acquire woodland and land and £81k for woodland conservation.

## Notes to the accounts (continued)

For the year ended 31 December 2008

Woods on Your Doorstep (Northern Ireland) represent a surplus of restricted income, which will be applied to future costs. Woods on Your Doorstep (England and Wales) fund was drawn down to cover woodland maintenance costs.

Various other restricted funds include many individual grants and donations for specific purposes, which will be applied to future costs. The Landfill Tax received in 2008 amounted to £1,256k and £1,158k was expended leaving a balance at 31 December 2008 of £158k (2007: £60k), which will be applied to future costs.

Permanent Endowments	Balance at	Movement in Funds		Balance at
	1 January 2008 £'000	Net Investment Losses £'000	Transfers £'000	31 December 2008 £'000
Glenrothes	3,855	(900)	(105)	2,850
Livingston	1,951	(445)	(125)	1,381
Warrington and Runcorn	1,441	(317)	(112)	1,012
Preston and Chorley	1,206	(264)	(105)	837
	<b>8,453</b>	<b>(1,926)</b>	<b>(447)</b>	<b>6,080</b>

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 unrealised losses of £(0.7m) (2007: unrealised gains of £1.1m). The transfers are a drawdown to contribute to woodland management costs.

Analysis of Transfers between Funds	General Fund	Strategic Investment Fund	Woodland & Land	Restricted Legacies	Other Restricted Funds	Endowments
	£'000	£'000	£'000	£'000	£'000	£'000
Funding for Strategic Investments	(5,309)	5,309	-	-	-	-
Sponsorship income for acquisitions	(2,000)	-	2,000	-	-	-
Initial funding for Acquisitions	(54)	(3,540)	3,594	-	-	-
Restricted legacies for acquisitions	-	-	642	(642)	-	-
Drawdown for charitable operations	379	-	-	-	(379)	-
Legacies for woodland conservation	81	-	-	(81)	-	-
Endowment drawdown for woodland management	447	-	-	-	-	(447)
<b>Total Transfers</b>	<b>(6,456)</b>	<b>1,769</b>	<b>6,236</b>	<b>(723)</b>	<b>(379)</b>	<b>(447)</b>

## 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.

## Notes to the accounts (continued)

For the year ended 31 December 2008

Fund balances at 31 December 2008 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	63,070	816	-	62,254	-
Investments	20,991	-	5,993	8,800	6,198
Net current assets	9,554	8,470	506	696	(118)
Liabilities due over more than one year	(1)	(1)	-	-	-
<b>Total net assets</b>	<b>93,614</b>	<b>9,285</b>	<b>6,499</b>	<b>71,750</b>	<b>6,080</b>

Restricted tangible fixed assets consist of woodland and land (£62,248k) and other restricted fixed assets (£6k).

## 18. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARIES

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.

	Farming 2008 £'000	Enterprises 2008 2007 £'000 £'000	
	<b>Profit and Loss Account</b>		
Turnover	115	3,290	3,278
Cost of sales	(51)	(639)	(554)
Gross profit	64	2,651	2,724
Licence payment to the Woodland Trust	-	(140)	(80)
Distribution costs	-	(54)	(74)
Administration expenses	(1)	(51)	(48)
Other operating income	-	-	2
Operating profit	63	2,406	2,524
Interest receivable	-	12	9
Net profit	63	2,418	2,533
Payment under Gift Aid to the Woodland Trust	(63)	(2,418)	(2,533)
Accumulated reserves brought forward	-	-	-
<b>Accumulated reserves carried forward</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance Sheet</b>			
Net current assets	93	977	1,243
Net current liabilities	(93)	(977)	(1,243)
<b>Net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the accounts (continued)

For the year ended 31 December 2008

**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.

	2008 £'000	2007 £'000
<b>Land and buildings</b>		
Leases which expire:		
Within one year	22	157
Within two to five years	150	15
After five years	31	-
	<u>203</u>	<u>172</u>
<b>Other</b>		
Leases which expire:		
Within one year	30	47
Within two to five years	297	281
	<u>327</u>	<u>328</u>

**20. CAPITAL COMMITMENTS**

There are no commitments for expenditure not provided for in these accounts in respect of woodland and land purchases (2007: 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 £314k (2007: £294k). Included in other creditors is £nil (2007: £nil) in respect of pension schemes.

**22. CONTINGENT LIABILITIES**

The Directors were not aware of any significant contingent liabilities at 31 December 2008 and 31 December 2007.

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.

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