

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 2009

PRESIDENT

Clive Anderson

DIRECTORS/TRUSTEES

Robert Brown, OBE
Alison Chmiel
Roger Clarke
Jonathan Drori, CBE
Caroline Goodall
William Hobhouse
James Humphreys
John Lake (Chair)
Anne Lambert, CMG
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*.

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CHAIR'S REPORT

For the year ended 31 December 2009

The Woodland Trust's financial position has remained strong in these difficult economic times and we are confident about what we can do in the future.

Although 2009 shows total income is down on the previous year, in reality the financial performance has been excellent as 2008's figures benefited from our biggest fundraising effort ever, largely targeted at funding the acquisition and creation of Heartwood Forest.

Membership has continued to increase and we added new corporate partnerships. We are making every penny count, creating and protecting native woodland and inspiring people as efficiently as we can with the resources we have.

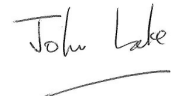
I would like to thank all those who have maintained or even increased their support for the Trust despite the recession.

I am continually inspired by the hard work and passion that goes into our cause. It is the people who make us the success that we are; the members, the staff, the volunteers and all the partners that are so generous with their support. My fellow directors also deserve a mention for their dedication and I would like to welcome those new board members who joined in 2009.

At the end of May 2010 I will be standing down from my position as Chair. I have been a director for almost nine years and during that time the annual income has grown from £15.8m in 2001 to £25.6m last year. Membership has doubled to 200,000 over the same period, demonstrating the support for our cause. We have planted nearly 8m trees and acquired some remarkable sites. I particularly remember the extension of our Glen Finglas site in Scotland, Wentwood in Wales and Heartwood in England.

I will be leaving the Trust at a very exciting time, just as it is starting to implement a new three-year strategic plan. We have positioned the Trust to pursue some really ambitious goals, in particular doubling the UK's native woodland cover. I would like to welcome Nicola Nicholls who will be my successor from 1 June 2010 and I believe she will ensure the Trust achieves its aims and continues to thrive and grow.

Following this landmark year when the Government finally appeared to recognise the importance of woodland creation in relation to climate change through its Low Carbon Transition plan, it is vital we continue to raise our income. This will enable us to work with others to deliver results, planting native trees as extensively as practically possible.



John Lake
Chair
19 May 2010

REPORT OF THE CHIEF EXECUTIVE

For the year ended 31 December 2009

The Woodland Trust is bigger and stronger than ever but we can't achieve our vital aims alone.

In 2009 we made great strides forward in our efforts to involve and engage as many people as possible to realise our vision of a UK rich in native woods and trees, enjoyed and valued by everyone.

At Heartwood, where we are creating England's largest continuous new native forest, I have been overwhelmed by the enthusiasm we met from the local community. We began planting in December 2009 and by the end of the year local people had already helped us plant 35,000 trees.

Through our emphasis on advice, advocacy and partnership, we are facilitating the planting of hundreds of hectares of new woodland, not just on our own land but, increasingly, on the land of farmers, schools, community groups and many others who have the space to plant trees and want to make a difference.

Our work means people are really starting to recognise the critical role trees play, not just in enhancing biodiversity and giving enjoyment to everyone but also as an essential part of a healthy environment and economy. Carbon absorption, water quality improvement, flood alleviation and cooling towns and cities are just a few of the benefits.

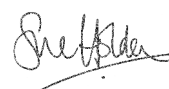
Your support has helped us to grow and succeed. Members have continued to stand by us despite challenging economic conditions and in 2009 we recruited our 200,000th member – an amazing achievement. Thank you.

Could you help us welcome our 300,000th member by 2012?

We need you to help us spread the word and champion our native woods. We would like:

- to persuade everyone to plant trees and reach anyone who has the capacity and interest to create woodland
- our supporters to persuade their local authorities and community groups to create more woodland
- our funding partners to support further tree planting because of the massive benefits it brings to society and the environment
- you to ask yourself 'what can I do to ensure that more trees are planted?'

Together we can create a movement where everyone recognises that the loss of ancient woodland is not acceptable, and agrees that an increase in trees and woodland is essential to our wellbeing.



Sue Holden
Chief Executive
19 May 2010

REPORT OF THE DIRECTORS

For the year ended 31 December 2009

The Directors have pleasure in presenting their report, together with the audited accounts, for the year ended 31 December 2009. 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).

The Trust has two wholly owned trading subsidiaries, Woodland Trust (Enterprises) Limited (Company No 2296645) and Woodland Trust Farming Limited (Company No 6360791).

REGISTERED OFFICE

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

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.

PROFESSIONAL ADVISORS

A list of the Trust's main professional advisors appears on page 34.

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:

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

Dawn Austwick retired as a Director on 20 May 2009

Colin Hall retired as a Director on 20 May 2009

Caroline Goodall, William Hobhouse and Anne Lambert, CMG, were appointed as Directors on 10 December 2009.

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 is carried out after one year and in 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.

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

The Board Affairs Committee promotes good governance and effective working of the Board.

Report of the Directors (continued)

For the year ended 31 December 2009

The following Directors served on the Board Affairs Committee:

Robert Brown served on the Committee throughout the year

Dawn Austwick retired from the Committee on 20 May 2009
Jeremy Marshall was appointed on 29 January 2009
Nicola Nicholls retired as Chair of the Committee on 10 December 2009
Robert Brown was appointed Chair of the Committee on 10 December 2009

The Finance Committee assists the Board in its duty to supervise the Trust's financial affairs. It also acts as an Audit Committee, a Remuneration Committee and an Investment Committee.

The following Directors served on the Finance Committee throughout the year:

Alison Chmiel
James Humphreys
John Lake
Elliott Mannis

Colin Hall retired as Chair and from the Committee on 20 May 2009
Elliott Mannis was appointed Chair of the Committee on 20 May 2009

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 an 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 15 (2008: 18) Directors on Board business amounted to £6k (2008: £6k) during the year.

The Woodland Trust purchases indemnity insurance to protect it and its Directors and officers from losses arising from any wrongful act of its Directors or officers and to indemnify them against their legal liability arising from any claim against them. The premium for the policy was £7k (2008: £6k).

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and United Kingdom Accounting standards (United Kingdom Generally Accepted Accounting Practice), 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
- ◆ observe the methods and principles in the Charities Statement of Recommended Practice
- ◆ make judgements and estimates that are reasonable and prudent
- ◆ state whether applicable UK accounting standards have been followed subject to any material departures disclosed and explained in the financial statements and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business

Report of the Directors (continued)

For the year ended 31 December 2009

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 2006. 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 2009, 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.

Our internal controls are intended to manage rather than eliminate risks, and to give reasonable rather than absolute assurances. The major inherent risks prior to our system of internal controls are health and safety, changes to key IT systems, loss of key staff and security of electronic data.

The system of internal control includes:

- ♦ a new three year strategic plan, approved by the Board in December 2009. The strategic plan covers the vision, purpose and aims of the Trust. It includes a range of key performance indicators and a set of values and behaviours that will be used as a basis for annual planning and progress reviews.
- ♦ annual performance targets and operating plans, with actual performance being monitored at regular intervals.
- ♦ a continuing risk assessment programme. Any new significant risks are considered by the Board or one of its committees.
- ♦ a scheme of delegation including review of authority limits and management reporting

The scheme of delegation, which is reviewed annually by the Board and which was reviewed in December 2009, 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
Director of Corporate Services & Company Secretary	Julian Purvis
Policy Director	Hilary Allison
Director of Fundraising	Karl Mitchell
Operations Director	Norman Starks
Director of Supporter Marketing	Helen Nott
Director of Communications and Engagement	Alan Kennedy

Health and Safety

The Board considers managing the health, safety and wellbeing of our staff, volunteers, suppliers and visitors to our sites as a governance priority.

The Board is ultimately responsible for compliance with Health and Safety legislation. The day-to-day responsibility is delegated to the Chief Executive and Director of Corporate Services, who are responsible for compliance, relevant policy development and performance. Health and Safety is a line-management responsibility throughout the Trust but is also overseen by a dedicated Health and Safety Manager.

Report of the Directors (continued)

For the year ended 31 December 2009

During the course of the year there were no significant accidents or incidents involving members of staff, volunteers, contractors or visitors to our offices or sites. All staff have completed training sessions outlining health and safety responsibilities of the organisation and the individual employees as expressed in the Health and Safety at Work Act 1974. The systems are in place within the Trust to ensure these responsibilities are met. We continue to work closely with our partners in the Visitor Safety in the Countryside Group to develop practical guidance and case studies on visitor safety issues and we are members of the National Tree Safety Group, whose aim is to develop an agreed industry guidance on tree safety management.

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. At the direction of the Trust, 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.

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

Environmental performance

In 2009 we reduced our output of CO₂ from 553 tonnes of CO₂ to 535 tonnes. This equates to a reduction from 2.12 to 1.97 tonnes of CO₂ per member of staff.

Much of what the Trust does has a positive impact with every million trees planted helping absorb around 200,000 tonnes of CO₂. So investing in our work produces a fantastic return.

We focus on reducing our consumption of raw materials and are keen to see electronic communication replace paper where possible. We recycled 95% of our waste during 2009.

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 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 regular 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 other internal communications.

Report of the Directors (continued)
For the year ended 31 December 2009

OBJECTIVES, ACTIVITIES AND ACHIEVEMENTS

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 farming on some sites owned by the Woodland Trust. All profits are donated by Gift Aid to the Trust. A summary of our trading subsidiaries results appears in note 18 on pages 31-32.

During the year we completed a strategic review and the outcome is explained more fully under Future Developments on page 13.

Aims

The Woodland Trust's four key conservation aims for 2009 were 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

Ensuring no further loss of ancient woodland

Ancient woodland is irreplaceable having taken many centuries to evolve. Only a relatively small amount of ancient woodland remains in the UK. It is our most biodiverse habitat and is the UK's equivalent of rainforest. It is very fragmented and remains threatened by climate change, building development and the impact of adjacent land use.

Our key strategies were to:

- ◆ seek protection of all ancient woodland through legislation and planning policy
- ◆ acquire woods that would particularly benefit from our ownership, especially major planted ancient woods that can benefit from our expertise in restoration
- ◆ 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)

In 2009 the Woodland Trust:

- ◆ contributed to the draft Forestry Bill published by the Northern Ireland Assembly. This is the first forestry legislation for 56 years in Northern Ireland and is mainly due to more than ten years of lobbying by the Trust.
- ◆ secured stronger policies on ancient woodland protection and woodland conservation in 35 regional and local authority plans
- ◆ secured a successful outcome in 71% (2008: 81%) of the completed cases of threatened woods we have been involved with. These included threats to ancient woods near the Westbury by-pass, the wind farm at Montreathmont Forest, near Forfar, and mineral extraction proposals at Torwood in Falkirk
- ◆ acquired sites covering 64ha as detailed on page 10

Ancient woods across the UK continued to be threatened by site specific development threats. Our Woods Under Threat team was dealing with 617 (2008: 545) woods under threat across the UK at the end of 2009. This rise is due to a few large infrastructure and leisure proposals affecting a number of woods. So despite all the improvements and achievements of recent years there are still no grounds for complacency, for example the approval of the Aberdeen by-pass in December 2009 means 15 woods will be damaged or destroyed.

Report of the Directors (continued)

For the year ended 31 December 2009

Increasing woodland biodiversity

Woods are a much loved habitat containing some of our best-loved wildlife, and they are a crucial part of the complex web of biodiversity on which human life depends. Woods contain a wide variety of species of plants, invertebrates, lichens, fungi and animals all of which play an important role. Almost half of the UK's ancient woods contain extensive planting of conifers. There is a huge opportunity to improve their biodiversity by gradually restoring these woods to predominantly native woodland.

Our key strategies were to:

- ◆ adopt a landscape scale approach to woodland conservation in the face of climate change
- ◆ care for more than 1,000 woods covering over 22,700ha 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 2009 the Woodland Trust:

- ◆ published a well-received guide on management of ancient woods endorsed by six landowning and conservation organisations
- ◆ continued to work with other landowners to increase the number of planted ancient woods in restoration programmes by 1,503ha. This exceeds our target of 1,000ha 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 57,000, surpassing our target of 55,000

Increasing the area of new native woodland

Woods provide enormous environmental benefits including wildlife habitats, sustaining soil and air quality, flood alleviation, carbon storage and wider benefits to society (recreation, health, education and raw materials). The UK remains one of the least wooded countries in Europe with a mere 12% woodland cover – less than half of many other European countries. Because of all the benefits woods and trees provide we want to see a doubling of our native woodland cover in the UK from around 1m to 2m hectares.

Our key strategies were 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

In 2009 the Woodland Trust:

- ◆ planted 954,000 trees as part of our *Tree for All* campaign
- ◆ began tree planting at Heartwood, the largest new native forest in England, where we aim to plant over 600,000 trees
- ◆ worked with over 250 landowners to create over 300ha of new native woodland
- ◆ launched MOREwoods – a campaign enabling the planting of trees on other people's land
- ◆ held a parliamentary event at the House of Commons focussing on woodland creation, hosted by Peter Luff MP and addressed by the Forestry Minister Huw Irranca Davies. This event coincided with the publication of the UK Low Carbon Transition Plan, which finally signalled government acceptance of woodland creation having a cost-effective role in combating climate change.

During 2008 we acquired 517ha of land for woodland creation at a cost of over £9m. The emphasis during 2009 has been to fundraise for the creation and establishment of woodland on these sites. In view of the exceptional acquisitions in 2008, we only acquired 64ha in 2009 with a cost/value of £0.5m.

Report of the Directors (continued)

For the year ended 31 December 2009

Increasing people's understanding and enjoyment of woodland

We want people to help protect and take action for woods and trees. We want people to engage with woods and trees – especially children who will be their stewards in the future. We would like everyone to have a wood within walking distance of their home, which is why we are celebrating community woodland creation in 2010.

Our key strategies were 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 plant trees

In 2009 the Woodland Trust:

- ◆ enabled 1,018,000 people to plant trees as part of our *Tree for All* campaign
- ◆ achieved a net increase in membership of 9,000 taking us to over 200,000 by the year end
- ◆ increased membership in the Nature Detective Club to over 29,000 children
- ◆ had 4.3 million visitor sessions to our website (www.woodlandtrust.org.uk)
- ◆ continued to provide and improve access to and interpretation of our woods through our site investment programme by investing in ten key sites
- ◆ had over 120 volunteer verifiers and approximately 60 partner organisations supporting the Ancient Tree Hunt campaign across the UK
- ◆ engaged 16,450 actively participating schools in our learning activities and delivered more than 15,500 free tree packs to schools
- ◆ began the VisitWoods project, a searchable on-line database covering ours and others' woodlands

Our Tree for All campaign has now engaged over 2.2 million people in planting 7.5 million trees since the launch of the campaign in November 2004.

During 2009 we achieved our target to have 200,000 members. This demonstrates how even in the current economic climate people value simple pleasures such as a walk in a wood.

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. During 2009 we relaunched our website, www.woodlandtrust.org.uk, which provides the main source of information, events and advice including:

- ◆ advice and support for those interested in creating their own wood
- ◆ 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 project – Nature's Calendar
- ◆ a wealth of other educational materials for all ages and the *Tree for All* website
- ◆ how to identify, record and appreciate ancient trees on our *Ancient Tree Hunt* website
- ◆ highlighting 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.

Report of the Directors (continued)

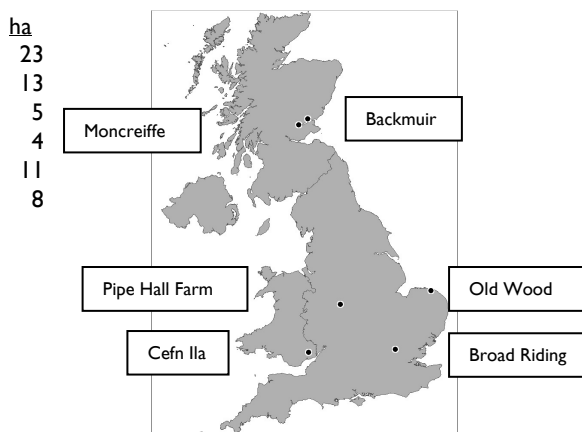
For the year ended 31 December 2009

Acquisitions

During 2009, the Trust acquired six sites, including extensions to current sites, covering 64ha with a cost/value of £0.5m.

	ha
Broad Riding Wood, Hertfordshire	23
Pipe Hall Farm extension, Staffordshire	13
Cefn Ila extension, Monmouthshire	5
Moncreiffe Hill Wood north extension, Perth and Kinross	4
Old Wood extension, Norfolk	11
Backmuir Wood extension, Angus	8

A hectare (ha) is equivalent to a square with sides of 100m, or the interior of an athletics pitch or an area about 25% larger than a football pitch.



We are grateful to the many individuals and organisations who have supported our appeal for Cwm Mynach. We aim to complete the acquisition of nearly 400ha of this mostly coniferous woodland to the north of the Mawddach Estuary in the Snowdonia National Park, in 2010. Opportunities to re-create wildlife habitats throughout almost an entire valley like this are rare. This will be the biggest native woodland re-creation project the Woodland Trust has ever embarked on.

We are working with the Esmée Fairbairn Foundation to enable us to acquire more than 240ha of land at Lang Craigs, situated on the northern edge of Dumbarton. Lang Craigs offers an opportunity to secure existing declining habitats and create new lasting homes for some of Scotland's best-loved wildlife by planting new native woodland. We need to raise £1.5m to purchase and manage the site and this will be a focus of our fundraising during 2010.

Volunteers

In 2009 volunteers donated over 200,000 hours of work with an estimated value of £2.2m – 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

A detailed breakdown of the Trust's income and expenditure and balance sheet are set out on pages 15 and 16.

We started the year with stable finances and despite difficult economic conditions, the Trust finished 2009 in good financial shape and with a solid base for the future.

The acquisition of 517ha of open land in 2008 at a cost of over £9m for the creation of new native woodland resulted in both record income and record expenditure in 2008. This level of activity was exceptional and was not repeated in 2009.

Incoming Resources

We had a high level of income in 2008, due to the funding achieved for Heartwood and two other large woodland creation projects, as well as a very good year for legacy income. Given the economic situation we anticipated a significant reduction in income in 2009 and planned accordingly. We achieved an income of £25.6m (2008: £29.7m) which exceeded our budget for the year by over £2m. This was primarily due to another strong contribution from legacy income of £7.1m (2008: £8.2m).

Membership subscriptions achieved income of £5.0m (2008: £4.9m), which reflects our high membership retention rates.

Income from sponsorship and commercial promotions was £2.4m (2008: £2.3m). Significant sponsor and commercial partners include TJX Europe, Dorothy Perkins, Calor Gas, Hammonds Furniture, Ikea, Sainsbury's Supermarkets, Walt Disney, ibuyeco, Tesco Freetime and Britvic Soft Drinks Ltd.

Report of the Directors (continued)

For the year ended 31 December 2009

Grant income at £2.8m (2008: £3.1m) is project activity based; the level depends on our success in raising grants and 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, so the funding of new acquisitions relies on other sources of income.

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 £1.3m (2008: £1.5m) in tax, which greatly increased the amount of work we were able to undertake.

Expenditure

Total expenditure decreased from £28.9m to £19.8m. The analysis of expenditure in the table below includes £0.5m (2008: £9.4m) applied to land acquisition, see page 26 for details. The acquisition of Heartwood created high expenditure in 2008.

The summary below of expenditure relates directly to our four key conservation aims together with £4.3m (2008: £4.4m) being the cost of raising over £25.5m income and our governance costs of £0.2m (2008: £0.2m). Inevitably many of the projects we undertake contribute to more than one of our conservation aims.

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

	2009			2008		
	Revenue £k	Capital £k	Total £k	Revenue £k	Capital £k	Total £k
Protection of ancient woodland	1,310	285	1,595	1,302	312	1,614
Woodland conservation and management	3,733	6	3,739	3,899	1,804	5,703
Creation of new native woodland	4,117	137	4,254	4,010	7,223	11,233
Access, recreation and education	5,612	118	5,730	5,677	44	5,721
Conservation expenditure	14,772	546	15,318	14,888	9,383	24,271
Cost of generating funds	4,262	-	4,262	4,411	-	4,411
Governance	191	-	191	182	-	182
Total Expenditure	19,225	546	19,771	19,481	9,383	28,864

The revenue expenditure for the protection of ancient woodland remains constant as we continue to be involved in fighting for woods under threat and mobilising public support for high-profile campaigns.

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.

We have an investment programme for our priority biodiversity and access sites and during 2009 we invested in ten such sites. We continue to engage schoolchildren 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 £4.3m (2008: £4.4m) in various fundraising activities, a breakdown is given in note 4.

Overall we generated a net revenue surplus of £6.3m (2008: £10.2m) of which £0.5m (2008: £9.4m) was applied to acquisitions of land and woodland, which are capitalised under fixed assets in note 9, and £1.2m was applied to the new office and information systems in note 10. The remaining surplus is applied to our reserves and those funds with restrictions are held to be applied in accordance with the restrictions.

In 2010 we need to invest in further developing our efficiency and effectiveness. Investing in management training and a new supporter system are examples of this. We are also making a major investment in a new office. Our current premises in Grantham are inadequate and the lease expires in 2010. Our new office has been designed to improve how we work together and incorporates a range of modern environmental features at the same price as a low cost traditional office construction. The primary focus has been on reducing energy consumption by relying on natural ventilation, natural daylight and a range of low power IT solutions. The primary construction material is timber.

In view of current interest rates and the commercial property market, the Trust has, for the time being, decided to use some of its financial reserves to finance the cost of the building. This will result in a lower annual cost compared to an equivalent commercial rent. The Board will keep the future approach to financing the office under review in the light of relevant external factors.

Report of the Directors (continued)

For the year ended 31 December 2009

We established the Strategic Investment Fund to help the Trust invest in major initiatives which will help us achieve our aims. These include major acquisitions such as Heartwood, and other major woodland creation initiatives like MOREwoods. We will be investing in membership development, a new office and new IT systems and expect most of its value to be deployed during 2010.

Unfortunately, the Trust is not able to recover all the VAT it pays on its purchases of goods and services. We have made extensive efforts to minimise the impact of this and the irrecoverable VAT was £0.2m in 2009 (2008: £0.2m).

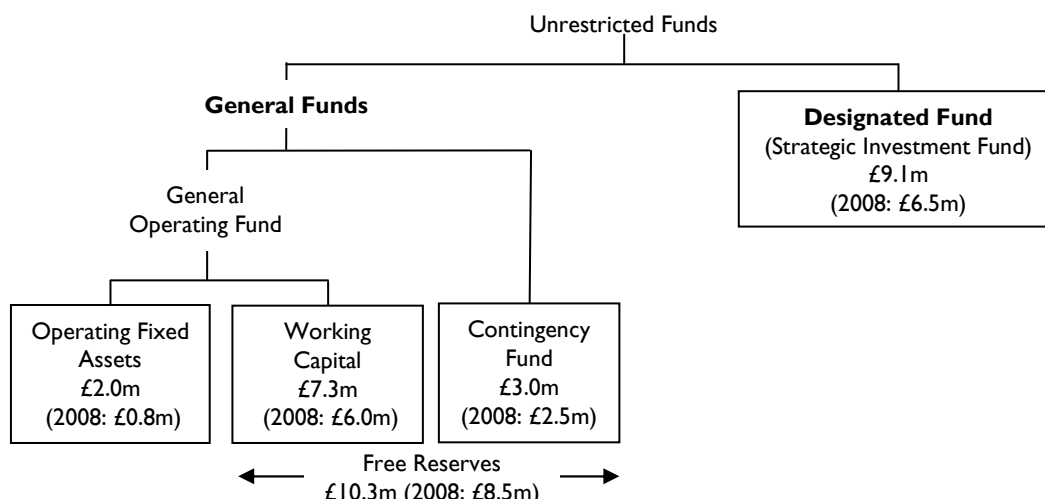
Financial Reserves

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 2009 comprise General Funds and one Designated Fund.



General Funds consist of operating fixed assets, working capital and a contingency fund.

The policy of the Directors is that the Trust's free reserves should be sufficient to cover operational expenditure commitments in the short term (excluding expenditure on acquisitions and other funded projects). The most important function of the free reserves is to ensure sufficient unrestricted cash is available to cover peaks and troughs in cash flow and to provide a contingency against unforeseen changes in our finances. The Board consider an appropriate level of unrestricted cash at year end to be £5m and as at the end of 2009 this level was met. This policy is reviewed during every budget cycle with consideration of operational risks and external factors.

The total free reserves including debtors and creditors were £10.3m at 31 December 2009; this represents six month's expenditure, which is considered appropriate under the 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 increased to £3.0m. Its value at 31 December 2009 was £3.0m (2008: £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 one designated fund named the Strategic Investment Fund which exists to provide some initial funds to enable new initiatives to happen and the Directors expect most of the current value of the Strategic Investment Fund to be deployed during 2010.

Report of the Directors (continued)

For the year ended 31 December 2009

At the year end the Strategic Investment Fund and the Contingency Fund comprised short-term liquidity deposits, and are separately managed funds under the control of the Directors.

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

During 2009 the Trust had five separate restricted funds with its investment managers. The benchmark return was 18.9% (2008: -18.4%). The actual returns achieved ranged from 19.2% to 19.4% (2008: -20.5% to -21.0%), which the Directors consider to be satisfactory. Overall, the Woodland Trust continues to review its investment managers to ensure optimal performance.

More details on these investments can be found in note 11. An analysis of all funds can be found in notes 16-17 to the Accounts.

FUTURE DEVELOPMENTS

We have created a new strategic plan for 2010–2012. Our vision is a UK rich in native woods and trees enjoyed and valued by everyone, and our purpose is to champion native woods and trees.

Our aims are:

- ◆ to enable the creation of more native woods and places rich in trees
- ◆ to help protect and restore native woods, trees and their wildlife for the future
- ◆ to inspire everyone to enjoy and value woods and trees

Our biggest challenge is to substantially increase native tree planting across the UK. We believe there should be twice as much native woodland cover. To do this we need to inspire everyone with money, land, influence and connections to help us and to persuade everyone to plant trees. In 2010 we plan to:

- ◆ work in more partnerships with major landowners and landowning organisations to inspire them to create more native woodland on their land
- ◆ provide a wide range of advice to anyone interested in planting trees
- ◆ through MOREwoods, plant 500ha of native woodland on other people's land
- ◆ reach our fundraising targets for Heartwood Forest and Lang Craigs, to enable us to create England's largest new native woodland just 25 miles from London, and create a 240ha woodland home for Scottish wildlife close to Glasgow
- ◆ plant 1.4 million trees with schools, youth groups and communities in their locality
- ◆ lobby Government for changes in policy and incentives to encourage more native woodland creation

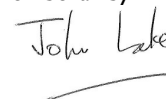
Our other goals for 2010 include:

- ◆ at least 4,000ha of planted ancient woodland is being assessed for restoration and 2,000ha where the landowner commits to its restoration
- ◆ no loss of ancient woodland
- ◆ having 300,000 active supporters, including 225,000 members by the end of 2010
- ◆ increasing the number of downloads from our range of websites to over 3 million during 2010
- ◆ maintaining our 22,700ha estate

We have developed a framework to measure performance against our aims and will report the results in our 2010 report and accounts.

We will not be able to achieve our ambitious goals without the support of committed individuals and organisations and hope that all those reading this will wish to help us.

These accounts were approved and authorised for issue by the Directors on 19 May 2010 and signed on their behalf by:



John Lake
Chair
19 May 2010

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 2009 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity 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 495 of the Companies Act 2006. 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) and for being satisfied that the financial statements give a true and fair view. The Directors are also the charity trustees of the Woodland Trust for the purposes of charity law.

We have been appointed auditors under Section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Directors' remuneration specified by law are not made.

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 of the state of the charitable company's and group's affairs as at 31 December 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Directors' Report is consistent with the financial statements.



Adam Halsey (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditors
19 May 2010

Fairfax House
15 Fulwood Place
London, WC1V 6AY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2009

	Note	UNRESTRICTED FUNDS		RESTRICTED FUNDS		Total 2009 £'000	Total 2008 £'000
		General Fund £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000		
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary income	2	13,020	-	4,756	-	17,776	20,610
Activities for generating funds	2	3,374	-	-	-	3,374	3,254
Investment income	8	339	-	105	-	444	1,294
Total incoming resources from generated funds		16,733	-	4,861	-	21,594	25,158
Incoming resources from charitable activities	2	1,870	-	1,991	-	3,861	4,067
Other incoming resources	2	47	-	6	50	103	505
Total incoming resources		18,650	-	6,858	50	25,558	29,730
Less: cost of raising generated funds	4	(4,239)	-	(5)	(18)	(4,262)	(4,411)
Governance	6	(191)	-	-	-	(191)	(182)
Net resources available for charitable activities		14,220	-	6,853	32	21,105	25,137
RESOURCES EXPENDED							
Resources expended on charitable activities							
Protection of ancient woodland	4	1,223	10	77	-	1,310	1,302
Woodland conservation and management	4	2,431	671	631	-	3,733	3,899
Creation of new native woodland	4	2,260	277	1,580	-	4,117	4,010
Access, recreation and education	4	3,905	277	1,430	-	5,612	5,677
Total resources expended on charitable activities		9,819	1,235	3,718	-	14,772	14,888
Net incoming resources from operations before transfers and investment gains							
Transfers between funds	16	4,401	(1,235)	3,135	32	6,333	10,249
Net gains/(losses) on investment assets	11	(1,427)	3,823	(2,281)	(115)	-	-
		-	-	238	955	1,193	(2,356)
Net movements in funds		2,974	2,588	1,092	872	7,526	7,893
Fund balances brought forward at 1 January		9,285	6,499	71,750	6,080	93,614	85,721
Fund balances carried forward at 31 December	17	12,259	9,087	72,842	6,952	101,140	93,614

This statement of resources expended excludes £546k (2008: £9,383k) 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 2006 has been presented as the only difference between the net incoming resources for the year before transfers (£6,333k) and the net income for the year as defined under the Companies Act (£6,130k) are realised losses on investments of £(171)k reflected within net losses on investment assets, income within the endowment funds of £50k and expenditure within the endowment funds of £18k.

The notes on pages 18 to 33 form part of these accounts.

BALANCE SHEETS AT 31 DECEMBER 2009

	Note	Group		Charity	
		2009 £'000	2008 £'000	2009 £'000	2008 £'000
Fixed Assets					
Tangible assets:					
♦ Woodland and land	9	62,737	62,248	62,737	62,248
♦ Other fixed assets	10	1,997	822	1,997	822
		<u>64,734</u>	<u>63,070</u>	<u>64,734</u>	<u>63,070</u>
Investments	11	25,544	20,991	25,544	20,991
		<u>90,278</u>	<u>84,061</u>	<u>90,278</u>	<u>84,061</u>
Current Assets					
Stocks	12	223	239	147	137
Debtors	13	7,890	7,646	8,005	7,962
Short-term deposits		3,881	3,165	3,881	3,165
Cash at bank and in-hand		1,119	835	1,058	646
		<u>13,113</u>	<u>11,885</u>	<u>13,091</u>	<u>11,910</u>
Creditors					
Amounts falling due within one year	14	<u>(2,202)</u>	<u>(2,331)</u>	<u>(2,180)</u>	<u>(2,356)</u>
Net Current Assets		<u>10,911</u>	<u>9,554</u>	<u>10,911</u>	<u>9,554</u>
Total Assets Less Current Liabilities		<u>101,189</u>	<u>93,615</u>	<u>101,189</u>	<u>93,615</u>
Creditors					
Amounts falling due after more than one year	15	<u>(49)</u>	<u>(1)</u>	<u>(49)</u>	<u>(1)</u>
Net Assets		<u>101,140</u>	<u>93,614</u>	<u>101,140</u>	<u>93,614</u>
Financed by:					
Unrestricted funds:					
♦ General fund	16	12,259	9,285	12,259	9,285
♦ Designated funds	16	9,087	6,499	9,087	6,499
Restricted funds	16	72,842	71,750	72,842	71,750
Permanent endowments	16	6,952	6,080	6,952	6,080
		<u>101,140</u>	<u>93,614</u>	<u>101,140</u>	<u>93,614</u>

These accounts were approved and authorised for issue by the Directors on 19 May 2010 and signed on their behalf by:

John Lake

John Lake
Chair

The notes on pages 18 to 33 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2009

	2009 £'000	2008 £'000
Net cash inflow from operating activities	5,279	7,140
Returns on investments and servicing of finance		
Investment income	444	1,294
Capital expenditure and financial investment		
Purchase of woodland and land	(156)	(9,145)
Purchase of fixed assets	(1,336)	(753)
Purchase of investments	(6,290)	(2,988)
Sale of land	129	-
Sale of investments	2,930	4,951
Net cash flow from capital expenditure and financial investment	(4,723)	(7,935)
Reconciliation of net cash flow to movement in net funds		
Increase in cash in year	1,000	499
Net funds at 1 January	4,000	3,501
Net funds at 31 December	5,000	4,000

	2009 £'000	2008 £'000
(a) Reconciliation of net incoming resources to net cash inflow from operations		
Net incoming resources from operations	6,333	10,249
Depreciation:		
♦ Woodland and land	32	32
♦ Other fixed assets	161	142
Profit on disposal of woodland and land	(104)	-
Loss on disposal of other fixed assets	-	1
Investment income	(444)	(1,294)
Decrease/(increase) in stock	16	(13)
Increase in debtors	(244)	(893)
Decrease in creditors	(81)	(846)
Donated woodland and land	(390)	(238)
Net cash inflow from operating activities	5,279	7,140

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

	At 1 January 2009 £'000	2009 Cash Flows £'000	At 31 December 2009 £'000
Short-term deposits	3,165	716	3,881
Cash at bank and in-hand	835	284	1,119
	4,000	1,000	5,000

The notes on pages 18 to 33 form part of these accounts.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2009

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 2006 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 2009

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 2009

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 design and construction costs for the new office incurred to 31 December 2009, which are stated at cost. No depreciation is charged on assets in the course of construction.

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. Depreciation is charged only when assets are brought into operational use.

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 2009 this amounted to £213k (2008: £208k).

Notes to the accounts (continued)
For the year ended 31 December 2009

2. **INCOMING RESOURCES**

	Unrestricted General Funds £'000	Restricted Funds £'000	Total 2009 £'000	Total 2008 £'000
INCOMING RESOURCES FROM GENERATED FUNDS				
Voluntary Income				
Legacies	5,400	1,727	7,127	8,210
Membership subscriptions	5,023	-	5,023	4,894
Fundraising and appeals	2,321	1,607	3,928	5,151
Company donations, Charitable Trusts and Landfill Tax	276	1,422	1,698	2,355
Total voluntary income	13,020	4,756	17,776	20,610
Activities for generating funds				
Sponsorship income	2,377	-	2,377	2,346
Lotteries	717	-	717	668
Merchandise income	280	-	280	240
Total income from activities for generating funds	3,374	-	3,374	3,254
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES				
Grants	1,228	1,531	2,759	3,129
Woodland management income	642	70	712	700
Donated woodland and land	-	390	390	238
Total income from charitable activities	1,870	1,991	3,861	4,067
OTHER INCOMING RESOURCES				
Exceptional item	-	-	-	505
Other income	47	56	103	-
	47	56	103	505

Included in fundraising and appeals is £0.5k (2008: £0.7k) gifts in kind.

The exceptional item in 2008 was the refund of VAT and related interest dating from 1980 to 1997 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 £1.5m (2008: £1.7m).

Notes to the accounts (continued)

For the year ended 31 December 2009

3. GRANTS

The following organisations provided grants:	2009 £'000	2008 £'000
Forestry Commission	1,228	1,244
Heritage Lottery Fund	560	493
Local Authorities	292	454
DEFRA	117	69
Northern Ireland Environment Agency	109	469
Natural England	103	30
The Tubney Charitable Trust	71	43
Countryside Council for Wales	54	73
Staffordshire Environmental Fund	50	-
Northern Ireland Forest Service	49	-
Scottish Natural Heritage	40	31
European Structural Funds	29	78
Department of Agriculture and Rural Development (Northern Ireland)	11	4
Welsh Council for Voluntary Action	11	2
Department for Communities and Local Government	-	86
Others, 11 (2008: 18) grant providers	35	53
	2,759	3,129

Of those listed above, £1,531k (2008: £3,128k) 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 2009

4. TOTAL RESOURCES EXPENDED	Direct £'000	Support £'000	2009 £'000	2008 £'000
Costs of generating funds				
<i>Costs of generating voluntary income</i>				
Membership	1,475	85	1,560	1,973
Fundraising and appeals	822	242	1,064	739
Company donations, Charitable Trusts and Landfill Tax	414	137	551	584
Legacies	127	22	149	199
	2,838	486	3,324	3,495
<i>Fundraising trading costs</i>				
Sponsorship	308	141	449	425
Merchandise	257	25	282	249
Lotteries	160	25	185	206
	725	191	916	880
<i>Investment management costs</i>				
	22	-	22	36
Costs of generating funds	3,585	677	4,262	4,411
Governance	168	23	191	182
Charitable activities				
Protection of ancient woodland	1,114	196	1,310	1,302
Woodland conservation and management	3,175	558	3,733	3,899
Creation of new native woodland	3,502	615	4,117	4,010
Access, recreation and education	4,773	839	5,612	5,677
	12,564	2,208	14,772	14,888
Total resources expended	16,317	2,908	19,225	19,481

This statement of resources expended excludes £546k (2008: £9,383k) of woodland and land acquired and capitalised as per note 9.

Notes to the accounts (continued)

For the year ended 31 December 2009

5. SUPPORT COSTS	Premises	Depreciation	Finance & IS	Human Resources	Management & Other	2009	2008
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Generating income resources	45	36	345	213	38	677	624
Charitable expenditure							
♦ Protection of ancient woodland	13	11	100	61	11	196	177
♦ Woodland conservation and management	37	30	284	175	32	558	531
♦ Creation of new native woodland	41	33	314	193	34	615	546
♦ Access, recreation and education	56	45	427	263	48	839	773
	147	119	1,125	692	125	2,208	2,027
Governance	1	1	12	8	1	23	22
Total support costs	193	156	1,482	913	164	2,908	2,673

Total depreciation across all Trust assets was £193k (2008: £174k). Depreciation allocated to support costs excludes depreciation of short leasehold land of £32k (2008: £32k) and depreciation of other assets of £5k (2008: £5k).

6. GOVERNANCE OF THE CHARITY	2009	2008
	£'000	£'000
Staff costs	124	122
Audit and professional fees	20	25
Trustees' expenses	6	6
Other costs	18	7
Support costs	23	22
	191	182

The Directors of the Company, who comprise its Board, did not receive any remuneration during the period. Travelling and subsistence expenses incurred by 15 (2008: 18) Directors on Board business amounted to £6k (2008: £6k) during the year.

7. NET INCOME FOR THE YEAR BEFORE TRANSFERS

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

	2009	2008
	£'000	£'000
The surplus for the year is after charging:		
♦ Salaries and wages	6,996	6,572
♦ Social Security costs	704	661
♦ Other pension costs	316	314
	8,016	7,547
Depreciation	193	174
Auditors' fees and expenses:		
♦ Audit work	19	17
♦ Other services	1	8
Rentals under operating leases:		
♦ Land and buildings	195	190
♦ Other	325	299
Irrecoverable Value Added Tax	213	208

Notes to the accounts (continued)

For the year ended 31 December 2009

Employees and Volunteers

The average number of employees during the year was 269 (2008: 261). The average number of employees, analysed by function, was:

	2009 Total	2008 Total
Charitable activities	174	169
Fundraising	53	52
Governance and support	42	40
	269	261

We rely on volunteers to help with a wide range of activities including tree planting, care and management of our woods, promotion of our work, research, employee mentoring and administration. In addition we rely on volunteers to collect data on the Ancient Tree Hunt and also on climate change through our Phenology project.

We use the volunteer investment and value audit process to estimate the contribution our volunteers make. In 2009 they contributed over 200,000 hours with an ascribed value of £2.2m (2008: 228,000 hours, value £2m), which is not reflected in the financial statements.

Employees' emoluments for the staff earning more than £60,000 for the year fell into the following bands:

£'s	No. of Employees	
	2009	2008
90,000-99,999	1	0
80,000-89,999	0	1
70,000-79,999	1	1
60,000-69,999	2	2

All employees earning more than £60k participated in the defined contribution pension scheme. Contributions of £30k (2008: £30k) were made during the year for these employees by the company.

8. INVESTMENT INCOME

	2009 £'000	2008 £'000
Income from investments was as follows:		
Income from other UK authorised investments	234	994
Income from UK listed investments	152	208
Bank interest receivable	4	49
Income from cash deposits	1	31
Income from overseas listed investments	9	7
Income from other overseas authorised investments	44	5
	444	1,294

Notes to the accounts (continued)
For the year ended 31 December 2009

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 2009	62,472	50,911	873	183	5,388	4,134	983
Additions for the year	546	156	-	-	285	105	-
Disposals for the year	(25)	(20)	-	-	(5)	-	-
At 31 December 2009	62,993	51,047	873	183	5,668	4,239	983
Depreciation							
At 1 January 2009	224	-	-	16	-	-	208
Charge for the year	32	-	-	4	-	-	28
At 31 December 2009	256	-	-	20	-	-	236
Net book value							
At 31 December 2009	62,737	51,047	873	163	5,668	4,239	747
At 31 December 2008	62,248	50,911	873	167	5,388	4,134	775

The additions to donated woodland and land include legal fees of £0.3k (2008: £10k).

In addition the Trust currently leases 20ha (2008: 20ha) of woodland under short leaseholds at peppercorn rents. In the opinion of the Directors the value of these assets is immaterial.

The additions are allocated across our charitable aims:

	2009 £'000	2008 £'000
Protection of ancient woodland	285	312
Woodland conservation and management	6	1,804
Creation of new native woodland	137	7,223
Access, recreation and education	118	44
	546	9,383

Notes to the accounts (continued)

For the year ended 31 December 2009

10. OTHER FIXED ASSETS

<i>The Group and the Charity:</i>	Total £'000	Buildings £'000	Computer Equipment £'000	Office Equipment £'000	Plant & Machinery £'000
Cost or donated value					
At 1 January 2009	2,447	542	1,413	298	194
Additions	1,336	1,013	321	-	2
Disposals	(508)	-	(508)	-	-
At 31 December 2009	3,275	1,555	1,226	298	196
Depreciation					
At 1 January 2009	1,625	-	1,177	270	178
Charge for the year	161	-	144	12	5
Disposals	(508)	-	(508)	-	-
At 31 December 2009	1,278	-	813	282	183
Net book value					
At 31 December 2009	1,997	1,555	413	16	13
At 31 December 2008	822	542	236	28	16

Included in fixed assets are £176k (2008: £nil) of information systems in development which are not depreciated, because depreciation is appropriate only when assets are in operational use.

11. INVESTMENTS

<i>The Group and the Charity:</i>	2009 £'000	2008 £'000
Investments at market value		
Permanent endowments	7,015	6,198
Designated funds	9,031	5,992
Restricted funds	9,498	8,801
	25,544	20,991

	Cost		Valuation	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Investments consist of:				
Cash held as part of investments	140	152	140	153
UK listed investments	1,185	1,207	1,139	1,190
Overseas listed investments	5,028	3,362	5,207	3,062
Other UK authorised investments	18,795	17,218	19,058	16,567
Other overseas authorised investments	-	20	-	19
	25,148	21,959	25,544	20,991

	2009 £'000	2008 £'000
The movement on valuation of investments is as follows:		
Market value at 1 January	20,991	25,310
Acquisitions	6,290	2,988
Sales proceeds	(2,930)	(4,951)
Net investment gains/(losses)	1,193	(2,356)
Market value at 31 December	25,544	20,991
Cost at 31 December	(25,148)	(21,959)
Unrealised investment gains/(losses) at 31 December	396	(968)
Realised investment losses in the year	(171)	(139)

Notes to the accounts (continued)

For the year ended 31 December 2009

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 £16.8m (2008: £13.1m) invested in short-term liquidity deposits.

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	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Livestock and stores	147	137	147	137
Raw materials and consumables	76	102	-	-
	223	239	147	137

13. DEBTORS

	Group		Charity	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Legacies receivable	4,097	3,705	4,097	3,705
Grants receivable	1,679	1,878	1,679	1,878
Trade debtors	524	599	100	212
Amounts owed from subsidiaries	-	-	1,033	997
Other debtors	631	870	434	855
Prepayments and accrued income	959	594	662	315
	7,890	7,646	8,005	7,962

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade creditors	1,762	1,975	1,749	1,975
Payments received on account of future projects	77	16	77	16
Taxation and Social Security	191	205	191	190
Amounts owed to subsidiaries	-	-	44	99
Other creditors	71	19	71	19
Accruals and deferred income	101	116	48	57
	2,202	2,331	2,180	2,356

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

<i>The Group and the Charity</i>	2009	2008
	£'000	£'000
Other creditors	49	1

Notes to the accounts (continued)

For the year ended 31 December 2009

16. MOVEMENT ON FUNDS

Unrestricted Funds	Balance at	Movement in Funds:			Balance at
	1 January 2009 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	31 December 2009 £'000
General Fund					
Other	9,285	18,650	(14,249)	(2,616)	11,070
New building and IS development	-	-	-	1,189	1,189
	9,285	18,650	(14,249)	(1,427)	12,259
Designated Funds					
Strategic Investment Fund	1,235	-	(1,235)	5,012	5,012
Strategic Investment Fund re new building and IS development	5,264	-	-	(1,189)	4,075
	6,499	-	(1,235)	3,823	9,087

The purpose and structure of the Trust's Unrestricted Funds is described in the Report of the Directors' on pages 12-13.

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

Restricted Funds	Balance at	Movement in Funds			Balance at
	1 January 2009 £'000	Incoming Resources £'000	Gains/ Expenses £'000	Transfers £'000	31 December 2009 £'000
Woodland and land	62,248	1,219	(32)	(698)	62,737
Woodland management fund	4,577	752	(903)	95	4,521
Restricted legacies	3,954	1,759	-	(1,662)	4,051
Woods on Your Doorstep (Northern Ireland)	516	2	(185)	-	333
Various other funds	455	3,126	(2,365)	(16)	1,200
	71,750	6,858	(3,485)	(2,281)	72,842

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.

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.

The Woodland Management Fund consists of unspent income associated with specific sites. The Woodland Management Fund includes unrealised gains of £0.2m (2008: unrealised losses of £(0.2)m).

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 2009

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 2009 amounted to £510k (2008: £1,256k) and £616k (2008: £1,158k) was expended leaving a balance at 31 December 2009 of £52k (2008: £158k), which will be applied to future costs.

Permanent Endowments	Balance at	Movement in Funds			Balance at
	1 January 2009 £'000	Incoming Resources £'000	Net Investment Gains £'000	Transfers £'000	31 December 2009 £'000
Glenrothes	2,850	50	444	(66)	3,278
Livingston	1,381	-	209	(50)	1,540
Warrington and Runcorn	1,012	-	156	-	1,168
Preston and Chorley	837	-	128	1	966
	6,080	50	937	(115)	6,952

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 gains of £0.9m (2008: unrealised losses of £0.7m). The transfers are a drawdown to contribute to woodland management costs.

Analysis of Transfers between Funds	General Fund	Strategic Investment Fund	Woodland & Land	Woodland Management	Restricted Legacies	Other Restricted Funds	Endowments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Funding for strategic investments	(2,910)	2,910	-	-	-	-	-
Funding for new building and IS development	1,189	(1,189)	-	-	-	-	-
Cost of disposals of woodland and land	25	-	(25)	-	-	-	-
Refund of initial funding for acquisitions	-	607	(607)	-	-	-	-
Surplus funds on acquisitions	-	-	(70)	70	-	-	-
Net transfer of income	(7)	-	-	7	-	-	-
Restricted income for cost of acquisitions	13	-	(13)	-	-	-	-
Restricted legacies for acquisitions	-	1,495	17	-	(1,512)	-	-
Legacies for woodland operations	132	-	-	18	(150)	-	-
Endowment drawdown for woodland management	115	-	-	-	-	-	(115)
Funds for future projects not yet recognised	16	-	-	-	-	(16)	-
Total Transfers	(1,427)	3,823	(698)	95	(1,662)	(16)	(115)

The transfers from the General Fund are £2,910k designated by Directors for Strategic Investments.

The transfers into the General Fund from the Designated Fund of £1,189k are to fund the new office and IS developments.

During the year we disposed of woodland and land with a cost of £25k to other owners with conservation objectives.

We continued fundraising for the acquisitions of Heartwood, Elmstead Market and Low Burnhall, which resulted in a transfer of £607k to the Strategic Investment Fund.

Notes to the accounts (continued)

For the year ended 31 December 2009

The £70k transfer into the Woodland Management Fund is the transfer of funds raised to help defray the future management costs of sites acquired during the year.

The £7k transfer into the Woodland Management Fund is the net transfer of income raised for future management costs of sites.

Costs incurred in the General Fund in relation to acquiring woodland and land was reimbursed by the £13k transfer of restricted income.

£1,495k was transferred from restricted legacies into the Strategic Investment Fund representing legacies used to help fund the acquisition of Heartwood, and a further £17k was transferred from restricted legacies to woodland and land for other acquisition projects. £150k was allocated between the General Fund (£132k) and the Woodland Management Fund (£18k) for woodland conservation.

The Endowment Fund is invested on a total return basis, (ie capital growth plus income). The transfer of £115k from the Endowment Fund is the difference in the target total return and the actual income received. This drawdown from capital is transferred to the general fund to contribute towards the cost of managing these sites.

The transfer of £16k is the net release of deferred income.

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 2009 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	64,734	1,997	-	62,737	-
Investments	25,544	-	9,087	9,442	7,015
Cash at bank and in hand	5,000	5,000	-	-	-
Other current assets	8,113	7,323	-	740	50
Liabilities due within one year	(2,202)	(2,012)	-	(77)	(113)
Liabilities due after more than one year	(49)	(49)	-	-	-
Total net assets	101,140	12,259	9,087	72,842	6,952

Restricted tangible fixed assets consist of woodland and land £62,737k (2008: £62,248k).

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 and undertakes farming on some Woodland Trust sites prior to woodland being created. Woodland Trust (Enterprises) Limited was established to undertake sponsorships, commercial activities, lotteries and merchandise sales. Both companies donate their taxable profits to the Woodland Trust. A summary of their trading accounts is shown below. Audited accounts have been filed with the Registrar of Companies.

Notes to the accounts (continued)

For the year ended 31 December 2009

	Enterprises		Farming	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Profit and Loss Account				
Turnover	3,401	3,290	438	115
Cost of sales	(627)	(639)	(88)	(51)
Gross profit	2,774	2,651	350	64
Licence payment to the Woodland Trust	(200)	(140)	-	-
Distribution costs	(88)	(54)	-	-
Administration expenses	(52)	(51)	(1)	(1)
Other operating income	1	-	-	-
Operating profit	2,435	2,406	349	63
Interest receivable	1	12	-	-
Net profit	2,436	2,418	349	63
Payment under Gift Aid to the Woodland Trust	(2,436)	(2,418)	(349)	(63)
Accumulated reserves brought forward	-	-	-	-
Accumulated reserves carried forward	-	-	-	-
Balance Sheet				
Net current assets	868	977	249	93
Net current liabilities	(868)	(977)	(249)	(93)
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.

	2009 £'000	2008 £'000
Land and buildings		
Leases which expire:		
Within one year	63	22
Within two to five years	15	150
After five years	30	31
	108	203
Other		
Leases which expire:		
Within one year	67	30
Within two to five years	159	165
	226	195

20. **CAPITAL COMMITMENTS**

Commitments for expenditure not provided for in these accounts in respect of assets under construction amount to £4,685k (2008: nil).

Notes to the accounts (continued)

For the year ended 31 December 2009

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 £316k (2008: £314k). Included in other creditors is £45k (2008: £nil) in respect of pension schemes.

22. CONTINGENT LIABILITIES

The Directors were not aware of any significant contingent liabilities at 31 December 2009 and 31 December 2008.

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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