

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 2012

PRESIDENT

Clive Anderson

DIRECTORS

Nicola Nicholls, LVO (Chair)
Humphrey Battcock
Jonathan Drori, CBE
Mike Greenwood
William Hobhouse
James Humphreys
Anne Lambert, CMG
Patrick Macdonald
Elliott Mannis
Jeremy Marshall

The directors are also the trustees of the charity.

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

	Page
Chair's report	1
Report of the directors	2-13
Auditors' report	14-15
Consolidated statement of financial activities	16
Consolidated and charity balance sheets	17
Consolidated cash flow statement	18
Notes to the accounts	19-34
Professional advisors	35

CHAIR'S REPORT

For the year ended 31 December 2012

Thanks to our partners, members and supporters 2012 was a year to remember, as we raised more money than ever before – £31.9 million – planted a record 5.6 million trees with the help of over a million children and made many new friends.

It was wonderful to embrace new audiences and raise our profile so dramatically through the far-reaching work of our Jubilee Woods project. This saw us join forces with a vastly diverse range of people from private landowners and local authorities to big businesses, community groups and schools. All wanted to celebrate the historic Jubilee in a way that would enhance their local landscapes and last far into the future, and they came together in their thousands to roll up their sleeves, pick up spades and plant trees. Even Her Majesty The Queen joined in, planting trees at a Jubilee Wood on the Sandringham Estate, and The Princess Royal, as Patron of the project, attended over 20 events right across the UK and planted many Jubilee trees.

Early in the year we acquired our 186-hectare flagship Queen Elizabeth Diamond Jubilee Wood, a stunning site filled with potential in the heart of The National Forest in Leicestershire. Tree planting has already begun here, and in a few short years it will become a flourishing, wildlife-rich forest that generations of visitors can admire and enjoy.

But 2012 also saw increased threats to the UK's woods and trees, making the need for fresh planting more urgent than ever. A new, fungal epidemic emerged as *Chalara* ash dieback, a disease that looks set to wipe out huge numbers of our beautiful native ash trees, was confirmed throughout the UK and in Woodland Trust woods. Other threats include the new high-speed rail project HS2 which will plough through irreplaceable wildlife habitats in 36 woods between London, Birmingham, Manchester and Leeds, while proposed quarries stand poised to destroy precious ancient woodland. And although we budgeted carefully throughout 2012 and exceeded our woodland creation target, the impact of UK-wide belt-tightening limited the scope of our woodland restoration work.

It was our 40th year, and the planting of 5.6 million trees seemed to benefit this special milestone. But to counter the mounting threats we must plant at above historic rates every year or our already sparse tree cover will dwindle to a dangerously low level. And we must work even harder to protect our precious ancient woodland.

We have much on our side: dedicated staff, enthusiastic supporters, extraordinary volunteers and lots of friends and high-profile partners such as Sainsbury's and the Daily Mail, who supported us at unprecedented levels in 2012. With help, we can plant and protect more than ever, but we will require great effort, tireless support and renewed resolve in 2013 and beyond.

To our supporters, who have already helped us make such a huge and lasting difference, I would like to say: thank you so much.



Nicola Nicholls
Chair
22 February 2013

REPORT OF THE DIRECTORS

For the year ended 31 December 2012

The directors have pleasure in presenting their report, together with the audited accounts, for the year ended 31 December 2012. The Chair's Report, which forms part of this report and accounts, appears on page 1.

OBJECTIVES, ACTIVITIES AND ACHIEVEMENTS

Objectives

The Woodland Trust's charitable purpose is enshrined in its Objects in its Memorandum and Articles of Association. This is 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 directors confirm they have complied with the duty in Section 17 of the Charities Act 2011 to have regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

Aims

The Woodland Trust's three key conservation aims are to:

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

Enabling the creation of more native woods and places rich in trees

Woods provide enormous environmental benefits including wildlife habitats, sustaining soil and air quality, flood alleviation, carbon storage and wider benefits to society (such as recreation, health, education and raw materials). The UK remains one of the least wooded countries in Europe with a mere 12% woodland cover. 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 one million to two million hectares. The increased threat from pests and diseases, such as *Chalara* ash dieback, means we must plant more trees and invest in trees that are UK sourced and grown.

Our key strategies are to:

- ◆ work in partnership with landowners and other organisations to create new native woods
- ◆ campaign for more native woodland and more financial support to enable its creation
- ◆ acquire a small number of inspirational flagship sites on which to create new native woodland
- ◆ provide high quality advice and support to anyone wishing to plant trees and create new woodland

In 2012 the Woodland Trust:

- ◆ facilitated the planting of 5.6 million trees and committed a further 0.4 million trees in 2013 (target 6 million trees), to celebrate the Queen's Diamond Jubilee
- ◆ worked in more partnerships with landowners and landowning organisations to inspire them to create 2,244ha (target 1,850ha) native woodland on their land, including sixty 60-acre woods (target sixty 60-acre woods)
- ◆ planted 1.7 million trees (target 1.3 million trees) with schools, youth groups and communities as part of the 6 million trees to be planted to celebrate the Queen's Diamond Jubilee
- ◆ held to account the Northern Ireland Executive who have failed to include forestry in their Programme for Government, despite three manifesto commitments to woodland creation, protection and restoration
- ◆ lobbied the Woodland Expansion Advisory Group in Scotland for an ambitious native woodland target area
- ◆ persuaded the new Welsh Assembly Government to adopt the commitment of the previous government to plant 100,000 hectares of woodland by 2050
- ◆ were successful in getting tree planting to be included in the Welsh Rural Development Plan
- ◆ acquired the 186ha flagship Queen Elizabeth Diamond Jubilee Wood in the heart of the National Forest in Leicestershire
- ◆ provided a wide range of advice to anyone interested in planting trees, including the Defence Estates where 700ha of planting is planned

Report of the directors (continued)

For the year ended 31 December 2012

In 2013 the Woodland Trust aims to:

- ◆ work with UK nurseries to ensure every tree we use is UK-sourced and grown
- ◆ complete the planting of 6 million trees in total, including sixty 60-acre woods, to celebrate the Queen's Diamond Jubilee
- ◆ work in more partnerships with landowners and landowning organisations to inspire them to create 1,850ha native woodland on their land
- ◆ plant 1.3 million trees with schools, youth groups and communities
- ◆ engage selectively in lobbying around the Common Agricultural Policy reforms especially on the format of the new Rural Development Plans for each country, which will shape the way grants are deployed for both protection and creation of woodland
- ◆ promote the value of more woods and trees within the farmed landscape, building a more persuasive case for farmers, who own 73% of the land in the UK, to plant trees
- ◆ acquire a strategically important woodland creation site
- ◆ continue to provide a wide range of advice to anyone interested in planting trees

Protecting native woods, trees and their wildlife for the future

Woodland as a habitat contains some of our best-loved wildlife and an exceptional variety of plants, invertebrates, lichens, fungi and animals. All play a part in the complex web of biodiversity on which human life depends.

Ancient woodland is irreplaceable, having taken many centuries to evolve. Only a 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. What is more, almost half of the UK's ancient woods contain extensive planting of conifers, carried out from the 1930s onwards. There is an opportunity to improve their biodiversity by gradually restoring these woods to predominantly native woodland.

In response to the public outcry generated by the Government's consultation on the disposal of the public forest estate in England, the Government set up an Independent Panel on Forestry in 2011. The Woodland Trust's Chief Executive, Sue Holden, was a member of the panel, which published its report on forests in England during July 2012. The content of the report, taken as a whole, is positive and sympathetic to the Woodland Trust's agenda, with strong recommendations on retaining the public forest estate and the adoption of a woodland expansion target. Our role in 2013 will be to continue our lobbying asks in the wake of the publication of the report.

Our key strategies are to:

- ◆ adopt a landscape scale approach to woodland conservation in the face of climate change
- ◆ seek better protection of all ancient woodland through legislation and planning policy
- ◆ care for more than 1,000 woods covering over 23,100ha that we own or lease throughout the UK
- ◆ work with other landowners to restore their planted ancient woods
- ◆ undertake campaigns to safeguard ancient woods and assist communities to save specific woods through our WoodWatch network
- ◆ help conserve ancient trees and old growth woodland through promoting good practice and stronger legislation

In 2012 the Woodland Trust:

- ◆ successfully lobbied the Government to stop the import of ash trees
- ◆ continued to lobby the Independent Panel on Forestry and governments across the UK to adopt our 'manifesto' for trees and woods
- ◆ maintained our 23,100ha estate to the standards required by our Forest Stewardship Council certified status
- ◆ worked with private landowners to assess 3,948ha (target 4,000ha) of planted ancient woodland for restoration and to commit 1,412ha (target 2,000ha) to restoration
- ◆ secured a successful outcome for at least 74% (target 80%) of completed cases of threatened woods where we have been involved

Report of the directors (continued)

For the year ended 31 December 2012

In 2013 the Woodland Trust aims to:

- ◆ renew efforts to push for our lobbying asks in the wake of the publication of the Independent Panel's report on forestry in England and the policy response from Governance issued January 2013
- ◆ host a major conference, with input from international specialists, to discuss knowledge, issues and impact of ash disease and wider tree health risks on conservation
- ◆ bring scientists and the public together to monitor and protect the UK's trees and woods. Enabling this is a £2 million project bid to the European Union. Together with the National Trust, Forestry Commission and the Food and Environment Research Agency, we have collectively committed £1 million.
- ◆ maintain our estate to the standards required by our Forest Stewardship Council certified status
- ◆ work with private landowners to assess at least 4,000ha of planted ancient woodland for restoration and to commit 2,000ha to restoration
- ◆ influence the interpretation of the national planning framework in England and monitor the impact on woodland loss rates
- ◆ secure a successful outcome for at least 80% of completed cases of threatened woods where we have been involved

Inspiring everyone to enjoy and value woods and trees

We want to help people to be inspired to protect and take action for woods and trees, particularly children who will be their guardians in the future. We would like everyone to have a wood within walking distance of their home.

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 plant trees

In 2012 the Woodland Trust:

- ◆ increased the number of downloads from our websites at over 7 million (target 7 million)
- ◆ had 504,000 (target 450,000) active supporters, including 219,000 (target 247,000) members by the end of the year
- ◆ enabled 1.1 million (target 1 million) people to plant a tree for the Jubilee
- ◆ held 241 (target 270) Jubilee Wood tree planting events engaging 15,000 (target 23,000) people

In 2013 the Woodland Trust aims to:

- ◆ maintain the number of downloads from our websites to over 7 million
- ◆ have 550,000 active supporters, including members and donors
- ◆ complete a further 66 Jubilee Woods tree planting events in Spring engaging 7,900 people

Volunteers

In 2012 our volunteers donated over 429,000 hours of work (2011: 282,000 hours), with an estimated value of £3.4m (2011: £2.6m) – a substantial contribution for which we are very grateful. Volunteers provide a wide variety of business and practical skills that enable us to maximise our resources. There are many ways to get involved with the Trust's work; current opportunities can be found on our website.

Activities and services provided

The Trust's Annual Review and this Annual Report, together with Broadleaf, our magazine for members, provide an overview of our key activities. Our website, www.woodlandtrust.org.uk, provides access to comprehensive information on

Report of the directors (continued)

For the year ended 31 December 2012

our aims, activities and services, and offers many ways in which to get involved and help us achieve our objectives, including:

- ◆ tree diseases and pests (www.treedisease.co.uk)
- ◆ 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 of our policies, position statements and publications
- ◆ details of publicly accessible woods throughout the UK (www.VisitWoods.org.uk)
- ◆ details of our woods, including management plans, maps, blogs and images
- ◆ the ability to buy trees and merchandise through our online shop
- ◆ 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 educational materials for all ages
- ◆ highlighting where ancient woods and trees are threatened by development and how to prevent their destruction through WoodWatch

REVIEW OF THE TRUST'S FINANCIAL POSITION

A detailed breakdown of the Trust's income and expenditure and balance sheet is set out on pages 16 and 17.

Despite the continuing difficult economic conditions, the Trust finished 2012 in a strong financial position and with a solid base for the future. Financial stability and delivering a surplus are important because they help us fund our conservation work.

Incoming resources

In view of the economic situation we were cautious when planning for 2012. We are pleased to report that we achieved a record income of £31.9m (2011: £27.0m). Membership subscriptions generated income of £7.0m (2011: £6.5m). Although the number of members has fallen to 219,000 (2011: 223,000), average donations per member increased.

Legacy income, although lower than 2011, continued to provide a strong contribution of £7.3m (2011: £7.8m).

Income from sponsorship and commercial promotions was £3.3m (2011: £2.1m). Significant sponsors and commercial partners included Sainsbury's Supermarkets, The Daily Mail, IKEA, Hammonds Furniture, Carrylift Group, Waitrose, Highland Spring, Calor Gas, Ronseal and Pearson.

Grant income at £2.9m (2011: £2.5m) is linked to project activity; the level of grant income depends upon the Woodland Trust's planned activities meeting the grant funders' criteria in an increasingly competitive arena.

The donated woods and land includes £1.3m in relation to the Queen Elizabeth Diamond Jubilee site.

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 £1.7m (2011: £1.5m) in tax in 2012, increasing the amount of work we were able to undertake.

Expenditure

Total expenditure, including purchase of woods and land, increased from £26.2m in 2011 to £28.6m in 2012. The creation of new native woodland is a strategic priority and the increase in expenditure on woodland creation reflects this. We have increased the number of woodland creation advisors and delivered 394ha above the 1,850ha target. The analysis of expenditure in the table below includes £3.4m (2011: £0.6m) spent on land acquisition, see page 27 for details.

The summary below shows expenditure relating to our three key conservation aims, together with the cost of governance and raising income.

Report of the directors (continued)

For the year ended 31 December 2012

	Revenue £k	2012 Capital £k	Total £k	Revenue £k	2011 Capital £k	Total £k
Creation of new native woodland	8,229	3,322	11,551	6,986	418	7,404
Protection of native woodland	4,615	58	4,673	4,674	145	4,819
Inspiring people to enjoy woods and trees	6,602	52	6,654	7,094	-	7,094
Conservation expenditure	19,446	3,432	22,878	18,754	563	19,317
Cost of generating funds	5,570	-	5,570	6,633	-	6,633
Governance	180	-	180	211	-	211
Total expenditure	25,196	3,432	28,628	25,598	563	26,161

The expenditure in the protection of native woodland includes the costs incurred in:

- ◆ securing a public inquiry over the planning application which would destroy Oaken Wood in Kent
- ◆ campaigning against the destruction of 36 ancient woods as a consequence of the proposed High Speed 2 route
- ◆ partnership working to encourage the restoration of ancient woods owned by private landowners

We continue to invest in new initiatives under the aim to inspire people to enjoy woods and trees, such as community tree packs and VisitWoods. We have an investment programme for our priority biodiversity and access sites and, during 2012, we invested in eight such sites (2011: seven). We continue to engage schoolchildren in planting trees with an extensive school planting programme and our hedge and copse packs.

In order to deliver our conservation objectives we must engage in fundraising. We invested £5.6m (2011: £6.6m) in various fundraising activities (see note 4 on page 24), generating a record income level for the Trust.

An increase in charitable activities resulted in net income from operations of £6.7m (2011: £1.4m), of which £3.4m (2011: £0.6m) was spent on capital acquisitions of woods and land. In 2012, £0.3m (2011: £0.5m) was spent on completing the new office and updating information systems (see notes 9 and 10 on pages 27 and 28).

We ensure any restrictions placed by donors are adhered to, although restrictions may take some time to fulfil. This is explained in more detail on page 8 and in note 17 on page 30.

Unfortunately, the Trust is unable to recover all of the VAT it pays on its purchases of goods and services. We make great effort to minimise the impact of this but the irrecoverable VAT was £0.5m in 2012 (2011: £0.4m).

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 directors' meeting.

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

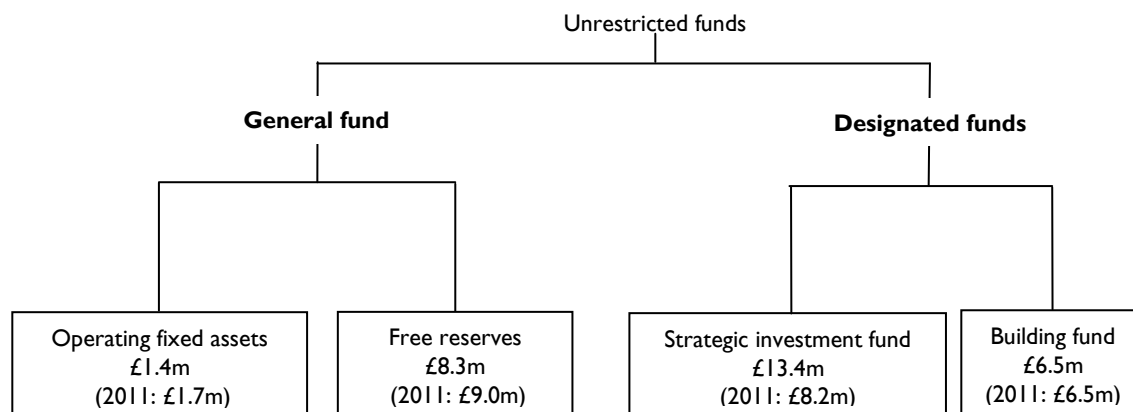
- ◆ Free – can be for any of the Trust's purposes
- ◆ Designated – funds earmarked by the directors for specific purposes
- ◆ Restricted – to be applied to the specific purpose intended by the donor
- ◆ Permanent endowments - cannot be spent, subject to capital restrictions imposed by the donor

Report of the directors (continued)

For the year ended 31 December 2012

Unrestricted funds

The Trust's unrestricted funds at 31 December 2012 comprise general funds and two designated funds.



The general fund consists of operating fixed assets and free reserves. The free reserves are made up of the working capital and a contingency fund.

Free reserves, including debtors and creditors, were £8.3m at 31 December 2012 (2011 £9.0m). Of this, £4.3m (2011 £3.8m) relates to legacy debtors. This reflects the scale of contribution from legacies and the policy for legacy income recognition (see note 1d on page 19). The balance of £4.0m (2011: £5.2m) comprises working capital and a contingency sum to cover operational risks, especially variability in legacy income. Free reserves represent just under six months expenditure, which the directors consider appropriate in the current economic climate.

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 that sufficient unrestricted cash is available to cover peaks and troughs in cash flow and to provide a contingency against unforeseen changes in our finances. Following an assessment of financial risks, the directors consider an appropriate level of unrestricted cash at year end to be £3.0m and, as at the end of 2012, this level was met by transferring the cash surplus of £8.1m (2011: £2.8m) to the strategic investment fund.

The strategic investment fund is a designated fund, which was established to provide initial funds to enable new planned initiatives and to respond to opportunities. This fund has been used to support major initiatives such as large scale woodland creation projects. Projects funded include Heartwood, with a cost of £10.2m, and the Jubilee Woods project, with a cost of £8.0m. Without this funding capability, such projects would not be possible. During 2012, £3.1m (2011: £2.8m) was spent from the strategic investment fund on the new woodland creation advisory team, testing new fundraising initiatives and our website, all in support of major strategic initiatives. In 2012 we have been able to transfer £8.2m (2011: £2.8m) into this fund. Given the nature of the fund and the timing of opportunities, it is not always possible to plan the time horizon for its use. However, amounts designated are generally applied to suitable projects within a five year period.

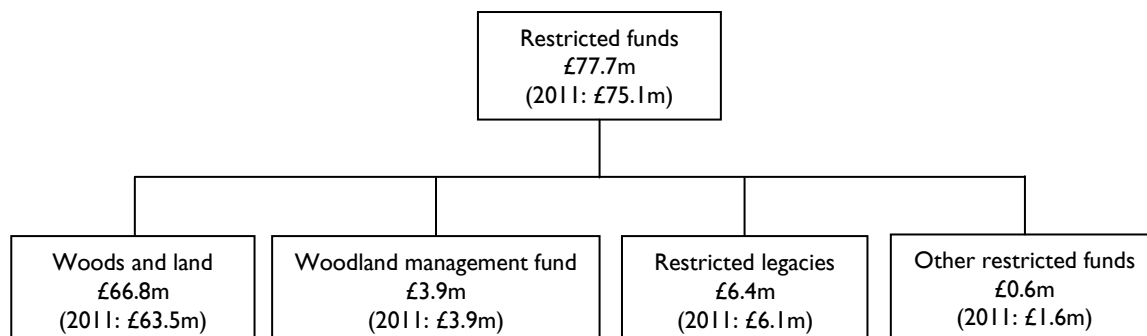
The building fund is a designated fund which represents the cost of the Trust's head office in Grantham. An amount equivalent to the depreciation charge on the head office is transferred into this fund each year to provide for its eventual replacement or refurbishment.

Report of the directors (continued)

For the year ended 31 December 2012

Restricted funds

Total restricted funds stand at £77.8m (2011: £75.1m).



The largest restricted fund at £66.8m (2011: £63.5m) is the cost or donated value of woods and land held by the Trust, which is not intended for resale.

The woodland management fund is unspent income that is associated with specific sites. This fund will be matched against future expenditure in those sites. The fund stands at £3.9m (2011: £3.9m).

Restricted legacies represent those where the testator has restricted use for specific purposes or in specific locations. The Trust actively seeks opportunities to spend these 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. £0.3m was applied during 2012 and the fund now stands at £6.4m (2011: £6.1m).

Other restricted funds include many grants and donations for specific purposes, which will be applied to future costs. The total of these funds stands at £0.6m (2011: £1.6m) of which £0.4m is for the Jubilee Woods project.

Permanent endowment

The permanent endowments represent funds given to the Trust with gifts of woods and land, under terms requiring the funds to be invested permanently to provide income for the future management of these woods and land. These funds stand at £7.6m (2011: £7.1m).

Investments – powers, policy and performance

The Trust's Articles of Association enable 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.

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

Where the Trust's investment managers undertake direct investment they have been requested to take account of environmental/conservation issues in their consideration of investment choice. If they become aware of any obvious conflicts of interest between the Trust's objectives and the objectives/activities of any company whose shares may be acquired for the purpose of investment, they are requested to advise the Trust at the earliest opportunity. It is however recognised that the ultimate responsibility for identifying those, whose activities are in direct conflict with our stated objectives, lies with the Trust.

At the year end the strategic investment fund comprised short-term liquidity deposits, which are separately managed funds under the control of the directors.

Report of the directors (continued)

For the year ended 31 December 2012

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.

The Trust has eight separate restricted funds held with investment managers, and invested on a total return basis. During 2012, the investment market experienced positive growth and the benchmark return was 4% (2011: -0.5%); the actual return achieved was 4.3% (2011: -5.7%). The annual performance was 9.4% against an 8.3% benchmark. As part of a regular review of investment performance we transferred an additional three restricted funds into long term portfolios.

More details on these investments can be found in note 11 on page 28. An analysis of all funds can be found in notes 17-18 to the accounts on pages 30-32.

GOVERNANCE OF THE WOODLAND TRUST

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 three wholly owned trading subsidiaries, Woodland Trust (Enterprises) Limited (Company No 2296645), Woodland Trust Farming Limited (Company No 6360791) and Glen Finglas Farming Limited (Company No SC408716), which is dormant.

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 undertakes 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 19 on page 33.

Registered office

The registered office of the Woodland Trust is Kempton Way, 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 35.

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.

Report of the directors (continued)

For the year ended 31 December 2012

Directors

The directors of the company who served throughout the year and to the date of this report, unless otherwise stated, were:

Humphrey Battcock	Jonathan Drori, CBE	Michael Greenwood
William Hobhouse	James Humphreys	Anne Lambert, CMG
Patrick Macdonald	Elliott Mannis	Jeremy Marshall
Nicola Nicholls, LVO (Chair)		

Humphrey Battcock, Michael Greenwood and Patrick Macdonald were appointed directors on 7 February 2012.

Caroline Goodall retired as a director on 27 April 2012

Robert Brown retired as a director on 10 May 2012

Alison Chmiel retired as a director on 11 September 2012

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

The size of the Board will normally comprise 10-12 directors. Directors are required to retire after four years and may offer themselves up for re-appointment for one further period of four years. A performance review is carried out after year one and year four. The normal term of office for the 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 Board Affairs Committee promotes good governance and effective working of the Board. The following directors served on the Board Affairs Committee throughout the year and to the date of this report:

Anne Lambert (Chair)
Jeremy Marshall
Patrick Macdonald joined the Committee on 10 May 2012

The Finance Committee assists the Board in its duty to supervise the Trust's financial affairs. It also acts as an Audit Committee and an Investment Committee. The following directors served on the Finance Committee throughout the year and to the date of this report:

Elliott Mannis (Chair)
Alison Chmiel retired as a trustee and was co-opted onto the Committee from 12 September 2012
James Humphreys
Humphrey Battcock joined the Committee on 10 May 2012
Caroline Goodall retired from the Committee on 27 April 2012

The Remuneration Committee determines the individual pay, conditions and performance of the chief executive officer and the other senior management team, and the overall pay and conditions of other staff. The following directors served on the committee throughout the year and to the date of this report:

Nicola Nicholls (Chair)
Jonathan Drori
Michael Greenwood joined the Committee on 10 May 2012

Recruitment of directors

Directors are recruited to provide the skills and experience required to govern the Trust. To ensure we attract suitably skilled candidates, vacancies are advertised as appropriate 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 regularly provided with internal and external information relevant to the Trust's governance and make visits to our properties.

Report of the directors (continued)

For the year ended 31 December 2012

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 13 (2011: 12) directors on Board meetings and site visits amounted to £7,729 (2011: £6,276) 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 £5,950 (2011: £5,000).

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
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable 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
- ◆ 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.

ADMINISTRATION OF THE WOODLAND TRUST

Risk Management

The Trust's risk assessment process identifies and prioritises the risks it faces and establishes suitable mitigating controls. The Trust reviews the effectiveness of its controls over risks, and the relevant procedures and 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.

The main categories of risk are:

- ◆ Governance
- ◆ Reputation
- ◆ Financial
- ◆ Regulatory
- ◆ External

Report of the directors (continued)

For the year ended 31 December 2012

The Board considers the gross risk before taking into account the internal and external controls and the residual net risk after internal and external controls are applied. The major net risks relate to external factors beyond the Trust's control, the most significant of which are considered to be:

- ◆ costs arising from major storm damage or the impact of tree diseases
- ◆ a significant downturn in the UK economy which adversely affects certain sources of income
- ◆ changes in specific sources of income over which we have no influence
- ◆ other Government changes to taxation and regulation

Our internal controls are intended to manage rather than eliminate risks, and to give reasonable rather than absolute assurances. The most significant internal risks prior to our system of internal controls are health and safety, changes to key information systems, loss of key staff and security of electronic data. The net risks are all assessed as being acceptable.

The system of internal control includes:

- ◆ a four year strategic plan, approved by the Board in December 2009, which covers the vision, purpose and aims of the Trust, includes a range of key performance indicators and a set of values and behaviours that are 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, sets out the delegated authority of the Finance Committee, the Board Affairs Committee, the Remuneration Committee and the principal officers. The day-to-day management is delegated to the Chief Executive, the management team and other Trust staff.

The management team are:

Chief Executive	Sue Holden
Director of Corporate Services and Company Secretary	Helga Edwards
Policy Director	Hilary Allison
Director of Fundraising	Karl Mitchell
Operations Director	Norman Starks
Director of Supporter Marketing	Helen Nott
Director of Communications	Simon Malcolm

Health and Safety

The Board considers managing the health, safety and wellbeing of our staff, volunteers, suppliers and visitors to our sites as a key 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 Health and Safety Manager.

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. Systems are in place within the Trust to ensure these responsibilities are met. We continue to work closely with 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.

Report of the directors (continued)

For the year ended 31 December 2012

Environmental performance

We have achieved a reduction of 8% in CO₂ emissions per member of staff during the last five years - from 2.05 tonnes to 1.89 tonnes in 2012. This is due to the environmental improvements at our new head office in Grantham as the design of the building and the information system technologies all focus on using less energy, natural ventilation and natural daylight.

Much of what the Trust does has a positive impact, with every million trees planted helping absorb around 200,000 tonnes of CO₂.

We focus on reducing our consumption of raw materials and are keen to see electronic communication replace paper where possible.

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 the Corporation Tax Act 2010.

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, gender, 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

The Trust's work culture is shaped by a set of values and behaviours which were agreed by directors and staff. All staff have a formal performance review each year and have agreed objectives and a personal development plan as well as emphasis on demonstrating the values and behaviours.

We engage on a regular basis with the elected representatives of the Staff Representation Group, which promotes a further two-way communication channel between staff and management. We also communicate through team briefings, weekly updates and other internal communications.

Further information about our culture and values is available on our website www.woodlandtrust.org.uk.

These accounts were approved and authorised for issue by the directors on 22 February 2013 and signed on their behalf by:



Nicola Nicholls
Chair

22 February 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WOODLAND TRUST

We have audited the financial statements of the Woodland Trust for the year ended 31 December 2012 which comprise Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2012 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the Members of the Woodland Trust (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Adam Halsey (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditors
22 February 2013

Fairfax House
15 Fulwood Place
London, WC1V 6AY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2012

	Note	UNRESTRICTED FUNDS		RESTRICTED FUNDS		Total 2012 £'000	Total 2011 £'000
		General Fund £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000		
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary income	2	18,097	-	2,919	-	21,016	19,443
Activities for generating funds	2	3,571	-	750	-	4,321	3,152
Investment income	8	613	-	143	-	756	615
Total incoming resources from generated funds		22,281	-	3,812	-	26,093	23,210
Incoming resources from charitable activities	2	2,847	-	2,832	-	5,679	3,765
Other incoming resources	2	106	-	-	-	106	22
Total incoming resources		25,234	-	6,644	-	31,878	26,997
Less: cost of raising generated funds	4	(4,878)	(677)	(2)	(13)	(5,570)	(6,633)
Governance	6	(180)	-	-	-	(180)	(211)
Net resources available for charitable activities		20,176	(677)	6,642	(13)	26,128	20,153
RESOURCES EXPENDED							
Resources expended on charitable activities							
Creation of new native woodland	4	4,450	2,168	1,611	-	8,229	6,986
Protection of native woodland	4	3,735	100	780	-	4,615	4,674
Inspiring people to enjoy woods and trees	4	5,524	110	968	-	6,602	7,094
Total resources expended on charitable activities		13,709	2,378	3,359	-	19,446	18,754
Net incoming resources from operations before transfers and investment gains		6,467	(3,055)	3,283	(13)	6,682	1,399
Transfers between funds	17	(7,453)	8,262	(822)	13	-	-
Net (losses)/gains on investment assets	11	-	(6)	182	526	702	(783)
Net movements in funds		(986)	5,201	2,643	526	7,384	616
Fund balances brought forward at 1 January		10,663	14,759	75,125	7,054	107,601	106,985
Fund balances carried forward at 31 December	18	9,677	19,960	77,768	7,580	114,985	107,601

This statement of resources expended excludes £3,432k (2011: £563k) of woods 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 (£6,682k) and the net income for the year (£6,691k), as defined under the Companies Act, are realised losses on investments of £(4)k which are reflected within net losses on investment assets and expenditure within the endowment funds of £13k.

Total incoming resources is £31,878k (2011: £26,997k).

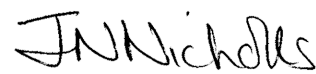
Total resources expended is £25,196k (2011: £25,598k). See note 4.

The notes on pages 19 to 34 form part of these accounts.

BALANCE SHEETS AT 31 DECEMBER 2012

	Note	Group		Charity	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
Fixed assets					
Tangible assets:					
♦ Woods and land	9	66,819	63,483	66,819	63,483
♦ Other fixed assets	10	7,674	8,131	7,674	8,131
		<u>74,493</u>	<u>71,614</u>	<u>74,493</u>	<u>71,614</u>
Investments	11	31,356	26,306	31,356	26,306
		105,849	97,920	105,849	97,920
Current assets					
Land for planting and resale	12	359	548	359	548
Stocks	13	150	183	109	108
Debtors	14	9,144	8,513	9,091	8,699
Short-term deposits		1,000	1,000	1,000	1,000
Cash at bank and in-hand		1,990	2,000	1,837	1,872
		<u>12,643</u>	<u>12,244</u>	<u>12,396</u>	<u>12,227</u>
Creditors					
Amounts falling due within one year	15	(3,467)	(2,514)	(3,220)	(2,497)
		<u>9,176</u>	<u>9,730</u>	<u>9,176</u>	<u>9,730</u>
Net current assets					
		115,025	107,650	115,025	107,650
Total assets less current liabilities					
		114,985	107,601	114,985	107,601
Creditors					
Amounts falling due after more than one year	16	(40)	(49)	(40)	(49)
		<u>114,985</u>	<u>107,601</u>	<u>114,985</u>	<u>107,601</u>
Net assets	18				
		114,985	107,601	114,985	107,601
Financed by:					
Unrestricted funds:					
♦ General fund	17	9,677	10,663	9,677	10,663
♦ Designated funds	17	19,960	14,759	19,951	14,759
Restricted funds	17	77,768	75,125	77,777	75,125
Permanent endowments	17	7,580	7,054	7,580	7,054
		<u>114,985</u>	<u>107,601</u>	<u>114,985</u>	<u>107,601</u>

These accounts were approved and authorised for issue by the directors on 22 February 2013 and signed on their behalf by:


Nicola Nicholls
Chair

The notes on pages 19 to 34 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2012

	2012 £'000	2011 £'000
Net cash inflow from operating activities	5,678	1,927
Returns on investments and servicing of finance		
Investment income	756	615
Capital expenditure and financial investment		
Purchase of woods and land	(1,965)	(508)
Purchase of fixed assets	(289)	(505)
Purchase of investments (see note 11)	(7,718)	(5,446)
Sale of land	152	-
Sale of fixed assets	6	223
Sale of investments (see note 11)	3,370	3,694
Net cash flow from capital expenditure and financial investment	(6,444)	(2,542)
Reconciliation of net cash flow to movement in net funds		
Net movement in cash in the year	(10)	-
Net funds at 1 January	3,000	3,000
Net funds at 31 December	2,990	3,000

	2012 £'000	2011 £'000
(a) Reconciliation of net incoming resources to net cash inflow from operations		
Net incoming resources from operations	6,682	1,399
Depreciation:		
♦ Woods and land	32	32
♦ Other fixed assets	736	712
(Profit)/loss on disposal of woods and land	(88)	87
(Profit)/loss on disposal of other fixed assets	4	-
Investment income	(756)	(615)
Decrease/(Increase) in land stock	189	(466)
Decrease in stock	33	57
(Increase)/Decrease in debtors	(631)	889
Increase/(Decrease) in creditors	944	(113)
Donated woods and land	(1,467)	(55)
Net cash inflow from operating activities	5,678	1,927

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

	At 1 January 2012 £'000	Cash Flows 2012 £'000	At 31 December 2012 £'000
Short-term deposits	1,000	-	1,000
Cash at bank and in-hand	2,000	(10)	1,990
	3,000	(10)	2,990

The notes on pages 19 to 34 form part of these accounts.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

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. Glen Finglas Farming Limited is excluded from the consolidated accounts as it is dormant.

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 woods and land purchased and donated have 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 in which 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 2012

ACCOUNTING POLICIES (continued)

Incoming resources (continued)

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

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

e) Resources expended

Costs of generating funds

These are costs incurred in generating the income analysed in note 2 (page 22) to the accounts. These costs are analysed in notes 4 and 5 (pages 24 and 25) 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 (page 25) to the accounts.

Resources expended on charitable activities

Expenditure is allocated as follows:

- ◆ **Creation of new native woodland** – direct expenditure includes the cost of planting trees, maintaining new woodland, financial support and the supply of trees to other landowners
- ◆ **Protection of native woodland** – direct expenditure includes the restoration of planted ancient woods, woodland management and research, and lobbying to improve the degree of protection for ancient woods and ancient trees
- ◆ **Inspiring people to enjoy woods and trees** – 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 (pages 25 and 26) 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 three 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 2012

ACCOUNTING POLICIES (continued)

f) **Depreciation**

Depreciation is not provided on freehold and long leasehold woods 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. Depreciation is charged from the date of occupancy at 2% per annum on cost.

Fixed assets with a cost of more than £1,000 are capitalised and depreciated. Depreciation is charged from the date of purchase to the date of disposal. Depreciation has been charged at 20% per annum on cost for office equipment and 25% per annum on cost for computers, plant and machinery and motor vehicles. Depreciation is charged only when assets are brought into operational use.

g) **Woods and land**

The value of donated land is disclosed in note 9 (page 27) to the accounts. Each site is valued in line with open market land values at the time of transfer to the Trust.

All woods and land purchased have 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 includes 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) **Land for planting and resale**

Land for planting and resale is held at the lower of cost and net realisable value. Amounts recognised represent the net cost to the Trust of acquiring the land and its subsequent planting as woodland prior to sale.

j) **Stocks**

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

k) **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 2012 this amounted to £482k (2011: £377k).

Recognition of liabilities is on an accruals basis.

Notes to the accounts (continued)
For the year ended 31 December 2012

2. **INCOMING RESOURCES**

	Unrestricted General Funds £'000	Restricted Funds £'000	Total 2012 £'000	Total 2011 £'000
INCOMING RESOURCES FROM GENERATED FUNDS				
Voluntary income				
Legacies	6,880	461	7,341	7,823
Membership subscriptions	7,026	-	7,026	6,536
Fundraising and appeals	2,900	1,715	4,615	3,798
Company donations, charitable trusts and landfill tax	1,291	743	2,034	1,286
Total voluntary income	18,097	2,919	21,016	19,443
Activities for generating funds				
Sponsorship income	2,513	750	3,263	2,101
Lotteries	768	-	768	728
Merchandise income	290	-	290	323
Total income from activities for generating funds	3,571	750	4,321	3,152
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES				
Grants	1,534	1,392	2,926	2,451
Woodland management income	1,278	9	1,287	1,259
Donated woods and land	35	1,431	1,466	55
Total income from charitable activities	2,847	2,832	5,679	3,765
OTHER INCOMING RESOURCES				
Other income	106	-	106	22
	106	-	106	22

Included in fundraising and appeals is £0.1k (2011: £0.1k) gifts in kind.

Included in fundraising and appeals is £152k (2011: £158k) received from the People's Postcode Lottery.

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 £3.2m (2011: £1.6m).

Notes to the accounts (continued)

For the year ended 31 December 2012

3. GRANTS

The following organisations provided grants:	2012 £'000	2011 £'000
Forestry Commission	1,599	970
Scottish Government Rural Payments and Inspections Directorate	326	226
Natural England	312	517
Heritage Lottery Fund	152	348
Local Authorities	138	162
National Forest Company	116	-
Countryside Council for Wales	75	13
Northern Ireland Environment Agency	58	78
BP	45	-
Rural Payment Agencies	42	13
Welsh Assembly Government	17	13
Scottish Natural Heritage	11	12
Lily Matthews Fund at the Community Foundation	5	-
Department of Agriculture and Rural Development	4	14
DEFRA	4	3
RSPB Scotland	4	-
The Land Trust	3	-
European Structural Funds	2	8
The Tubney Charitable Trust	-	58
Yorkshire Dales Millennium Trust	-	10
Access to Volunteering Fund	-	3
Welsh Council for Voluntary Action	-	2
Other grant providers (2011: 0)	13	-
	2,926	2,450

Of those listed above, £1,392k (2011: £1,132k) 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 2012

4. TOTAL RESOURCES EXPENDED	Direct £'000	Support £'000	2012 £'000	2011 £'000
Costs of generating funds				
<i>Costs of generating voluntary income</i>				
Membership	2,353	386	2,739	3,714
Fundraising and appeals	633	104	737	824
Company donations, charitable trusts and landfill tax	748	123	871	927
Legacies	136	22	158	141
	3,870	635	4,505	5,606
<i>Fundraising trading costs</i>				
Sponsorship	333	55	388	440
Merchandise	403	66	469	369
Lotteries	166	27	193	197
	902	148	1,050	1,006
<i>Investment management costs</i>	15	-	15	21
Costs of generating funds	4,787	783	5,570	6,633
Governance	155	25	180	211
Charitable activities				
Creation of new native woodland	7,063	1,166	8,229	6,986
Protection of native woodland	3,947	668	4,615	4,674
Inspiring people to enjoy woods and trees	5,667	935	6,602	7,094
	16,677	2,769	19,446	18,754
Total resources expended	21,619	3,577	25,196	25,598

This statement of resources expended excludes £3,432k (2011: £563k) of woods and land acquired and capitalised as per note 9 (page 27).

Notes to the accounts (continued)

For the year ended 31 December 2012

5. SUPPORT COSTS	Premises	Depreciation	Finance & IS	Human Resources	Management & Other	2012	2011
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Generating income resources	65	162	426	81	49	783	955
Charitable expenditure							
♦ Creation of new native woodland	96	246	630	122	72	1,166	693
♦ Protection of native woodland	54	155	352	67	40	668	1,013
♦ Inspiring people to enjoy woods and trees	77	197	506	97	58	935	1,008
	227	598	1,488	286	170	2,769	2,714
Governance	2	5	14	2	2	25	30
Total support costs	294	765	1,928	369	221	3,577	3,699

6. GOVERNANCE OF THE CHARITY	2012	2011
	£'000	£'000
Staff costs	124	155
Audit and professional fees	19	20
Trustees' expenses	8	5
Other costs	1	1
Support costs	28	30
	180	211

The directors of the company, who comprise its Board, did not receive any remuneration during the period. Travelling and subsistence expenses incurred by 13 (2011: 12) directors on Board business amounted to £8k (2011: £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.

	2012	2011
	£'000	£'000
The surplus for the year is after charging:		
♦ Salaries and wages	8,016	7,870
♦ Social Security costs	776	790
♦ Other pension costs	354	328
	9,146	8,988
Depreciation	768	744
Auditors' fees and expenses:		
♦ Audit work	19	19
♦ Other services	-	1
Rentals under operating leases:		
♦ Land and buildings	76	72
♦ Other	421	351
Irrecoverable Value Added Tax	482	377

Notes to the accounts (continued)

For the year ended 31 December 2012

Employees and volunteers

The average number of employees during the year was 291 (2011: 291). The average number of employees, analysed by function, was:

	2012 Total	2011 Total
Charitable activities	194	188
Fundraising	55	56
Governance and support	42	47
	291	291

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 of our volunteers. In 2012 volunteers contributed over 429,000 hours with an ascribed value of £3.4m (2011: 282,000 hours, value £2.6m), 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	
	2012	2011
90,000-99,999	1	1
70,000-79,999	1	1
60,000-69,999	2	2

All employees earning more than £60k participated in the Woodland Trust's defined contribution pension scheme. Contributions of £28k (2011: £31k) were made during the year for these employees by the company.

8. INVESTMENT INCOME

	2012 £'000	2011 £'000
Income from investments was as follows:		
Income from UK listed investments (including unit trusts and common investment funds)	724	599
Bank interest receivable	18	16
Income from overseas listed investments (including unit trusts and common investment funds)	14	-
	756	615

Notes to the accounts (continued)

For the year ended 31 December 2012

9. FIXED ASSETS - WOODS 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	£'000
Cost or donated value							
At 1 January 2012	63,803	51,979	873	183	5,576	4,209	983
Additions for the year	3,432	3,327	-	-	105	-	-
Disposals for the year	(64)	(21)	-	-	(43)	-	-
At 31 December 2012	67,171	55,285	873	183	5,638	4,209	983
Depreciation							
At 1 January 2012	320	-	-	28	-	-	292
Charge for the year	32	-	-	4	-	-	28
At 31 December 2012	352	-	-	32	-	-	320
Net book value							
At 31 December 2012	66,819	55,285	873	151	5,638	4,209	663
At 31 December 2011	63,483	51,979	873	155	5,576	4,209	691

In addition the Trust currently leases to others 39ha (2011: 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:

	2012 £'000	2011 £'000
Creation of new native woodland	3,322	418
Protection of native woodland	58	145
Inspiring people to enjoy woods and trees	52	-
	3,432	563

Notes to the accounts (continued)

For the year ended 31 December 2012

10. **OTHER FIXED ASSETS**

<i>The group and the charity:</i>	Total	Buildings	Computer Equipment & Software	Office Equipment & Furniture	Plant & Machinery
	£'000	£'000	£'000	£'000	£'000
Cost or donated value					
At 1 January 2012	9,894	6,554	2,741	374	225
Additions	289	-	182	-	107
Transfers	-	-	11	(6)	(5)
Disposals	(64)	(9)	-	-	(55)
At 31 December 2012	10,119	6,545	2,934	368	272
Depreciation					
At 1 January 2012	1,763	154	1,305	127	177
Charge for the year	736	129	517	63	27
Disposals	(54)	-	-	-	(54)
At 31 December 2012	2,445	283	1,822	190	150
Net book value					
At 31 December 2012	7,674	6,262	1,112	178	122
At 31 December 2011	8,131	6,400	1,436	247	48

11. **INVESTMENTS**

<i>The group and the charity:</i>	2012 £'000	2011 £'000
Investments at market value		
Permanent endowments	7,580	7,054
Designated funds	13,544	8,359
Restricted funds	10,232	10,893
	31,356	26,306

	Cost		Valuation	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Investments consist of:				
Cash held as part of investments	1,322	98	1,322	98
UK listed investments	5,645	3,235	5,870	3,273
Overseas listed investments	4,079	3,165	4,639	3,203
Other UK authorised investments	19,521	19,725	19,525	19,732
	30,567	26,223	31,356	26,306

	2012 £'000	2011 £'000
The movement on valuation of investments is as follows:		
Market value at 1 January	26,306	25,337
Acquisitions	7,718	5,446
Sales proceeds	(3,370)	(3,694)
Net investment gains/(losses)	702	(783)
Market value at 31 December	31,356	26,306
Cost at 31 December	(30,567)	(26,223)
Unrealised investment gains/(losses) at 31 December	789	83
Realised investment (losses)/gains in the year	(4)	18

Notes to the accounts (continued)

For the year ended 31 December 2012

Investment advisors are appointed to assist with the management of the Trust's investment portfolios. As at 31 December 2012, £6.5m was held in a Common Investment Fund and £6.3m was held in a diversified portfolio composed entirely of pooled funds. Included in "Other UK Authorised Investments" is £18.5m (2011: £17.4m) invested in short-term deposits.

The Woodland Trust owns the entire issued share capital (100 ordinary shares of £1) in its three subsidiaries, Woodland Trust (Enterprises) Limited, Woodland Trust Farming Limited, which are incorporated in England; and Glen Finglas Farming Limited, which is incorporated in Scotland. Glen Finglas Farming Limited is dormant. Details of the trading activities of the two active subsidiaries are set out in note 19 (page 33) to the accounts.

12. LAND PURCHASED FOR RESALE

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Land available for resale	359	548	359	548

Land available for resale represents woodland purchased for planting and onward sale in due course under the Trust's Purchase, Plant and Pass On scheme. This programme is intended to create new woodland at no net cost to the Woodland Trust and to provide an opportunity for new owners to get involved in woodland management.

13. STOCKS

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Livestock and stores	109	108	109	108
Raw materials and consumables	41	75	-	-
	150	183	109	108

14. DEBTORS

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Legacies receivable	4,270	4,582	4,270	4,582
Grants receivable	1,919	1,261	1,448	1,106
Trade debtors	958	563	393	175
Amounts owed from subsidiaries	-	-	1,392	1,059
Other debtors	399	396	462	396
Prepayments and accrued income	1,598	1,711	1,126	1,381
	9,144	8,513	9,091	8,699

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade creditors	2,838	1,988	2,762	1,920
Payments received on account of future projects	-	5	-	5
Taxation and Social Security	218	210	218	210
Amounts owed to subsidiaries	-	-	29	34
Other creditors	15	56	15	56
Accruals and deferred income	396	255	196	272
	3,467	2,514	3,220	2,497

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

	2012 £'000	2011 £'000
<i>The group and the charity</i>		
Other creditors	40	49

Notes to the accounts (continued)

For the year ended 31 December 2012

17. MOVEMENT ON FUNDS

Unrestricted funds	Balance at	Movement in funds			Balance at
	1 January 2012 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	31 December 2012 £'000
General fund	10,663	25,234	(18,767)	(7,453)	9,677
Designated funds					
Strategic investment fund	8,205	-	(2,932)	8,133	13,406
Building fund	6,554	-	(129)	129	6,554
	14,759	-	(3,061)	8,262	19,960

The purpose and structure of the Trust's unrestricted funds is described in the Report of the directors on page 7. The general fund represents working capital and operating fixed assets and is analysed in note 18 (page 32). The transfers are explained on page 31.

Restricted funds	Balance at	Movement in funds			Balance at
	1 January 2012 £'000	Gains/ incoming resources £'000	Losses/ resources expended £'000	Transfers £'000	31 December 2012 £'000
Woods and land	63,483	3,937	(606)	5	66,819
Woodland management fund	3,932	603	(990)	391	3,936
Restricted legacies	6,157	593	-	(312)	6,438
Various other funds	1,553	1,693	(1,765)	(906)	575
	75,125	6,826	(3,361)	(822)	77,768

The woods and land fund comprise the capital costs of the woods purchased and the value of donated woods and land. Where an acquisition of woods 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. The Trust actively seeks 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 £0.12m (2011: unrealised losses of £0.17m).

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 2012 amounted to £549k (2011: £603k) and £549k (2011: £603k) was expended leaving a balance at 31 December 2012 of £16k (2011: £16k), which will be applied to future costs.

Notes to the accounts (continued)

For the year ended 31 December 2012

Permanent endowments	Movement in funds				Balance at 31 December 2012 £'000
	Balance at 1 January 2012 £'000	Gains/ Incoming Resources £'000	Expended Resources £'000	Transfers £'000	
	Glenrothes	3,293	251	(7)	
Livingston	1,572	119	(3)	3	1,691
Warrington and Runcorn	1,192	90	(2)	2	1,282
Preston and Chorley	997	66	(1)	1	1,063
	7,054	526	(13)	13	7,580

The permanent endowments represent funds given to the Trust with gifts of woods 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 woods and land. These funds include unrealised gains of £0.5m (2011: unrealised losses of £0.8m). Income is transferred from the general fund for investment management fees.

Analysis of transfers between funds	Note	General fund	Strategic investment fund	Building fund	Woods & land	Woodland management	Restricted legacies	Other restricted funds	Endowments
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Funding for strategic investments	1	(8,133)	8,133	-	-	-	-	-	-
Building fund	2	(129)	-	129	-	-	-	-	-
Surplus funds on acquisitions	3	59	-	-	(59)	-	-	-	-
Endowment drawdown for management fees	4	(13)	-	-	-	-	-	-	13
Restricted income for cost of acquisitions	5	451	-	-	64	391	-	(906)	-
Legacies for woodland operations & future acquisitions	6	312	-	-	-	-	(312)	-	-
Total transfers		(7,453)	8,133	129	5	391	(312)	(906)	13

Notes

- The transfer from the general fund of £8.2m was designated by the directors for strategic investments.
- An amount of £129k equivalent to the depreciation charge on the Head Office at Grantham has been transferred to the building fund to provide for its eventual replacement.
- £59k was transferred from the woods and land fund to reflect the transfer of leased woodland to third parties.
- The endowment fund is invested on a total return basis, (ie capital growth plus income). £13k was transferred from the general fund to cover management fees.
- £906k of funds received during 2011 were transferred from other restricted funds to match expenditure recorded in other funds in accordance with the terms of their restriction, £451k into the general fund to offset costs of planting woodland in 2012, £64k into the woods and land fund towards the purchase of the Queen Elizabeth Diamond Jubilee Wood, and the remaining £391k surplus on acquisition was transferred into the woodland management fund to meet future management costs on the site.
- An amount of £312k was transferred from restricted legacies to the general fund for woodland conservation in accordance with legators' wishes.

Notes to the accounts (continued)

For the year ended 31 December 2012

18. 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 2012 are represented by:

	Total Funds £'000	Unrestricted Funds		Restricted Funds	
		General Fund £'000	Designated Fund £'000	Restricted Fund £'000	Permanent Endowments £'000
Tangible fixed assets	74,493	1,412	6,262	66,819	-
Investments	31,356	-	13,544	10,232	7,580
Cash at bank and in hand	2,990	2,990	-	-	-
Other current assets	9,653	8,782	154	717	-
Liabilities due within one year	(3,467)	(3,467)	-	-	-
Liabilities due after more than one year	(40)	(40)	-	-	-
Total net assets	114,985	9,677	19,960	77,768	7,580

Restricted tangible fixed assets consist of woods and land £66,819k (2011: £63,483k).

Notes to the accounts (continued)

For the year ended 31 December 2012

19. 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 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. Within cost of sales and administration expenses are £385k and £47k (2011: £385k and £47k) paid to the Woodland Trust. 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. Glen Finglas Farming Limited was incorporated in Scotland on 5 October 2011 and is a wholly owned dormant subsidiary.

	Enterprises		Farming	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Profit and loss account				
Turnover	4,249	3,127	975	651
Cost of sales	(600)	(583)	(132)	(129)
Gross profit	3,649	2,544	843	522
Licence payment to the Woodland Trust	(200)	(203)	-	-
Distribution costs	(46)	(67)	-	-
Administration expenses	(114)	(103)	(1)	(2)
Other operating income	-	1	-	-
Operating profit	3,289	2,172	842	520
Interest receivable	1	1	-	-
Net profit	3,290	2,173	842	520
Payment under Gift Aid to the Woodland Trust	(3,290)	(2,173)	(842)	(520)
Accumulated reserves brought forward	-	-	-	-
Accumulated reserves carried forward	-	-	-	-
Balance sheet				
Net current assets	1,222	945	513	221
Net current liabilities	(1,222)	(945)	(513)	(221)
Net assets	-	-	-	-
Capital and reserves	-	-	-	-

20. 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.

	2012 £'000	2011 £'000
Land and buildings		
Leases which expire:		
Within one year	15	15
Within two to five years	18	19
After five years	32	32
	65	66
Other		
Leases which expire:		
Within one year	84	48
Within two to five years	234	280
	318	328

Notes to the accounts (continued)

For the year ended 31 December 2012

21. CAPITAL COMMITMENTS

Commitments for expenditure not provided for in these accounts in respect of assets under construction amount to £nil (2011: £nil).

22. 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 £354k (2011: £328k). Included in other creditors is £Nil (2011: £48k) in respect of pension schemes.

23. CONTINGENT LIABILITIES

The directors were not aware of any significant contingent liabilities at 31 December 2012 and 31 December 2011.

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

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