

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 2013

President

Clive Anderson

Directors

Nicola Nicholls, LVO (Chair)

Humphrey Battcock

Jonathan Drori, CBE

Mike Greenwood

James Humphreys

Anne Lambert, CMG

Patrick Macdonald

Elliott Mannis

Jeremy Marshall

Tim Rollinson, CBE (appointed 12 September 2013)

Richard Sykes (appointed 12 September 2013)

The directors are also the trustees of the charity.

Chief Executive Officer

Sue Holden (resigned 31 December 2013)

Board Affairs Committee

Anne Lambert (Chair)

Jeremy Marshall

Patrick Macdonald

Finance Committee

(also acting as an audit committee and investment committee)

Elliott Mannis (Chair)

James Humphreys

Humphrey Battcock

Richard Sykes (appointed 12 September 2013)

Remuneration Committee

Nicola Nicholls (Chair)

Jonathan Drori

Michael Greenwood

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.
Registered charity numbers: 294344 and SC038885.

Registered office:
Kempton Way
Grantham
Lincolnshire
NG31 6LL

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 2013

Firstly, I would like to say a huge thank you to all those who provided invaluable support this year. Combined with the expertise and passion of our staff, it has enabled the Trust make great progress towards its challenging goal of a UK rich in woodland valued by all.

We have planted over three million new trees, helped hundreds of thousands of children and young people to get involved in our work and inspired an amazing level of generosity from our long-standing supporters – especially gratifying during a year when so many people have faced economic uncertainty.

We have continued to enjoy the patronage of HRH The Princess Royal for Jubilee Woods and now for our First World War Centenary Woods – and all the benefits such a high-level ambassador brings – and sustained our partnership with Sainsbury's Supermarkets Limited. Sainsbury's provide not only an important source of income, but also access to millions of customers who care about woodland, and influence with one of the key landowner groups, farmers, which could fundamentally change the country's landscape to one with more woods.

But the threats to woodland – natural and human – are ever present. Our swift action to bring together the best brains to work out what to do about tree disease was welcomed by government, conservation charities and industry alike. Similarly, our decision to support tree nurseries via an innovative new seed growing scheme showed real leadership.

And we weren't shy when we needed to point out to politicians that their policies failed to protect our ancient woodland. Campaigns on HS2 and tree disease garnered significant media coverage, great public support and ensured the voice of woods and trees was heard in Westminster.

This year closed with the departure, after nine years, of the Trust's Chief Executive, Sue Holden. I would like to thank Sue for helping the Trust grow into a woodland conservation charity with the scale, capability and stable finances that make it so effective.

As the Trust embarks on a new strategic plan to further create, protect and restore our native woods and trees, I look forward to welcoming our new Chief Executive, Beccy Speight. I am very proud to be the chair of a charity that so many people clearly hold in such high regard. They recognise the benefits that woodland brings, but they also understand how vulnerable it is.

Our woods need champions and last year we saw what our combined efforts can do. I thank you all and look forward to reporting back on what your continued support and our committed staff will achieve in 2014.



J N Nicholls
Chair
27 February 2014

STRATEGIC REPORT

For the year ended 31 December 2013

OBJECTIVES AND ACHIEVEMENTS

The Woodland Trust's vision is 'a UK rich in native woods and trees enjoyed and valued by everyone'.

To achieve that vision in 2013 we focused on three outcomes:

- **creation** of more native woods and places rich in trees
- **protection** of native woods, trees and their wildlife for the future
- **inspiration** of everyone to enjoy and value trees and woods

Set out below is a summary of the activities we said we would carry out and what we actually achieved.

Creation

What did we say we would do?

We said we would ensure that every tree we plant is UK-sourced and we committed to completing the planting of six million trees in our Jubilee Woods. We also stated we would lobby to stop the Common Agriculture Policy reforms having a negative impact on the current woodland planting grant scheme. And we promised to continue to provide advice to anyone interested in planting trees.

What impact did we make?

- By signing contracts to collect and grow seeds in the UK for up to three million trees, we have guaranteed the future provenance of our stock. At the same time, we have given the nursery trade the support and confidence to invest in growing more of their own stock as opposed to importing it. We have clearly demonstrated a pro-active approach to tackling the constant threat of tree disease and signalled our intent to support UK tree nurseries for the long-term while demanding higher standards of production.
- By its conclusion, our Jubilee Woods initiative had massively exceeded expectations. We delivered nearly nine million new trees in the ground, including a 500-acre flagship new Queen Elizabeth Diamond Jubilee Wood, nearly 70 smaller 60-acre Diamond and Princess Woods and 400 one-acre Jubilee Woods.
- Through direct lobbying of the Department for Environment, Food and Rural Affairs (Defra) and the Forestry Commission and our media work, we raised the profile of the potential negative impact of the two-year funding gap in woodland grants in England resulting from the Common Agricultural Policy reforms. We also created a strong case for the positive role woodland expansion could play in the new Country Rural Development Plans and succeeded in persuading government to reinstate grants for 2014/15.
- We have given advice to hundreds of landowners, highlighting the benefits trees provide such as the production of firewood or shelter for livestock. Our overall planting figures for the year achieved our target of 2,000 hectares, of which 529 hectares was planted in Scotland.
- The new Forestry Woodland Policy Statement for England in January included an aspiration from government to increase woodland cover from 10% to 12% by 2060 which will require a doubling of current planting rates.

Protection

What did we say we would do?

In the light of the outbreak of ash dieback, we decided to host a conference to harness the expertise of a wide-range of specialists. We promised to give our support to a partnership initiative between government agencies and voluntary bodies to bring scientists and the public together to monitor and protect the UK's trees and woods from such threats. We also challenged ourselves to increase the area of ancient woodland restored by attracting significant new funds. We committed to maintain our estate to the standards required by our Forest Stewardship Council (FSC) certified status. We would renew our lobbying efforts to influence the interpretation of the National Planning Framework in England and aimed to secure a successful outcome for at least 80% of completed cases of threatened woods where we have been involved. In Scotland we set out to recruit our first volunteers to help us monitor developments affecting native woodland. We decided to use the Native Woodland Survey work by Scottish Government to place greater emphasis on protection.

Strategic Report (continued)

For the year ended 31 December 2013

What impact did we make?

- We moved quickly when the opportunity arose in April to acquire one of the most important ancient woodland restoration sites in the UK. Working in partnership with the National Trust we bought Fingle Wood in Devon. The subsequent fundraising appeal has already delivered well over £2 million towards the acquisition costs.
- Our expert seminar on the impacts and issues around tree disease brought together over 40 senior professionals, from academics and forest pathologists through woodland managers to conservation charities and government agencies. We successfully placed the Trust at the heart of the debate about how to respond to the growing combined threats of pests and diseases, climate impacts and continued habitat fragmentation. It raised our profile and increased our reputation for offering a serious and measured contribution to the tree health debate and in informing emerging thinking on making our natural environment more resilient in the future.
- We played a key part in securing £2 million from the European Union – having persuaded Defra to fund preparatory work to fast-track the development work – to run an exciting citizen science project together with the National Trust, Forestry Commission and the Food and Environment Research Agency to capture tree disease data. Using expert, high-value volunteers it will create an early warning system about the spread and advance of tree disease.
- We were successful in our Planted Ancient Woodland restoration bid to the Heritage Lottery Fund (HLF), securing just under £2 million. This will enable us to recruit a team of project officers and launch an outreach and advice programme nationwide.
- The Trust's estate was audited under the FSC which checks it is managed to the highest social, environmental and economic standards. The FSC standard is aimed at forests and is unsuited to sites which support grazing livestock. Our woods have maintained their certified status.
- Despite massive efforts, we lost the Public Inquiry into the destruction of ancient woodland at Oaken Wood by commercial development. The case got lots of profile, highlighting how the planning system has failed ancient woodland and emphasised the need to renew our efforts to protect this unique precious natural habitat.
- We successfully lobbied the Scottish Government to set up a panel of experts to look at protecting native woodland and trees. The group was established in February 2014, and will go on to make recommendations for action on better protection in the future.

Inspiration

What did we say we would do?

We said we would inspire people to value woods and trees – and the benefits they bring – and ultimately take action to protect and create a wooded landscape. In particular, we wanted to inspire young people, the future guardians of our native woods and trees. We also set out a plan to develop our digital capabilities and presence to take advantage of this increasingly popular communication channel. In Scotland we said we would lead the campaign for a National Tree for Scotland. We would engage MSPs in our work and meet the Minister for the Environment and Climate Change to raise our issues. We would get our message out through a variety of channels to the people of Scotland.

What impact did we make?

- Over 40,000 schools, youth and community groups were involved in the Jubilee Woods initiative which also won the national Charity Awards category for Environmental Projects.
- We distributed over 8,000 free tree packs of which over 60% were used by schools and youth groups to enable children to plant a tree and create a special bond with the cause.
- We overhauled our web platform and launched a new site which won a Plain English Award and achieved over 60% user satisfactions ratings. We anticipate greater efficiency savings from the simplified structure and opportunities to create more personalised on-line experiences for our supporters.
- Our campaigns to have the educational value of trees and woods represented in the national curriculum, and to have the economic value of trees and woods represented in the Government Spending Review, generated over 3,000 and 10,000 responses respectively. We ran 15 campaigns in total on a range of issues which generated over 70,000 supporter actions.
- Our campaign to stop the HS2 development destroying irreplaceable ancient woodland sites received a large amount of media coverage as well as support from key policymakers and community leaders.

Strategic Report (continued)

For the year ended 31 December 2013

- Our VisitWoods project was completed. An objective of this programme was to increase public awareness of woods and we have created the biggest database of accessible woodland for the public to enjoy, driving nearly 2.5 million visitors to its microsite, generating over 8,000 pieces of user-generated content and building partnerships with a range of health and disability organisations to promote the wider social benefits of woods and trees.
- We widened the range and reach of public engagement and improvements on our estate. Nearly 8,000 people took part in planting events at our flagship Heartwood site, while a new autumn lantern event attracted over 3,500 visitors who provided very positive feedback and useful data about the work of the Trust. We have commenced or completed work on 94% of our sites targeted for investment in visitor experience. These include improved car parking at Tring Park, interpretation boards at Skipton Castle Woods, the gateway centre at Glen Finglas and the Trust earthwork version of 'The Angel of the North' at Theydon Bois.
- In Scotland the Government picked up and ran with our National Tree for Scotland campaign. We met with 29 MSPs and the Minister on three occasions. Almost 122,000 trees were planted by over 39,000 people including the distribution of 964 free tree packs.

Supporting our charitable activities

Fundraising and marketing

To fund all of our woodland management and conservation activity out of a total income of £33.4 million we needed to raise c£23 million from individuals, corporate partners and trusts. We set ourselves the target to maintain our supporter base at 550,000, including active donors. To underpin this we began the process of refreshing our brand to make it more approachable and attractive to a wider range of audiences and set ourselves the challenge of increasing our awareness.

What impact did we make?

- Voluntary income at £23.3 million (2012: £21.0 million) was 7% ahead of plan driven by legacy income, membership retention and appeals, in particular the campaign to raise money to acquire the Fingle Wood site in Devon which reflected the public's support for our work toward achieving the protection and restoration of the UK's ancient woodland.
- While the supporter base ended 3% below plan at 536,000 the number of members at 221,000 has returned to 2011 record levels giving a strong platform to meet future income targets.
- We achieved grant income of £4.1 million versus a plan of £2.9 million. Most notable among our successes was the bid to the Heritage Lottery Fund which secured £1.9 million for our long-term, nationwide ancient woodland restoration programme.
- We sustained strong relationships with a number of key corporate partners including Sainsbury's Supermarket Limited who were the lead partner in our Jubilee Woods project, while our new licensing initiative produced two new product ranges ready for sale in 2014.
- Our media profile was higher than ever with tree disease, extreme weather, seasonal changes and HS2 providing fertile themes for our core conservation messages. We have become the commentator of choice for a number of key correspondents with major media titles and appeared regularly on flagship TV and radio news programmes.
- The Charity Brand Index, which provides a benchmark against 150 top UK charities for our awareness, understanding, relevance and trust in the minds of the public, revealed a 6% growth in our profile. We moved up to 43rd place in the overall index.

Looking forward – our aspirations for 2014-16

The Trust believes that trees are the most dynamic natural resource we have to address the damage being done to the environment.

They have inherent strength, absorbing carbon dioxide and releasing oxygen. They have strength in numbers, creating natural wooded habitat for wildlife with their own unique biodiversity and eco-systems. They provide protection from weather extremes, stabilise soil and reduce surface-water flooding.

Trees have the power to transform whole landscapes. Hedgerows, copses, woods, and wood pasture enable wildlife to 'flow' through the landscape helping species to survive and, over time, to thrive.

And woods can simply enrich our lives with their beauty, providing special places to relax, reflect and recharge away from increasingly fast-paced lives we now lead.

Strategic Report (continued)

For the year ended 31 December 2013

So trees, in their individual and collective form, can do so much more to mitigate the damage being done to our natural environment. They are the foundations on which it can begin to rebuild its defences and to ultimately become more resilient to the challenges it faces now, and the new challenges it will face in the future.

But our native trees and woodland are vulnerable and undervalued. They are constantly under threat from human and natural causes. And that's where the Woodland Trust comes in.

Strategic plan

We have developed a bold new strategy to **protect, restore and create** native woodland to deliver a UK rich in native trees valued by everyone. The strategy comprises five key external-facing initiatives.

1. Create a compelling **Woodland Charter**. This will articulate clearly the relationship between modern society and woods. It will set out the steps decision makers need to take to secure a better future for them. And it will help mobilise support, firing the imagination of potential advocates for our vision.
2. Develop an ambitious **Resilient Woodscapes** conservation programme. We will draw together all our land-based activities to accelerate the creation of healthy, wildlife-rich wooded landscapes capable of coping with the impact of climate change, disease and development. This includes the delivery of eco-systems services for landowners as well as protection and restoration of ancient woodland. In 2014, we aim to help create 1,500 hectares of woodland, of which 150 hectares will be on Woodland Trust land. We also aim to restore 3,500 hectares of ancient woodland during 2014. One of our objectives is to prevent any further loss of ancient woodlands. To achieve this aim we are prominent campaigners for example, in relation to High Speed 2 and we will continue to promote this aim during 2014.
3. Plant millions of trees through our **First World War initiative**. This innovative project will see the creation of four centenary woods and engage hundreds of thousands of people to leave a lasting memorial to the heroes of the Great War.
4. Build a convincing **Demonstration Programme**. A new venture for the Trust, this initiative is designed to provide compelling evidence to educate and inspire landowners of the value of protecting, restoring and planting native trees. In 2014, we will purchase a second demonstration site to add to the programme, following the acquisition of Fingle Woods in 2013.
5. Create a vibrant **Community Woodland Culture**. This will galvanise grassroots engagement in the management and development of woods. It will create a network of advisors and volunteers to inspire and facilitate community stewardship of woodland, bringing the benefits of this precious resource to bear on the lives of communities.

Underpinning the above is a programme to improve the way we work and secure the support and income required to make it happen. Our **Organisational Effectiveness** initiative is designed to ensure we can generate efficiently the level of support – awareness, income, land and influence – required to deliver these challenging conservation outcomes. In 2014, we aim to raise £30 million. An integrated engagement and communications plan has been developed to inspire our key audiences alongside a programme of business processes, reporting and planning improvements to enhance our skills and systems to maximise the effective use of that generous support. In 2014, we aim to engage 675,000 supporters.

We believe we have a truly compelling woodland conservation plan plus the people with the passion to make it happen. All we need now is the support to create, protect and restore more of these precious natural riches so that generations to come can benefit.

Strategic Report (continued)
For the year ended 31 December 2013

FINANCIAL REVIEW

Income

Total income of £33.4 million represents a 5% increase from £31.9 million in the previous year. This growth came from several sources.

- Voluntary income contributed £23.3 million, 11% up on last year's £21.0 million. Legacy income reached a record £9.0 million, up 23% from last year's £7.3 million. The unrestricted legacy pipeline is strong at £1.8 million against a target of £1.0 million.
- The Jubilee Woods project attracted exceptional sponsorship income and on completion of that project, sponsorship income returned to normal levels at £2.3 million.
- Grant income at £4.1 million is an increase of 41% on the previous year's £2.9 million. Grant income is directly linked to project activity and depends upon the Woodland Trust's planned activities meeting the grant funders' criteria in an increasingly competitive arena.

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 £1.7 million (2012: £1.7 million) in tax in 2013, increasing the amount of work we were able to undertake.

Expenditure

Total resources expended, including the purchase of woods and land, at £29.7 million was 4% up on last year's £28.6 million. An overall 3% increase in charitable expenditure to 80% (target: 75%) was mostly due to the increase in protection of native woodland. The following summary shows expenditure relating to our three key aims together with the cost of governance and raising income.

	2013			2012		
	Revenue £k	Capital £k	Total £k	Revenue £k	Capital £k	Total £k
Creation of new native woodland	7,596	271	7,867	8,229	3,322	11,551
Protection of native woodland	5,622	2,568	8,190	4,615	58	4,673
Inspiring people to enjoy woods and trees	7,396	184	7,580	6,602	52	6,654
Charitable expenditure	20,614	3,023	23,637	19,446	3,432	22,878
Cost of generating funds	5,849	-	5,849	5,570	-	5,570
Governance	186	-	186	180	-	180
Total expenditure	26,649	3,023	29,672	25,196	3,432	28,628

The level of planting activity in 2013 has returned to more usual levels as our Jubilee Woods project came to an end, which is reflected in the fall in creation of new native woodland. In addition, although we had planned to acquire a significant woodland creation site, we could not pass on the rare opportunity to acquire one of the most important ancient woodland restoration sites in the UK, Fingle Wood. This explains the majority of the increase in expenditure on protection of native woodland.

In terms of inspiration, we continued to invest in people's enjoyment of woods and trees through our visitor investment programme, commencing or completing work on 94% of our sites targeted for improvements.

In order to deliver our conservation objectives we engage in fundraising. This year we incurred £5.8 million (2012: £5.6 million) in various fundraising and marketing activities, generating a record income level for the Trust.

Strategic Report (continued)

For the year ended 31 December 2013

The Trust is unable to recover all the VAT paid on its purchases of goods and services. We make great effort to minimise the impact of this, but the irrecoverable VAT remained at £0.5m in 2013, the same level as 2012.

Net income

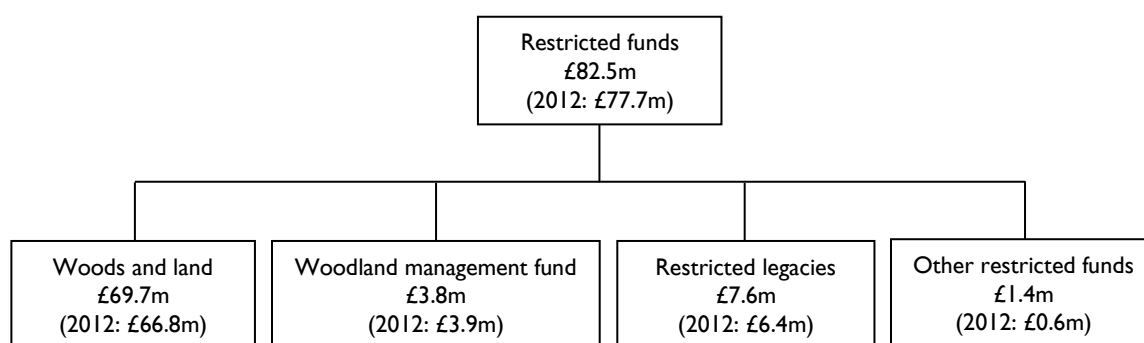
An increase in charitable activities resulted in net income from operations of £6.7 million. £3.0 million was spent on capital acquisitions of woods and land.

Funds

Overall fund balances increased by £8.6 million to £123.5 million, comprising £82.5 million of restricted funds, £9.1 million of permanently endowed funds and £31.9 million of unrestricted funds. Further details are set out in note 17.

Restricted funds

Total restricted funds stand at £82.5 million, of which £69.7 million is the physical woodland and land held in perpetuity and £12.8 million is restricted for use as defined by donors. Restricted funds are derived from legacies, donations and grants with specific conditions attached which we aim to comply with as effectively as possible, such that these funds are able to be used to maintain and develop our estate. These restricted funds comprise of assets such as woodlands as well as liquid funds.

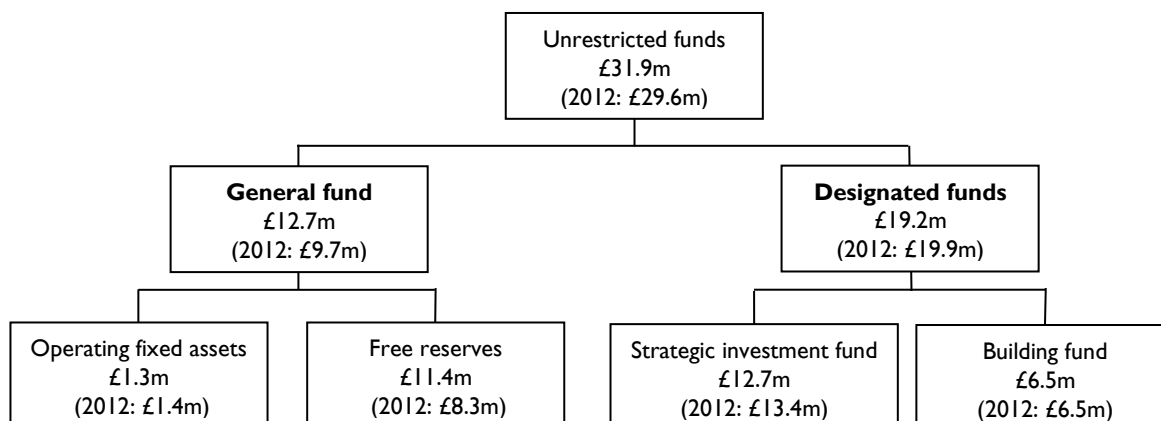


Permanent endowment

The permanent endowment represents 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 £9.1 million.

Unrestricted funds

The unrestricted funds are available for use by the Woodland Trust to achieve the strategic objectives. These funds arise from unrestricted legacies and donations from fundraising activities and from the resultant surpluses generated from our day-to-day operations. Included in unrestricted funds are designated funds of £19.2 million representing the Building Fund and the Strategic Investment Fund, which is a designated fund enabling the initiatives within the Woodland Trust's strategic plan to be developed. Without this funding capability, such projects would not be possible.



Strategic Report (continued)
For the year ended 31 December 2013

Free reserves

The Trust's free reserves as defined by the Charity Commission are £11.4 million and represents unrestricted funds excluding funds that have been designated. The Trust's financial reserves policy is reviewed annually and is a product of the Trust's strategic planning, budgeting and risk management process. The policy of the directors is that the Trust's free reserves should be sufficient to cover operational expenditure commitments in the short-term. 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 to our finances. The free reserves target range has been set between £6 million and £24 million representing three months and twelve months of budgeted expenditure.

Investments – powers, policy and performance

Total investments amount to £33.7 million of which our long-term funds total £17.3 million and are held with two professional investment managers. Each investment portfolio has an objective of optimising total return, subject to an acceptable level of risk. Performance is monitored against a tailored benchmark.

Investment manager	Amount managed	Return %	Benchmark %
Sarasin & Partners	£7.9 million	17.6%	16.6%
Cazenove Capital Management	£9.4 million	19.1%	15.5%

In addition, the Trust has short-term liquidity deposit funds which represent designated and restricted funds. These short-term liquidity deposit funds amount to £16.4 million and are held with two investment managers.

Investment manager	Amount managed	Return %	Benchmark %
Epoch Wealth Management	£10.0 million	1.1%	0.5%
Schroder & Co	£6.4 million	1.1%	0.5%

Where the Trust's investment managers undertake direct investment they have been asked 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 companies whose activities are in direct conflict with our stated objectives lies with the Trust.

ADMINISTRATION OF THE WOODLAND TRUST

Risk management

The directors are responsible for governance and risk management. A formal review of risk takes place annually. The Board of Directors have reviewed the key risks and are satisfied that the major risks have been identified and processes for addressing them have been implemented. It is recognised that any control system can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The major net risks relate to external factors beyond the Trust's control, the most significant are considered to be:

- impact of tree diseases
- costs arising from major storm damage
- changes in specific sources of income over which we have no influence
- other government changes to taxation and regulation

Strategic Report (continued)

For the year ended 31 December 2013

The Woodland Trust views the management of risk as an integral element of its evaluation and decision making processes. Identified risks are embedded in our strategic and operational management processes. 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 and the Senior Management Team.

Health and Safety

The Board considers managing the health, safety and wellbeing of staff, volunteers, suppliers and visitors to our sites as a key priority. The Trust attempts to balance its conservation and woodland management objectives with a robust approach to health and safety. We try to avoid restrictions on access that might undermine people's enjoyment of woodland and our own aim of inspiring them to value this precious natural resource. We therefore take a pragmatic stance and expect visitors to take some responsibility – and reasonable measures – to ensure their own safety.

The Board is ultimately responsible for compliance with health and safety legislation. The day-to-day responsibility is delegated to the Chief Executive Officer, who is responsible for compliance, relevant policy development and performance.

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, the aim of which is to develop industry-wide guidance on tree safety management.

Environmental performance

Due to our core objectives, much of what the Trust does has a positive impact on the environment, with every million trees planted helping absorb around 200,000 tonnes of CO₂. Our environmental impact, therefore, is largely the result of the energy used in our offices and employee travel. We remain committed to reducing our impact on the environment. Over the last decade, we have reduced our carbon emissions per employee from 2.2 tonnes to 1.9 tonnes. Policies and strategies are in place to ensure that we steadily reduce further our energy consumption at a corporate and individual level.

Supplier payment policy

For all trade creditors, it is the Trust's policy to agree the terms of payment at the start of business with that supplier, ensure that suppliers are aware of the terms of payment and pay in accordance with its contractual and other legal obligations.

Volunteers

In 2013 our volunteers donated over 349,000 hours of work (2012: 429,000 hours), with an estimated value of £3.1 million (2012: £3.4 million) – a substantial contribution for which we are very grateful. The downward shift in numbers reflected the lower volume of planting events due to the successful completion of the Jubilee Woods project. 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.

Workplace culture

The way the Trust works is just as important as what it achieves. Collaborative working, taking responsibility, being innovative and always open to learning are the values we bring to all our activities. These are underpinned by a performance development framework which measures effectiveness alongside behaviour.

The Trust is committed to equal opportunities for all and aims to recruit, train, promote and reward people on the basis of ability and performance. We are committed to creating a working environment free from discrimination on the grounds of colour, race, religious or 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, equal opportunities, health and safety monitoring and the protection of vulnerable people.

Strategic Report (continued)

For the year ended 31 December 2013

The Trust has a Staff Representative Group comprising elected representatives. Regular meetings ensure a two-way communication channel between staff and management on topics from strategy to pay and conditions. We also have a comprehensive cascade process using team briefings and Trust-wide daily and weekly updates via e-mail.

The Strategic Report was approved and authorised for issue by the directors on 27 February 2014 and signed on their behalf by:



J N Nicholls
Chair
27 February 2014

REPORT OF THE DIRECTORS

For the year ended 31 December 2013

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 to the Trust. A summary of our trading subsidiaries’ results appears in note 19 on page 33.

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 May Board meeting.

Structure of the Board

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. We list our directors on page ii. 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 agreed to extend the appointment of Nicola Nicholls as a trustee/director and her election as Chair to 2016. The extension to the normal term of the Chair will provide strategic continuity to the organisation following the resignation of the Chief Executive.

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.

Once appointed 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.

The Board meets quarterly to consider strategic business issues. It has three sub-committees which meet as and when particular business demands require:

- Board Affairs Committee
- Finance Committee
- Remuneration Committee

The Board Affairs Committee

This committee promotes good governance and effective working of the Board.

The Finance Committee

This 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.

Report of the directors (continued) For the year ended 31 December 2013

The Remuneration Committee

This committee determines the individual pay and conditions, as well as reviewing the performance, of the CEO and the Senior Management Team. It also determines the overall pay and conditions of all other staff.

Responsibilities of the Directors of the Woodland Trust

The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and UK 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.

Directors' emoluments

The directors of the company, who comprise its Board, did not receive any remuneration during the period.

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 £7,700 (2012: £6,000).

The management team at 31 December 2013 were:

Chief Executive Officer (resigned 31 December 2013)	Sue Holden
Director of Corporate Services and Company Secretary	Helga Edwards
Director of Public Affairs	Hilary Allison
Director of Fundraising	Karl Mitchell
UK Operations Director	Norman Starks
Director of Marketing and Communications	Simon Malcolm

Nicola Nicholls, trustee, has been appointed as Executive Chair as an interim measure until the appointment of a new Chief Executive Officer.

Report of the directors (continued)
For the year ended 31 December 2013

Future developments

Future developments are in the Strategic Report, pages 4-5.

The Report of the Directors approved and authorised for issue by the directors on 27 February 2014 and signed on their behalf by:



J N Nicholls
Chair
27 February 2014

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 2013 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 12, 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 Strategic Report and 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 2013 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

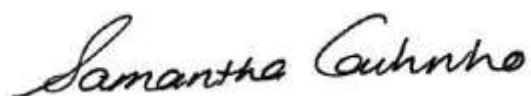
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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



Samantha Coutinho (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditors
27 February 2014

26 Red Lion Square
London
WC1R 4AG

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2013

	Note	UNRESTRICTED FUNDS		RESTRICTED FUNDS		Total 2013 £'000	Total 2012 £'000
		General Fund £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000		
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary income	2	18,083	-	5,186	-	23,269	21,016
Activities for generating funds	2	3,433	-	-	-	3,433	4,321
Investment income	8	414	-	278	-	692	756
Incoming resources from charitable activities	2	3,367	-	2,088	-	5,455	5,679
Other incoming resources	2	95	-	-	453	548	106
Total incoming resources		25,392	-	7,552	453	33,397	31,878
RESOURCES EXPENDED							
Cost of raising generated funds	4	(5,071)	(763)	(4)	(11)	(5,849)	(5,570)
Governance	6	(186)	-	-	-	(186)	(180)
Sub-total		(5,257)	(763)	(4)	(11)	(6,035)	(5,750)
Resources expended on charitable activities							
Creation of new native woodland	4	(4,118)	(2,170)	(1,308)	-	(7,596)	(8,229)
Protection of native woodland	4	(4,659)	(65)	(898)	-	(5,622)	(4,615)
Inspiring people to enjoy woods and trees	4	(5,922)	(76)	(1,398)	-	(7,396)	(6,602)
Charitable expenditure		(14,699)	(2,311)	(3,604)	-	(20,614)	(19,446)
Total resources expended		(19,956)	(3,074)	(3,608)	(11)	(26,649)	(25,196)
Net incoming resources from operations before transfers and investment gains							
		5,436	(3,074)	3,944	442	6,748	6,682
Transfers between funds	17	(2,625)	2,348	267	10	-	-
Net gains on investment assets	11	228	-	543	1,044	1,815	702
Net movements in funds		3,039	(726)	4,754	1,496	8,563	7,384
Fund balances brought forward at 1 January		9,677	19,960	77,768	7,580	114,985	107,601
Fund balances carried forward at 31 December	18	12,716	19,234	82,522	9,076	123,548	114,985

This statement of resources expended excludes £3,023k (2012: £3,432k) 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 (£6,748k) and the net income for the year (£6,253k), as defined under the Companies Act, are realised gains on investments of £53k which are reflected within net gains on investment assets, income from sale of assets £453k and expenditure within the endowment funds of £11k.

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

BALANCE SHEETS

AT 31 DECEMBER 2013

	Note	Group		Charity	
		2013	2012	2013	2012
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets:					
• Woods and land	9	69,686	66,819	69,686	66,819
• Other fixed assets	10	7,414	7,674	7,414	7,674
		77,100	74,493	77,100	74,493
Investments	11	33,735	31,356	33,735	31,356
		110,835	105,849	110,835	105,849
Current assets					
Land for planting and resale	12	628	359	628	359
Stocks	13	155	150	121	109
Debtors	14	10,184	9,144	10,261	9,091
Short-term deposits		-	1,000	-	1,000
Cash at bank and in-hand		4,628	1,990	4,423	1,837
		15,595	12,643	15,433	12,396
Creditors					
Amounts falling due within one year	15	(2,842)	(3,467)	(2,680)	(3,220)
		12,753	9,176	12,753	9,176
Net current assets					
		123,588	115,025	123,588	115,025
Total assets less current liabilities					
Creditors					
Amounts falling due after more than one year	16	(40)	(40)	(40)	(40)
		123,548	114,985	123,548	114,985
Net assets					
Financed by:					
Restricted funds	17	82,522	77,768	82,522	77,768
Permanent endowments	17	9,076	7,580	9,076	7,580
Unrestricted funds:					
• General fund	17	12,716	9,677	12,716	9,677
• Designated funds	17	19,234	19,960	19,234	19,960
		123,548	114,985	123,548	114,985

These accounts were approved and authorised for issue by the directors on 27 February 2014 and signed on their behalf by:



J N Nicholls
Chair

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

	2013 £'000	2012 £'000
Net cash inflow from operating activities	4,484	5,678
Returns on investments and servicing of finance		
Investment income	692	756
Capital expenditure and financial investment		
Purchase of woods and land	(2,896)	(1,965)
Purchase of fixed assets	(634)	(289)
Purchase of investments (see note 11)	(13,525)	(7,718)
Sale of land	554	152
Sale of fixed assets	2	6
Sale of investments (see note 11)	12,961	3,370
Net cash flow from capital expenditure and financial investment	(3,538)	(6,444)
Reconciliation of net cash flow to movement in net funds		
Net movement in cash in the year	1,638	(10)
Net funds at 1 January	2,990	3,000
Net funds at 31 December	4,628	2,990

	2013 £'000	2012 £'000
(a) Reconciliation of net incoming resources to net cash inflow from operations		
Net incoming resources from operations	6,748	6,682
Depreciation:		
• Woods and land	32	32
• Other fixed assets	891	736
(Profit) on disposal of woods and land	(430)	(88)
Loss on disposal of other fixed assets	1	4
Investment income	(692)	(756)
(Increase)/decrease in land stock	(269)	189
(Increase)/decrease in stock	(5)	33
(Increase) in debtors	(1,040)	(631)
(Decrease)/increase in creditors	(625)	944
Donated woods and land	(127)	(1,467)
Net cash inflow from operating activities	4,484	5,678

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

	At 1 January 2013 £'000	2013 Cash Flows £'000	At 31 December 2013 £'000
Short-term deposits	1,000	(1,000)	-
Cash at bank and in-hand	1,990	2,638	4,628
	2,990	1,638	4,628

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

NOTES TO THE ACCOUNTS

For the year ended 31 December 2013

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 and section 408 of the Companies Act 2006. 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 2013

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 (i.e. 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 2013

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 2013 this amounted to £486k (2012: £482k).

Recognition of liabilities is on an accruals basis.

Notes to the accounts (continued)
For the year ended 31 December 2013

2. **INCOMING RESOURCES**

	Unrestricted General Funds £'000	Restricted Funds £'000	Endowment Fund £'000	Total 2013 £'000	Total 2012 £'000
INCOMING RESOURCES FROM GENERATED FUNDS					
Voluntary income					
Legacies	7,005	2,015	-	9,020	7,341
Membership subscriptions	7,248	-	-	7,248	7,026
Fundraising and appeals	2,206	2,542	-	4,748	4,615
Company donations, charitable trusts and landfill tax	1,624	629	-	2,253	2,034
Total voluntary income	18,083	5,186	-	23,269	21,016
Activities for generating funds					
Sponsorship income	2,257	-	-	2,257	3,263
Lotteries	745	-	-	745	768
Merchandise income	431	-	-	431	290
Total income from activities for generating funds	3,433	-	-	3,433	4,321
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES					
Grants	2,136	1,959	-	4,095	2,926
Woodland management income	1,231	1	-	1,232	1,287
Donated woods and land	-	128	-	128	1,466
Total income from charitable activities	3,367	2,088	-	5,455	5,679
OTHER INCOMING RESOURCES					
Other income	95	-	453	548	106
	95	-	453	548	106

Included in fundraising and appeals is £129k (2012: £148k) gifts in kind.

Included in fundraising and appeals is £175k (2012: £152k) support received from the players of 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 £2.6m (2012: £3.2m).

Notes to the accounts (continued)

For the year ended 31 December 2013

3. GRANTS

The following organisations provided grants:	2013 £'000	2012 £'000
Forestry Commission	1,995	1,599
Scottish Government Rural Payments and Inspections Directorate	579	326
Heritage Lottery Fund	571	152
Natural England	446	312
Northern Ireland Environment Agency	202	58
Local Authorities	109	138
RSPB Scotland	41	4
Arts Council England	36	-
Countryside Council for Wales	34	75
Welsh Assembly Government	22	17
E.ON Rosehall Community Fund	19	-
Department of Agriculture and Rural Development	16	4
Environment Agency	10	-
Scottish Natural Heritage	6	11
European Commission	1	-
Conservation Board for the Cotswold Area of Outstanding Natural Beauty	1	-
The Scottish Forestry Trust	1	-
National Forest Company	-	116
BP	-	45
Rural Payment Agencies	-	42
Lily Matthews Fund at the Community Foundation	-	5
DEFRA	-	4
The Land Trust	-	3
European Structural Funds	-	2
Other grant providers	6	13
	4,095	2,926

Of those listed above, £1,959k (2012: £1,392k) 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 2013

4. TOTAL RESOURCES EXPENDED	Direct £'000	Support £'000	2013 £'000	2012 £'000
Costs of generating funds				
<i>Costs of generating voluntary income</i>				
Membership	2,404	429	2,833	2,739
Fundraising and appeals	758	135	893	737
Company donations, charitable trusts and landfill tax	758	135	893	871
Legacies	185	33	218	158
	4,105	732	4,837	4,505
<i>Fundraising trading costs</i>				
Sponsorship	331	59	390	388
Merchandise	346	62	408	469
Lotteries	170	30	200	193
	847	151	998	1,050
<i>Investment management costs</i>	14	-	14	15
Costs of generating funds	4,966	883	5,849	5,570
Governance	158	28	186	180
Charitable activities				
Creation of new native woodland	6,440	1,156	7,596	8,229
Protection of native woodland	4,753	869	5,622	4,615
Inspiring people to enjoy woods and trees	6,188	1,208	7,396	6,602
	17,381	3,233	20,614	19,446
Total resources expended	22,505	4,144	26,649	25,196

This statement of resources expended excludes £3,023k (2012: £3,432k) of woods and land acquired and capitalised as per note 9 (page 27).

Notes to the accounts (continued)
For the year ended 31 December 2013

5. SUPPORT COSTS	Premises £'000	Depreciation & Loss on disposal £'000	Finance & IS £'000	Human Resources £'000	Management & Other £'000	2013 £'000	2012 £'000
Generating income resources	132	196	435	77	43	883	783
Charitable expenditure							
• Creation of new native woodland	172	261	568	100	55	1,156	1,166
• Protection of native woodland	127	209	418	74	41	869	668
• Inspiring people to enjoy woods and trees	165	348	546	96	53	1,208	935
	<u>464</u>	<u>818</u>	<u>1,532</u>	<u>270</u>	<u>149</u>	<u>3,233</u>	<u>2,769</u>
Governance	4	6	15	2	1	28	25
Total support costs	<u>600</u>	<u>1,020</u>	<u>1,982</u>	<u>349</u>	<u>193</u>	<u>4,144</u>	<u>3,577</u>

6. GOVERNANCE OF THE CHARITY	2013 £'000	2012 £'000
Staff costs	124	124
Audit and professional fees	26	19
Trustees' expenses	8	8
Other costs	-	1
Support costs	28	28
	<u>186</u>	<u>180</u>

The directors of the company, who comprise its Board, did not receive any remuneration during the period. Travelling and subsistence expenses incurred by 12 (2012: 13) directors on Board business amounted to £8k (2012: £8k) 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.

	2013 £'000	2012 £'000
The surplus for the year is after charging:		
• Salaries and wages	8,118	8,016
• Social Security costs	781	776
• Other pension costs	375	354
	<u>9,274</u>	<u>9,146</u>
Depreciation	923	768
Auditors' fees and expenses:		
• Audit work	20	19
• Other services	6	-
Rentals under operating leases:		
• Land and buildings	69	76
• Other	415	421
Irrecoverable Value Added Tax	<u>486</u>	<u>482</u>

Notes to the accounts (continued)
For the year ended 31 December 2013

Employees and volunteers

The average number of employees during the year was 291 (2012: 291). The average number of employees, analysed by function, was:

	2013 Total	2012 Total
Charitable activities	194	194
Fundraising	54	55
Governance and support	43	42
	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 2013 volunteers contributed over 394,000 hours with an ascribed value of £3.1m (2012: 429,000 hours, value £3.4m), 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	
	2013	2012
100,000-110,000	1	-
90,000-99,999	1*	1
70,000-79,999	-	1
60,000-69,999	4	2

* Includes compensation for loss of office

All employees earning more than £60k participated in the Woodland Trust's defined contribution pension scheme. Contributions of £44k (2012: £28k) were made during the year for these employees by the company.

8. INVESTMENT INCOME

	2013 £'000	2012 £'000
Income from investments was as follows:		
Income from UK listed investments	629	724
Bank interest receivable	22	18
Income from overseas listed investments	41	14
	692	756

Notes to the accounts (continued)
For the year ended 31 December 2013

9. **FIXED ASSETS - WOODS AND LAND**

The group and the charity:

	Purchased			Donated			Total £'000
	Freehold £'000	Long Leasehold £'000	Short Leasehold £'000	Freehold £'000	Long Leasehold £'000	Short Leasehold £'000	
Cost or donated value							
At 1 January 2013	55,285	873	183	5,638	4,209	983	67,171
Additions for the year	2,896	-	-	127	-	-	3,023
Disposals for the year	(97)	-	-	(27)	-	-	(124)
At 31 December 2013	58,084	873	183	5,738	4,209	983	70,070
Depreciation							
At 1 January 2013	-	-	32	-	-	320	352
Charge for the year	-	-	4	-	-	28	32
At 31 December 2013	-	-	36	-	-	348	384
Net book value							
At 31 December 2013	58,084	873	147	5,738	4,209	635	69,686
At 31 December 2012	55,285	873	151	5,638	4,209	663	66,819

In addition the Trust currently leases to others 17 hectares (2012: 39 hectares) 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:

	2013 £'000	2012 £'000
Creation of new native woodland	271	3,322
Protection of native woodland	2,568	58
Inspiring people to enjoy woods and trees	184	52
	3,023	3,432

Notes to the accounts (continued)

For the year ended 31 December 2013

10. OTHER FIXED ASSETS

<i>The group and the charity:</i>					
	Buildings	Computer Equipment & Software	Office Equipment & Furniture	Plant & Machinery	Total
	£'000	£'000	£'000	£'000	£'000
Cost or donated value					
At 1 January 2013	6,545	2,934	368	272	10,119
Additions	-	609	-	25	634
Disposals	(3)	(254)	(5)	(8)	(270)
At 31 December 2013	6,542	3,289	363	289	10,483
Depreciation					
At 1 January 2013	283	1,822	190	150	2,445
Charge for the year	129	654	72	36	891
Disposals	-	(254)	(5)	(8)	(267)
At 31 December 2013	412	2,222	257	178	3,069
Net book value					
At 31 December 2013	6,130	1,067	106	111	7,414
At 31 December 2012	6,262	1,112	178	122	7,674

11. INVESTMENTS

<i>The group and the charity:</i>		2013	2012
		£'000	£'000
Investments at market value			
Permanent endowments		9,085	7,580
Designated funds		12,444	13,544
Restricted funds		12,206	10,232
		33,735	31,356
		Cost	Valuation
		2013	2012
		£'000	£'000
Investments consist of:			
Cash held as part of investments		417	1,322
UK listed investments		10,717	5,645
Overseas listed investments		2,446	4,079
Other UK authorised investments		17,492	19,521
		31,072	30,567
		2013	2012
		£'000	£'000
The movement on valuation of investments is as follows:			
Market value at 1 January		31,356	26,306
Acquisitions		13,525	7,718
Sales proceeds		(12,961)	(3,370)
Net investment gains		1,815	702
Market value at 31 December		33,735	31,356
Comprising:			
Cost at 31 December		31,072	30,567
Unrealised investment gains at 31 December		2,663	789
Market value at 31 December		33,735	31,356
Realised investment gains/(losses) in the year		53	(4)

Notes to the accounts (continued)

For the year ended 31 December 2013

Investment advisors are appointed to assist with the management of the Trust's investment portfolios. As at 31 December 2013, £7.9m was held in a Common Investment Fund and £9.4m was held in a diversified portfolio composed entirely of pooled funds. Included in "Other UK Authorised Investments" is £16.4m (2012: £18.5m) invested in short-term liquidity deposits.

The Woodland Trust owns the entire issued share capital (100 ordinary shares of £1) in each of its three subsidiary companies, 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	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Land available for resale	628	359	628	359

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 scheme 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	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Livestock and stores	121	109	121	109
Raw materials and consumables	34	41	-	-
	155	150	121	109

14. DEBTORS

	Group		Charity	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Legacies receivable	5,203	4,270	5,203	4,270
Grants receivable	2,517	1,919	1,848	1,448
Trade debtors	881	958	499	393
Amounts owed from subsidiaries	-	-	1,253	1,392
Other debtors	472	399	593	462
Prepayments and accrued income	1,111	1,598	865	1,126
	10,184	9,144	10,261	9,091

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade creditors	2,292	2,838	2,245	2,762
Taxation and Social Security	222	218	222	218
Amounts owed to subsidiaries	-	-	73	29
Other creditors	125	15	125	15
Accruals and deferred income	203	396	15	196
	2,842	3,467	2,680	3,220

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

<i>The group and the charity</i>	2013	2012
	£'000	£'000
Other creditors	40	40

Notes to the accounts (continued)
For the year ended 31 December 2013

17. MOVEMENT ON FUNDS

Restricted funds	Balance at 1 January 2013 £'000	Movement of funds			Balance at 31 December 2013 £'000
		Gains/ incoming resources £'000	Losses/ resources expended £'000	Transfers £'000	
Woods and land	66,819	1,631	(157)	1,393	69,686
Woodland management fund	3,936	1,211	(1,402)	93	3,838
Restricted legacies	6,438	2,414	(3)	(1,219)	7,630
Various other funds	575	2,839	(2,046)	-	1,368
	77,768	8,095	(3,608)	267	82,522

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 £0.3m (2012: unrealised losses of £0.1m).

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 2013 amounted to £729k (2012: £549k) and £729k (2012: £549k) was expended leaving a balance at 31 December 2013 of £16k (2012: £16k), which will be applied to future costs.

Permanent endowments	Balance at 1 January 2013 £'000	Movement in funds			Balance at 31 December 2013 £'000
		Gains/ Incoming Resources £'000	Expended Resources £'000	Transfers £'000	
Glenrothes	3,544	469	(5)	6	4,014
Livingston	1,691	690	(2)	2	2,381
Warrington and Runcorn	1,282	173	(1)	1	1,455
Preston and Chorley	1,063	165	(3)	1	1,226
	7,580	1,497	(11)	10	9,076

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 these woods and land. These funds include unrealised gains of £1.0m (2012: unrealised gains of £0.5m). Income is transferred from the general fund for investment management fees.

Notes to the accounts (continued)

For the year ended 31 December 2013

Unrestricted funds	Balance at	Movement of funds			Balance at
	1 January 2013 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	31 December 2013 £'000
General fund	9,677	25,620	(19,956)	(2,625)	12,716
Designated funds					
Strategic investment fund	13,406	-	(2,945)	2,219	12,680
Building fund	6,554	-	(129)	129	6,554
	19,960	-	(3,074)	2,348	19,234

The Strategic Investment Fund is a designated fund to provide initial funding to enable the initiatives within the strategic plan to be developed. Without this funding capability, such projects would not be possible. 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. At the end of 2013 the net surplus of £2.2 million was designated by the directors' to the Strategic Fund (2012: £8.1m) resulting in a closing balance of £12.7m.

The purpose and structure of the Trust's unrestricted funds is described in the Strategic Report 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.

Analysis of transfers between funds	Note	General fund	Strategic investment fund	Building fund	Woods & land	Woodland management	Restricted legacies	Endowments
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Funding for strategic investments	1	(2,431)	2,431	-	-	-	-	-
Building fund	2	(129)	-	129	-	-	-	-
Surplus funds on acquisitions	3	-	-	-	(93)	93	-	-
Endowment drawdown for management fees	4	(10)	-	-	-	-	-	10
Restricted income for cost of acquisitions	5	(30)	(212)	-	242	-	-	-
Legacies for woodland operations & future acquisitions	6	(25)	-	-	1,244	-	(1,219)	-
Total transfers		(2,625)	2,219	129	1,393	93	(1,219)	10

Notes

- The transfer from the general fund of £2.4m 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.
- £93k was transferred from the woods and land fund to reflect a surplus on funds generated for the acquisition of woodland, these funds will be used for future costs on those sites fundraised against.
- Long-term funds are invested on a total return basis, (ie capital growth plus income). £10k was transferred from the general fund to cover management fees.
- £212k of woodland acquisitions was underwritten from the strategic investment fund to enable the Woodland Trust to acquire sites that match our charitable objectives. £30k was transferred from the general fund for the purchase of additional woodland sites.
- A net amount of £1,219k was transferred from restricted legacies to the woods and land fund in accordance with legators' wishes, to help us purchase Fingle Woods. £25k was reclassified from the general fund for a restricted legacy as instructed by the legator.

Notes to the accounts (continued)
For the year ended 31 December 2013

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 2013 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	77,100	1,285	6,129	69,686	-
Investments	33,735	-	12,477	12,182	9,076
Cash at bank and in hand	4,628	4,000	628	-	-
Other current assets	10,967	10,313	-	654	-
Liabilities due within one year	(2,842)	(2,842)	-	-	-
Liabilities due after more than one year	(40)	(40)	-	-	-
Total net assets	123,548	12,716	19,234	82,522	9,076

Restricted tangible fixed assets consist of woods and land £69,686k (2012: £66,819k).

Notes to the accounts (continued)
For the year ended 31 December 2013

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 £424k and £47k (2012: £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	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Profit and loss account				
Turnover	3,346	4,249	1,163	975
Cost of sales	(648)	(600)	(205)	(132)
Gross profit	2,698	3,649	958	843
Licence payment to the Woodland Trust	(200)	(200)	-	-
Distribution costs	(96)	(45)	-	-
Advertising costs	(32)	-	-	-
Administration expenses	(143)	(114)	(1)	(1)
Operating profit	2,227	3,290	957	842
Interest receivable	1	1	-	-
Net profit	2,228	3,291	957	842
Payment to the Woodland Trust	(2,228)	(3,291)	(957)	(842)
Accumulated reserves brought forward	-	-	-	-
Accumulated reserves carried forward	-	-	-	-
Balance sheet				
Current assets	908	1,222	773	513
Current liabilities	(908)	(1,222)	(773)	(513)
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.

	2013 £'000	2012 £'000
Land and buildings		
Leases which expire:		
Within one year	21	15
Within two to five years	26	18
After five years	18	32
	65	65
Other		
Leases which expire:		
Within one year	106	84
Within two to five years	166	234
	272	318

Notes to the accounts (continued)

For the year ended 31 December 2013

21. CAPITAL COMMITMENTS

Commitments for expenditure not provided for in these accounts in respect of assets under construction amount to £nil (2012: £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 £375k (2012: £354k). Included in other creditors is £111k (2012: £Nil) in respect of pension schemes.

23. CONTINGENT LIABILITIES

The directors were not aware of any significant contingent liabilities at 31 December 2013 and 31 December 2012.

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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