

The voice for woods and trees

Report and accounts

31 December 2017



WOODLAND
TRUST

President

Clive Anderson

Trustees

Barbara, Baroness Young of Old Scone
David Babbs (appointed 23 March 2018)
Humphrey Battcock
Sally Benthall (appointed 24 March 2017)
Michael Greenwood
Anne Lambert, CMG (retired 23 March 2018)
Patrick Macdonald
Paul Nevett (appointed 23 March 2018)
Timothy Rollinson, CBE (retired 29 September 2017)
Julia Smithies (appointed 24 March 2017)
Richard Sykes

The trustees are also directors and members of the charity.

Chief Executive Officer

Beccy Speight

Board Affairs Committee

Patrick Macdonald (Chair from 24 March 2017)
Sally Benthall (joined 24 March 2017)
Timothy Rollinson (retired 29 September 2017)

Finance Committee

(also acting as an audit committee and investment committee)

Richard Sykes (Chair)
Humphrey Battcock
Michael Greenwood
Anne Lambert, CMG (retired 23 March 2018)
Julia Smithies (joined 24 March 2017)

Remuneration Committee

Barbara, Baroness Young of Old Scone, (Chair)
Timothy Rollinson, CBE (retired 29 September 2017)
Julia Smithies (joined 24 March 2017)
Humphrey Battcock (joined 7 December 2017)

The Woodland Trust was founded in 1972 by Kenneth Watkins, OBE; Henry George Hurrell, MBE; and Oliver Gabriel Rossetti.

It is a registered charity, numbers: 294344 and SC038885 and is constituted as a non-profit-making company limited by guarantee, registered number 1982873.

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*.

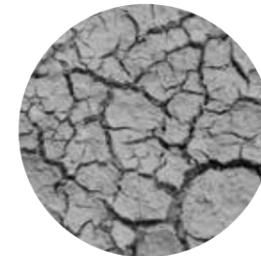
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Cover image: WTML/Mark Zytynski

We're here to stand up for trees

The pressure is growing

Our trees and woods are under real pressure. Right now, they face the increasingly devastating effects of:



Climate change



New pests and diseases



Loss and damage from inappropriate development and intensive land use

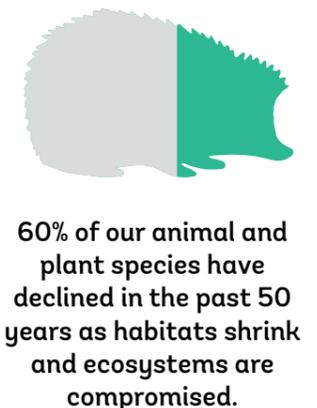
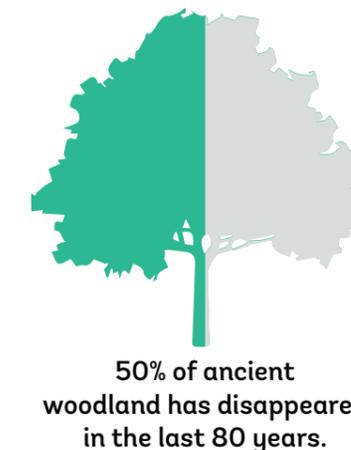


Pollution



Weak legislation

These factors compound the problems the UK countryside has faced for many years – extensive loss of woodland and other important habitats over the centuries has left us with small, fragmented areas that are more vulnerable to threats, provide poorer habitats and are less likely to recover from further harm or damage.



Trees and woods are a cornerstone of our landscapes and countryside, and a cherished part of our cultural identity. They are crucial as homes for wildlife and nature in all its forms and are increasingly recognised for the wider benefits they deliver for us all: whether that is enjoyment through access and recreation; productivity through timber; enhancing farming output with shade and shelter for crops and livestock, reducing runoff and tackling soil erosion.

At the right scale and in the right places, planting more trees and creating more woods is increasingly being recognised as a means to deliver additional social benefits and build or restore Natural Capital. The evidence is growing of their environmental and economic effectiveness in helping to combat air pollution, assist with natural flood management, lock up carbon, deliver habitat and ecosystem restoration, and create an attractive, robust and wildlife-rich setting where people want to live, work and play.



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WTML/MATTHEW ROBERTS

A message from our Chair:

One message rings out loud and clear from 2017: the time for trees has come. Whether it is for carbon reduction, flood defence, recreation, biodiversity, farm productivity or human health – everyone is now talking about the multiple benefits that trees and woods deliver.

The Woodland Trust has forged the way for this. The response from government is positive, but now we need action with better protection for the UK's surviving fragments of ancient woodland, imperilled by everything from housebuilding to High Speed Two. Our caseload of woods under threat reached 684 by the end of the year. I am pleased to be able to say that our campaigns team responded to every single case that our army of volunteers brought to our attention.

The other key issue right now is tree planting: the nation is losing millions of trees to tree diseases, yet overall woodland creation is at historic lows. At the Trust, we planted a phenomenal 2.6 million trees on our land and with partners last year, including almost a million with neighbourhood groups and schools. We also created another 1,345 hectares of new woods, 30% ahead of our target, and once again extended our estate – including buying one of Britain's loveliest bluebell woods, at Kinclaven in Perthshire. I used to visit this wood when I was young. It was one of my mother's favourite places. It is great to know now that this spectacular wood is in safe hands for people and nature, forever.

We couldn't have done any of this without our superb staff, volunteers, members and supporters, whose numbers grew yet again in 2017. And we owe an enormous debt of thanks to our corporate supporters

too: our lead partner, Sainsbury's, planted its three-millionth tree with the Trust last November at Langley Vale, our new First World War Centenary Wood in Epsom.

The Trust has extended its focus to landscape-scale working, partnering with like-minded organisations to champion the restoration of wider ecosystems across farmland, riverside, town and country. That's why I am especially pleased by the groundwork we did in 2017 towards the creation of a new Northern Forest which will involve the planting of 50 million trees in and around the cities of northern England by 2043. It will have a transformational effect on the communities, wildlife and economy of the region.

It will be tremendously exciting to make that project happen – arguably the biggest challenge the Trust has ever taken on. But after a year when we achieved more than ever in creating, restoring and protecting the UK's beloved woods and trees, we will be grabbing it with both hands.

Barbara, Baroness Young of Old Scone
Chair



WTML/NEIL HEPWORTH

A message from our Chief Executive Officer:

There was something special about 2017 for the Woodland Trust. Not just the fact that we grew bigger and worked harder than ever for the UK's woods and wildlife, but a real sea-change in how we went about it.

This felt like the year we got the whole nation excited about our cause, whether it was the 125,000 people who supported the Tree Charter, the historic new woodland manifesto we launched at Lincoln Castle in November, or the community groups who lapped up our new range of sapling packs – 560,000 trees planted in the autumn season alone.

More than 200 farmers and foresters attended our groundbreaking agroforestry conference in June, while 21 major tree nurseries have signed up to our UK-Sourced-and-Grown Assurance scheme, which guarantees every sapling is British from seed to soil – a vital weapon in the battle against imported pests and diseases. With ministers starting to wake up to our message too, it feels like we're building a real grass-roots movement behind woods and trees.

In all we spent a record-breaking £51.0 million last year, almost 20% up on 2016. It meant an extra £4.8 million invested in protecting and creating woods and trees, and more than £5.0 million was spent on land acquisitions – everywhere from Smithills in suburban Greater Manchester to Bwlch Corog in the remote Cambrian Mountains. Our spending on woodland restoration rose by £1 million, enabling us to complete our three-year Heritage Lottery-backed project to revive wildlife-rich ancient woods degraded by conifer plantations.

As planned expenditure outstripped income last year to the tune of £5.6 million, as the Trust dipped into its financial reserves to power ahead with the ambitious 10-year strategy we set out in 2016. But with membership still rising, new donors on board, and invaluable support once again from players of both the National Lottery through the Heritage Lottery Fund and the People's Postcode Lottery, I am confident we're on track to even greater success.

One sadness last year was the disastrous mass tree-felling by Sheffield City Council. Our campaign there was vigorous but largely rebuffed – however the controversy has helped to galvanise the Trust's new £500,000 drive to enhance Britain's undervalued urban treescape. Big cities like Leeds and Belfast got on board, we mailed nearly 500 street-tree kits to neighbourhood groups, and the Government responded by pledging to plant a million saplings in towns UK-wide.

That's just one of many important new arenas in which the Trust will be working hard in 2018 and beyond. I'd like to thank every one of our hard-working staff, volunteers and supporters for their continuing efforts: we cannot achieve anything without them.

Beccy Speight
Chief Executive Officer

Our vision

Our vision is a UK rich in native woods and trees, for people and wildlife.

To deliver this we needed an ambitious, focused and achievable plan that will:

- strengthen the role of trees and woods in our landscapes and communities
- rekindle people's love of trees and woods, making them more integral to their lives

So in 2016 we launched a 10-year strategic plan to provide the framework that would deliver opportunities to work with partners to:

- protect our most precious trees and woods
- restore landscapes
- plant more trees for the future
- engage more people in our cause
- give us a stronger voice
- help raise money
- grow our own estate



grown a mass movement of people who love trees and woods, and achieved a higher level of general awareness and engagement in our cause



opportunities for volunteers to support our cause at a local level

planted a total of 64 million trees, that's a tree for everyone living in the UK



2016 achievements

- 2.9 million trees planted
- government recognises the need to strengthen national policy to better protect ancient woodland



2017 achievements

- 2.6 million trees planted
- over 6,000 hectares of woodland was committed to restoration



2018 – 2025

58 million trees planted to:

- replace the many that will be lost to tree disease
- create new, large areas of beautiful and wildlife-friendly countryside
- provide attractive parks and green spaces in towns and cities to improve air quality, boost health and well-being and create places where people want to live and work
- kick-start the creation of a northern forest



by working with partners such as:

- schools
- communities
- local authorities
- supporters
- major landowners
- farmers and other landowners
- government (£5.7m already pledged for the northern forest project)
- businesses



1.5 million people behind our cause, 500,000 as members of the Woodland Trust, to help raise the estimated growth in unrestricted annual income we need to support trees and woods for the future



strengthened ancient woodland protection across the UK and helped protect those woods and trees that people value most



increased the woods under our care to over 30,000 hectares, to make our estate more resilient to external pressures and provide more engagement opportunities with visitors



delivered real landscape change on our own estate, in urban areas and on others' land under our influence

We want to see a UK rich in native woods and trees, for people and wildlife, but we can't achieve our vision without you. There are many ways you can help us make a real difference including membership of the Trust, supporting our campaigns or appeals, volunteering, leaving a gift in your will, playing our raffle, and buying from our online shop. Find out more at woodlandtrust.org.uk. Thank you.

Resilient landscapes

Environmental change is not new but the current rate and scale of man-made change and the exploitation of natural resources are unprecedented. The natural world, including woods and trees, provides us with clean air and water, food, fuel and materials, space for recreation and inspiration, as well as places for wildlife.

Our ecological systems are being undermined by the multiple pressures on the environment, such as:

- climate change
- pollution
- habitat fragmentation and loss
- species extinctions
- increased pest and disease impacts
- unsustainable land use

There is a real danger that the environment will suffer catastrophic and long-lasting harm which will affect our quality of life and potentially human existence.

Our conservation activities therefore focus on the PROTECTION, RESTORATION, CREATION and MANAGEMENT of native woodlands and trees in

the context of the wider landscape – both rural and urban. We do this through our ambitious RESILIENT LANDSCAPES programme which encompasses tree planting, restoration and protection.

Delivering landscape-scale conservation requires a collaborative approach, working with partner organisations, landowners and communities to develop diverse, wildlife-rich and resilient landscapes that engage and benefit people. We have therefore developed our six key principles of conservation, which are:

- To prioritise ancient woodland
- Take account of whole ecosystems, landscapes and catchments
- Consider the geographical and historical context to inform the future
- Actively create and manage woods and trees
- Aim to secure the many values of woods and trees for the long-term
- Put people at the heart of conservation

(More about these principles and our approach to deliver can be found at woodlandtrust.org.uk)

WTML/NIALL BENNIE

Our 2017 ambition

Our ambition	Create 1,000 hectares of woodland on our land and others' land under our influence.	Dramatically increase the number of trees planted outside woods to 500,000.	Put 4,000 hectares of ancient woodland into restoration.
What we achieved	We created 1,345 hectares of woodland through schemes such as our MOREwoods project, community and school tree packs and our partnerships with crofters and other landowners. 	115,000 trees were planted outside woods, a big shortfall of 385,000 on the ambitious 500,000 target. We have yet to find the right mechanisms to achieve the scale of planting necessary to address the level of threat through tree disease that this part of our tree resource is under. 	6,287 hectares of ancient woodland were committed to restoration. 
Our ambition	Continue to identify major threats to ancient woodland and escalate these to campaign level by engaging in 80% of all ancient woodland cases.	Increase the estate by 700 hectares to enable us to demonstrate on our own land our resilient landscape aims.	Gain a quality assured visitor attraction accreditation on one or more of our sites.
What we achieved	From those cases reported to us, we responded to 100% through the formal planning process. 	We brought 632 hectares of woodland into our care, slightly lower than our annual target but within our target for our 10-year plan. We have now added 2,032 hectares since 2016. 	Our site in Skipton was awarded an accreditation from VisitEngland. 



Protecting our woods and trees

We are at the forefront of tackling the impacts of pests and diseases on the UK's trees and developing solutions, through research, to help us understand more about the threats and their possible prevention. Surveillance by volunteers and citizen science schemes will continue to track the spread of pests and diseases across the UK; resilient landscapes will be encouraged through responsible tree procurement and planting; and we will work to influence MPs and improve legislation.

Our approach to protecting ancient woods and trees has long been established. Once a threat is identified,

we work to stop it through a combined approach from campaigners, ecologists and volunteers who seek to use and improve current planning processes, such as proposals, applications, local development plans, mineral plans and government (body) infrastructure programmes. Where opportunities arise, we also help develop sustainable policies to protect ancient woods and trees.

We want improved protection for our precious ancient woods, with plans in place to protect other woodland valued by communities.

Just three of the ways we achieve this:

UK-Sourced-and-Grown Assurance (UKSG-A) scheme

The UK-Sourced-and-Grown Assurance scheme was introduced by the Trust to minimise the risk of importing pests and diseases. The scheme now has 21 forest nurseries registered with qualified UKSG-A status. This guarantees their stock has been raised from seed sourced only from the UK and grown on in the UK for its entire lifespan.

Observatree – observatree.org.uk

In 2015 we joined a group of like-minded organisations and individuals across the UK to collaborate and share knowledge and expertise with the single aim of helping protect UK trees from pests and diseases.

Partly funded by European Union LIFE funding, the project has enabled a more cohesive approach to tree health within the UK.

Campaigning

Early in 2017 we ran a public campaign against proposals to build holiday lodges in Raithwaite Plantation, an ancient wood near Whitby. Over 2,000 of our supporters sent in objections, resulting in Scarborough Borough Council rejecting the plans by 12 votes to 3. We really cannot thank our supporters enough for their support!

Agroforestry conference

In the first event of its type in the UK and hosted in partnership with the Soil Association and the Royal Forestry Society, Agroforestry 2017 saw 250 farmers, foresters, landowners and researchers come together to learn about some of the UK's leading agroforestry systems and explore the benefits and practicalities of bringing more trees onto farmland and taking farming into forests. An expert panel, which included the Woodland Trust, explained how, by mixing farming and forestry, a well-managed agroforestry system can produce 40% more than if they are separate – providing powerful tools with which to influence a new, post-Brexit land-use policy.

Find out more at www.soilassociation.org



115,000
trees planted
outside woods



The Sheffield street-tree crisis

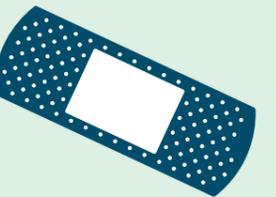
One of the requests that our woods-under-threat team hear most frequently is for us to intervene and stop the mass felling of mature street trees across Sheffield. Like most others, we have the overwhelming desire to see mature street trees retained in the city. We abhor the unnecessary loss of these natural and cultural landmarks; green totems that provide such an array of benefits for people and place.

We've been telling Sheffield City Council since 2015 of our serious concerns regarding street-tree felling and the need to retain mature trees. We took part in street-tree advisory forum meetings and lobbied council officers and officials directly with concerns. We

also talked and worked closely with local campaigners to support them where they asked us to step in, for example by helping raise awareness of individual trees of great value that are threatened with the axe. We have made offers to Sheffield City Council to act as an intermediary to help bring concerned local residents and council officials together, fund and publicly support an independent assessment of a selection of the trees scheduled for felling, and help put council officials in touch with others with similar experiences in other locations. Unfortunately, none of these offers were taken up and 2017 saw the mass tree felling by Sheffield City Council.



1,345
hectares of
woodland created



6,287
hectares of woodland
in restoration

WTML/LIZ FLEMING WILLIAMS, PHIL FORMBY, REBECCA TWINE

6,287 hectares of ancient woodland ready for restoration

Ancient woodland is officially woodland that has existed since AD 1600 in England and Wales and 1750 in Scotland (dates when the first reliable maps became available), but many are much older. Some may even link back to the original woodland that covered the UK around 10,000 years ago after the last Ice Age. We are working closely with landowners to restore what is left of our ancient woodland through careful woodland management to let in sunlight and encourage native species to thrive again, reversing the years of damage.

Ancient woodland restoration

Ancient woods planted with non-native conifers are in danger of losing biodiversity value if clear-felled and replanted again with conifers. Our aim is to see all such woods put into a process of restoration, which is why we formed our Ancient Woodland Restoration Project. This five-year project has been funded by the Heritage Lottery Fund but is now coming to an end. However, the Trust will continue to champion the importance of ancient woodland and look to engage more people in restoring woodlands back to their former glory.



Creating woodland by planting 64 million trees by 2025

It's a big number!

Since 1980, the Woodland Trust has enabled the planting of more than 38 million trees. As part of our 10-year plan though, we have given ourselves a very big target: starting in 2016 for a period of ten years, we will plant a tree for every person in the UK. That's around 64 million trees! We will do this because we believe everyone needs trees – to purify the air we breathe, for our physical and mental health and for our enjoyment and relaxation.

MOREwoods – a tree planting scheme for landowners

This large-scale tree planting scheme for landowners provides advice and guidance geared to specific requirements. Whether they want to create a shelterbelt, plant a copse for wood fuel, or stabilise their soil, a dedicated project officer will visit the site, advise on the design and species choice, provide a bespoke report and help with any grant application.

In 2017 we ran a competition under the MOREwoods initiative, inviting BBC Countryfile Diaries' presenter, Paul Martin, to help us decide the winner. Together, we selected the Musgrove family who had planted 1,000 saplings on four acres of land they had bought in Truro in 2013.

Chris Musgrove: "Friends suggested renting the land out for grazing or applying for planning permission to develop it but the new woodland far outweighs anything financial; it's a legacy to pass on to our children! The project has helped the family develop a strong bond with nature and just four years on, a wide range of wildlife has moved in and we've got two environmental warriors in the making!"



WTML/PAUL GLENDELL, DAVID MASON

Trees for schools

This Department for Environment, Food and Rural Affairs -funded project started in 2016 with the aim of planting 400,000 trees with primary schools.

2017 saw our first annual survey of tree planters involved in the project and the results were fantastic. Teachers reported that children had enthusiastically connected with nature and the environment, and opportunities for outdoor activities and learning about native trees and woodland had increased. Tree packs ordered by schools delivered over 135,000 trees against a target of 111,000. We look forward to building on this brilliant momentum and feedback by helping even more schools to enjoy the benefits of tree planting!

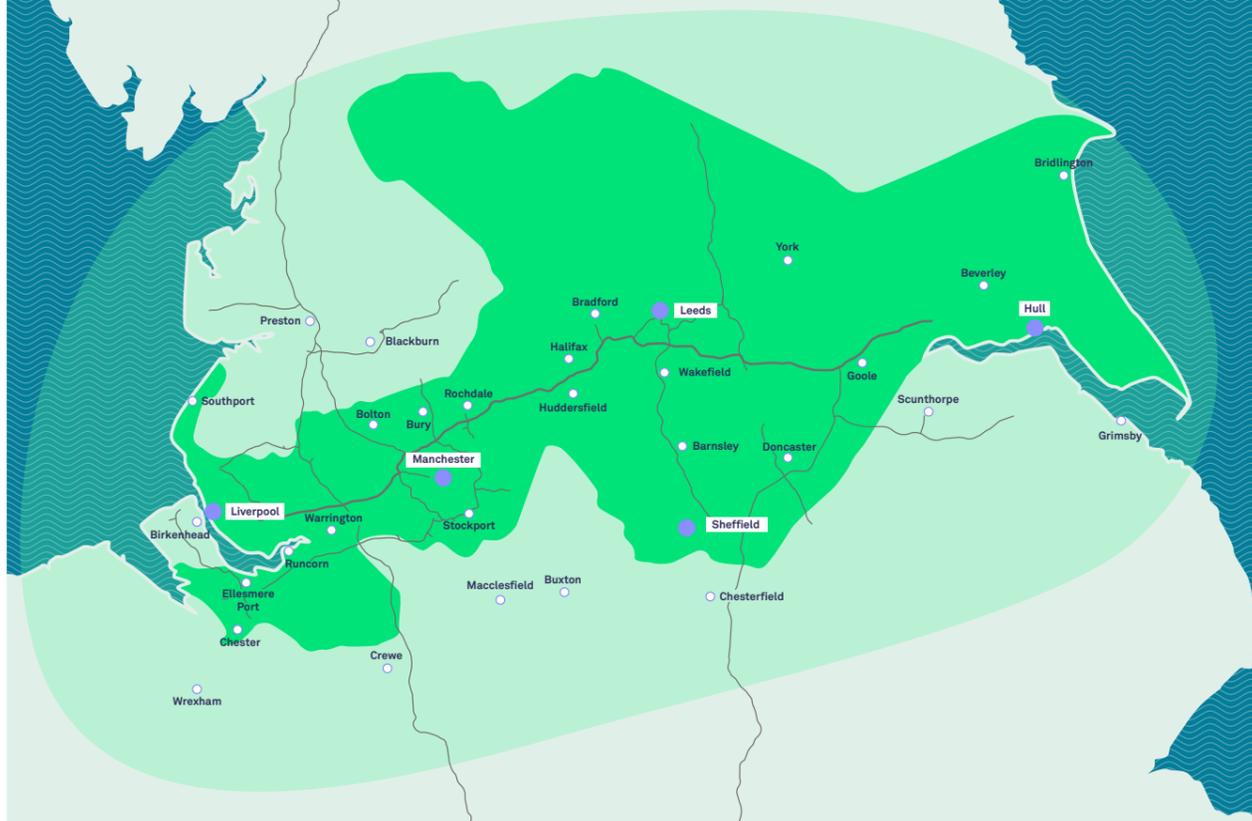


Tree packs for everyone

In November we distributed 5,215 free tree packs to communities, church groups, social groups and schools – bringing people together to appreciate the outdoors and learn more about woods and wildlife. An additional 1,237 packs also went to DEFRA schools, a total of 560,340 trees.

We increased the sale of trees significantly during 2017, with 8,336 trees as singles and tree mixes and 43,710 in the landowner packs. We launched a new shelterbelt pack for landowners and farmers in October to complement the existing 'targeting tree disease' pack, and began a revamp of the Native Tree Shop. The range now comprises:

- a variety of hedge and copse packs featuring different species – for wildlife, fruit, fuel, etc. – available to communities, church groups, social groups and schools to plant a whole wood or just one tree
- a 'targeting tree disease' pack, tailored to location, available for landowners to regenerate countryside threatened by disease
- a shelterbelt pack for farmers and landowners to provide shelter for livestock or crops and help attract pollinators.



Plans for a Northern Forest

We have been working with the Community Forests in the north of England for some time on developing the concept of a new Northern Forest. This is an idea that has grown out of the experience and enthusiasm of organisations that have been working with communities and the environment in the area for some years. It is definitely ambitious - a huge project that's much bigger than something the Woodland Trust and the Community Forests can deliver on their own.

The concept brings together a set of shared ambitions and ideas on the role that trees and woods can play in enhancing the environment and improving the lives of communities in and around the towns, cities

and rural areas in the north of England, along the M62 corridor. Much time, energy and resources have already been invested by the partners in analysing where opportunities may lie and what benefits could be delivered. These ideas are gradually taking on a firmer shape, but we know that our chances of success will rely on convincing others to join us to help make these ideas a reality.

The great news is that the Government has endorsed our ideas at this early stage, with a 'vote of confidence' to the tune of £5.7 million over the project's term, which will help to kick-start it and build momentum.



Creating a Northern Forest involves the planting of **50 million trees** with an estimated cost of **£500 million** over the next **25 years**.

First World War project

Following the approval of the Environmental Impact Assessment at our Langley Vale Memorial Wood in England, dedicated local volunteers planted nearly 20,000 trees, including Sainsbury's community orchard. Thousands of trees were also planted by communities and schools across the other centenary woods, including Dregghorn in Scotland, Brackfield Wood in Northern Ireland and Coed Ffos Las in Wales. We also planted 600,000 trees in the year with schools and communities through our free First World War community tree pack scheme, and we planted the project's two-millionth tree!

As well as creating four new Centenary Woods, we have also reached out to other landowners and in 2017 almost doubled the number of individual landowners who planted a First World War wood.



Demonstrating our principles on our own estate

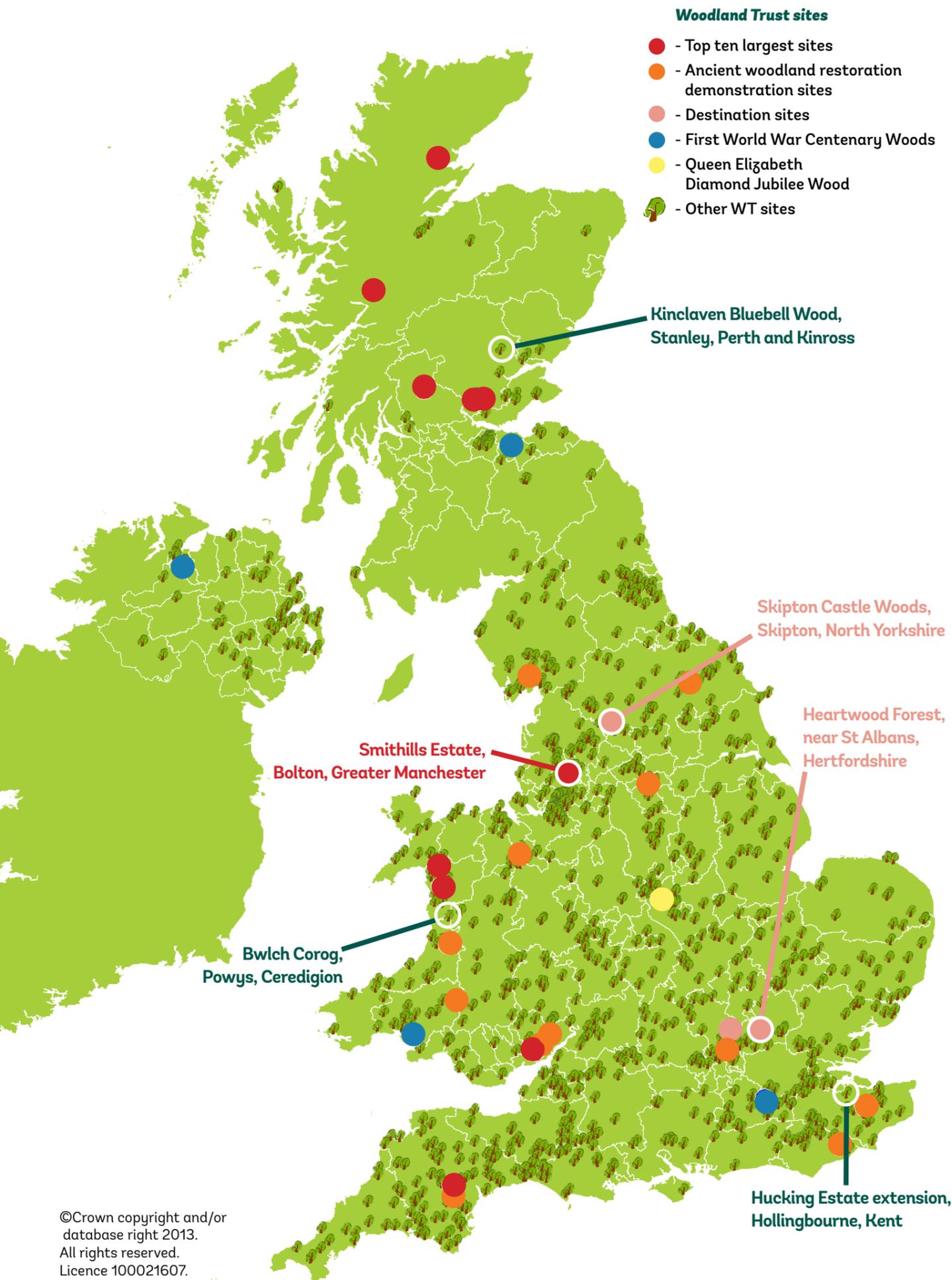
The Woodland Trust cares for over 1,000 woods across the UK, covering more than 26,000 hectares, and they are all free to visit. This estate has taken us more than 45 years to build, evolving over time to reflect our history, the changing needs and strategies of the organisation and our aspirations.

Our vision is to continue to create new woods and increase the woodland we manage ourselves and so help deliver our vision for wooded landscapes more resilient to external pressure, as well as provide more engagement opportunities with visitors to build their understanding of our cause. Our estate also provides credibility for our influencing work and is the principal reason why people support us.

Our estate cost £87.5 million to acquire and comprises:

	Hectares	Value
Top 250 sites	15,619	£39.4m
Other local woods	7,072	£19.9m
Ancient woodland restoration sites	2,380	£9.9m
Destination sites	1,068	£11.2m
First World War Centenary Woods	330	£5.7m
Queen Elizabeth Diamond Jubilee Wood	217	£5.0m

WTML/MATTHEW ROBERTS, COLIN VARDELL



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A bigger and better Smithills Estate

Covering 688 hectares of upland landscape near Bolton, Smithills Estate was awarded £1.9 million from the Heritage Lottery Fund in 2017 to underpin a five-year project to transform the site. The award will help purchase the final third of the estate and provide pathways, a car park and new tree planting which will link up existing areas of woodland to increase connectivity for wildlife and raise biodiversity.

We plan to use Smithills to demonstrate how conservation, farming, recreation, community engagement and local businesses can do more than simply co-exist side-by-side. Through social enterprise opportunities, we will explore new ventures and ways of working effectively at landscape scale, unlocking benefits and opportunities for local people.



Kinclaven Bluebell Wood

Acquired through a generous legacy, this is one of Scotland's most spectacular bluebell woods. Initially called Ballathie Bluebell Wood, the site was renamed Kinclaven Bluebell Wood after consultation with the local community.

Overgrazing by deer and proliferation of invasive species such as non-native Himalayan balsam and rhododendron had been preventing the regeneration of native broadleaves. With the help of an energetic group of 46 local volunteers, these species are now being removed, and damage from overgrazing reduced as fencing is repaired and tubes installed to protect regenerating saplings. Old fencing and pheasant-rearing equipment have also been removed, and bare grassland which was covered in trees until the 1940s and 50s is set to be re-planted with 30,000 native saplings.

Bwlch Corog

Over the next 20 years, this neglected and ecologically degraded area of land will be transformed into deciduous woodland through natural regeneration. Working closely with the Wales Wild Land Foundation, we will kick-start the process by planting 5,000 native trees, including birch, rowan, willow, alder and Scots pine, to help provide a seed source for the regeneration. Once the right conditions are created, iconic species which once inhabited the area, such as pine marten, red squirrel, water vole, dormouse, nightjar and curlew, will hopefully return.



Hucking Estate extension

Hucking Estate is a large and engaging site comprising a mix of ancient woodland, planted secondary woodland and open grassland; together with woodland archaeology remains, wonderful walks, interesting wildlife and breath-taking views.

Our members and supporters helped raise the £750,000 needed to buy a 47-hectare extension to the estate, growing the site to 279 hectares. This land will be allowed to regenerate naturally into pockets of woodland and chalk grassland, eventually becoming as special as the original estate we spent 20 years transforming.

Improved visitor experience

in 2017 we continued to improve the visitor experience at our top 250 sites by providing better signage and infrastructure. We also progressed our plans to identify and develop up to 10 sites by 2025 as key visitor destinations, offering a range of activities and natural attractions to engage supporters and showcase the benefits and wonder of woodland. Two of these – Heartwood Forest and Skipton Castle Woods – have already received a Visitor Attraction Quality Accreditation from VisitEngland, guaranteeing more visitor engagement opportunities and enhanced online presence through each site's own dedicated website.

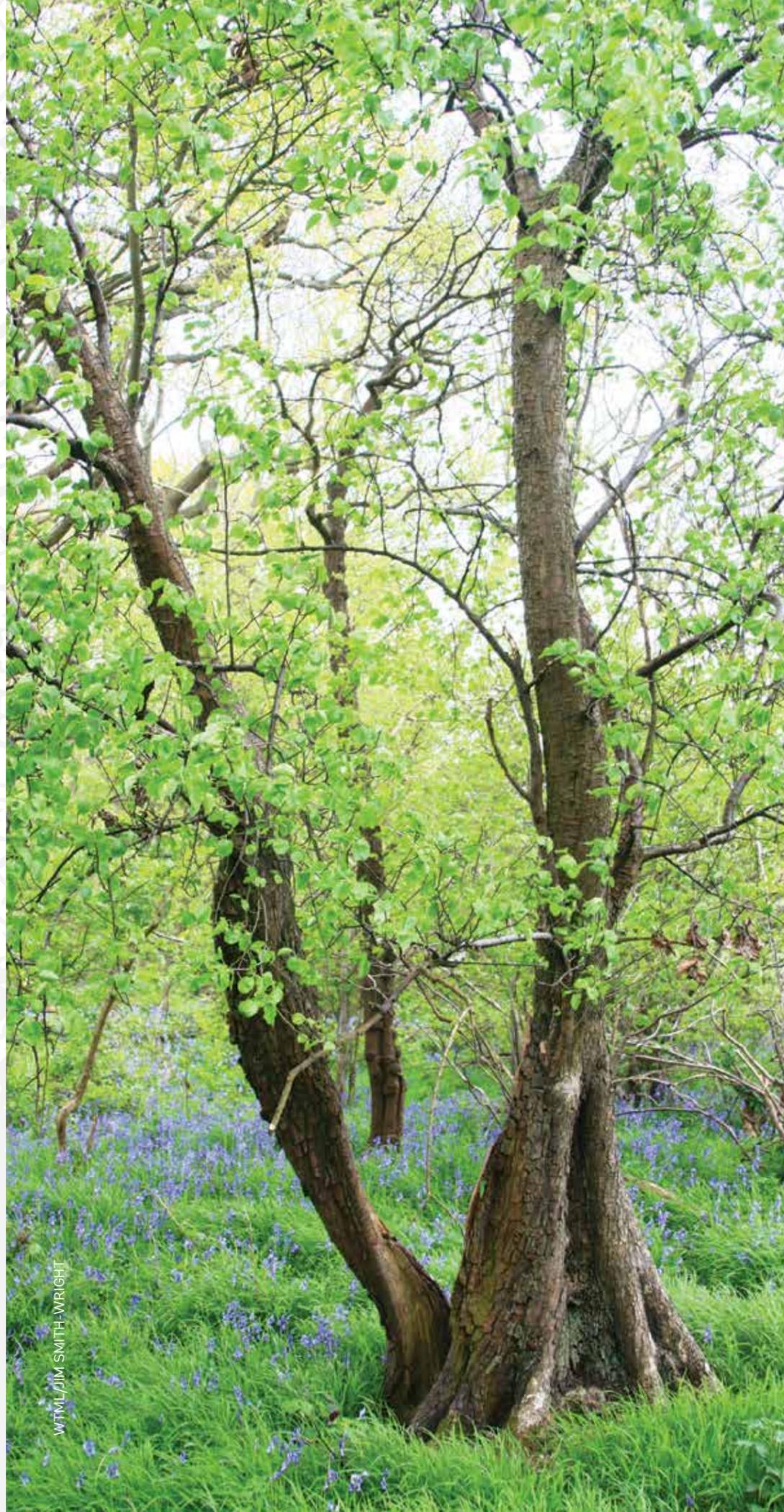
WTML/HEATHER BECKETT, GEORGE ANDERSON, NICHOLAS SPURLING

Our plans for 2018

What we will do	Continue to create woodland on a mixture of Woodland Trust land and others' land under our influence.	Dramatically increase tree numbers close to communities and in towns and cities.
2018 target	Create 2,000 hectares of woodland	Plant 960,000 trees

What we will do	Advance the case for sustainable management of woodland and appropriate care of ancient and native woods; while continuing to raise the problems of key threats such as tree disease and deer browsing.	Continue identifying the major threats to ancient woodland and escalate them to campaign level, using the threats to establish mass public support and leverage for improved protection.
2018 target	3,000 hectares of woodland in restoration	Engaged in fighting 80% of all ancient woodland cases

What we will do	Carry on with acquiring sites that are under threat or where we feel we can add value through restoration and woodland creation.	Maintain our on-going efforts to improve our sites for both wildlife and people. To do this we will have 10 destination sites accredited as a Quality Assured Visitor Attraction	Start the process of creating a new Northern Forest of more than 50 million trees, stretching from Liverpool across to Hull, in partnership with the Community Forests.
2018 target	700 hectares per annum	One site per annum	Work with a growing range of partners to secure the first phase of funding for the 25-year project.



WITM/JIM SMITH-WRIGHT



632
hectares added
in site acquisitions



1
accredited visitor
site added



£87.5
million
of Trust-owned woodland

A bigger voice



WTML/AMY LEWIS

The UK is a small country with an expanding population. The space available for nature and its conservation is being increasingly squeezed while the need for the benefits provided by nature, especially from woods and trees, is growing exponentially. Yet threats faced by woods and trees have never been greater and the need for wider support never more important. While it is generally felt that 'trees are a good thing', their importance, value and the impact of the threats they face are not widely understood. By raising awareness of trees in all their forms – street trees through to ancient woodland – and extolling their value, we are more likely to motivate people to stand up for trees, care for them and increase their number. By 2025 we aim to have a more powerful voice for woods and trees with a mass movement of people, supporters and volunteers - 1.5 million strong – ready to take action when and where needed. We will therefore develop and implement mass engagement campaigns using all forms of media to raise the profile of our charitable cause and the activity we undertake.

Our 2017 ambition

Our ambition	To work towards planting a tree for everyone in the UK, with a 2017 target of 3,400,000	Offer 800,000 engagement opportunities for supporters through co-ordinated planning and activity
What we achieved	We planted 2,550,000 trees against our target, which includes trees on our own estate and on other people's land through initiatives such as MOREwoods and community tree packs. The result was below our target because we struggled to find the right mechanism to plant trees outside woods. 	Our work was supported by 843,000 people through volunteering, joining our campaigns or giving to us financially. 

Charter for Trees, Woods and People



The call for a tree charter for the modern age grew from the recognition that the crisis faced by the UK's trees and woods could not be addressed without a clear, unifying statement setting out the role they play in our lives and the rights of people to access the benefits they bring. It was further recognised that such a statement needed to be visible, quantified and recognised in decision-making and practice.

So in 2015, with the 800th anniversary of the original Charter of the Forest just two years away, the Trust initiated the first stages of the project by reaching out to all sections of UK society to help us define the content of the new charter. It was seen as a rallying cry, a call to build a people-powered movement for trees by uniting individuals and specialist organisations to speak with one voice.

More than 70 organisations and 300 local community groups answered the call, helping to collect over 60,000 tree stories across the UK to demonstrate the important role that trees play in people's lives. These stories helped define the 10 principles of the new charter and clearly articulate the relationship between people in the UK and trees and woods. More than 125,000 people have now signed their support.

When November 6 2017 arrived – the 800th anniversary of the original charter - the Charter for Trees, Woods and People was launched at Lincoln Castle, home to one of the two remaining 1217 Charters of the Forest. The new charter now rests in the Lincolnshire Archives, and the activity to achieve its aims is just beginning as we embed the principles into society so its message cannot be ignored.



5.5 million trees planted to date against our 64 million target



There were more than **205,000** visits to our osprey webcam between April and September



Over **8,000** schools are already taking part in the Green Tree Schools award

Influencing a nation

We continued to focus on our core activities of creating, restoring and protecting woods and trees. However, we also looked to influence policy makers, supporters and partners who can further our cause. This is a long-term transformation to be developed and implemented throughout our ten-year plan.

Time is running out

In September and October we ran a campaign highlighting how proposed infrastructure projects will destroy and damage woods and trees that are centuries old and how the Government can act to stop this.

From the High Speed Two rail project (which will harm 98 ancient woods) to road-building schemes such as the A27 around Arundel (threatening 24 hectares), our most precious woods and trees face a fight for their future. Combined, that's over 700 irreplaceable ancient woods currently under threat.

Supporters across the UK were asked to voice their concern about the losses where they live and join country-specific petitions, making it clear to ministers that protection of the UK's natural legacy should be at the heart of all decision making.



Green Tree Schools Award

The Trust's Green Tree Schools Award is free and fun, with a range of environmental projects and activities to encourage outdoor learning and help students celebrate and understand the role of woods and trees.

CASE STUDY

Over 8,000 schools are now taking part in the award, including Princes Risborough secondary school in Buckinghamshire. On 11 May 2017, students from the school visited Heartwood Forest near St Albans for a tree-planting event that saw them exceeding their day's target of 200 trees.

The points received for this and other school projects connected with recycling and energy monitoring have won them a Silver Award on the scheme. They are now keen to plant more trees in their grounds and hope to involve the local feeder primaries in this activity, while a 10-year management plan drawn up by one of the sixth form students will ensure the trees will be looked after well into the future.



Nature's Calendar

Our Nature's Calendar volunteers record the dates of specific events which happen to particular species during the changing seasons. This database currently contains 2.7 million records and is believed to be the longest, written biological record of its kind in the UK. The data is used by researchers across the world to explore the effects of weather and climate change on wildlife. The newly improved website can be found at: naturescalendar.woodlandtrust.org.uk.



Invite a Tree to Tea!

In the summer we asked people to reconnect with nature and encouraged families and friends to host a picnic in a park, garden or woods and "invite a tree to tea". An increasing amount of research suggests that fewer children are playing outside, so to help families get outdoors during the summer holidays we sent out 22,000 free picnic packs. These included everything needed to throw a party for children in the great outdoors, such as spotter sheets, scavenger hunts and sticker books. All those who organised a party were encouraged to send in their photographs and stories for the chance to win £1,000 of vouchers generously donated by our valued partner, Sainsbury's.



Arkaig osprey family

After buying the Loch Arkaig Pine Forest in 2016, the next stage was mostly about planning for the major work ahead with little happening on the ground, so we needed something to keep the forest's name in the public consciousness during 2017.

The osprey webcam provided the ideal opportunity as it enabled people to stay connected to Arkaig in what became our own daily soap opera. At the start of the year when we rebuilt the nest and installed the camera, we had modest

expectations. But after the birth of little Lachlan, his progress to migration engaged the nation.

There were more than 205,000 visits to the webcam between April and September, and the average time visitors spent on the WT website increased from 1.58 minutes to 10.53 minutes! Over 24,000 comments were left and more than 300 new supporters garnered from the hardcore of Lachlan's fans who signed up for a keepsake postcard.



WTML/BEN HOLMES, CLAIRE TOPPING, LESLEY NEWCOMBE, DAVID WHITTAKER, MICHAEL HEFFERNAN

Our plans for 2018

What we will do	2018 target
Continue towards our aim of planting a tree for everyone in the UK by 2025 - a total of 64 million trees.	3.7 million
Build our brand through co-ordinated planning and activity and integrate it across the whole of our communications in order to increase awareness of the Woodland Trust and our ambitions for woods and trees	78%

Our people



WTML/MATTHEW ROBERTS

The Woodland Trust has built a strong community of people linked by a common aim: to see a UK rich in native woods and trees, for people and wildlife. Supporters, fundraisers, volunteers and staff all give their time, skills and donations to ultimately see an ecosystem that is diverse and rich in wildlife, resilient to pressures and shocks, and relevant to people's lives.

Our 2017 ambition

Our ambition	By tailoring our communications to the needs of our supporters, we will have 270,000 people helping us fund our cause.	To enable us to deliver our ambitious 10-year strategic plan we will have increased our income to £43 million through the recruitment of members and other tried and tested methods, and by finding new ways to support the Trust.
What we achieved	We now have 248,000 supporters. We are slightly below our target because of an increasingly challenging external environment, especially around the public's confidence in charities and the introduction of the GDPR legislation. 	Through the generosity of all our supporters we generated £45.2 million of income. This goes a long way towards achieving our 10-year plan, but we still need more. 



249,000
volunteer hours donated



Total income
£45.2 million



241,800
members

Supporters

Becoming a member is one of the best ways to support our work and our supporters and members continued to give and raise remarkable sums in 2017 to help woods and trees. We therefore continued to develop the ways in which people can support us financially and improve the ways we communicate to ensure their experience with us is something they remember for all the right reasons.

We've recruited, trained and currently employ a team of 12 membership development officers who attended 610 events and venues in 2017. They reached out to more than 20,000 people with the help of our external face-to-face recruiters and our own team, and inspired over 1,700 of them to become members of the Trust. We now we have more than 163,000 active memberships, that's over 241,800 people who are members of the Trust including 56,500 family members.

We have also reviewed and better understand our members' needs and have developed a welcome journey for our new members, including a brand-new welcome pack and the introduction of telephone welcome calls.

During 2017, our membership offer was strengthened, developing a stronger connection with the individual by taking account of their opinions and preferences. Six thousand members requested a new woods directory; over 13,000 membership cards were sent out and 30,000 members now receive a dedicated members' newsletter inviting their views on the critical work of the Trust, such as changes to the General Data Protection Regulations (GDPR) and the destruction of ancient woodland by the development of High Speed Two.



First World War project

We continued to engage lots of new people in the project and raised nearly £1.0 million in 2017 from a variety of sources including grants, legacies, donations and sponsorship. During the year we hosted several events which enabled us to connect with hundreds of people about the project and raise £0.4 million towards delivery.

New partners include the National Football Museum, working with us on an initiative called For Club & Country, to create a woodland memorial commemorating the footballers, officials and fans who served their country during the First World War. As a consequence, many professional football clubs promoted For Club & Country at matches in 2017, taking the project out to new audiences.

Volunteers and talent

Trust volunteering isn't confined to woodland activities. There are hundreds of people who give their time and talents in other ways and in different areas of the Trust's work, such as Observatree sleuths, photography, woodland creation, threat detectors and talking tree speakers. Our trustees are also all volunteers who lend their expertise from a variety of careers to help guide and govern our charity. As well as volunteers, we employ 485 committed staff members with the skills to run and develop the charity.

In 2017 we asked our volunteers what they thought of us and 89% of those who completed the survey said they would recommend volunteering at the Woodland Trust.

This exercise also gave us valuable feedback on how we can enhance our volunteer experience even more, including volunteer events where they can meet and mingle, localised communication and standard inductions. We also held our bi-annual volunteer conference, a great way for volunteers to gain valuable information about the Trust through workshops and see the different volunteering roles and experiences available across the organisation. It is also an opportunity for volunteers to meet others who have a shared joy and love of trees.

Our volunteers donated 249,000 hours of work in 2017 (2016: 218,000) with an estimated value of £2.2 million (2016: £2.1 million) – a substantial contribution for which we are enormously grateful.



Our culture at the Woodland Trust

We are clear about what is expected and how people should carry out their work. We articulate this through our 'how we need to be' approach and the setting of clear work objectives.

The Trust is committed to diversity and inclusion for all and aims to recruit, train, promote and reward people on the basis of ability and performance. This means creating a working environment free from discrimination on the grounds of ethnicity, 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, diversity and inclusion, safeguarding and health and safety monitoring.

The Trust has a Staff Representation 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 communication cascade process using team briefings and Trust-wide daily and monthly updates via our intranet.

Our plans for 2018

What we will do	2018 target
Have 500,000 supporters helping us raise income	267,000
Generate the income we need annually so we can support trees and woods for the future	£43.7 million

WTML/PHIL FORMBY

Fundraising

Ethical fundraising – our approach

Delivering our vision of a UK rich in native woods and trees, for people and wildlife, is only possible because of the generosity and enthusiasm of our supporters. We therefore go to great lengths to demonstrate how much they are valued and ensure that anyone who chooses to support us – whether by giving a donation, their voice, or their time – has a positive and rewarding experience.

To achieve this we base all our activities and communications on four key promises we make to our supporters:



We will be honest and transparent about where your money goes and why we ask for donations

- We are passionate about transforming our landscape for the benefit of people and wildlife. By joining up fragmented habitats and improving access to woodland, our aim is to make the UK a healthier, better place in which to live. We will provide information about how we spend your money so you can see what difference you are making.
- We are committed to keeping you informed about how you are helping give woods and trees a voice, so you know the impact of your support.



We will be respectful

- We will not put undue pressure on you to make a gift and if you do not wish to donate, we will respect your decision.

Our promise to supporters:



woodlandtrust.org.uk/promise



We will be accountable

- We will do all we can to ensure that fundraisers, volunteers and third party agencies working with us comply with all fundraising regulations and our promise to you.
- Where we work with third party agencies, we will ensure training is provided and will monitor their work. We will act quickly if they do not meet the high standards we have set.
- We will always provide easy ways for you to contact us and our support services.



We will protect your data

- Your data is safe with us. We take our obligations very seriously and will never sell your data to third party organisations.
- We will only contact you via methods we have received your consent to use.
- You can contact our support services response team any time should you wish to change the way we contact you, or opt out of future communications.

Our response team will be on hand to help answer any queries you may have

- If you are unhappy with anything we've done, you can contact us using our complaints policy which can be found at woodlandtrust.org.uk.
- If we make a mistake we will apologise and do all we can to put things right.



Fundraising is carried out by our staff with help from the fundraising partners with whom we work. To protect and maintain the high standards that we and the public expect, we ensure that professional fundraisers receive appropriate training and adhere to our policies and practices, with particular attention paid to vulnerable people. And to check that these standards are being rigorously maintained, we regularly monitor the quality of outbound telephone marketing calls and conduct mystery shopping with our face-to-face fundraisers.

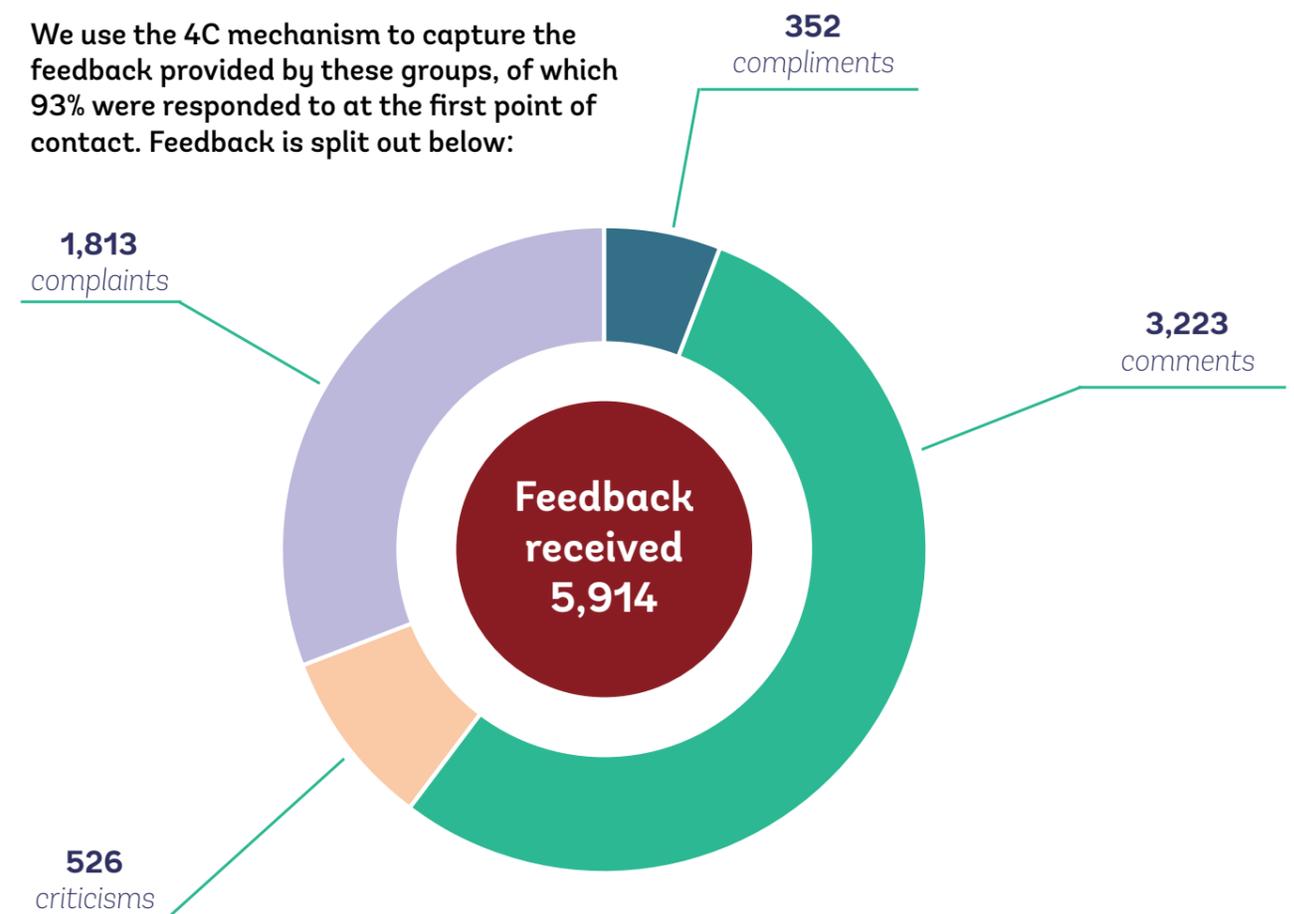
All Woodland Trust staff, as well as the staff of our fundraising partners, have received training on the implications of the new General Data Protection Regulations (GDPR) which come into force in 2018. We also fully comply with all current regulations and guidelines, underpinned by the four promises we make to supporters.

We're proud of the exemplary service we provide but if we do slip up, we have a stringent set of mechanisms to deal with any complaints as quickly, efficiently and fairly as possible.

Our four promises, together with the procedures we have in place to deliver them, help us to earn the trust of our supporters as well as maintain our enviable reputation as a charity which can be relied on for transparency and honesty.

Feedback is a very important way of understanding how the Trust's activities are perceived by supporters and the wider public. We received a total of 5,914 items of feedback during the year from an audience of over 30 million who had seen or heard about us through marketing, social media and brand activities.

We use the 4C mechanism to capture the feedback provided by these groups, of which 93% were responded to at the first point of contact. Feedback is split out below:



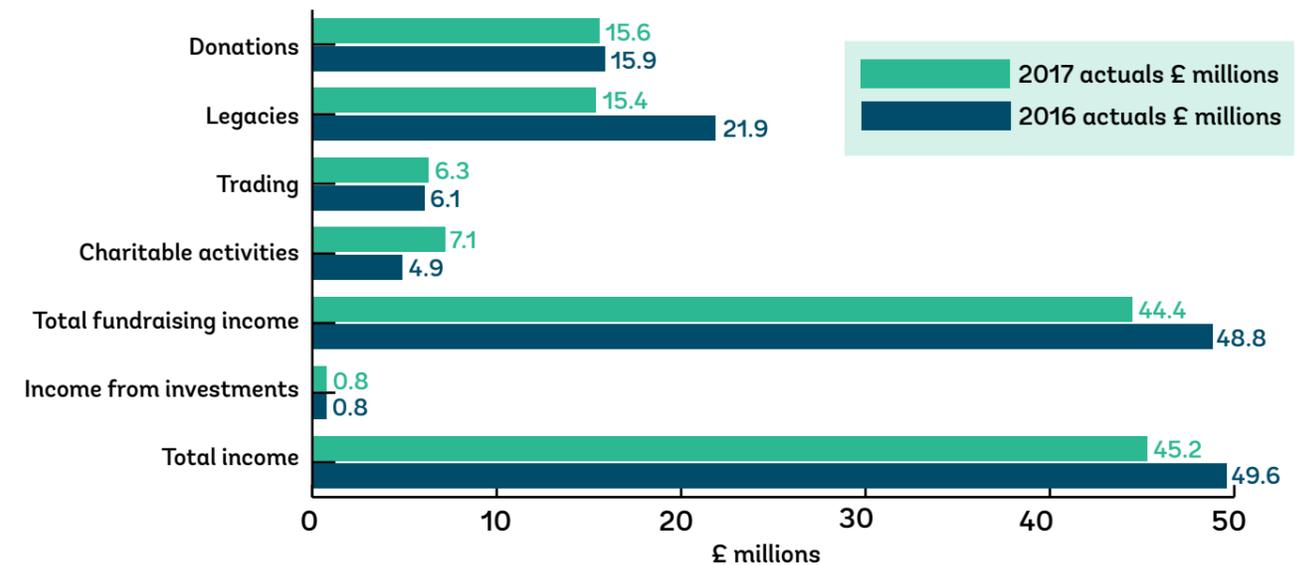
We received a number of complaints regarding permissions mailing which we expect to reduce over time as we have completed a lot of data cleansing and have de-duplicated a number of records. We received most compliments for our on-line activities and general advice.

Financial review

Where our income came from

Total income in 2017 was £45.2 million, a strong result in a difficult climate. While this figure is below our total income in 2016, that year's income was boosted by a particularly large individual legacy. Taking account of this, income from legacies increased in 2017 by £2.6 million and income from charitable activities increased by £2.2 million. The majority of growth in charitable activities was due to grants received towards some of our major projects such as the Smithills Estate and the Trees for Schools project backed by the Department for Environment, Food and Rural Affairs.

The principal funding sources of the charity, with comparisons to the previous year, are shown below. For a breakdown of the activity, see note 2 on page 65.



More than 76% of our income came from the generosity of individual supporters, of which we have over 248,000.

The range of financial support includes memberships, donations, legacies, purchase of goods from our shop and lottery tickets.

As an environmental charity we are fortunate to receive gifts left in wills by people who wanted to invest in woods and trees for the benefit of future generations. The unpredictable nature and variance in size of legacies does however lead to swings in income when comparing year-on-year.



At **£15.4 million**, legacy income made up **34%** of our total income in 2017.



The players of People's Postcode Lottery have been supporting the work of the Woodland Trust since 2010, and we were exceptionally pleased to be a beneficiary again in 2017, with £2.5 million generated from three draws in September. We have chosen to continue to use the funds for connecting people with trees through schools and in urban areas as well as providing further financial support for the restoration of our site at Loch Arkaig in Scotland.

WTML/PHIL FORMBY, HEATHER BECKETT, RICHARD FAULKES



Our **Smithills Estate in Bolton** received a welcome injection of funds this year of which some was used to purchase the final piece of the estate. Back in 2015, Esmée Fairbairn Foundation agreed to buy this final piece of land and hold it for us while we raised the funds required and we're pleased to say that our purchase of the estate is now complete. The funds received comprised £0.7 million from the Heritage Lottery Fund,

part of their £1.9 million grant awarded for the project, their largest donation to the Woodland Trust to-date; a £0.4 million Biffa Award; and a tremendous £0.8 million from our supporters. This money will help fund the five-year project that will see the Smithills Estate go through a wealth of change, including much-needed habitat management and restoration as well as improvements in visitor interpretation.



We also received £0.2 million from Nationwide towards two projects: the Community Woodland Northern Pilot and Flagship Woods. The Community Woodland Northern Pilot aims to inspire communities to manage their local woodlands and includes an online community woodland network. The Flagship Woods project aims to plant at least 60,000 trees, engaging with Nationwide members and employees to help them access the many benefits trees and woods can offer.

Our biggest corporate partner, Sainsbury's, has been standing up for woods since 2004. We receive a donation from Sainsbury's for every sale of woodland eggs, chicken and turkey, Best of British apples, Taste the Difference honey and bags for life, which has helped us plant three million trees. In 2017 they donated over £1.0 million as lead partner of our First World War Centenary Woods project and funded the Woodland Trust free tree packs for schools through Sainsbury's Active Kids programme.

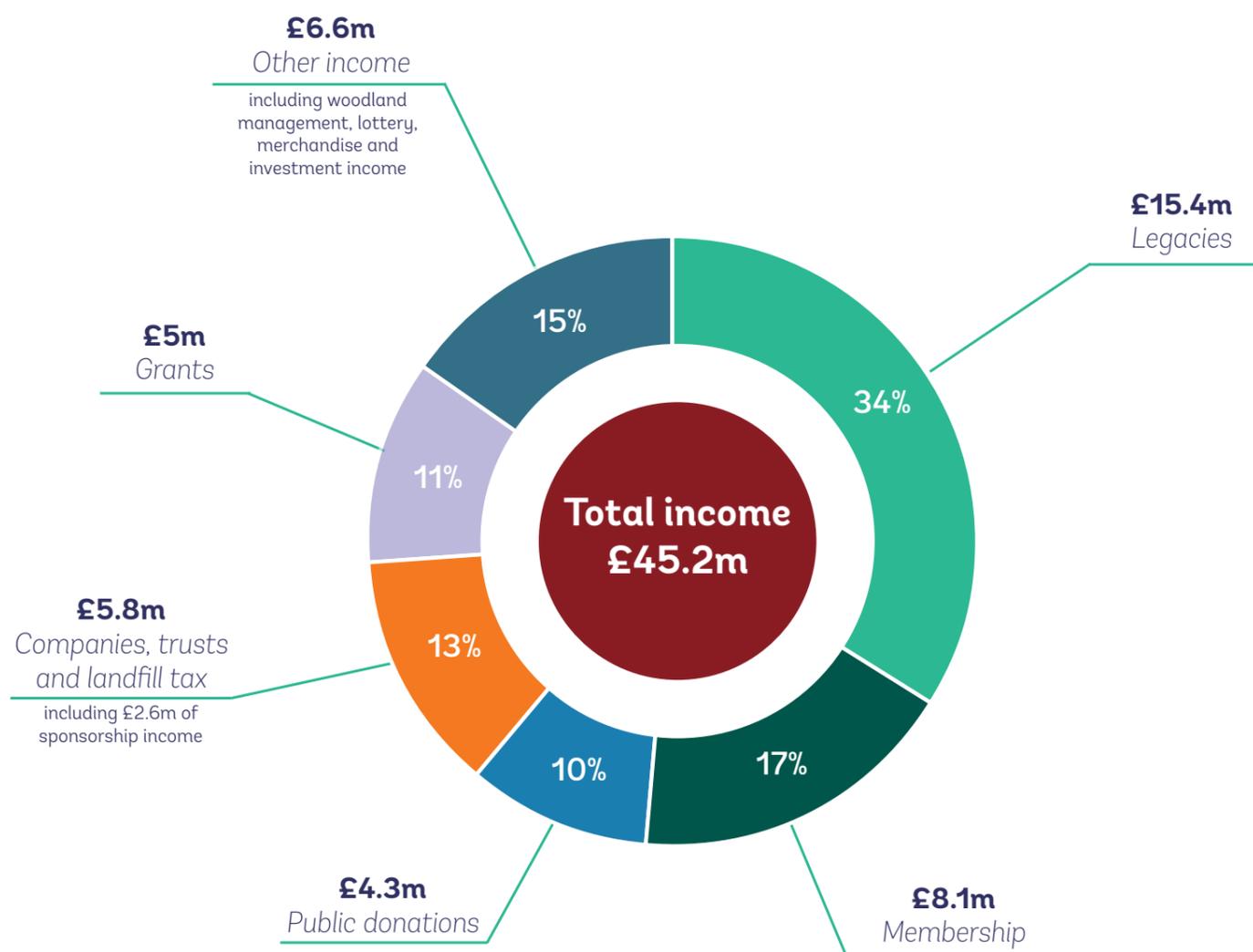


As well as Sainsbury's, our corporate partners, including Ikea, Premier Paper, Yorkshire Tea and many more, continued their valued support by contributing **£2.6 million** of income.

We would like to thank our many supporters who helped optimise the tax benefits available to the Trust by completing a Gift Aid form, as well as those who reduced their own tax liabilities by donating land and shares, donating via Payroll Giving and making tax-effective bequeaths. We recovered £1.8 million (2016: £1.8 million) in Gift Aid in 2017, increasing the amount of work we were able to undertake.

Without the support of all these contributors we would not be able to provide the adequate protection and support needed by woods and trees across the UK. We would like to thank all our supporters for their generous contributions.

The range of financial support includes:



Of every pound we received in 2017, 82p went towards our charitable objectives. This amount fluctuates year-on-year, depending in particular on how much we spend on buying woods and land. In 2016 it was 81p of every pound.

We aim to spend no less than 75% of our annual income on our charitable activities. We feel this percentage enables us to deliver the best future service for our precious trees and woodlands.

How we spent our money

The chart below shows how we spent our money in 2017 compared to 2016:

Area of activity	Expenditure	Acquisition of woods and land	Total spend
Protecting ancient woodland Includes costs associated with: <ul style="list-style-type: none"> Removal of invasive plant species Tree safety Ecological surveys and assessments 	£9.7m (2016: £8.2m)	£2.5m (2016: £0.7m)	£12.2m (2016: £8.9m)
Restoration of native and ancient woodland and other natural habitats Includes costs associated with: <ul style="list-style-type: none"> Site clearance for natural regeneration Timber extraction Access for visitors and maintenance 	£14.4m (2016: £11.9)	- (2016: £1.4m)	£14.4m (2016: £13.3m)
Creating thousands of hectares of new woodland across the UK Includes costs associated with: <ul style="list-style-type: none"> Planting millions of native trees on a national scale Preparing sites for planting Events to engage communities in planting 	£12.9m (2016: £11.1m)	£3.1m (2016: £2.0m)	£16.0m (2016: £13.1m)
Generating funds for future ambitions Includes costs associated with: <ul style="list-style-type: none"> Direct mail appeals Corporate partnerships Major donor events Membership engagement 	£8.2m (2016: £7.4m)	-	£8.2m (2016: £7.4m)
	Total revenue expenditure in 2017 was £45.2m (2016: £38.6m)	Total capital expenditure in 2017 was £5.6m (2016: £4.1m)	Total expenditure in 2017 was £50.8m (2016: £42.7m)



WTML/JUDITH PARRY

Spending on our charitable objectives

Our total spend this year was £50.8 million, 19% higher than 2016. The majority of the increase is within our charitable activities and includes £5.6 million spent on purchasing woodland (details on pages 18-19).



We spent a total of £42.6 million on protecting, restoring and creating woods and local landscapes through planting trees - an increase of £7.3 million on 2016.

Included in charitable objectives is the purchase of land to either create or restore woodland. To purchase woods and land at scale costs millions of pounds and there is a lot of competition from elsewhere to buy it for uses other than restoration or planting trees. This means that sometimes there is only a short period of time in which to raise the funds required.

To ensure we are successful when we find woods and land that fit our objectives, we use a number of different approaches:

- Wherever possible, we negotiate an option to buy the land within an agreed timeframe needed to raise the funds.
- Sometimes we work with partners who will buy the site on our behalf and give us time to raise the funds to pay them back, as we did with Smithills Estate.
- We have £2.0 million which is used to purchase and plant land and then sell on the woodland with

appropriate protection, after which we top-up the fund with the sales proceeds and buy more land. This ensures we create more and more woodland with the same revolving fund. The two programmes which come under this scheme are: Purchase, Plant, and Pass on and Purchase, Restore and Pass on.

- We will buy sites with our own funds through our strategic investment fund. This fund has been designated by the trustees to use for opportunities such as the purchase of land and woods. Having this fund guarantees (underwrites) our payment for any land we wish to purchase. Our strategy is to always hold at least £2.5 million for such sudden opportunities.

Spending to generate funds

A total of £8.2 million was spent during 2017 to enable us to raise our fundraising income, invest for future growth and ensure that appropriate controls and governance were maintained and strengthened.



We have developed a range of business cases for new income-generating activity, with three opportunities to be further developed in 2018.

We also undertook a range of small-scale trials to investigate options for fundraising and income generation. These trials have included friends and family membership, a digital membership platform, audio trees with Treelaxation, improving the journey for ease of

giving with the use of PayPal, and the use of 360-degree film content with our membership recruitment teams. We have also included social media promotions for carbon mitigation, download trials to test as a platform for paid content, and a new fundraising initiative with our supporters as part of our summer Invite a Tree to Tea promotion. The trials have had a range of success, but all delivered invaluable learning which will enable the projects to be further developed in 2018.

Included within fundraising costs is the cost of recruiting new donors, and the fulfilment of supporters' generous donations and membership subscriptions. Also included is the cost of the vital support we receive from teams such as Finance, Information Technology and Human Resources, areas that provide the support and governance needed to ensure the charity is run in the most effective way possible.

Net Income

We made a small, planned deficit this year before acquisitions of woods and land, and a total deficit of £5.6 million after wood and land acquisitions.

Reserves

When planning and budgeting for activities, we consider the level of reserves held so we can strike a balance between continuing development and the need for prudent management of our working assets and commitments, as well as providing for contingencies. The reserves policy is reviewed and agreed annually by the trustees as part of the budget process.

Overall, fund balances increased by £1.5 million to £151.4 million, comprising £106.7 million of restricted funds, £8.7 million of permanently endowed funds and £36.0 million of unrestricted funds. The main reason for the increase in the overall fund balance is the increased acquisition of land. Further details are set out in note 16.

Restricted funds include £87.5m of physical woodland and land held in perpetuity and £19.2 million of restricted funds 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 so these funds can be used to achieve our aims.

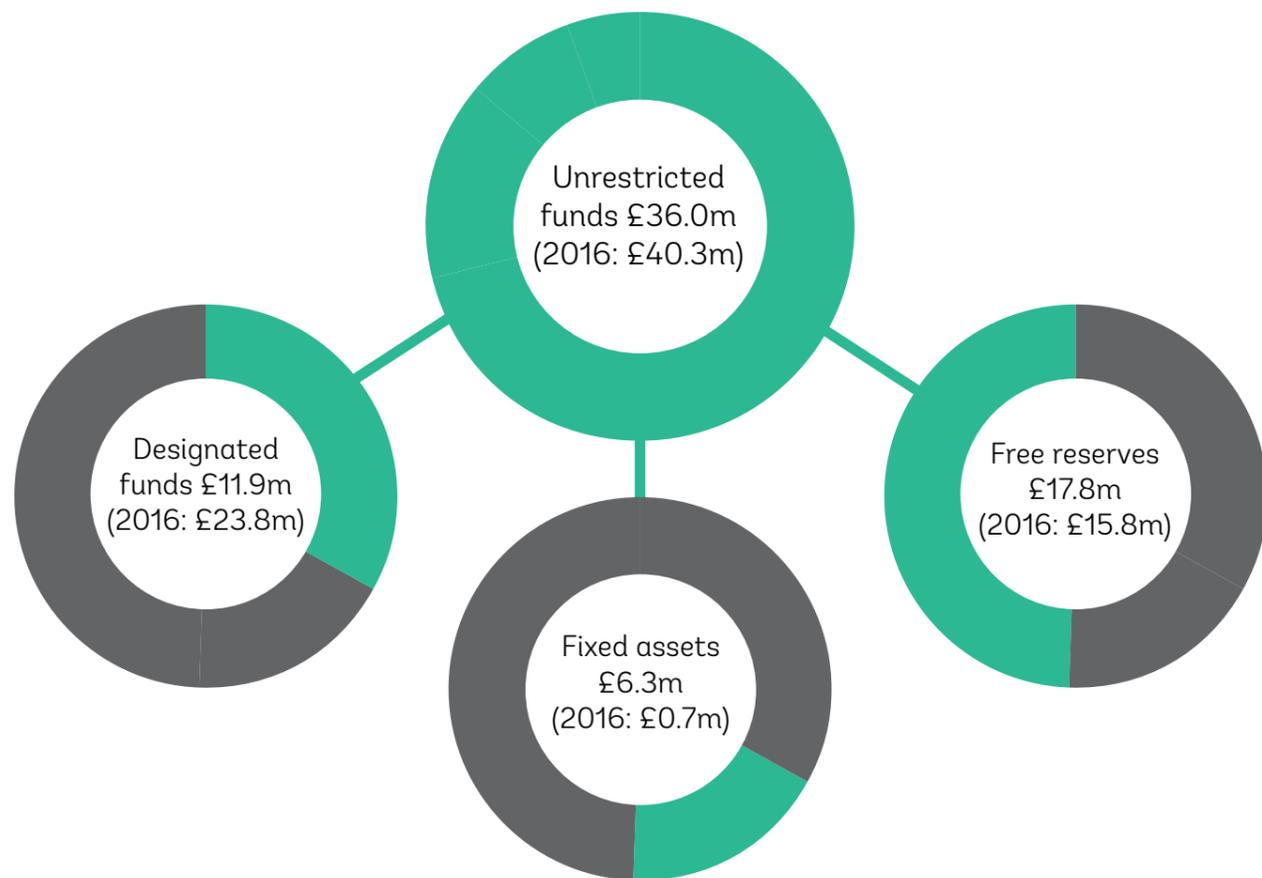


Permanent endowments

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 £8.7 million.

Unrestricted funds

The unrestricted funds are available for use by the Woodland Trust to achieve its strategic objectives. These funds arise from unrestricted legacies, donations from fundraising activities and from any resultant surpluses generated from our day-to-day operations.



During 2017 it was agreed that the building fund - valued at £5.6m and originally established in 2014 to allow the refurbishment or replacement of the head office in Grantham at the end of its economic life - would be released to general reserves.

Designated funds include the strategic investment fund which was set up to develop the initiatives within the strategic plan. A key initiative of the Woodland Trust is to acquire woods and land in order to champion a UK rich in native woods and trees, for people and wildlife. Without the funding capacity from the strategic investment fund, such acquisitions would not be possible. We have planned a deficit budget for the next three years which will reduce the strategic investment fund from £11.9 million to £4.0 million.

Designated funds also include the generous legacy of £9.1 million, received in 2016. This legacy has been designated towards the development of our concept of a Northern Forest; support for our site at Smithills in Bolton; ancient woodland restoration; and as a springboard for our treescapes activity. The funds will be fully used by 2022.

Free reserves, as defined by the Charity Commission, are unrestricted reserves that are freely available to spend on charitable purposes. The Woodland Trust's reserves policy is to keep free reserves within a target range of £9.0 million and £38.0 million, representing just under three months and twelve months of budgeted expenditure, respectively. Free reserves at the end of the year totalled £17.8 million, which is well within the target range and represents just under six months of budgeted activity.

Investment policy and performance

Total investments amount to £42.2 million of which £19.0 million is held in short-term, liquidity deposit funds. These represent general, designated and restricted funds and are held in banks or building societies that are authorised to carry out business in the UK.

In addition, £23.2 million are long-term funds which are held with two professional investment managers. Each investment portfolio has an objective of optimising return, subject to an acceptable level

of risk. Performance is monitored against tailored benchmarks as agreed with our investment managers. The benchmarks agreed are Consumer Price Index (CPI) plus 3.5% and the ARC Steady Growth Index. The CPI plus 3.5% is to ensure the long-term total return is above inflation while the ARC Steady Growth Index is specifically designed to be used by charity trustees and their advisers in assessing the performance of the investment portfolio against a realistic peer group.

During 2017 we disinvested from pooled funds managed by Sarasin & Partners and Cazenove and now hold portfolios where shares are directly held in individual equities, fixed interest bonds, infrastructure funds and property funds managed by Sarasin & Partners and Rathbones. This ensures that the Woodland Trust has ultimate responsibility for identifying any specific stocks to be embargoed because they conflict with our objectives and ethical policy.

The changes in the year had made it impossible to compare the annual return per fund manager to

benchmarks. However, the total combined annual return for our investments was 10.3% against the benchmarks CPI plus 3.5% of 6.5% and the ARC Steady Growth Index of 9.6%.

The Trust operates an ethical investment policy when investing endowments and funds in long-term investment portfolios. The policy enables our third-party investment managers to identify and avoid companies that have any obvious conflicts of interest between the issues concerning the Trust as defined in our ethical policy, and the objectives/activities of any company whose shares may be acquired for the purpose of investment. We would not expect to transact with organisations involved in the loss of ancient trees and woodland.

Our ethical investment policy can be found at woodlandtrust.org.uk/about-us/how-we-are-run/



WTML/DAVID CHAMBERLAIN



Governance

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 document is its Memorandum and Articles of Association and these can be accessed via our website: 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, and 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 18 on page 79.

Professional advisers

A list of the Trust's main professional advisers appears on page 82. Chartered accountants and tax advisers haysmacintyre have expressed their willingness to continue in office as auditors, and a resolution to re-appoint them will be proposed at the March 2018 board meeting.

Public benefit

The primary public benefit delivered by the Trust is the enhancement of vital tree cover in the UK and the protection of ancient woodland. Trees and woods provide a wide range of public benefits in the form of natural capital, help sequester carbon and reduce heat effect so helping combat climate change. They help with natural flood risk management, contribute to water quality, protect soils and reduce erosion, give shelter to stock, reduce air pollution and contribute to health including mental health.

Some of our activities that contribute to the public benefit include:

- managing over 26,000 hectares of woodland which is accessible to the public, free of charge
- helping children and teenagers to understand the importance of woods and trees through our Green Tree Schools Awards
- enabling people to buy young woodland, safe in the knowledge that we've done all we can to get the new trees off to the very best start possible through our 'Purchase, Plant and Pass on' programme
- engaging hundreds of people in planting trees at our organised events
- assisting communities, land owners and schools to create their own woodland with advice and support through our community tree packs and MOREwoods schemes
- providing opportunities through our Community Woodland Network for people to come together as a group to meet like-minded people, create homes for wildlife and benefit from the many resources our trees offer such as places to relax and a supply of wood fuel
- creating volunteering opportunities which enable people to gain experience in conservation areas which can then lead to a career in the environmental sector; or simply be at one with nature and enjoy the outdoors
- giving advice and assistance through our campaigns team to people who find their valued and ancient local woodland at risk of destruction.

Structure of the board

The trustees of the company, who are the charity's directors and members, form the Woodland Trust's Board, which is the organisation's ultimate governing body. Trustees are required to retire after four years but may offer themselves up for re-appointment for one further period of four years.

Trustees 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 chosen by the chair and ratified by the Board. Once appointed, each trustee is provided with an induction programme and training as appropriate. Trustees are regularly provided with internal and external information relevant to the Trust's governance, and make visits to our properties and woods. A performance review of each trustee is carried out every year.

Board of trustees

Skills:

-  Environmental
-  Media and communication
-  Finance and business
-  Government affairs
-  Governance, risk and legal
-  Digital marketing
-  Brand management and marketing
-  Campaigning and people engagement
-  Tax



Barbara, Baroness Young of Old Scone



Barbara is a Member of the House of Lords with special interests in the environment, agriculture, natural resources and climate change. She is chancellor at Cranfield University and her voluntary positions include president of Bedfordshire, Cambridgeshire and Northamptonshire Wildlife Trust; honorary president of the South Georgia Heritage Trust; patron of Lantra; and vice president of RSPB, Bird Life International and Flora and Fauna International.



Michael Greenwood



Mike has long experience in programme making and commissioning for BBC Radio and TV and as an independent producer. He has worked with many organisations to increase their impact via digital media. He teaches, writes and has an interest in the cultural history of woodland.



Patrick Macdonald



An engineer by training, Patrick is chairman of Reconomy, a privately owned recycling business. He is co-founder of the School for CEOs. Previously, he was chief executive of John Menzies plc. He is a fellow of the Royal Society of Arts, a companion of the Chartered Management Institute and the chairman of Inenco, a privately owned energy consultancy.



Paul Nevett

(appointed 23 March 2018)



Paul has experience nationally and internationally in brand management and marketing with Unilever, and has a strong personal interest in trees, woods and birds.



Richard Sykes



Richard is a chartered accountant and a retired partner of PwC where he led the governance, risk and compliance-facing initiatives. He is currently a non-executive director of Buro Happold as well as a board member of the England Hockey Board and Middlesex County Cricket Club.



Julia Smithies



Julia is a chartered accountant and retired from PwC where she led various parts of the tax practice and held senior strategic and governance roles. Julia is also a member of the Advisory Board for the International Opera Awards.



Sally Benthall



Sally worked for 30 years in environmental conservation, first for WWF-UK and then for the Galapagos Conservation Trust, which she helped to establish. She is part of the Campaign Council of Fitzwilliam College, Cambridge and a founding trustee of LandWorks, providing a supported route back into the community for prisoners.



Humphrey Battcock



Humphrey was a managing partner at Advent International. He also serves on the Cambridge Campaign Board, is a trustee of the Institute for Research in Schools and lectures at Oxford Business School.



Anne Lambert, CMG



Anne is a board member and chair of the panel at the Competition and Markets Authority. She worked for 30 years in government, specialising in regulation and Europe. She spent 10 years as a UK diplomat in Brussels, working on, among other things, climate change and the environment.



David Babbs

(appointed 23 March 2018)



David is one of the most recent trustee appointments. He has worked with or led a number of NGOs, including Friends of the Earth and 38 Degrees.

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

This committee promotes good governance and effective working of the Board. In 2017, among other matters, the committee recruited new trustees to the Board and continued to progress how the organisation seeks to increase the diversity of the board of trustees. The board affairs committee commissioned a working group to increase the diversity of the organisation. There is a two-year action plan which is scrutinised by the board affairs committee on a regular basis.

A board-effectiveness review will be carried out during 2018 which will look at the implementation of the new Charity Governance Code. The last board-effectiveness review took place in 2015.

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. In 2017, among other matters, the committee also reviewed our processes for engaging corporate partners, our readiness for the General Data Protection Regulation changes due in May 2018 and IT security-penetration testing.

Remuneration committee

The remuneration committee has delegated power to approve annual salary reviews for the management team, determining the individual pay and conditions and reviewing the performance of the chief executive and the senior management team. It also determines the process for reviewing the pay and conditions of all other staff and receives the Staff Representation Group's annual report on behalf of the trustees. In addition to the roles above, the committee reviewed the Trust's gender pay gap reporting and remuneration statement.

Annual meeting attendance

There were four board meetings in 2017: nine trustees attended all four and three attended three. All trustees serving on committee meetings attended 99% of meetings held during the periods in which such trustees served as a trustee and/or committee member.

Responsibilities of the trustees of the Woodland Trust

The trustees are responsible for preparing the report of the trustees and the financial statements in accordance

with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice). These 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 trustees 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 trustees is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware
- they 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 trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and which 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 trustees have taken account of the Charity Commission's general guidance on public benefit when setting the Trust's aims and objectives and planning our future activities. In particular, the trustees consider how planned activities contribute to the aims and objectives they have set.

Trustees' emoluments

The trustees 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 trustees and officers from losses arising from any wrongful act by its trustees or officers; and to indemnify them against their legal liability arising from any claim against them. The premium for the policy was £6,000 (2016: £6,000).

Related party transactions

There were no related party transactions during 2017.



Trustees' annual risk statement

Why risk management is important to us

Proactive risk management contributed to the creation of our ten-year strategy and allows us to anticipate and respond to challenges in our complex operating environment. In 2017, our risk management approach supported us in:

- protecting trees and woods through our integrated approach to develop resilient landscapes
- acquiring damaged habitats and focusing on making a difference for wildlife and people
- motivating people to stand up for trees, care for them and increase their number in the wider landscape
- meeting our obligations to our supporters, donors and partners.

Robust risk management enables us to make informed decisions and take calculated risks for the benefit of woods and trees.

Principal risks and uncertainties in 2017

The principal risks are those which, without effective mitigation, would have a severe impact on our work, our reputation or our ability to achieve our ambitions. Due to the long-term nature of our work, the Woodland Trust faces a number of inherent principal risks which are constant year-on-year.

The Board of trustees has carefully considered the impacts of the principal risks on the organisation's effectiveness in achieving its strategic objectives and ambitions for woods and trees. The principal risks and their mitigations are summarised below.



Resilient landscapes Challenges

To improve the capacity of trees, woods and associated habitats to cope with the impact of **climate change and pests and diseases**

Loss of ancient trees and ancient woodland where increasing fragmentation of the landscape reduces the viability of remnant woodland

Competition for land acquisition and land use

Climate change

Climate change and the combinations of local climatic events are increasingly likely to have an impact on landscape resilience, including woods and trees. This intensifies the impacts of other stressors, such as fragmentation, pollution, development, water abstraction, inappropriately-sited development, intensity of land use, and shifts in invasive and non-native species.

Key mitigation

- Our strategic work on resilient landscapes is designed to improve the capacity of trees, woods and associated habitats to cope with climate impacts
- The approach we take on our own estate includes promoting the use of a wider range of native species, improving age and structural diversity in our own woods, and using active woodland management to allow more scope for generational turnover and natural adaptation
- We are part of a number of coalitions working to highlight to the wider public the likely impact of climate change
- We work continuously through our Greening the Trust group to reduce our own energy use and green our activity wherever feasible.



Pests and diseases

Experience of ash dieback and other tree diseases has in past years highlighted the risks of inadvertently importing tree disease on planting stock. We need to be sure that both procurement and licensing activities do not drive unintended consequences, such as the importation of tree disease or non-native invasive species.

Key mitigation

- Staff and volunteers monitor and react to disease spread on our own estate. Our estate also contributes to ongoing research into tree disease
- The Observatree citizen science project, of which we are a partner, assists with the voluntary detection and monitoring of pests and diseases in the wider landscape
- Our own tree procurement policy is to use only UK-sourced-and-grown plants and we forward-order our stock on a two-yearly basis in order to guarantee nursery availability
- We have extended our UK-sourced-and-grown approach to 21 nurseries in order to influence the wider market availability of native stock grown in this way
- We are an active member of sector collaborations to tackle tree disease on specific species
- We fund research into the impacts of tree disease, particularly in the wider landscape
- We have a 'trees outside woods' strategy designed to specifically tackle the landscape impact of ash dieback
- We work to influence the behaviour of our corporate and licencing partners to limit the impact of imported plant material.



Loss of ancient trees

Loss of ancient trees and ancient and other valuable woodland, where fragmentation of the landscape reduces the viability of remnant woodland areas, leads to loss of habitats for key species which cannot be compensated for by replanting.

Key mitigation

- Our raised profile through High Speed Two and other campaigns such as Enough is Enough have increased public debate around ancient woodland protection. The scheme has also led to the recognition of ancient woodland as an irreplaceable habitat.
- We work on an ongoing basis to influence policy to improve protection for ancient woodland under planning law.
- Our campaigns team works to highlight individual planning threats to ancient woodland and we operate a network of voluntary 'threat detectors' across the UK.
- We equip local communities with tools to deal with other threats to trees and woods in their local area.

Competition for land

Increased competition for land and the future of the public forest estate owned by the Forestry Commission remains uncertain.

Key mitigation

- We proactively apply our land strategy to acquiring woods and land that fit our objectives
- The charter's ambition is to place trees at the centre of national decision-making and back at the heart of our lives and communities.



WTML/HELEN PARR



A bigger voice Challenges

Responding to political challenges such as influencing the likely outcomes of Brexit for the environment and in particular the future replacement of Common Agricultural Policy

Staying ahead of the increasing use of digital media

People's lack of connection and understanding of the benefits of woods and trees



Responding to political challenges

The UK's decision to leave the EU will result in a number of shifts in our operating model, especially in relation to what replaces Common Agricultural Policy.

Key mitigation

- We will continue to monitor political and economic trends as they evolve
- We have built and continue to build relationships with key stakeholders in the government



Staying ahead in a digital world

Understanding how to communicate with our supporters and engage with the public in an ever-changing digital environment is challenging.

Key mitigation

- Employ staff who understand the changing digital environment
- Detailed review of our digital infrastructure



People's lack of connection and understanding of woods and trees

With the space for nature being increasingly squeezed, while the need for the benefits provided by trees and woods is growing, we need to engage many more people with the multiple ways in which nature, trees and woods are essential to our lives.

Key mitigation

- The launch of the Charter for Trees, Woods and People as a rallying cry, a call to build a people-powered movement
- Through the Green Tree Schools Awards to inspire children and teenagers to understand the importance of woods and trees
- Influencing the nation through campaigns in which supporters are invited to voice their concern over the loss of ancient woodland.

WTML/RAE LEE; MICHAEL HEFFERNAN; RICHARD FAULKES; ILENE STERNS; ISTOCK/ STOCK_COLORS



Our people Challenges

Declining **public trust** in charities combined with shifting political environment impacting on our fundraising

Retaining talented **people** and decentralising decision-making to our regions and countries

Through **compliance**, safeguard confidential and sensitive information



Public trust

The public are crucial to our success and what we can achieve for woods and trees. Failure to uphold our reputation could lead to losing support.

Key mitigation

We will:

- ensure our values are reflected in everything we do
- implement findings from our Supporter Promise internal audit
- uphold our supporter promise through reviewing and improving our fundraising approaches and ensuring we are General Data Protection Regulation (GDPR)-compliant by May 2018
- continue with current and relevant training of staff, volunteers and professional recruiters
- listen to our supporters through monitoring feedback and surveys.



People

Our people are our greatest asset. Failure to attract, engage, develop and retain the best staff in an increasingly competitive labour market leads to reduced ability to deliver successful outcomes for woods and trees.

Key mitigation

We will provide:

- an open and honest culture where our core behaviours are valued and feedback welcomed
- talent management and succession planning programmes
- regular reviews of resourcing processes
- regular benchmarking of compensation and benefits
- employee engagement surveys and follow-up actions
- continued improvement in internal communications
- a published explanation of our whistle-blowing policy.



Compliance

This covers events that could impact on reputation and operations, such as serious fraud, an information security breach, a cyberattack or a significant health and safety incident.

Key mitigation

We will ensure there is:

- senior level engagement in policy setting and monitoring
- comprehensive training and awareness programmes for all staff and volunteers
- dedicated specialist resource in information security and health and safety.



WTML/PHIL FORMBY

How we manage risk

The board of trustees has reviewed the key risks for the Trust and is satisfied that the major risks have been identified and processes for addressing them have been implemented. The trustees have extended discussions at board meetings and continue to monitor risk with great care. A formal review of risk takes place annually. It is recognised that any control system can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The Woodland Trust views the management of risk as an integral element of its strategic planning, evaluation and decision-making processes. Identified risks are embedded in the implementation of our strategic plans and our operational management practices. 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.

To enable this, the Trust is an active member of the Visitor Safety in the Countryside Group (VSCG) and the Conservation Safety Network. The VSCG writes the Health and Safety Executive Approved Code of Practice for managing visitor safety, and from December 2017 the Woodland Trust's health, safety and environment manager will take up a position on its management board.

These relationships enable us to embed industry-wide good practice within our own safety management systems and have confidence that we are attaining parity with peer organisations and the standards set by the Visitor Safety in the Countryside Group and therefore the Health and Safety Executive.

The Trust is also a member of the National Tree Safety Group which aims to develop industry-wide guidance on tree-safety management. In 2017 the Woodland Trust will also be represented on a Forest Industry Safety Accord working group that will be aiming to set standards for the management of forestry work.

The Board is ultimately responsible for compliance with health and safety legislation. This is delegated to the chief executive on an operational level, and overseen by the director of corporate services. The appointed person for safety at the Trust (as defined by the Management of HSAW [Health and Safety at Work] Regulations 1999) is the health, safety and environment manager.

During 2017-18, the Trust will conduct external audits of both its health and safety standards and its approach to the management of tree safety.

The Trust has in place a safety strategy that extends until 2025, and a detailed plan that carries safety activity into 2018.

During 2017 a fatality occurred during a motorsport event organised with our consent by a third-party provider on one of our sites. Every effort had been made to ensure the event was safe and the Coroner deemed it to be an accidental death.

Administration of the Trust

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. Our conservation and woodland management objectives are consistent 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.

Environmental performance

Because of our core objectives, much of what the Trust does has a positive impact on the environment, with every million trees planted helping to absorb around 200,000 tonnes of CO₂. Our negative environmental impact is largely the result of the energy used in our offices and employee travel.

During 2017, a new 10-year sustainability strategy and three-year implementation plan was launched that seeks to harmonise environmental management across the Trust. The Trust conducts external audits of its environmental performance bi-annually, the next being due in 2018.

The Trust reviews its energy suppliers annually to ensure that emissions are managed as sustainably as possible. During 2018 the fleet management will also be reviewed.

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 and ensure that suppliers are aware of the terms of payment and pay in accordance with their contractual and other legal obligations. The Trust has an excellent record for paying suppliers on time.

Safeguarding policy

The Woodland Trust takes very seriously its responsibilities to children, young people and vulnerable adults who engage with the Trust. It therefore operates a safeguarding policy which applies to all employees, including senior managers and the board of trustees, volunteers, agency staff, contractors or anyone working on behalf of the Woodland Trust.

This policy sets out how the Trust will manage recruitment for job roles that involve working with vulnerable groups and how it will manage matters arising during employment where it is believed that vulnerable groups could be, or have been, placed at risk. The policy also explains the responsibilities of staff in relation to the safeguarding of vulnerable groups and the procedure that should be followed when reporting any concerns.

Employment and remuneration policy

The Woodland Trust has great ambitions for the 10-year plan and we believe in recruiting high-calibre people to represent our interests. We also believe in rewarding staff fairly for the jobs they do and fostering a positive working environment, and we believe our salaries and employee terms and conditions to reflect this.

Remuneration policy

People are employed at the Woodland Trust on the basis of the specific skills that they bring to their particular role. For the Trust to run successfully, a large range of skills and disciplines are required, and we need to pay appropriately to ensure that we can recruit people with the right skills.

We also need to retain skilled and expert staff in specific functions, in a competitive market where skills are readily transferable to other organisations both in the commercial world as well as in the public sector, voluntary and forestry/conservation sectors. The Trust firmly believes in trying to retain staff for the long-term, developing them and benefiting from their growing knowledge. This is in preference to the disruption and expense of recruitment, especially as many staff have detailed knowledge that is unique to them in the organisation and could not be quickly replaced. Our salaries are set with this in mind.

Senior management pay

The senior management team members require a breadth and depth of expertise which requires drawing from the best senior level talent in a competitive market. They need to be able to command the respect of their peers in the conservation and charity sector through their experience, knowledge and professional and personal credibility. At the same time, we seek to keep senior management salary costs at a proportionate ratio to other salaries in the organisation. Salaries for the senior management team – the chief executive and six directors – are set and reviewed annually by the Trust's remuneration committee.

The senior management team as at 31 December 2017 comprised:

Chief executive officer
Beccy Speight

Director of conservation and external affairs
Austin Brady

Director of corporate services and company secretary
Helga Edwards

Director of brand and communications
Ruth Hyde

Director of fundraising and supporter development
Karl Mitchell

Director of estate and woodland outreach
Darren Moorcroft

Director of operations
Norman Starks

The report of the trustees, which incorporates the requirements of the strategic report, was approved and authorised for issue by the trustees on 23 March 2018 and signed on their behalf by:

Barbara, Baroness Young of Old Scone
Chair
23 March 2018

Independent Auditor's Report to the Trustees of The Woodland Trust

Opinion

We have audited the financial statements of the Woodland Trust for the year ended 31 December 2017 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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, 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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2017 and of the group's and parent charitable company's net movement in funds, including the 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 requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have

fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 31, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or



WTML/LAURIE CAMPBELL

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and the Foreword. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (which incorporates the strategic report and the directors' report) has

been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and 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

Samantha Coutinho (Senior Statutory Auditor)
for and on behalf of haysmacintyre, Statutory Auditors
23 March 2018

10 Queen St Place
London
EC4R 1AG

Consolidated statement of financial activities

for the year ended 31 December 2017

	Note	Unrestricted funds				Total	Total
		General fund	Designated funds	Restricted funds	Endowment funds	2017	2016
Income and endowments from:		£'000	£'000	£'000	£'000	£'000	£'000
Donations and legacies	2	23,907	152	6,950	-	31,009	37,825
Other trading activities	2	6,041	250	-	-	6,291	6,072
Investments	8	541	-	238	-	779	801
Charitable activities	2	3,981	17	2,984	-	6,982	4,856
Other income	2	174	-	-	-	174	33
Total income and endowments		34,644	419	10,172	-	45,235	49,587
Expenditure from:							
Cost of raising funds	5	(8,192)	(24)	(27)	-	(8,243)	(7,401)
Charitable activities							
Protect woodland	5	(7,905)	(53)	(1,723)	-	(9,681)	(8,236)
Restore woodland	5	(11,814)	(42)	(2,566)	-	(14,422)	(11,930)
Create woodland	5	(9,648)	(961)	(2,295)	-	(12,904)	(11,063)
Charitable expenditure		(29,367)	(1,056)	(6,584)	-	(37,007)	(31,229)
Total expenditure		(37,559)	(1,080)	(6,611)	-	(45,250)	(38,630)
Net income before investment gains		(2,915)	(661)	3,561	-	(15)	10,957
Net gains on investment assets	11	374	-	414	712	1,500	1,718
Net income/expenditure		(2,541)	(661)	3,975	712	1,485	12,675
Transfers between funds	16	10,183	(11,248)	3,065	(2,000)	-	-
Net movements in funds		7,642	(11,909)	7,040	(1,288)	1,485	12,675
Fund balances brought forward at 1 January 2017		16,461	23,816	99,629	10,037	149,943	137,268
Fund balances carried forward at 31 December 2017	16	24,103	11,907	106,669	8,749	151,428	149,943

This statement of financial activities excludes £5,560k (2016: £4,094k) of woods and land acquired and capitalised as per note 9.

There are no recognised gains or losses other than those in the consolidated statement of financial activities shown left.

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 expenditure for the year before transfers (£4,769k) and the net deficit for the year (£15k), as defined under the Companies Act, are realised gains on investments of £4,754k which are reflected within net gains on investment assets.

A comparative statement of financial activities is included in note 23.

The notes on pages 62-81 form part of these accounts.

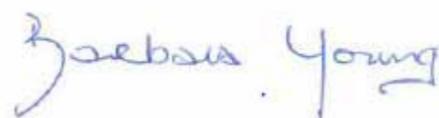
Balance sheets

at 31 December 2017

	Note	Group		Charity	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
Fixed assets					
Tangible assets:					
• woods and land	9	87,460	82,067	87,460	82,067
• other fixed assets	10	6,306	6,444	6,306	6,444
		93,766	88,511	93,766	88,511
Investments	11	42,233	46,712	42,233	46,712
		135,999	135,223	135,999	135,223
Current assets					
Land for planting and resale	12	1,095	577	1,095	577
Stocks	13	262	263	196	171
Debtors	14	17,230	15,160	17,302	15,183
Cash at bank and in-hand		1,882	2,660	1,629	2,582
		20,469	18,660	20,222	18,513
Creditors					
Amounts falling due within one year	15	(5,040)	(3,940)	(4,793)	(3,793)
Net current assets		15,429	14,720	15,429	14,720
Net assets	18	151,428	149,943	151,428	149,943
Financed by:					
Restricted funds	17	106,669	99,629	106,669	99,629
Permanent endowments	17	8,749	10,037	8,749	10,037
Unrestricted funds:					
• general fund	17	24,103	16,461	24,103	16,461
• designated funds	17	11,907	23,816	11,907	23,816
		151,428	149,943	151,428	149,943

The consolidated net movement in funds for the parent company is a surplus of £1,485k (2016: £12,675k).

These accounts were approved and authorised for issue by the trustees on 23 March 2018 and signed on their behalf by:



Barbara, Baroness Young of Old Scone

Chair

The notes on pages 62-81 form part of these accounts.

Consolidated cash flow statement

for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Operating activities		(1,846)	8,716
Investing activities			
Investment income	8	779	801
Purchase of woods and land	9	(5,454)	(3,920)
Purchase of fixed assets	10	(319)	(351)
Purchase of investments	11	(22,256)	(2,296)
Net liquid movement	11	8,057	(5,057)
Sale of land		83	73
Sale of investments	11	20,178	2,146
Net cash flow from investing activities		1,068	(8,604)
Financing activities			
Decrease in long-term loans		-	(40)
Change in cash and cash equivalents in the year		(778)	72
Net movement in cash in the year		(778)	72
Cash at 1 January		2,660	2,588
Cash at 31 December		1,882	2,660
		2017	2016
		£'000	£'000
Reconciliation of net income to net cash flow from operating activities			
Net expenditure/income		(15)	10,957
Investment income		(779)	(801)
Donated woods and land		(106)	(174)
Depreciation:			
• woods and land		32	32
• other fixed assets		456	498
Loss on disposal of woods and land		53	191
(Increase)/decrease in land stock		(518)	108
Decrease/(increase) in stock		1	(66)
(Increase) in debtors		(2,070)	(2,469)
Increase in creditors		1,100	440
Net cash (outflow)/inflow from operating activities		(1,846)	8,716

The purchase and sale of investment movements highlighted above arose because of the decision by the trustees to move funds totalling £23,200k between investment managers and between pooled funds and managed funds (see page 43).

The notes on pages 62-81 form part of these accounts.

Notes to the accounts for the year ended 31 December 2017

1. Accounting policies

a) Basis of accounting and statement of compliance

The financial statements have been prepared under the historical cost convention, with the exception of listed investments which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Companies Act 2006. The Trust is a public benefit entity as defined by FRS102, the financial reporting standard applicable in the UK and Ireland. The financial statement complies with FRS102 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards in the UK and Ireland (FRS102).

b) Preparation of the accounts on a going-concern basis

The trustees are of the view that there are no material uncertainties regarding the Woodland Trust's ability to continue as a going concern and therefore the assessment of the trustees is that the charity is a going concern.

c) 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 section 408 of the Companies Act 2006. Glen Finglas Farming Limited is excluded from the consolidated accounts as it is not material to the group.

d) 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 trustees, 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 of 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.

e) Income and endowments

Membership

Memberships are received as monthly subscriptions or as an annual payment. Life and annual membership subscriptions are treated as donations and are included in full in the year in which they are received.

Investments

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.

Donated assets

Income in the form of donated assets has been included in the Consolidated Statement of Financial Activities at a reasonable estimate of their value and, where appropriate, they have been capitalised.

Grants

Grants for woodland management are credited to the Consolidated Statement of Financial Activities in the year in which they are received in line with the requirements of SORP (Statement of Recommended Practice) 2015.

Legacies

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. Regular reviews of legacy debtors are performed which include reviewing correspondence and valuations from executors.

Lottery

Where lotteries are run by the Woodland Trust and the Trust is principal, the proceeds are reported gross of any prize monies and other expenditure. Lottery income includes proceeds of lotteries held by People's Postcode Lottery (PPL). The Woodland Trust Enterprises Limited has no ability to alter the price of tickets, determine the prizes or reduce the management fee. PPL is the acting principal for these draws. Net proceeds received are recognised within lottery income in the Statement of Financial Activities. The analysis of the proceeds is detailed in note 3.

f) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party for goods or services, and where it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following headings:

Cost of raising funds

These are costs incurred in generating the income analysed in note 2 (page 65) to the accounts. These costs are analysed in notes 5 and 6 (page 68-69) to the accounts.

Charitable activities

Expenditure is allocated as follows:

- **Protection of native woodland** – direct expenditure includes woodland management, research and lobbying to improve the degree of protection for ancient woods and ancient trees
- **Restoration of woodland** – direct expenditure includes the restoration of all damaged ancient woodland and the re-creation of native wooded landscapes
- **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.

Note 7 (page 69) 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, governance and our finance function.

Support costs are allocated to costs of raising funds and charitable activities on the basis of the direct expenditure incurred by each activity.

g) Depreciation

Depreciation is not provided on freehold and long leasehold woods and land, which are 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 Grantham 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 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.

h) Woods and land

The value of donated land is disclosed in note 9 (page 71) 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.

i) 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.

j) 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.

k) Stocks

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

l) Significant areas of estimation and judgement

The preparation of the financial statements require judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, income and expenditure. The nature of estimation and judgement means that actual outcomes could differ from expectation.

Management applies judgement in recognition of residuary legacy income where it is considered that there is significant uncertainty over the valuation

of specific assets or liabilities within the estate and therefore the measurement criteria required by the Charity SORP (FRS102) is not met. In such cases, the value of the legacy will be adjusted accordingly on initial recognition.

Management applies judgement in the recognition of lottery income, which is explained further in note 1(e).

m) Financial instruments

Recognition criteria for financial instruments appear below:

Financial instrument	Measurement criteria – initial and subsequent
Cash	Cash held then on amortised cost
Debtors (including trade debtors)	Settlement amount or amount advanced then at amortised cost
Creditors	Settlement amount after discounts (if any) then at amortised cost
Investments	Transaction cost then at fair value (market value)
Liabilities	On an accruals basis then at amortised cost

n) Operating leases

Operating lease rentals are charged to expenditure in equal annual amounts over the lease term.

o) Pensions

The Trust operates defined contribution pension schemes. The cost of providing pensions is charged to expenditure in the period in which contributions are made.

2. Income

	Unrestricted				Total 2017	Total 2016
	General funds	Designated funds	Restricted funds	Endowment funds		
	£'000	£'000	£'000	£'000	£'000	£'000
Donations and legacies						
Legacies	1,2356	152	2,872	-	15,380	21,949
Membership subscriptions	8,095	-	-	-	8,095	7,992
Fundraising and appeals	1,931	-	2,273	-	4,204	5,017
Company donations, charitable trusts and landfill tax	1,525	-	1,717	-	3,242	2,694
Donated woods and land	-	-	88	-	88	173
Total donations and legacies	23,907	152	6,950	-	31,009	37,825
Other trading activities						
Sponsorship income	2,309	250	-	-	2,559	2,579
Lotteries	3,079	-	-	-	3,079	2,865
Merchandise income	653	-	-	-	653	628
Total income from other trading activities	6,041	250	-	-	6,291	6,072
Income from charitable activities						
Grants	2,002	17	2,984	-	5,003	3,210
Woodland management income	1,979	-	-	-	1,979	1,646
Total income from charitable activities	3,981	17	2,984	-	6,982	4,856
Other income						
Other income	174	-	-	-	174	33
	174	-	-	-	174	33
Investment income	541	-	238	-	779	801
Total Income	34,644	419	10,172	-	45,235	49,587

Included in fundraising and appeals is £48k (2016: £26k) gifts in kind.

Legacy notifications

In addition to the legacy income recorded above, the Trust had been advised of a number of legacies bequeathed to it where the conditions regarding income recognition were not fulfilled by the year end. The combined estimated value of these legacies, where it is possible to estimate their value, was at least £900k (2016: £900k).

3. Lottery income

Where lotteries are run by the Woodland Trust and the Trust is principal, the proceeds are reported gross of any prize monies and other expenditure. Lottery income includes proceeds of lotteries held by People's Postcode Lottery (PPL). The Woodland Trust (Enterprises) Limited has no ability to alter the price of tickets, determine the prizes or reduce the management fee. PPL is the acting principal for these draws. Net proceeds received are recognised within lottery income in the Statement of Financial Activities.

	2017	2016
	£'000	£'000
People's Postcode Lottery ticket value	8,029	7,769
People's Postcode Lottery prize fund	(3,212)	(3,060)
People's Postcode Lottery management fee	(2,328)	(2,331)
Prize indemnity insurance	-	(47)
Net People's Postcode Lottery income	2,489	2,331
The Woodland Trust's lotteries	590	534
Total lottery income	3,079	2,865

4. Grants

The following organisations provided grants:	2017	2016
	£'000	£'000
Heritage Lottery Fund	1,659	869
Forestry Commission	862	717
Scottish Government Rural Payments and Inspections Directorate	635	172
Department for Environment, Food and Rural Affairs	516	129
National Forest Company	389	635
The Waterloo Foundation	200	-
Rural Payment Agencies	188	61
Natural England	177	11
Northern Ireland Environment Agency	83	82
Welsh Government/Llywodraeth Cymru	61	126
Point and Sandwick Trust	58	58
Local authorities	57	19
Assynt Foundation	46	-
Natural Resources Wales/Cyfoeth Naturiol Cymru	45	66
Environment Agency	4	7
Scottish Natural Heritage	3	-
Esmée Fairbairn Foundation	2	38
Department of Agriculture and Rural Development (Northern Ireland)	2	8
European Commission's LIFE+ programme	-	101
The Agincourt 600 Commemoration Fund	-	28
The Ulster Society for the Protection of the Countryside	-	26
Tesco PLC	-	20
Greater London Authority	-	14
Loughs Agency	-	5
Scottish Forestry Trust	-	5
Royal Society for the Protection of Birds (RSPB)	-	2
Other grant providers	16	11
	5,003	3,210

Of those listed above, £2,984k (2016: £1,879k) are restricted grants. Grant income is project activity based and the level of income recognised relates to the activity taking place during the year.

5. Expenditure

	Direct £'000	Support £'000	2017 £'000	2016 £'000
Costs of raising funds				
<i>Costs of donations and legacies</i>				
Membership	4,475	646	5,121	4,079
Fundraising and appeals	560	81	641	894
Company donations, charitable trusts and landfill tax	757	109	866	868
Legacies	165	24	189	164
	5,957	860	6,817	6,005
<i>Other trading activities</i>				
Sponsorship	548	64	612	554
Merchandise	432	51	483	515
Lotteries	232	27	259	295
	1,212	142	1,354	1,364
<i>Investment management costs</i>	72	-	72	32
Total cost of raising funds	7,241	1,002	8,243	7,401
Charitable activities				
Protect woodland	8,453	1,228	9,681	8,236
Restore woodland	12,579	1,843	14,422	11,930
Create woodland	11,268	1,636	12,904	11,063
Total charitable activities	32,300	4,707	37,007	31,229
Total expenditure	39,541	5,709	45,250	38,630

This statement of expenditure excludes £5,560k (2016: £4,094k) of woods and land acquired and capitalised as per note 9 (page 71).

6. Support costs

	Premises £'000	Governance £'000	Depreciation & loss on sales £'000	Finance & IT £'000	Human resources £'000	Management & other £'000	2017 £'000	2016 £'000
Cost of raising funds	128	24	83	525	140	102	1,002	977
Charitable expenditure								
Protect woodland	176	35	104	625	173	115	1,228	1,126
Restore woodland	262	53	165	935	257	171	1,843	1,646
Create woodland	235	47	135	827	239	153	1,636	1,511
	673	135	404	2,387	669	439	4,707	4,283
Total support costs	801	159	487	2,912	809	541	5,709	5,260

The trustees/directors of the company, who comprise its Board, did not receive any remuneration during the period. Travelling and subsistence expenses incurred by 12 (2016: 11) trustees/directors on Board business amounted to £13k (2016: £10k) 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.

	2017 £'000	2016 £'000
The surplus for the year is after charging:		
Salaries and wages	13,030	11,322
Social Security costs	1,248	1,078
Other pension costs	1,238	701
	15,516	13,101
Depreciation	488	530
Auditor's fees and expenses:		
• Audit work	23	21
• Other services	-	11
Rentals under operating leases:		
• Land and buildings	128	99
• Other	479	397
Irrecoverable Value Added Tax	1,056	836

Irrecoverable VAT is classified under the same heading as the expenditure or asset to which it relates.

Employees and volunteers

The average number of employees during the year was 445 (2016: 377). The average number of employees, analysed by function, was:

	2017 Total	2016 Total
Charitable activities	301	254
Fundraising	85	68
Human resources, finance, information technology and legal	59	55
	445	377

The average number of employees is calculated using the full-time equivalent method. The actual number of employees is 485 (2016: 409); the difference due to job shares and part-time positions held by employees. The average number of employees increased by 68 FTE during 2017, this increase highlighting the investment we are making in valuable resource to enable us to achieve our strategic plan.

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 2017, volunteers contributed 249,000 hours with an ascribed value of £2.2m (2016: 218,000 hours, value £2.1m), which is not reflected in the financial statements.

The chief executive's earnings for 2017 were £131,086 (2016: £123,359), including a pension contribution of £17,673 (2016: £13,507). The earnings of the key management personnel (including the CEO) for 2017 was £543,029 (2016: £491,378) relating to seven roles (2016: six roles).

Employees' emoluments (basic pay, pensions and health care) for the staff earning more than £60,000 for the year fell into the following bands:

£'s	No. of Employees	
	2017	2016
130,000-139,999	1	-
120,000-129,999	-	1
80,000-89,999	1	-
70,000-79,999	4	3
60,000-69,999	1	3

8. Investment income

	2017	2016
	£'000	£'000
Income from investments was as follows:		
Income from UK-listed investments	401	409
Income from UK-cash investments	246	251
Bank interest receivable	12	18
Income from overseas-listed investments	120	123
	779	801

9. Fixed assets – woods and land

The group and the charity:

	Purchased			Donated			Total
	Freehold	Long leasehold	Short leasehold	Freehold	Long leasehold	Short leasehold	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or donated value							
At 1 January 2017	70,269	873	183	6,130	4,107	985	82,547
Additions for the year	5,454	-	-	106	-	-	5,560
Disposals for the year	(61)	-	-	(74)	-	-	(135)
At 31 December 2017	75,662	873	183	6,162	4,107	985	87,972

Depreciation

At 1 January 2017	-	-	48	-	-	432	480
Charge for the year	-	-	4	-	-	28	32
At 31 December 2017	-	-	52	-	-	460	512

Net book value

At 31 December 2017	70,662	873	131	6,162	4,107	525	87,460
At 31 December 2016	70,269	873	135	6,130	4,107	553	82,067

In addition, the Trust currently leases 25 hectares (2016: 25 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:	2017	2016
	£'000	£'000
Protect woodland	2,468	730
Restore woodland	15	1,390
Create woodland	3,077	1,974
	5,560	4,094

10. Other fixed assets

The group and the charity:	Buildings	Computer equipment & software	Office equipment & furniture	Plant & machinery	Total
		£'000	£'000	£'000	£'000
Cost					
At 1 January 2017	6,542	4,071	369	407	11,389
Additions	-	217	9	93	319
Disposals	-	(500)	-	(22)	(522)
At 31 December 2017	6,542	3,788	378	478	11,186
Depreciation					
At 1 January 2017	805	3,471	366	303	4,945
Charge for the year	131	269	1	55	456
Disposals	-	(500)	-	(21)	(521)
At 31 December 2017	936	3,240	367	337	4,880
Net book value					
At 31 December 2017	5,606	548	11	141	6,306
At 31 December 2016	5,737	600	3	104	6,444

11. Investments

The group and the charity:	2017	2016
	£'000	£'000
Investments at market value		
Permanent endowments	8,749	10,037
Designated funds	11,907	17,379
Restricted funds	16,760	15,881
General funds	4,817	3,415
	42,233	46,712
	Cost	Valuation
	2017	2016
	£'000	£'000
Investments consist of:		
Cash held as part of investments	996	304
UK-listed investments	11,141	10,931
Overseas-listed investments	9,866	3,100
Other UK short-term holdings	19,471	28,364
	41,474	42,699
	2017	2016
	£'000	£'000
The movement on valuation of investments is as follows:		
Market value at 1 January 2017	46,712	39,787
Acquisitions	22,256	2,296
Sales proceeds	(20,178)	(2,146)
Net liquidity fund movement	(8,057)	5,057
Net investment gains	1,500	1,718
Market value at 31 December	42,233	46,712
Comprising:		
Cost at 31 December 2017	41,474	42,699
Unrealised investment gains at 31 December 2017	759	4,013
Market value at 31 December 2017	42,233	46,712
Realised investment gains in the year	4,754	139

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 18 (page 79) to the accounts. The trading activities of the two active subsidiaries are set out in note 19 (page 80) to the accounts.

12. Land purchased for resale

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Land available for resale	1,095	577	1,095	577

Land available for resale represents woodland purchased for planting and onward sale in due course under the Trust's Purchase, Plant and Pass on and Purchase, Restore and Pass on schemes. The schemes are intended to create new woodland at minimal net cost to the Woodland Trust and provide an opportunity for new owners to get involved in woodland management. During the year, £827k of land was purchased and £309k was transferred to fixed assets.

13. Stocks

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Livestock and stores	196	171	196	171
Raw materials and consumables	66	92	-	-
	262	263	196	171

14. Debtors

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Legacies receivable	10,315	8,286	10,315	8,286
Grants receivable	1,940	2,029	1,655	1,533
Trade debtors	1,733	1,320	688	211
Amounts owed from subsidiaries	-	-	1,413	1,621
Other debtors	2,473	2,448	2,468	2,423
Prepayments and accrued income	769	1,077	763	1,109
	17,230	15,160	17,302	15,183

15. Creditors: amounts falling due within one year

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade creditors	4,465	3,452	4,311	3,388
Taxation and Social Security	365	319	365	319
Accruals and deferred income	210	169	117	86
	5,040	3,940	4,793	3,793

16. Movement on funds

The following notes set out the opening balance, movement in the year and closing balance for each significant fund. Full comparative movements are shown in the audited accounts for the year ended 31 December 2016, available from the Charity Commission or our website at woodlandtrust.org.uk.

Restricted funds	Balance at 1 January 2017	Movement of funds			Balance at 31 December 2017
		Gains/ income	Losses/ expenditure	Transfers	
	£'000	£'000	£'000	£'000	£'000
Woods and land	82,067	3,238	(166)	2,321	87,460
Woodland management fund	3,061	439	(343)	(393)	2,764
Restricted legacies	9,549	3,180	(1,284)	(1,272)	10,173
Various other funds	4,952	3,729	(4,818)	2,409	6,272
	99,629	10,586	(6,611)	3,065	106,669

The woods and land fund comprises 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.

The woodland management fund consists of unspent income associated with specific sites. It includes unrealised investment gains of £640k (2016: unrealised investment gains of £500k).

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.

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 2017 amounted to £716k (2016: £115k) and £701k (2016: £129k) was expended, leaving a balance at 31 December 2017 of £15k (2016: £nil).

Permanent endowments	Movement of funds			
	Balance at 1 January 2017	Gains/ income	Transfers	Balance at 31 December 2017
	£'000	£'000	£'000	£'000
Glenrothes	4,445	266	(2,000)	2,711
Livingston	2,632	210	-	2,842
Warrington and Runcorn	1,608	128	-	1,736
Preston and Chorley	1,352	108	-	1,460
	10,037	712	(2,000)	8,749

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 investment gains of £300k (2016: unrealised investment gains of £1,900k).

Unrestricted funds	Movement of funds				
	Balance at 1 January 2017	Gains/ income	Losses/ expenditure	Transfers	Balance at 31 December 2017
	£'000	£'000	£'000	£'000	£'000
General fund	16,461	35,018	(37,559)	10,183	24,103
Designated funds					
Strategic investment fund	17,262	419	(949)	(4,825)	11,907
Building fund	6,554	-	(131)	(6,423)	-
	23,816	419	(1,080)	(11,248)	11,907

The strategic investment fund is specifically designated to provide the initial funding required for initiatives within the strategic plan to be developed. Without this funding capability, such projects would not be possible. We have planned a deficit budget over the next three years which will reduce strategic investment funds from £11,907k to £4,000k.

The purpose and structure of the Trust's unrestricted funds is described in the Financial Review on pages 34-43. The general fund represents working capital and operating fixed assets and is analysed in note 17 (page 78). The transfers are explained on the right.

Analysis of transfers between funds	Note	General fund	Strategic investment fund	Building fund	Woods & land	Restricted legacies	Other restricted funds	Endowments
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Transfer to general fund	1	13,477	(7,054)	(6,423)	-	-	-	-
Income for future operations and acquisitions	2	(2,626)	-	-	-	-	2,626	-
Legacies for acquisitions	3	-	321	-	-	(321)	-	-
Underwrite for acquisition of woods	4	(668)	(92)	-	2,321	(951)	(610)	-
Drawdown of endowment fund	5	-	2,000	-	-	-	-	(2,000)
Total transfers		10,183	(4,825)	(6,423)	2,321	(1,272)	2,016	(2,000)

Notes

- A net amount of £13,477k was transferred to the general fund, of which £6,424k was to transfer the balance of the building fund after trustees agreed to reclassify this from a designated fund to a general fund, and £7,054k was a transfer from the strategic investment fund to maintain sufficient working capital and contingency over the next twelve months.
- A net amount of £2,626k has been transferred to restricted funds for future use in conjunction with projects such as Lock Arkaig and Fingle Woods.
- An amount of £321k has been transferred to the strategic investment fund, following the decision to keep 22 hectares of land at Coed y Foel within our estate rather than commit to the Purchase, Plant and Pass on scheme as first identified.
- A transfer of £2,321k was made to woods and land to enable the Woodland Trust to acquire sites that match our charitable objectives, largely from restricted legacies of £951k in accordance with legators' wishes. Additionally, there were transfers from other restricted funds of £610k, strategic investment fund of £92k and the general fund of £668k.
- £2,000k has been transferred from the Glenrothes endowment fund to the general fund, to release funds for our ten-year strategic plan. This transfer is within the conditions applied to the endowment.

17. Analysis of group net assets between funds

This note details the group position, which is the same as the charity position.

The trustees 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 2017 are represented by:

	Unrestricted funds		Restricted funds		Total funds £'000
	General fund	Designated fund	Restricted fund	Permanent endowments	
	£'000	£'000	£'000	£'000	
Tangible fixed assets	6,306	-	87,460	-	93,766
Investments	4,974	11,907	16,603	8,749	42,233
Cash at bank and in hand	1,882	-	-	-	1,882
Other current assets	15,981	-	2,606	-	18,587
Liabilities due within one year	(5,040)	-	-	-	(5,040)
Total net assets	24,103	11,907	106,669	8,749	151,428

Restricted tangible fixed assets consist of woods and land: £87,460k (2016: £82,067k). A full breakdown of the comparative net assets between funds is shown in the accounts for the year ended 31 December 2016 and is available from the Charity Commission or from our website woodlandtrust.org.uk.

18. Net income from trading activities of subsidiaries

The Woodland Trust has two wholly-owned trading subsidiaries which are incorporated in England. Woodland Trust Farming Limited (registered company no. 6360791) undertakes farming on some Woodland Trust sites prior to woodland being created. Woodland Trust (Enterprises) Limited (registered company no. 2296645) was established to undertake sponsorships, commercial activities, lotteries and merchandise sales. Within the cost of sales and administration expenses is £580k (2016: £479k) 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 (registered company no. SC408716) was incorporated in Scotland on 5 October 2011 and is a wholly-owned dormant subsidiary.

	Enterprises		Farming	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Profit and loss account				
Turnover	6,262	6,061	782	544
Cost of sales	(1,008)	(786)	(256)	(232)
Gross profit	5,254	5,275	526	312
Licence payment to the Woodland Trust	(250)	(200)	-	-
Distribution costs	(58)	(56)	-	-
Administration expenses	(162)	(193)	(2)	(2)
Operating profit	4,784	4,826	524	310
Interest receivable	-	1	-	-
Net profit	4,784	4,827	524	310
Payment to the Woodland Trust	(4,784)	(4,827)	(524)	(310)
Accumulated reserves brought forward	-	-	-	-
Accumulated reserves carried forward	-	-	-	-
Balance sheet				
Current assets	1,367	1,290	291	510
Current liabilities	(1,367)	(1,290)	(291)	(510)
Net assets	-	-	-	-
Capital and reserves	-	-	-	-

19. Operating lease commitments

At 31 December, the Woodland Trust - both the group and the charity - is committed to making the following payments in respect of operating leases:

	2017 £'000	2016 £'000
Land and buildings		
Leases which expire:		
within one year	81	116
within two to five years	255	303
after five years	1,845	1,875
	2,181	2,294
Other		
Leases which expire:		
within one year	351	316
within two to five years	485	287
	836	603

20. Capital commitments

Commitments for expenditure not provided for in these accounts in respect of assets under construction amount to £nil (2016: £nil).

21. Pension schemes

The Woodland Trust operates defined contribution schemes for all qualifying employees. The assets of the schemes are held in separate funds administered by independent pension providers. The total cost of pensions for the year incurred by the Woodland Trust was £1,238k (2016: £701k). Included in other creditors is £nil (2016: £nil) in respect of pension schemes.

22. Contingent liabilities

The trustees were not aware of any significant contingent liabilities at 31 December 2017 and 31 December 2016.

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

23. Prior year statement of financial activities

	Note	Unrestricted funds				Total 2016 £'000
		General Fund £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	
Income and endowments from:		£'000	£'000	£'000	£'000	£'000
Donations and legacies	2	31,345	-	6,480	-	37,825
Other trading activities	2	6,072	-	-	-	6,072
Income from investments	7	517	100	171	13	801
Income from charitable activities	2	2,977	-	1,879	-	4,856
Other income	2	33	-	-	-	33
Total income and endowments		40,944	100	8,530	13	49,587
Expenditure on:						
Cost of raising funds	4	(7,349)	(37)	(13)	(2)	(7,401)
Charitable activities						
Protect woodland	4	(7,030)	(65)	(1,141)	-	(8,236)
Restore woodland	4	(10,236)	(40)	(1,654)	-	(11,930)
Create woodland	4	(9,171)	(359)	(1,533)	-	(11,063)
Charitable expenditure		(26,437)	(464)	(4,328)	-	(31,229)
Total expenditure		(33,786)	(501)	(4,341)	(2)	(38,630)
Net income before investment gains		7,158	(401)	4,189	11	10,957
Net gains on investment assets	11	-	488	519	711	1,718
Net income/expenditure		7,158	87	4,708	722	12,675
Transfers between funds	17	(8,287)	4,704	3,583	-	-
Net movement in funds		(1,129)	4,791	8,291	722	12,675
Fund balances brought forward at 1 January		17,590	19,025	91,338	9,315	137,268
Fund balances carried forward at 31 December	18	16,461	23,816	99,629	10,037	149,943

We want to see a UK rich in native woods and trees, for people and wildlife. But we can't achieve our vision without you. There are many ways you can help us make a real difference including membership of the Trust, supporting our campaigns or appeals, volunteering, leaving a gift in your will, playing our raffle, and buying from our online shop. Find out more at woodlandtrust.org.uk. Thank you.

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