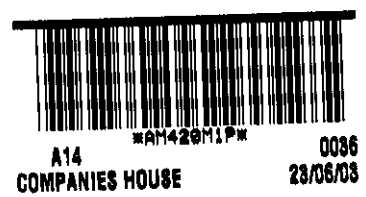


**THE WOODLAND TRUST**

**REPORT AND ACCOUNTS**

**31 DECEMBER 2002**



Registered Company No. 1982873

Registered Charity No. 294344

#### **PATRONS**

The Rt Hon Lord Barber of Tewkesbury;  
The Most Hon the Marchioness of Dufferin and Ava;  
The Earl of Lichfield; Dame Moura Lympany, DBE.

#### **VICE PRESIDENTS**

D G Waddams, FCCA;  
T H White, FRICS.

#### **TRUSTEES**

D J Austwick, OBE, MBA, BA;  
A T Bigg, BA; T N W Field, MA;  
D L Foot, CB, FICFor; A P Golding, FCA, ATII;  
C Hall, LLB; T W Jones, MA, FInstF;  
J B Lake, PhD, MSc; P J Oliver, FCA (Chairman);  
N A Ramsden, BSc, MInstF; T C Smout, CBE, FRSE, FBA;  
R M Thomas, CBE, BA, FRGS.

The Trustees are also the Directors of the Company.

#### **PRINCIPAL OFFICERS**

Chief Executive - Michael J Townsend, OBE, BSc (For), FICF  
Deputy Chief Executive, Financial Director and Company Secretary - Julian C Purvis, BSc, FCA  
Woodland Operations Director UK - Norman J Starks, BSc (For), MICE  
Policy Director - Hilary M Allison, PhD, MA, MSc  
Marketing Director - Douglas P Seddon, MA, MInstF  
Director of Corporate, Grants and Regional Fundraising - Karl D Mitchell, MSc MInstF (Cert).

The Woodland Trust is a non-profit making company limited by guarantee  
and is a registered charity.

Founded in 1972 by Kenneth Watkins, OBE.

In Scotland, the Woodland Trust operates as the Woodland Trust Scotland.  
In Wales, the Woodland Trust operates as Coed Cadw.

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## THE WOODLAND TRUST

### INTRODUCTION

Welcome to the Woodland Trust's latest Annual Report and Accounts which covers our activities for the year 1 January 2002 to 31 December 2002.

The Woodland Trust was founded at a time of emerging consciousness about the crisis surrounding the UK's woodland. Our mission is to conserve, restore and re-establish the UK's woodland. We have established a clear vision for the future; our aims are to:

- ensure no further loss of ancient woodland
- restore and improve the biodiversity of woods
- increase the area of new native woodland
- increase people's enjoyment of woodland

The Woodland Trust is the leading woodland conservation charity in the UK and one of the UK's foremost conservation organisations.

**THE WOODLAND TRUST**  
**CHAIRMAN'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

In 2002 we continued to devote our resources to achieving our four key aims. These remain as relevant and vital today as when we first developed them five years ago.

**To ensure no further loss of ancient woodland.** Whilst we directly protect over 300 ancient woods, we also recognise that we can make a great difference by influencing others to care for ancient woodland, and by pressing for legislative protection. In 2002, we published *Flight Path to Destruction*, a keynote report highlighting airport development as one of today's greatest threats to woodland.

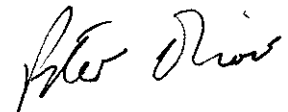
**To restore and improve the biodiversity of woods.** In 2002, there has been a major focus on sensitively restoring ancient woodland that has been damaged by the planting of conifers. We unveiled ground-breaking research on the subject that demonstrated how time is running out to save the diversity of wildlife sheltered by these woods.

**To increase the area of new native woodland.** The UK is still one of the least wooded countries in Europe with only 12% woodland cover. By planting new native woodland next to existing ancient woods, we can help protect them from external pressures and extend the opportunities for both wildlife and people. At Fordham, thanks to a very generous gift, we will be creating one of the largest areas of new native woodland in England - a wildlife haven covering over 200 hectares (around 500 acres).

**To increase people's enjoyment of woodland.** We believe that people are crucial to the future of the UK's woodland. Finding ways to encourage active involvement in caring for and creating woodland is central to our work. During the year, we held our first children's conference and we are planning an ambitious campaign that will give every child the opportunity to engage with nature by planting trees.

In 2002 we marked our 30<sup>th</sup> anniversary. In three decades the Trust has evolved to meet the emerging threats facing our woods, but the passionate belief and commitment of all our staff and supporters has never changed. Without them we would have achieved nothing and I would like to convey my sincere thanks to everyone who contributes to our success. This includes Dick Trafford, who retired after providing twenty years of invaluable guidance as a trustee. We wish him well. It is also a pleasure to acknowledge the OBE awarded to Mike Townsend, our charismatic chief executive who has led the Trust so effectively over the past five years.

Our supporters have once again been especially generous and I am pleased to be able to report record income from both membership and legacies within an overall total of £16 million. At the end of the year we had 115,000 members - more than ever before. We hope all our supporters will read about the Trust's achievements and feel proud of the part they have played in this very successful year. Now, more than ever, we need the continued support of all those who are concerned about our woodland to ensure that we stand united to meet the very many challenges it faces today.



Peter Oliver  
Chairman  
14 May 2003

**THE WOODLAND TRUST**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

The Directors have pleasure in presenting their report together with the audited accounts for the year ended 31 December 2002. The Chairman's Report appears on page 4.

**LEGAL AND ADMINISTRATIVE DETAILS**

**1. Registration and Legal Structure**

The Woodland Trust is a charity registered with the Charity Commission in England and Wales No. 294344 and is a company limited by guarantee No. 1982873. It has obtained the consent of the Registrar of Companies to be exempt from the requirement to use the word "Limited" in its name.

It has one wholly owned subsidiary company: Woodland Trust (Enterprises) Ltd. (Company No. 2296645).

**2. Registered Office**

Autumn Park, Dysart Road, Grantham, Lincolnshire. NG31 6LL.

**3. Charitable Objects**

The Woodland Trust is required by charity and company law to act within the objectives of its Memorandum of Association.

The Woodland Trust's mission is to conserve, restore and re-establish the UK's woodland. Its aims are to:

- ensure no further loss of ancient woodland
- restore and improve the biodiversity of woods
- increase the area of new native woodland
- increase people's enjoyment of woodland

**4. Organisation**

The Trustees are the Directors of the Company and form the Woodland Trust's Council which is the ultimate governing body. They are appointed by invitation. The Directors retire every three years and may offer themselves for re-appointment. The Chairman and chairs of subcommittees may normally serve up to 12 years as a trustee, other trustees may normally serve up to nine years.

The Woodland Trust's Council has three sub-committees involving the Directors and the Principal Officers. They undertake work on behalf of the Council and submit reports for consideration by the Council. The day-to-day management is delegated to the Chief Executive, the Principal officers and the Trust's staff.

The Finance and Administration Sub-Committee carries out some of the roles of an Audit Committee and a Remuneration Committee.

**THE WOODLAND TRUST**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

**5. Directors**

The Directors of the Company throughout the year and to the date of this report were:

Mrs D Austwick	Mr T W Jones
Mr A T Bigg	Dr J B Lake
Mr T W Field	Ms N A Ramsden
Mr D L Foot	Mr P J Oliver (Chairman)
Mr A P Golding	Prof T C Smout
Mr C Hall	Mrs R M Thomas

Mr R H Trafford retired on 28 May 2002.

The Directors served on the following Sub-Committees:

Conservation	Marketing, Communications & Education	Finance & Administration (Also acts as the Audit Committee & the Remuneration Committee)
Mr D L Foot – Chair	Mr A T Bigg – Chair	Mr A P Golding – Chair
Mr C Hall	Mrs D Austwick	Mr C Hall
Ms N A Ramsden	Mr T N Field	Mr T W Jones
Professor T C Smout	Mrs R M Thomas	Dr J B Lake
Mrs R M Thomas		

Mr P J Oliver, Chairman of the Woodland Trust, normally attends all the Sub-Committees.

**6. Share Capital**

The company does not have a share capital and is limited by guarantee.

**7. Review of Activities**

The Directors are pleased to report that in 2002 the Trust received a record membership income of £3.4m (2001 £2.8m), which reflected the increase in membership from 103,000 to 115,000, while legacy income was the highest in the Trust's history at £3.1m (2001 £2.7m)

Both these factors helped provide a very encouraging increase in the Trust's total unrestricted income of 19%, from £9.4m to £11.2m. The Trust's total income increased from £15.8m to £16.1m.

This enabled expenditure to increase by 10% to £16.0m. The main areas of expenditure in furtherance of the Trust's objects were:

	2002 £'000	2001 £'000
• Acquisition of woodland & land (capitalised – see Note 10)	2,004	1,257
• Woodland operations & public affairs	7,357	7,836
• Fundraising & publicity	3,844	3,273
• Operational support costs	1,442	1,138
• Education & information	1,205	948
• Management & administration	187	173
Total expenditure	<u>16,039</u>	<u>14,625</u>

The Trust achieves its objectives through public affairs, the acquisition of land as woodland and for the creation of new woodland and an extensive programme of communications – including its websites.

Within the 480ha of land acquired in 2002 were 205ha of land at Fordham, near Colchester, acquired as a result of an extraordinarily generous donation, on which the Trust will establish one of the largest woods created in lowland England; and Credenhill Park, near Hereford, a magnificent planted ancient woodland sites of 91ha that is in need of restoration.

## THE WOODLAND TRUST

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2002

The Trust's expenditure on fundraising and publicity relates to the costs of raising income from all sources. It includes £1.5m (2001 £1.5m) expenditure on achieving the growth in membership noted earlier. A healthy membership is essential if the Trust is to expand its conservation activity and we have been delighted that the Trust's objectives and activities have struck a chord with so many people. The increase in other fundraising and publicity costs represents legacy promotions, corporate sponsorship costs and the development costs for our new campaign (see Future Developments below).

The Consolidated Statement of Financial Activities on Page 11 shows a surplus of £5k on the General Fund. The analysis of funds in Note 18 on page 27 indicates that our General Fund comprises working capital and operating fixed assets. Surplus funds generated are transferred to the Contingency Fund. The purpose of this fund is described in paragraph 10. It should be noted that the value of the Contingency Fund was within the agreed target range.

Falls in the stock market had a significant influence on the value of the Trust's investment portfolio with net losses of £1.8m, of which £1.4m was unrealised. The majority of investments represent permanent endowments which provide income for the management of specific woods. The income from these investments is not affected significantly by short-term fluctuations in their capital value.

We would like to thank those supporters who have completed gift aid forms and who have taken advantage of the tax benefits of donating shares or donating via Payroll Giving. Over £1m of tax was recovered in the year, compared to just over £0.75m in 2001. This has made a substantial difference, for which we are most grateful.

#### 8. Future Developments

The Trust will continue to focus its conservation work on public affairs, land acquisition and land management giving priority to those opportunities in which it can really make a difference.

The restoration of planted ancient woodland sites and woodland creation in areas of concentration of ancient woodland will be a particular priority.

We hope to achieve further increases in membership and will introduce family membership in 2003.

We will continue to develop our communication of woodland conservation issues using the media, our family of websites and publications.

We wish to engage many more people in practical conservation and in order to achieve this we are planning a major campaign to involve children in planting millions of trees throughout the UK. This is expected to be launched in Autumn 2004.

#### POLICY AND CHARITY GOVERNANCE

#### 9. Risk Management

The Directors formalised their risk assessment process in 2001. This included identifying and prioritising risks facing the Trust and identifying and establishing, as required, suitable mitigating controls. This process has been advanced in 2002 by a systematic review of the effectiveness of controls in respect of key risks. Following this, the key documents used to monitor and evaluate risk have been updated and approved by the Directors. The Directors are aware that this is an ongoing process and will report on progress annually.



**THE WOODLAND TRUST**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

**10. Financial Reserves**

Each year the Directors consider a five year financial forecast prior to reviewing financial reserve levels for the following year and the preparation and approval of an annual budget. Financial forecasts for each year are updated for each Council meeting.

The Trust's unrestricted funds comprise the General Fund and the Contingency Fund.

The General Fund consists of operating cash, working capital and operating fixed assets required for day to day management of the Woodland Trust. At 31 December this amounted to £2.9m (2001: £2.9m) of which £0.8m (2001: £0.9m) is represented by cash.

In the short term, operating fixed assets cannot be converted to cash, so the Trust's "free" reserves were £2.6m at 31 December 2002 (2001 £2.5m).

The Contingency Fund is a designated fund to enable the Trust to respond quickly to conservation opportunities, as well as providing some protection against unforeseen shortfalls in income or essential unplanned expenditure. Given the likely magnitude of opportunities that will arise and the perceived level of risk relating to income and expenditure, the Directors consider it appropriate that this fund should normally have a minimum value of £2.0m and a maximum value of £3.0m. Its value was £2.3m at 31 December 2002 (2001 £2.2m). These parameters are reviewed annually.

Other financial reserves are funds restricted for use on specific projects or woods by the donors of those funds, and the Trust's permanent endowments.

An analysis of all funds can be found on page 27, in Note 18 to the Accounts.

**11. Investment Powers and Policy**

The Woodland Trust's Memorandum of Association enables it to invest monies not immediately needed for its purposes in such investments as may be thought fit, subject to conditions and consents required by law.

The investments representing endowment funds are held for the long term and those that represent restricted and designated funds are held for the medium/short term. Each investment portfolio is managed by one of two investment managers and each has an objective of optimising total return, subject to an acceptable level of risk and to meeting any minimum income requirement. Performance is benchmarked against the World Markets (WM) Median for unconstrained charity investment portfolios.

The Trust has five separate funds with its investment managers. The benchmark return was -18% (2001: -8.9%) which reflected the continued fall in equity values. The actual returns achieved ranged from -17.4% to -20.4% (2001: -8.8% to -11.9%).

The Trust's investment managers take account of environmental/conservation issues in their investment choice. If they become aware of any conflicts of interest between the Trust's objectives and the objectives/activities of any company whose shares may be acquired they are requested to advise us at the earliest opportunity. It is however recognised that the ultimate responsibility for identifying conflicts with our objectives lies with the Trust.

**THE WOODLAND TRUST**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

**12. Taxation**

The Woodland Trust is a registered charity and can claim exemption from corporation tax on income and gains which are applied for charitable purposes under section 505, Income and Corporation Taxes Act 1988.

**13. Supplier Payment Policy**

The Trust does not impose standard payment terms on suppliers but agrees specific terms with each. The Trust's policy is to pay its suppliers in accordance with the terms that have been agreed.

**14. Auditors**

Haysmacintyre were appointed as auditors during 2002. They have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the Annual General Meeting.

**15. Statement of Directors' Responsibilities**

Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the surplus or deficit of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These accounts were approved by the Directors on 14 May 2003 and signed on their behalf:



Julian C Purvis  
Secretary  
14 May 2003

**THE WOODLAND TRUST**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS  
OF THE WOODLAND TRUST**

We have audited the financial statements of The Woodland Trust for the year ended 31 December 2002, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

The trustees' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. The Trustees are also the directors of the Woodland Trust for the purposes of company law.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We are not required to consider whether the statement in the Directors' Report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Directors and the Chairman's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the charitable company and the group's affairs as at 31 December 2002 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*haysmacintyre*  
haysmacintyre  
Chartered Accountants  
Registered Auditors  
Date: 19 May 2003

Southampton House  
317 High Holborn  
London  
WC1V 7NL

**THE WOODLAND TRUST**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

		UNRESTRICTED FUNDS		RESTRICTED			
		General	Designated	Restricted	Endowment	Total	Total
	Note	Fund	Funds	Funds	Funds	2002	2001
		£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOMING RESOURCES</b>							
Donations, Legacies and Similar Incoming Resources	2	9,451	-	1,259	-	10,710	8,801
<i>Incoming Resources from Operating Activities:</i>							
Activities in furtherance of the charity's objects	2	821	-	3,224	-	4,045	4,880
Activities for generating funds	2	578	-	187	-	765	1,542
Investment Income	9	346	-	195	-	541	571
<b>Total Incoming Resources</b>		<u>11,196</u>	<u>-</u>	<u>4,865</u>	<u>-</u>	<u>16,061</u>	<u>15,794</u>
<b>RESOURCES EXPENDED</b>							
<i>Cost of Generating Funds:</i>							
Fundraising & Publicity Costs	4	3,829	-	-	15	3,844	3,273
<i>Charitable Expenditure:</i>							
Cost of activities in furtherance of the charity's objects:							
Woodland Operations & Public Affairs	4	4,033	-	3,324	-	7,357	7,836
Education & Information	4	1,205	-	-	-	1,205	948
Support Costs	5	1,442	-	-	-	1,442	1,138
Management & Administration	6	187	-	-	-	187	173
<b>Total Resources Expended</b>		<u>10,696</u>	<u>-</u>	<u>3,324</u>	<u>15</u>	<u>14,035</u>	<u>13,368</u>
This statement excludes £2,004k of Woodland and Land which has been capitalised as per Note 10.							
<b>Net Incoming Resources from operations before transfers</b>		500	-	1,541	(15)	2,026	2,426
Transfers between funds	17	(495)	584	28	(117)	-	-
Net Losses on Investment Assets	12	-	(393)	(218)	(1,222)	(1,833)	(1,362)
<b>Net Movements in Funds</b>		<u>5</u>	<u>191</u>	<u>1,351</u>	<u>(1,354)</u>	<u>193</u>	<u>1,064</u>
Fund Balances Brought Forward at 1 January		<u>2,883</u>	<u>2,162</u>	<u>46,279</u>	<u>6,998</u>	<u>58,322</u>	<u>57,258</u>
<b>Fund Balances Carried Forward at 31 December</b>	18	<u>2,888</u>	<u>2,353</u>	<u>47,630</u>	<u>5,644</u>	<u>58,515</u>	<u>58,322</u>

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

No separate income and expenditure account as required under the Companies Act 1985 has been presented as the only difference between the net incoming resources for the year before transfers (£2,026k) and the net income for the year as defined under the companies act (£1,951k) are realised losses on investments of £90k reflected within net losses on investment assets and expenditure within the endowment funds of £15k.

*The Notes on pages 14 to 30 form part of these accounts.*

**THE WOODLAND TRUST**  
**BALANCE SHEETS AT 31 DECEMBER 2002**

		Group		Charity	
	Note	2002 £'000	2001 £'000	2002 £'000	2001 £'000
<b>Fixed Assets</b>					
Tangible Assets					
Woodland and Land	10	41,833	39,847	41,833	39,847
Other Fixed Assets	11	392	390	392	390
		<u>42,225</u>	<u>40,237</u>	<u>42,225</u>	<u>40,237</u>
Investments	12	13,872	14,465	13,872	14,465
		<u>56,097</u>	<u>54,702</u>	<u>56,097</u>	<u>54,702</u>
<b>Current Assets</b>					
Stocks	13	129	143	125	141
Debtors	14	3,748	3,431	3,834	3,509
Cash at Bank and In Hand	24(b)	846	2,139	812	2,103
		<u>4,723</u>	<u>5,713</u>	<u>4,771</u>	<u>5,753</u>
<b>Creditors</b>					
Amounts falling due within one year	15	(2,253)	(2,018)	(2,301)	(2,058)
<b>Net Current Assets</b>		<u>2,470</u>	<u>3,695</u>	<u>2,470</u>	<u>3,695</u>
<b>Total Assets Less Current Liabilities</b>		<b>58,567</b>	<b>58,397</b>	<b>58,567</b>	<b>58,397</b>
<b>Creditors</b>					
Amounts falling due after more than one year	16	(52)	(75)	(52)	(75)
<b>Net Assets</b>	18	<u>58,515</u>	<u>58,322</u>	<u>58,515</u>	<u>58,322</u>
<b>Financed by:</b>					
Unrestricted funds					
General Fund	17	2,888	2,883	2,888	2,883
Designated Fund	17	2,353	2,162	2,353	2,162
Restricted Funds	17	47,630	46,279	47,630	46,279
Permanent Endowments	17	5,644	6,998	5,644	6,998
		<u>58,515</u>	<u>58,322</u>	<u>58,515</u>	<u>58,322</u>

These accounts were approved by the Directors on 14 May 2003.

  
Peter J Oliver  
Chairman

*The Notes on pages 14 to 30 form part of these accounts.*

THE WOODLAND TRUST

CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 £'000	2001 £'000
<b>Reconciliation of Net Incoming Resources to Net Cash Inflow From Operations</b>			
Net Incoming Resources from operations		2,026	2,426
Depreciation		354	241
Profit on disposal of Woodland & Land		(64)	(116)
Loss/(Profit) on disposal of other Fixed Assets		2	(3)
Investment Income		(541)	(569)
Decrease in Stock		14	18
(Increase)/Decrease in Debtors		(317)	2,740
Increase/(Decrease) in Creditors		212	(827)
Donated Woodland and Land		<u>(1,141)</u>	<u>(203)</u>
		(1,481)	1,281
Net Cash Inflow from Operating Activities		<u>545</u>	<u>3,707</u>

CASH FLOW STATEMENT

Net Cash Inflow from Operating Activities		545	3,707
Returns on Investments & Servicing of Finance	24(a)	541	569
Capital Expenditure & Financial Investment	24(a)	(2,379)	(3,348)
(Decrease)/Increase in Cash	24(b)	<u>(1,293)</u>	<u>928</u>

Reconciliation of Net Cash Flow to movement in Net Funds

(Decrease)/Increase in Cash in year	24(b)	(1,293)	928
Net Funds at 1 January	24(b)	2,139	1,211
Net Funds at 31 December		<u>846</u>	<u>2,139</u>

The Notes on pages 14 to 30 form part of these accounts.

**THE WOODLAND TRUST**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

**1. ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements have been prepared under the historical cost convention, with the exception of listed investments which are included at their market value. The financial statements have been prepared in accordance with the Charity Commission Statement of Recommended Practice (SORP) (Revised 2000) – Accounting and Reporting by Charities, the Companies Act 1985 and applicable accounting standards. The accounting policies adopted are described below.

**Basis of Consolidation**

Group accounts have been prepared for the Woodland Trust and its wholly owned subsidiary Woodland Trust (Enterprises) Ltd. The accounts have been consolidated on a line-by-line basis. A separate Statement of Financial Activities has not been prepared for the Charity as permitted by paragraph 304 of the SORP 2000.

**Fund Accounting**

*Unrestricted Funds*

These funds can be used for any of the charity's purposes.

*Designated Funds*

These funds have been set aside out of unrestricted funds, by the Directors, for specific purposes.

*Restricted Funds*

These funds have been given to the Trust for a particular purpose to be used in accordance with the wishes of the donor. They include grants from statutory bodies. The use of these funds is generally restricted to the purchase or maintenance of specific woods or to purchase or create a wood in a particular locality. Until they are expended the funds are invested.

All land and woodland purchased and donated has been classified as restricted funds. This is a prudent approach as it is not practicable to review the legal documents and funding conditions on all the sites acquired since the Trust was established.

*Endowment Funds*

These represent money given in conjunction with gifts of land to provide for their future conservation. All the endowments are intended to be permanent with the original capital being maintained and the income and capital growth being utilised. In certain circumstances some of the original capital can be expended.

**Incoming Resources**

Life and annual membership subscriptions are included in full in the year they are received.

Income from investments, gift aid and deeds of covenant is included gross. An estimate of the income tax reclaimable at the period end is included in these accounts.

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

Grants for woodland management are credited to the Consolidated Statement of Financial Activities and the Consolidated Income and Expenditure Account in the year in which they are receivable. The SORP (revised 2000) indicates that, for charities, this treatment is the most appropriate interpretation of the relevant Statement of Standard Accounting Practice.

**THE WOODLAND TRUST**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Incoming Resources (Continued)**

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

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

**Resources Expended**

Indirect costs are allocated to the expenditure headings in the Consolidated Statement of Financial Activities on the basis of the number of employees in each area of our work.

**Cost of Generating Funds** consists of expenditure relating to major appeals, communications requesting funds, applying for grants and other general publicity as part of fundraising together with associated support activities.

**Woodland Operations and Public Affairs** consists of all expenditure for the establishment and maintenance of the Trust's woods, and public affairs activities in support of our conservation objectives.

**Education and Information** consists of the costs of in-house publications to members and supporters, web sites, the provision of a telephone based enquiry service, the provision of information via multi-media and a public relations service.

**Support Costs** of charitable activities consists of those incurred in support of expenditure on the objects of the charity. These include the provision of premises, personnel, information technology and accounts excluding costs incurred in preparing the statutory accounts together with a proportion of the costs incurred by the chief executive, deputy chief executive and their support staff.

**Management and Administration** consists of audit fees, costs incurred in preparation of the statutory accounts and costs incurred by the trustees together with a proportion of those incurred by the chief executive, deputy chief executive and their support staff.

**Depreciation**

Depreciation is not provided on freehold and long leasehold woodland and land, which is considered to have a useful life of more than 50 years. Leasehold land with a lease term of less than 50 years remaining is depreciated.

Fixed assets with a cost of more than £1000 are capitalised and depreciated. A full year's depreciation is charged in the year of purchase and none in the year of disposal. Depreciation has been charged at the following rates:

Computer equipment	25% per annum on cost
Office equipment - fixtures	25% per annum on cost
Office equipment - other	20% per annum on cost
Motor vehicles	25% per annum on cost
Livestock Quota	20% per annum on cost
Plant & Machinery	25% per annum on cost
Donated woodland and land (short leasehold)	Period of lease



**THE WOODLAND TRUST**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Assets**

The value of donated land is disclosed in Note 10 to the accounts. Each site is valued in line with open market land values at the time of transfer to the Trust.

Much of the land owned by the Trust is "historic" as defined in the SORP, ie "of acknowledged historic, scientific (including environmental) importance". All land acquired has been capitalised and is included within 'Woodland and Land' in the Balance Sheet. It is not practicable to analyse the overall historic cost of woodland and land between "historic" and "non historic".

It is the policy of the Trust not to dispose of its sites, unless exceptional circumstances arise.

**Investments**

Investments are stated at market value. It is our policy to keep valuations up to date such that when investments are sold, there is no gain or loss arising relating to the previous year. As a result the Consolidated Statement of Financial Activities include those unrealised gains and losses arising from the revaluation of the investment portfolio throughout the year. Disclosure is made in the notes to the accounts of the difference between historic cost and sale proceeds of investments sold during the year.

**Stocks**

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

**Other**

Operating lease rentals are charged to the Income and Expenditure Account in equal annual amounts over the lease term.

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

Irrecoverable VAT is classified under the same heading as the expenditure or asset to which it relates. In 2002 this amounted to £299k (2001: £393k).

THE WOODLAND TRUST

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2002

2. INCOMING RESOURCES

As summarised in the Consolidated Statement of Financial Activities:

	UNRESTRICTED FUNDS £'000	RESTRICTED FUNDS £'000	Total 2002 £'000	Total 2001 £'000
Membership Subscriptions	3,385	-	3,385	2,816
Legacies Receivable	2,849	277	3,126	2,659
Charitable Trust Donations	131	164	295	395
Lotteries	440	-	440	332
Company Donations	54	11	65	96
Landfill Tax	367	598	965	486
Other Donations	2,225	209	2,434	2,017
Donations, Legacies and Similar Incoming Resources	9,451	1,259	10,710	8,801

Included in Other Donations is £70k gifts in kind.

	UNRESTRICTED FUNDS £'000	RESTRICTED FUNDS £'000	Total 2002 £'000	Total 2001 £'000
Grants Receivable (see Note 3)	168	1,949	2,117	3,906
Donated Woodland & Land	-	1,141	1,141	203
Woodland Management Income	653	134	787	771
Activities in furtherance of the Charity's objects	821	3,224	4,045	4,880
Sponsorship Income	463	187	650	1,443
Merchandise Income	115	-	115	99
Activities for Generating Funds	578	187	765	1,542
Total Incoming Resources from Operating Activities	1,399	3,411	4,810	6,422

THE WOODLAND TRUST

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2002

3. GRANTS RECEIVABLE

	2002 £'000	2001 £'000
Forestry Commission	675	1,066
Heritage Lottery Fund	486	666
Department for the Environment, Food and Rural Affairs (DEFRA)	181	168
European Union	243	107
The Countryside Agency	83	24
Forest Service for Northern Ireland	70	31
Community Fund	63	32
English Heritage	41	-
Scottish Executive	55	90
Environment & Heritage Service	33	-
Countryside Council for Wales	33	4
Scottish Power UK plc	28	37
Local Authorities	21	55
English Nature	18	9
Millennium Commission	-	1,322
The Mersey Forest	-	90
The National Forest Company	-	48
Department of Environment for Northern Ireland	-	33
Objective 1/DEFRA via South Yorkshire Forest	5	-
Others	82	124
	<u>2,117</u>	<u>3,906</u>

Included within Grants receivable are restricted grants of £1.9m (2001: £3.2m).

4. RESOURCES EXPENDED

	2002 £'000	2001 £'000
<b>Fundraising &amp; Publicity Costs</b>		
Staff costs	1,181	989
Membership recruitment	1,498	1,520
Merchandise & lottery	218	236
Depreciation	75	54
Other costs	872	474
	<u>3,844</u>	<u>3,273</u>
<b>Woodland Conservation &amp; Public Affairs</b>		
Staff costs	2,104	1,959
Tree planting and associated work	816	1,248
Visitor related costs	1,460	1,636
Public affairs activity in support of conservation	97	99
Depreciation	64	45
Other conservation work	1,952	1,970
Other costs	864	879
	<u>7,357</u>	<u>7,836</u>
<b>Education &amp; Information Costs</b>		
Staff costs	647	588
Membership publications and support	437	286
Education, public relations, web sites & other information	121	74
	<u>1,205</u>	<u>948</u>

THE WOODLAND TRUST

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2002

5. SUPPORT COSTS FOR CHARITABLE EXPENDITURE

	2002 £'000	2001 £'000
Staff costs	647	514
Premises	109	107
Depreciation	215	142
Other costs	471	375
	<u>1,442</u>	<u>1,138</u>

6. MANAGEMENT AND ADMINISTRATION OF THE CHARITY

	2002 £'000	2001 £'000
Staff costs	132	115
Audit and professional fees	25	27
Trustees expenses and meetings	17	20
Other costs	13	11
	<u>187</u>	<u>173</u>

7. NET INCOME FOR THE YEAR BEFORE TRANSFERS OR INVESTMENT ASSET DISPOSALS

The surplus for the year is after charging:

	2002 £'000	2001 £'000
Salaries and Wages	4,112	3,664
Social Security Costs	397	332
Other Pension Costs	202	169
	<u>4,711</u>	<u>4,165</u>
Depreciation	354	241
Auditors' Fees and Expenses:		
• Audit work	16	19
• Other services	9	8
Rentals Under Operating Leases	403	408
Irrecoverable Value Added Tax	299	393

Employees and Volunteers

The average number of employees during the year was 216 (2001: 192). The average number of employees, analysed by function, was:

	2002	2001
Woodland Operations and Public Affairs	87	82
Education & information	31	30
Support activities	44	35
Fundraising & publicity	51	42
Management & Administration	3	3
	<u>216</u>	<u>192</u>

THE WOODLAND TRUST

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2002

We rely on volunteers to help with the following activities: fundraising, wardening and care of woods, photography, and promotion of our work. Over 1,000 volunteers assist with these activities. In addition we rely on volunteers to collect data on climate change through our Phenology project. Currently over 18,000 individuals have registered to provide information.

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The Directors of the company, who comprise its Council, did not receive any remuneration during the period. Travelling and subsistence expenses incurred by 13 Directors on Council business amounted to £5,737 (2001: £8,014) during the year.

The Woodland Trust purchases indemnity insurance to protect it and its directors from losses arising from any wrongful act of its Directors or officers and to indemnify them against their legal liability arising from any claim against them. The premium for the policy was £6,059 (2001: £4,340).

Employees' emoluments for the year fell into the following bands:

£'s	No. of Employees	
	2002	2001
60,000-69,999	2	1
50,000-59,999	1	1

All employees earning more than £50k participated in the defined contribution pension scheme. Contributions of £20k (2001: £13k) were made during the year for these employees.

9. INVESTMENT INCOME

Income from investments was as follows:

	2002 £'000	2001 £'000
Income From UK Listed Investments	145	164
Income From Overseas Listed Investments	4	5
Income From Other UK Authorised Investments	242	111
Income From Other Overseas Authorised Investments	21	16
Income From Cash Deposits	11	14
Bank Interest Receivable	118	261
	<u>541</u>	<u>571</u>

THE WOODLAND TRUST

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2002

10. FIXED ASSETS - WOODLAND AND LAND

*The Group and the Charity:*

	Total £'000	Woodland and Land Purchased (Freehold) £'000	Woodland and Land Purchased (Long Leasehold) £'000	Woodland and Land Donated (Freehold) £'000	Woodland and Land Donated (Long Leasehold) £'000	Woodland and Land Donated (Short Leasehold) £'000
Cost or Donated Value at 1 January 2002	39,883	31,236	597	4,311	3,124	615
Additions for the Year	2,004	811	-	170	1,023	-
Disposals in the Year	(5)	-	-	(5)	-	-
Cost or Donated Value at 31 December 2002	<u>41,882</u>	<u>32,047</u>	<u>597</u>	<u>4,476</u>	<u>4,147</u>	<u>615</u>
<b>Depreciation</b>						
At 1 January 2002	36	-	-	-	-	36
Charge for the Year	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13</u>
At 31 December 2002	<u>49</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49</u>
<b>Net Book Value</b>						
At 31 December 2002	<u>41,833</u>	<u>32,047</u>	<u>597</u>	<u>4,476</u>	<u>4,147</u>	<u>566</u>
At 31 December 2001	<u>39,847</u>	<u>31,236</u>	<u>597</u>	<u>4,311</u>	<u>3,124</u>	<u>579</u>

The additions to donated woodland and land include legal fees of £52k (2001: £16k).

The Trust currently leases 50 acres (2001: 50 acres) of woodland under short leaseholds at peppercorn rents. In the opinion of the Directors it is impracticable to assign a value of these leases.

The following sites are subject to a floating charge:

*The Group and the Charity:*

Site	Floating Charge
Glenrothes Estate, Fife	£846k
Livingston Estate, West Lothian	£497k
Backmuir Wood, Dundee	£31k
Glendevon Estate, Perth & Kinross	£1.4m
Glen Quey	£615k
Glen Finglas Estate, Stirling	£2.7m

The assets scheduled above represent assets used for charitable purposes.

THE WOODLAND TRUST

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2002

11. OTHER FIXED ASSETS

*The Group and the Charity:*

	Total £'000	Computer Equipment £'000	Equipment £'000	Plant & Machinery £'000	Livestock Quota £'000
<b>Cost or Donated Value</b>					
At 1 January 2002	1,456	969	338	75	74
Additions	347	249	36	62	-
Disposals	(49)	(23)	(26)	-	-
At 31 December 2002	<u>1,754</u>	<u>1,195</u>	<u>348</u>	<u>137</u>	<u>74</u>
<b>Depreciation</b>					
At 1 January 2002	1,066	720	249	49	48
Charge for the Year	341	217	81	28	15
Disposals	(45)	(22)	(23)	-	-
At 31 December 2002	<u>1,362</u>	<u>915</u>	<u>307</u>	<u>77</u>	<u>63</u>
<b>Net Book Value</b>					
At 31 December 2002	<u>392</u>	<u>280</u>	<u>41</u>	<u>60</u>	<u>11</u>
At 31 December 2001	<u>390</u>	<u>249</u>	<u>89</u>	<u>26</u>	<u>26</u>

The Net Book Value at 31 December 2002 represents Fixed Assets used for:

	Total £'000	Computer Equipment £'000	Equipment £'000	Plant & Machinery £'000	Livestock Quota £'000
<b>Charitable Purposes:</b>					
Woodland Operations and Public Affairs	163	116	17	25	5
Education and Information	52	38	5	8	1
Support Activities	77	55	8	12	2
	<u>292</u>	<u>209</u>	<u>30</u>	<u>45</u>	<u>8</u>
<b>Other Purposes:</b>					
Fundraising and Publicity	93	66	10	14	3
Management and Administration of the Charity	7	5	1	1	-
	<u>100</u>	<u>71</u>	<u>11</u>	<u>15</u>	<u>3</u>
Total	<u>392</u>	<u>280</u>	<u>41</u>	<u>60</u>	<u>11</u>

THE WOODLAND TRUST

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2002

12. INVESTMENTS

*The Group and the Charity:*

	2002 £'000	2001 £'000
Investments at Market Value:		
Permanent Endowments	5,705	6,998
Designated Funds	2,353	1,724
Restricted Funds	5,814	5,743
	<u>13,872</u>	<u>14,465</u>

Investments consist of:

	Cost		Valuation	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Cash held as part of investments	203	315	203	315
UK Listed Investments	4,907	4,826	3,920	5,188
Overseas Listed Investments	1,690	1,182	1,281	1,181
Other UK Authorised Investments	8,245	7,577	8,260	7,594
Other Overseas Authorised Investments	193	188	208	187
	<u>15,238</u>	<u>14,088</u>	<u>13,872</u>	<u>14,465</u>

We have appointed two investment advisors to assist with the management of our investment portfolios. The investments consist of equities, unit trusts, investment trusts, gilts and other fixed interest investments. No individual investment comprises more than 5% of the value of the portfolio and there are no restrictions on the realisation of any of the investments. Included in "Other UK Authorised Investments" is £7,622k (2001 £6,043k) invested in pooled cash deposit funds.

The Woodland Trust owns the entire issued share capital (100 ordinary shares of £1) in its subsidiary, Woodland Trust (Enterprises) Limited, which is incorporated in England. Details of its trading activities are set out in Note 19 to the accounts.

The movement on valuation of investments is as follows:

	2002 £'000	2001 £'000
Market value at 1 January	14,465	13,607
Acquisitions	4,248	5,599
Sales Proceeds	(3,008)	(3,379)
Net Investment Losses	(1,833)	(1,362)
Market value at 31 December	<u>13,872</u>	<u>14,465</u>
Cost at 31 December	<u>(15,238)</u>	<u>(14,088)</u>
Unrealised Investment (Loss)/Gain at 31 December	<u>(1,366)</u>	<u>377</u>
Investment losses calculated on a historic cost basis	<u>(90)</u>	<u>(134)</u>



THE WOODLAND TRUST

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2002

13. STOCKS

	Group		Charity	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Glen Finglas Livestock	107	113	107	113
Raw Materials and Consumables	22	30	18	28
	<u>129</u>	<u>143</u>	<u>125</u>	<u>141</u>

14. DEBTORS

	Group		Charity	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Legacies Receivable	1,722	1,396	1,722	1,396
Grants Receivable	1,215	1,052	1,215	1,052
Trade Debtors	170	555	150	154
Other Debtors	363	139	469	618
Work In Progress – Legal Fees	5	32	5	32
Prepayments and Accrued income	273	257	273	257
	<u>3,748</u>	<u>3,431</u>	<u>3,834</u>	<u>3,509</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Trade Creditors	1,849	1,679	1,831	1,675
Payment received on account of future projects	203	108	203	108
Taxation and social security	110	107	110	107
Amounts owed to subsidiary company	-	-	77	48
Other Creditors	26	27	26	27
Accruals and deferred income	65	97	54	93
	<u>2,253</u>	<u>2,018</u>	<u>2,301</u>	<u>2,058</u>

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

*The Group and the Charity:*

	2002	2001
	£'000	£'000
Trade Creditors	<u>52</u>	<u>75</u>

THE WOODLAND TRUST

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2002

17. MOVEMENT ON FUNDS

	UNRESTRICTED FUNDS				
	Total Funds £'000	General Fund £'000	Designated Fund £'000	Restricted Funds £'000	Permanent Endowments £'000
Balance at 1 January 2002	58,322	2,883	2,162	46,279	6,998
Net Movement in Funds in year	193	5	191	1,351	(1,354)
Balance at 31 December 2002	<u>58,515</u>	<u>2,888</u>	<u>2,353</u>	<u>47,630</u>	<u>5,644</u>
Included in the above are Revaluation Reserves of:					
Balance at 1 January 2002	377	-	(25)	(45)	447
Movement in the Year	(1,743)	-	25	(216)	(1,552)
Balance at 31 December 2002	<u>(1,366)</u>	<u>-</u>	<u>-</u>	<u>(261)</u>	<u>(1,105)</u>

*Analysed as:*  
**General Fund**

	Balance at 1 January 2002 £'000	Movement in Funds:			Balance at 31 December 2002 £'000
		Incoming Resources £'000	Losses/ Expenses £'000	Transfers £'000	
General Fund	<u>2,883</u>	<u>11,196</u>	<u>(10,696)</u>	<u>(495)</u>	<u>2,888</u>

The General Fund represents working capital and operating fixed assets and is analysed in Note 18.  
The surplus is transferred to the Contingency Fund.

**Designated Fund**

	Balance at 1 January 2002 £'000	Movement in Funds:			Balance at 31 December 2002 £'000
		Incoming Resources £'000	Losses/ Expenses £'000	Transfers £'000	
Contingency Fund	<u>2,162</u>	<u>-</u>	<u>(393)</u>	<u>584</u>	<u>2,353</u>

The transfer is the surplus from the General Fund plus the drawdown from the Endowment Funds.

# THE WOODLAND TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

### Restricted Funds

	Balance at 1 January 2002 £'000	Movement in Funds:			Balance at 31 December 2002 £'000
		Incoming Resources £'000	Losses/ Expenses £'000	Transfers £'000	
Woodland and Land	39,847	1,347	-	639	41,833
Woods on Your Doorstep (England & Wales)	2,445	206	(856)	(3)	1,792
Woods on Your Doorstep (Northern Ireland)	1,527	225	(373)	(49)	1,330
Woodland Management Fund	1,535	1,297	(1,122)	(27)	1,683
Restricted Legacies	752	301	(24)	(283)	746
Various other activities	173	1,489	(1,167)	(249)	246
	<u>46,279</u>	<u>4,865</u>	<u>(3,542)</u>	<u>28</u>	<u>47,630</u>

Woodland and land comprises the capital costs of the woods purchased and the value of donated woodland and land.

Woods on Your Doorstep (England & Wales) and Woods on Your Doorstep (Northern Ireland) represent a surplus of restricted income, which will be applied to future costs.

The Woodland Management Fund consists of unspent restricted income associated with specific sites.

Restricted legacies represent those where the testator has restricted use for specific purposes or in specific locations. We are actively seeking opportunities to spend these for woodland conservation.

Various other restricted activities include many individual grants and donations for specific purposes, which will be applied to future costs. These include Landfill Tax income of £965k. The Landfill Tax balance as at 31 December 2002 of £130k (2001: £46k) will be applied to future costs.

### Permanent Endowments

	Balance at 1 January 2002 £'000	Movement in Funds:			Balance at 31 December 2002 £'000
		Incoming Resources £'000	Losses/ Expenses £'000	Transfers £'000	
Glenrothes	3,360	-	(738)	(29)	2,593
Livingston	1,917	-	(434)	(90)	1,393
Warrington & Runcorn	901	-	-	2	903
Preston & Chorley	820	-	(65)	-	755
	<u>6,998</u>	<u>-</u>	<u>(1,237)</u>	<u>(117)</u>	<u>5,644</u>

The Permanent Endowments represent funds given to us with gifts of woodland and land in the locations noted above, under terms requiring us to invest permanently the sums given to provide income for the future management of that woodland and land.

The terms of the Warrington & Runcorn and Preston & Chorley endowments enable the capital growth in excess of the original sums paid to the Trust to be treated as unrestricted funds.

The transfers are a drawdown from Glenrothes and Livingston endowments to contribute to operating costs.

THE WOODLAND TRUST

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2002

18. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

This note details the Group position which is the same as the Charity position.

The Directors consider that the resources available to the Charity are suitable and adequate to meet the known present obligations of the charitable company and group.

Fund balances at 31 December 2002 are represented by:

	UNRESTRICTED FUNDS			RESTRICTED FUNDS	
	Total Funds £'000	General Fund £'000	Designated Fund £'000	Restricted Funds £'000	Permanent Endowments £'000
Tangible Fixed Assets	42,225	319	-	41,906	-
Investments	13,872	-	2,353	5,814	5,705
Cash at Bank and In Hand	846	833	-	13	-
Other Current Assets	3,877	3,694	-	183	-
Other Current Liabilities	(2,253)	(1,958)	-	(234)	(61)
Liabilities due over more than one year	(52)	-	-	(52)	-
Total Net Assets	<u>58,515</u>	<u>2,888</u>	<u>2,353</u>	<u>47,630</u>	<u>5,644</u>

THE WOODLAND TRUST

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2002

19. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The Woodland Trust has one wholly owned trading subsidiary which is incorporated in the UK. Woodland Trust (Enterprises) Limited was established to undertake mail order, sponsorship and promotional activities. This company donates its taxable profits to the Woodland Trust. A summary of its trading account is shown below. Audited accounts have been filed with the Registrar of Companies.

Profit and Loss Account

	2002 £'000	2001 £'000
Turnover	1,221	1,874
Cost of Sales	(219)	(156)
Gross Profit	1,002	1,718
Licence Payment to the Woodland Trust	(50)	(40)
Distribution Costs	(50)	(51)
Administration Expenses	(32)	(33)
Other Operating Income	1	1
Operating Profit	871	1,595
Interest Payable	-	-
Interest Receivable	-	2
Net Profit	871	1,597
Payment under Gift Aid to the Woodland Trust	(871)	(1,597)
Accumulated Loss Brought Forward	-	-
Accumulated Loss Carried Forward	-	-

Balance Sheet as at 31 December 2002

	2002 £'000	2001 £'000
Net Current Assets	144	495
Net Current Liabilities	(144)	(495)
Net Assets	-	-
Capital & Reserves	-	-

THE WOODLAND TRUST

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2002

20. OPERATING LEASE COMMITMENTS

At 31 December 2002, the Woodland Trust, both the Group and the Charity are committed to making the following payments during the next year in respect of operating leases.

	2002 £'000	2001 £'000
<b>Land and Buildings</b>		
Leases which expire:		
Within one year	-	-
Within two to five years	166	104
After five years	-	-
	<u>166</u>	<u>104</u>
<b>Other</b>		
Leases which expire:		
Within one year	26	51
Within two to five years	257	141
After five years	-	-
	<u>283</u>	<u>192</u>

21. CAPITAL COMMITMENTS

There are commitments for expenditure not provided for in these accounts in respect of woodland and land purchases as follows:

	2002 £'000	2001 £'000
Authorised by the Directors but not contracted for	40	1,076
	<u>40</u>	<u>1,076</u>

22. PENSION SCHEMES

The Woodland Trust operates defined contribution schemes for all qualifying employees. The assets of the schemes are held in separate funds administered by independent pension providers. The total cost of pensions for the year incurred by the Woodland Trust was £202k (2001: £169k). Included in other creditors is £nil (2001: £nil) in respect of pension schemes.

23. CONTINGENT LIABILITIES

The Directors were not aware of any significant contingent liabilities at 31 December 2002 and 31 December 2001.

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

THE WOODLAND TRUST

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2002

24. NOTES TO THE CASH FLOW STATEMENT

	2002 £'000	2001 £'000
(a) <b>Gross Cash Flows</b>		
<i>Returns on Investments &amp; Servicing of Finance</i>		
Investment Income	<u>541</u>	<u>569</u>
<b>Capital Expenditure &amp; Financial Investment</b>		
Purchase of Woodland and Land	(863)	(1,054)
Purchase of Fixed Assets	(347)	(208)
Purchase of Investments	(4,248)	(5,599)
Sale of Land	69	117
Sale of Fixed Assets	2	17
Sale of Investments	3,008	3,379
	<u>(2,379)</u>	<u>(3,348)</u>

(b) **Analysis of Changes in Net Funds/(Debt)**

	At 1 January 2002 £'000	2002 Cash Flows £'000	At 31 December 2002 £'000	At 1 January 2001 £'000	2001 Cash Flows £'000
Cash in Hand, at Bank	2,139	(1,293)	846	1,235	904
Bank Overdrafts	-	-	-	(24)	24
<b>TOTAL</b>	<u>2,139</u>	<u>(1,293)</u>	<u>846</u>	<u>1,211</u>	<u>928</u>

**PROFESSIONAL ADVISORS**

**AUDITORS**

haysmacintyre, Chartered Accountants, London

**BANKERS**

Lloyds TSB plc, Grantham and Plymouth  
Bank of Ireland, Bangor

**INSURANCE BROKERS**

Williams & Williams Ltd, Leicester

**INVESTMENT ADVISORS**

Chiswell Associates Limited, London  
J P Morgan International Bank Limited, London

**SOLICITORS**

L'Estrange & Brett, Belfast  
Nigel Davis & Co, Derby  
Mills and Reeve, Cambridge  
Nelsons, Derby  
Roythorne and Co, Spalding, Lincolnshire  
Stones, Exeter, Devon  
Tods Murray WS, Edinburgh  
Wilson Nesbitt, Belfast