

The Woodland Trust  
Registered Company No. 1982873  
Registered Charity No. 294344



**WOODLAND**  
TRUST

## **REPORT AND ACCOUNTS**

**31 DECEMBER 2005**



PRESIDENT

Clive Anderson, MA

VICE PRESIDENTS

Donald G Waddams, FCCA  
Theodore H White, FRICS

TRUSTEES

Dawn J Austwick, OBE, MBA, BA  
Alan T Bigg, BA  
Robert W Brown, OBE, BSc  
Alison J Chmiel, MA, FCMA  
Timothy N Field, MA  
David L Foot, CB, FICFor  
Colin Hall, LLB  
Trevor W Jones, MA, FInstF, FIDM  
John B Lake, PhD, MSc (Chairman)  
J Nicola Nicholls, PhD, BSc  
Adrian A Phillips, CBE, MA, Dip TP, MRTPI, FLI  
Nicola A Ramsden, BSc, MInstF  
Rachel M Thomas, CBE, DL, BA, DSc(hc), FRGS  
Michael B Usher, OBE, PhD, DUniv, FIBiol, FRSE

The Trustees are also the Directors of the Company.

The Woodland Trust was founded in 1972 by Kenneth Watkins, OBE.  
It is a non-profit making company limited by guarantee and is a registered charity.

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

## CONTENTS

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	Page
Chairman's Report	1
Report of the Directors	2-9
Auditors' Report	10
Consolidated Statement of Financial Activities	11
Consolidated and Charity Balance Sheets	12
Consolidated Cash Flow Statement	13
Notes to the Accounts	14-27
Professional Advisors	28

## CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

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*I feel very proud to become chairman of an organisation as vital and effective as the Woodland Trust. It is daunting to step into the shoes of my predecessor Peter Oliver who, with the outgoing chief executive, Mike Townsend has transformed the organisation over the past eight years. We cannot thank them enough.*

I am taking on this role at a time of very good health for the Trust and this could not have been achieved without the dedication of all our staff and volunteers, including my fellow trustees.

We now have the commitment of nearly 150,000 members and income in 2005 hit a record £20 million. Every penny will be wisely spent and every member's voice helps us in our task.

With each year that passes the Woodland Trust becomes more influential. But our job will not be done until all threats to ancient woodland are removed and society fully realises the value of our richest wildlife habitat.

This year we have taken some giant steps in this direction. We have saved Wales's largest ancient woodland, **Wentwood Forest**, following our most successful campaign ever. The phenomenal support for this appeal gives us much hope for the future.

We welcomed '**Keepers of Time**', a Statement by the Forestry Commission England that put the conservation of ancient woodland at the heart of forestry policy.

At first glance, the connection between woodland and the Battle of **Trafalgar** may seem tenuous but, by the end of the year, tens of thousands of schoolchildren were enlightened. The bi-centenary was marked by the creation of 33 new woods, one for each ship in Nelson's fleet, reminding people that many tonnes of native timber were used to build these ships thus emphasising the vital role played by trees in our history.

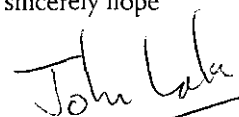
The young people involved in the Trafalgar Woods Project were just a fraction of the numbers who planted trees under the **Tree For All** banner in 2005. It was exciting to see many different partners helping us to connect with young people.

Our **Springwatch** partnership with the BBC has helped us to publicise the dramatic effects of climate change and by joining the **Stop Climate Chaos Coalition** we are calling for urgent action to tackle what is the biggest problem ever to face native woodland

So the future holds many challenges. In 2006, our goals will be as ambitious as ever. In particular we will continue in our efforts to save **woods under threat**, and we will throw the spotlight onto the **Ancient Tree Hunt**. Often forgotten, ancient trees are nature's cathedrals supporting a unique variety of wildlife.

We are also looking to the new and developing the role that **woodland creation** has in ensuring the resilience of the UK's wildlife and through **Tree For All** we are continuing to invest in the future by inspiring a new generation through the simple but powerful act of planting a tree.

I am really enthused by these plans and seeing how much more progress can be made in 2006. I sincerely hope this includes meeting many more fellow supporters.



John Lake  
Chairman  
24 May 2006

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2005**

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The Directors have pleasure in presenting their report together with the audited accounts for the year ended 31 December 2005. The Chairman's Report appears on page 1.

### **1. STRUCTURE**

The Woodland Trust is a charity registered with the Charity Commission in England and Wales No 294344. The Company does not have a share capital and is a company limited by guarantee No 1982873. 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's governing documents are its Memorandum and Articles of Association. These documents can be accessed via our website ([www.woodland-trust.org.uk](http://www.woodland-trust.org.uk)).

### **2. REGISTERED OFFICE**

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

### **3. PROFESSIONAL ADVISORS**

A list of the Trust's main professional advisors appears on page 28.

haysmacintyre have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the Annual General Meeting.

### **4. GOVERNANCE AND MANAGEMENT**

The Directors of the Company who served in the year and to the date of this report were:

Mrs D J Austwick	Mr C Hall
Mr A T Bigg	Mr T W Jones
Mr R W Brown	Dr J B Lake (appointed Chairman 15 June 2005)
Mrs A J Chmiel	Prof A A Phillips
Mr T N Field	Ms N A Ramsden
Mr D L Foot	Mrs R M Thomas

Dr J N Nicholls was appointed a Director on 9 February 2005.

Prof M B Usher was appointed a Director on 9 February 2005.

Mr P J Oliver retired as a Director and Chairman of the Trust on 15 June 2005.

Mr A P Golding retired as a Director on 7 December 2005.

The following Directors served on the Finance Sub-Committee:

Mrs A J Chmiel (joined the Sub-Committee on 9 November 2005)  
Mr A P Golding  
Mr C Hall (appointed Chairman 15 June 2005)  
Mr T W Jones  
Dr J B Lake (retired as Chairman 15 June 2005)  
Dr J N Nicholls (joined the Sub-Committee on 9 February 2005)

The Chairman of the Woodland Trust attended all the Finance Sub-Committee meetings.

The Directors of the Company, who are the charity trustees, form the Woodland Trust's Council which is its ultimate governing body. They are required to retire every three years and may offer themselves for re-appointment. The Chairman and the chair of the Finance Sub-Committee may normally serve up to 12 years as a Director, whilst other Directors may normally serve up to nine years.

The Finance Sub-Committee carried out some of the roles of an Audit Committee, a Remuneration Committee and a Health and Safety Audit Committee.

## REPORT OF THE DIRECTORS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2005

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#### *Recruitment of Directors*

Directors are recruited to provide the specific skills and experience required to govern the Trust. Normally each vacancy is advertised widely and short listed applicants undergo a selection process. The recruitment panel comprises an appropriate mix of existing Directors and the Chief Executive.

#### *Induction and training of Directors*

Following appointment, each Director is provided with a tailored induction programme. Directors are provided regularly with internal and external information relevant to the Trust's governance and make visits to Trust properties.

#### *Decision making*

A decision making framework, which is reviewed and agreed annually by Council, sets out the delegated authority of the Finance Sub-Committee and the principal officers. The day-to-day management is delegated to the Chief Executive, the principal officers and other Trust staff.

The principal officers are:

Chief Executive	Sue A Holden, MA, FRSA
Deputy Chief Executive and Financial Director	Julian C Purvis, BSc, FCA
Policy Director	Hilary M Allison, PhD, MA, MSc
Director of Corporate, Grants and Regional Fundraising	Karl D Mitchell, MSc MInstF (Cert)
Marketing Director	Douglas P Seddon, MA, MInstF
Woodland Operations Director UK	Norman J Starks, BSc (For), MICF

The Trust's main UK headquarters is in Grantham, Lincolnshire with country headquarters for Scotland, Wales and Northern Ireland in Auchterarder in Perthshire, Llanidloes in Powys and Bangor in County Down respectively.

## 5. OBJECTIVES AND ACTIVITIES

#### *Objectives*

The Woodland Trust is required by charity and company law to act within the objectives of its Memorandum of Association. Its principal objects are to "conserve, restore and re-establish trees and in particular broad-leaved trees, plants and all forms of wildlife in the United Kingdom of Great Britain and Northern Ireland and thereby to secure and enhance the enjoyment by the public of the natural environment of those territories"

The Woodland Trust's commercial activities are undertaken by its wholly owned trading subsidiary, Woodland Trust (Enterprises) Limited and all profits are donated by Gift Aid to the Woodland Trust. The principal activities of Woodland Trust (Enterprises) Ltd are sponsorship and commercial promotions in support of the Woodland Trust, lotteries and the sale of goods by mail order. The Company is registered under No 2296645 and a summary of its results appears in Note 19 on page 26.

#### *Aims*

The Woodland Trust's four key strategic aims designed to achieve its objects are to:

- ♦ Ensure no further loss of ancient woodland
- ♦ Increase woodland biodiversity
- ♦ Increase the area of new native woodland
- ♦ Increase people's understanding and enjoyment of woodland.

## REPORT OF THE DIRECTORS (continued) FOR THE YEAR ENDED 31 DECEMBER 2005

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In *Keeping Woodland Alive*, which can be accessed via our website, we set out how we are seeking to achieve each of these four key aims. Our current plans include the following activities and targets.

### *No further loss of ancient woodland*

- ♦ The Trust's woods under threat website assists communities fight to save specific woods and the Trust aims to have sufficient resources to be able to help fight any significant development threat to ancient woodland. In recent years the Trust has helped to secure a successful outcome in 74% of the completed cases of threatened woods it has been involved with.
- ♦ Completing an inventory of ancient woodland in Northern Ireland (on target for the end of 2007).

### *Increasing woodland biodiversity*

- ♦ Having all the Trust's ancient woods previously planted with non-native species in an active restoration programme (on target).
- ♦ Securing or working with others to secure further planted ancient woods into restoration programmes (on track to achieve over 3,000ha by the end of 2007).
- ♦ Creating a UK database of ancient trees (work to establish a database has begun and partial funding for its development has been secured).

### *Increasing the area of new native woodland*

- ♦ Creating at least 5,000ha of new native woodland between 2003 and 2007 either on land acquired by the Trust or through working with other partners (2,333ha achieved to date).
- ♦ Planting 12m trees over approximately five years under our Tree for All campaign, which was launched in November 2004 (2.5m had been planted by the end of 2005).

### *Increasing people's understanding and enjoyment of woodland*

- ♦ Having nearly 200,000 members by 2010 (currently 147,000).
- ♦ Having over 1m visitor sessions on our website each year (1.9m achieved in 2005).
- ♦ Engaging at least 1m people, mainly children, in planting trees under our Tree for All campaign (0.265m people had planted trees by the end of 2005).
- ♦ Continuing to improve access to and interpretation of our woods.

In addition, the Trust seeks to achieve all four of its aims by campaigning on behalf of the UK's woodland and ancient trees. Our campaign targets are summarised in a series of "Woodland Challenges" that can be found on our website.

### *Strategies*

The Trust's main strategies are:

- ♦ To acquire those ancient woods that would particularly benefit from our ownership, especially major planted ancient woods that can benefit from our expertise in restoring such sites.
- ♦ To acquire land on which to create new native woodland.
- ♦ To manage our own woods in ways that ensure we achieve our aims.
- ♦ To work with other landowners and other organisations to achieve our aims.
- ♦ To undertake campaigning activities that can achieve our aims.
- ♦ To raise awareness of and support for our cause.
- ♦ To engage our supporters in our work; especially via practical involvement.

### *Activities and services provided*

The Trust's Annual Review and this Annual Report, together with *Broadleaf* – our magazine to members, provide an overview of our key activities.

We care for over 1,000 woods covering over 20,000ha throughout the UK. Access to our woods is free.

## REPORT OF THE DIRECTORS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2005

Our website, [www.woodland-trust.org.uk](http://www.woodland-trust.org.uk), provides the main source of information and advice including:

- ♦ How to join the Woodland Trust, dedicate trees and the benefits of leaving a legacy to the Trust
- ♦ Details about our policies, position statements and publications
- ♦ Details about our woods, including management plans
- ♦ Links to various community woodlands via our Community Woodland Network
- ♦ The ability to buy trees and merchandise through our on-line shops
- ♦ Our Annual Review and Annual Report and Accounts (including previous years)
- ♦ Guidance and support to help you acquire and manage a wood via our Conservation Land Trust site.
- ♦ The ability to get involved in monitoring climate change via our phenology projects – Nature's Calendar and Nature Detectives
- ♦ Our Wild about Woods and Tree for All sites offer a wealth of other educational materials for all ages
- ♦ Our Ancient Tree Hunt project will help you identify, record and appreciate ancient trees.

Our website provides a comprehensive list of activities, services provided and ways in which you can help us achieve our objectives.

## 6. ACHIEVEMENTS AND PERFORMANCE IN 2005

Total unrestricted income increased from £12.3m to £14.4m and total restricted income increased from £4.8m to £6.5m. This was primarily due to the restricted funds kindly given to the Trust to enable it to acquire Wentwood in Wales – our most successful appeal ever. Consequently total income increased from £17.1m to £20.9m – the first time we have exceeded £20m.

Our unrestricted income increased primarily as a result of increases in membership income, legacies, sponsorship and lotteries. The increase in legacies and sponsorship exceeded our expectations and has helped provide us with a modest surplus which we can now spend on a range of priorities that we would otherwise have been unable to progress. These will include land acquisition, site management and priority projects which are difficult to fund from external sources.

In 2005 the Trust received a record membership income of £4.3m (2004: £3.8m), which reflects an increase in membership from 137,000 to 147,000. This was in line with our budgeted expectations. Legacy income was also the highest in the Trust's history at £4.8m (2004: £4.0m) due to the contribution made by several particularly generous bequests. The Trust applied £302k of legacies to the purchase of Wentwood and this was a key factor in enabling the Trust to bid for and secure this very valuable site.

Total expenditure increased from £17.0m to £18.1m. The main areas of expenditure in furtherance of the Trust's objects were:

	2005 £'000	2004 £'000
♦ No further loss of ancient woodland	3,384	1,866
♦ Increasing woodland biodiversity	3,027	3,660
♦ Increasing the area of new native woodland	3,343	3,883
♦ Increasing people's understanding and enjoyment of woodland	4,542	4,187
	<u>14,296</u>	<u>13,596</u>
♦ Cost of generating funds	3,657	3,227
♦ Governance	175	192
<b>Total expenditure</b>	<b><u>18,128</u></b>	<b><u>17,015</u></b>

Our expenditure is summarised under our four key conservation aims together with the cost of raising over £20m income and our governance costs. Inevitably many of the projects we undertake contribute to more than one of our conservation objectives. The analysis of expenditure above includes £2.1m (2004: £1.5m) applied to land acquisition. "Increasing people's understanding and enjoyment of woodland" includes £2.8m (2004: £2.4m) expenditure on access, tree safety and general maintenance.



## **REPORT OF THE DIRECTORS (continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2005**

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The Trust succeeded in acquiring 354ha at Wentwood near Newport following our most successful fundraising campaign ever. Our members were extraordinarily generous donating nearly £1.1m; as were the Tubney Charitable Trust which is contributing £0.7m to the acquisition and restoration of this important site. The woodland acquired at Wentwood is part of the largest ancient woodland in Wales and the 9<sup>th</sup> largest planted ancient woodland site in the UK.

In total the Trust acquired 1,119ha of land, including 755ha for woodland creation at Milton adjacent to the Trust's largest individual site in the UK – Glen Finglas in Loch Lomond and the Trossachs National Park. Our Glen Finglas site now extends to nearly 5,000ha and when this is combined with the adjacent land and woodland being managed with conservation objectives by the Forestry Commission Scotland and the RSPB Scotland, it is one of the largest examples of native woodland conservation and restoration in Europe.

In addition to acquiring Wentwood we already own nearly 2,000ha of planted ancient woodland sites, all of which are in an active restoration programme.

Protection for ancient woodland received a boost in 2005. Firstly, national planning guidance in England adopted much stronger statements regarding the conservation of ancient woodland and secondly, Forestry Commission England published a new policy "*Keepers of Time*", which aims to put ancient and native woodland "at the heart" of forestry policy in England.

However, ancient woods across the UK continued to be threatened by generic threats like climate change and site specific development threats. Our Woods under Threat team were dealing with 359 cases of ancient woods under threat across the UK at the end of 2005. So despite all the improvements and achievements of recent years there are still no grounds for complacency.

Our Tree for All campaign remains a major focus and during 2005 over 180,000 people helped us plant nearly 1.2 million trees. This is the first year in which the Trust has planted over one million trees. The Trust has now engaged 265,000 people in planting 2.5m trees since the launch of the campaign in November 2004.

2005 was the 200<sup>th</sup> anniversary of the Battle of Trafalgar. The Trust worked with a range of landowners to create 33 new woods across the UK with each one named after one of the British ships at the battle. The Trust is creating the "Victory" wood (140ha) on land we acquired in 2004 at Lamberhurst in Kent.

In 2005 our partnership with the BBC's Springwatch and Autumnwatch increased the public's awareness of the impact climate change is already having on woodland and wildlife. Over 100,000 people participated in creating a comprehensive picture of just how quickly the natural world is changing.

#### ***Volunteers***

In 2005 nearly 20,000 volunteers donated over 250,000 hours of work with an estimated value of nearly £2m – approximately £100 per volunteer – a terrific effort, for which we are very grateful.

## REPORT OF THE DIRECTORS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2005

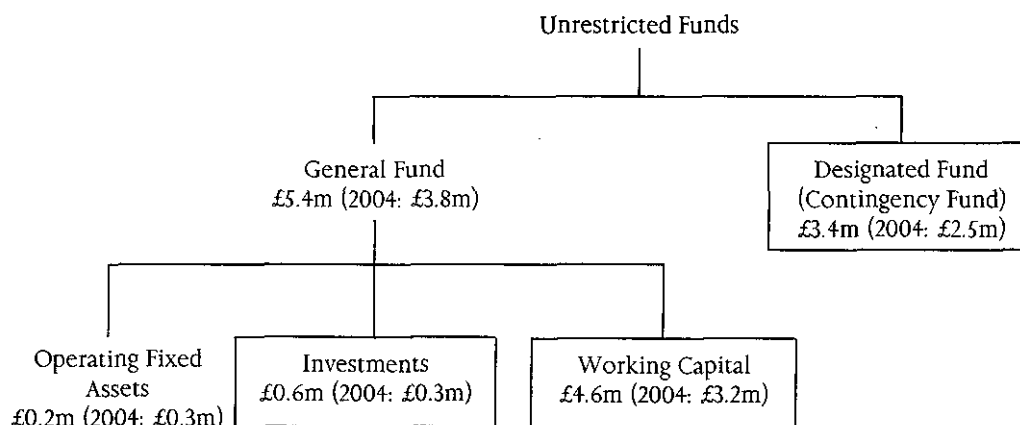
#### 7. REVIEW OF THE TRUST'S FINANCIAL POSITION

The Consolidated Statement of Financial Activities on page 11 shows a surplus of £1.6m on the General Fund. The analysis of funds in Note 18 on page 25 indicates that the General Fund consists primarily of working capital and operating fixed assets. Surplus funds generated are transferred to the Contingency Fund. The purpose of the Contingency Fund is outlined below and its value remained above its target minimum level.

##### *Financial Reserves*

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

The Trust's unrestricted funds comprise the General Fund and the Contingency Fund. "Free" reserves are shown in boxes in the diagram below.



The General Fund consists primarily of working capital and operating fixed assets required for the day-to-day management of the Trust. At 31 December this amounted to £5.4m (2004: £3.8m) of which £3.2m (2004: £2.0m) is represented by cash.

In the short-term, operating fixed assets cannot be converted to cash, so the Trust's "free" reserves were £8.6m at 31 December 2005 (2004: £6.0m). These sums comprise working capital, the Contingency Fund, and an element of investments as indicated above.

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. Its value was £3.4m at 31 December 2005 (2004: £2.5m). The Contingency Fund comprises pooled cash deposit funds.

Given the level of risk relating to income and expenditure, the Directors consider this Fund should normally have a minimum value of £2.2m. This parameter is reviewed annually. This represents around six weeks operational expenditure. The balance of the Contingency Fund and working capital not immediately required, has been earmarked to fund a range of future projects.

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 25 in Note 18 to the Accounts.

## **REPORT OF THE DIRECTORS (continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2005**

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#### *Investments*

Most of the Trust's investments represent endowments given to the Trust to fund the future management of particular sites. All the Trust's funds achieved growth in line with or in excess of the benchmarks set.

#### *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 professional investment managers and has an objective of optimising total return, subject to an acceptable level of risk. Performance is monitored against a tailored benchmark.

During 2005 the Trust had five separate funds with its investment managers and, as in 2004, they all achieved or exceeded their benchmark returns. The benchmark return for four of those funds was 19.8% (2004 11.1%). The actual returns achieved ranged from 20.2% to 21.0% (2004: 9.8% to 10.1%). The other fund achieved its benchmark return of 22.6%.

The Trust's investment managers manage these funds in accordance with an investment policy that has been agreed by the Directors. They take account of environmental/conservation issues in their investment choice. If they become aware of any conflicts of interest between the Trust's objectives and the objectives/activities of any company whose shares may be acquired they are requested to advise the Trust at the earliest opportunity. It is however recognised that the ultimate responsibility for identifying conflicts with its objectives lies with the Trust.

#### *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.

Charities need to have regard to taxation in all their activities. During 2005 the Trust was successful in making further improvements in its ability to recover VAT on its expenditure but irrecoverable VAT still increased slightly to £148k (2004: £135k).

We would like to thank our many supporters who helped optimise the tax benefits available to the Trust by completing gift aid forms, as well as those who reduced their own tax liabilities by donating land and shares, donating via Payroll Giving and leaving tax effective bequests. As in 2004, we recovered over £1.2m in tax, which increased greatly the amount of work we were able to undertake. The Trust has been commended by The Giving Campaign for achieving one of the highest gift aid recovery rates in the charity sector.

#### *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.

## **8. FUTURE DEVELOPMENTS**

In 2006 the Trust will continue to focus on achieving its aims outlined in section 5. This will involve land acquisition, the restoration of ancient woods, woodland creation, woodland management and public affairs work. We will prioritise those opportunities in which the Trust can make a real difference. The Trust has increased the number of staff dealing with woods under threat in response to the increase in threats being reported.

**REPORT OF THE DIRECTORS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

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The restoration of planted ancient woodland sites and woodland creation will remain a particular priority. In October 2006 we will be hosting a UK wide conference to promote woodland creation.

We are working to achieve further increases in membership.

We will continue to develop our communication of woodland conservation issues using the media, the internet and printed publications. Emphasis is being placed on engagement and education, especially through our Tree for All campaign and our Nature Detectives and Ancient Tree Hunt projects.

We will continue to advise and support others who share our aims, particularly landowners and community groups with an interest in woodland.

**9. POLICY AND CHARITY GOVERNANCE**

*Risk Management*

The Trust's risk assessment process identifies and prioritises the risks it faces and establishes suitable mitigating controls. During 2005, the Trust reviewed the effectiveness of its controls over key risks and the relevant documents used to monitor and evaluate risks were updated and approved by the Directors. This review is undertaken annually.

*Environmental Policies and Practices*

Our approach to environmental issues ranging from climate change to re-cycled paper can be accessed via our web site [www.woodland-trust.org.uk](http://www.woodland-trust.org.uk).

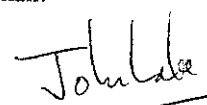
*Statement of Directors' Responsibilities*

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 24 May 2006 and signed on their behalf:

  
John B Lake  
Chairman  
24 May 2006

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE WOODLAND TRUST

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We have audited the financial statements of the Woodland Trust for the year ended 31 December 2005, which comprise the Consolidated Statement of Financial Activities, the Consolidated and Group Balance Sheets, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

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

### Respective responsibilities of Directors and auditors

As described in the Statement of Directors' Responsibilities the Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Directors are also the charity trustees of the Woodland Trust for the purposes of charity law.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

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

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

### Opinion

In our opinion the financial statements:

- ♦ give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's and group's affairs as at 31 December 2005 and of its incoming resources and application of resources in the year then ended; and
- ♦ have been properly prepared in accordance with the Companies Act 1985.



Haysmacintyre  
Chartered Accountants  
Registered Auditors  
Date: 24 May 2006

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

# **CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES** **FOR THE YEAR ENDED 31 DECEMBER 2005**

		UNRESTRICTED FUNDS		RESTRICTED FUNDS		Total	Total
	Note	General Fund	Designated Funds	Restricted Funds	Endowment Funds	2005	2004
		£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOMING RESOURCES</b>							
<b>Incoming resources from generated funds</b>							
Voluntary Income	2	10,869	-	3,649	-	14,518	11,801
Activities for generating funds	2	1,868	-	183	-	2,051	1,190
Investment Income	9	497	-	275	-	772	625
<b>Total incoming resources from generated funds</b>		<b>13,234</b>	<b>-</b>	<b>4,107</b>	<b>-</b>	<b>17,341</b>	<b>13,616</b>
Incoming resources from charitable activities	2	1,128	-	2,358	-	3,486	3,458
Other incoming resources		31	-	-	-	31	28
<b>Total incoming resources</b>		<b>14,393</b>	<b>-</b>	<b>6,465</b>	<b>-</b>	<b>20,858</b>	<b>17,102</b>
Less costs of generating funds	4	(2,866)	-	(753)	(38)	(3,657)	(3,227)
Governance	4	(175)	-	-	-	(175)	(193)
<b>Net resources available for charitable activities</b>		<b>11,352</b>	<b>-</b>	<b>5,712</b>	<b>(38)</b>	<b>17,026</b>	<b>13,682</b>
<b>RESOURCES EXPENDED</b>							
<b>Resources expended on charitable activities</b>							
No further loss of ancient woodland	4	1,415	-	138	-	1,553	1,626
Increasing woodland biodiversity	4	2,627	-	388	-	3,015	3,421
Increasing the area of new native woodland	4	1,723	-	1,394	-	3,117	2,897
Increasing people's understanding and enjoyment of woodland	4	3,366	-	1,176	-	4,542	4,187
<b>Total resources expended on charitable activities</b>		<b>9,131</b>	<b>-</b>	<b>3,096</b>	<b>-</b>	<b>12,227</b>	<b>12,131</b>
<b>Net incoming resources from operations before transfers and investment gains</b>							
		2,221	-	2,616	(38)	4,799	1,551
Transfers between funds	17	(631)	860	222	(451)	-	-
Net Gains on Investment Assets	12	-	-	170	1,127	1,297	497
<b>Net movements in funds</b>		<b>1,590</b>	<b>860</b>	<b>3,008</b>	<b>638</b>	<b>6,096</b>	<b>2,048</b>
Fund Balances brought forward at 1 January		3,803	2,500	50,938	6,270	63,511	61,463
<b>Fund balances carried forward at 31 December</b>	<b>18</b>	<b>5,393</b>	<b>3,360</b>	<b>53,946</b>	<b>6,908</b>	<b>69,607</b>	<b>63,511</b>

This statement of resources expended excludes £2,069k (2004: £1,464k) of woodland and land acquired and capitalised as per Note 10.

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

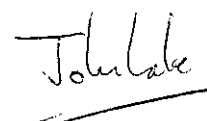
No separate income and expenditure account as required under the Companies Act 1985 has been presented as the only difference between the net incoming resources for the year before transfers (£4,799k) and the net income for the year as defined under the Companies Act (£5,174k) are realised gains on investments of £337k reflected within net gains on investment assets and expenditure within the endowment funds of £38k.

The Notes on pages 14 to 27 form part of these accounts.

**BALANCE SHEETS AT 31 DECEMBER 2005**

	Note	Group		Charity	
		2005	2004	2005	2004
		£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible Assets:					
♦ Woodland and Land	10	46,187	44,149	46,187	44,149
♦ Other Fixed Assets	11	215	341	215	341
		<u>46,402</u>	<u>44,490</u>	<u>46,402</u>	<u>44,490</u>
Investments	12	18,755	15,427	18,755	15,427
		<u>65,157</u>	<u>59,917</u>	<u>65,157</u>	<u>59,917</u>
<b>Current Assets</b>					
Stocks	13	191	137	151	137
Debtors	14	3,778	3,468	4,372	3,500
Cash at Bank and in-hand	24(b)	3,249	2,010	2,964	1,958
		<u>7,218</u>	<u>5,615</u>	<u>7,487</u>	<u>5,595</u>
<b>Creditors</b>					
Amounts falling due within one year	15	(2,764)	(2,016)	(3,033)	(1,996)
<b>Net Current Assets</b>		<u>4,454</u>	<u>3,599</u>	<u>4,454</u>	<u>3,599</u>
<b>Total Assets Less Current Liabilities</b>		<u>69,611</u>	<u>63,516</u>	<u>69,611</u>	<u>63,516</u>
<b>Creditors</b>					
Amounts falling due after more than one year	16	(4)	(5)	(4)	(5)
<b>Net Assets</b>	18	<u>69,607</u>	<u>63,511</u>	<u>69,607</u>	<u>63,511</u>
<b>Financed by:</b>					
Unrestricted Funds:					
♦ General Fund	17	5,393	3,803	5,393	3,803
♦ Designated Fund	17	3,360	2,500	3,360	2,500
Restricted Funds	17	53,946	50,938	53,946	50,938
Permanent Endowments	17	6,908	6,270	6,908	6,270
		<u>69,607</u>	<u>63,511</u>	<u>69,607</u>	<u>63,511</u>

These accounts were approved by the Directors on 24 May 2006.

  
John B Lake  
Chairman

The Notes on pages 14 to 27 form part of these accounts.

# **CONSOLIDATED CASH FLOW STATEMENT** **FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 £'000	2004 £'000
<b>Net cash inflow from operating activities</b>	24 (a)	4,588	1,338
<b>Returns on investments and servicing of finance</b>			
Investment income		772	625
<b>Capital expenditure and financial investment</b>			
Purchase of woodland and land		(2,049)	(1,381)
Purchase of fixed assets		(75)	(175)
Purchase of investments		(3,813)	(2,139)
Sale of land		31	28
Sale of fixed assets		3	7
Sale of investments		1,782	2,567
		<b>(4,121)</b>	<b>(1,093)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in year	24(b)	1,239	870
Net funds at 1 January	24(b)	2,010	1,140
<b>Cash at bank and in-hand funds at 31 December</b>		<b>3,249</b>	<b>2,010</b>

The Notes on pages 14 to 27 form part of these accounts.



## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

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### I. 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 2005) – Accounting and Reporting by Charities, the Companies Act 1985 and applicable accounting standards. The accounting policies adopted are described below.

Following the adoption of the SORP, the presentation of certain income streams and expenditure have changed. Comparative amounts have accordingly been restated.

#### 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 393 of the SORP 2005.

#### 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. Until they are expended the funds are invested.

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

##### *Endowment Funds*

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

#### Incoming Resources

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

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

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

Grants for woodland management are credited to the Consolidated Statement of Financial Activities in the year in which they are receivable. The SORP (Revised 2005) indicates that, for charities, this treatment is the most appropriate interpretation of the relevant Statement of Standard Accounting Practice.

## NOTES TO THE ACCOUNTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2005

#### ACCOUNTING POLICIES (continued)

##### Incoming Resources (continued)

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

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

##### Resources Expended

###### *Costs of generating funds*

These are costs incurred in generating the income analysed in note 2 to the accounts. These costs are analysed in notes 4 and 5 to the accounts.

###### *Governance costs*

These costs are associated with the strategic management of the Trust as opposed to day-to-day management. They are analysed in note 6 to the accounts.

###### *Resources expended on charitable activities*

Expenditure is allocated to our four strategic aims as follows:

- ◆ **No further loss of ancient woodland** – direct expenditure includes fighting generic threats to ancient woodland as well as site specific threats, lobbying to improve the degree of protection for ancient woods and ancient trees.
- ◆ **Increasing woodland biodiversity** – direct expenditure includes the restoration of planted ancient woods, woodland management and research.
- ◆ **Increasing new native woodland** – direct expenditure includes the cost of planting trees and maintaining new woodland.
- ◆ **Increasing people's understanding and enjoyment of woodland** – direct expenditure includes providing access to our woods, education, tree safety, general maintenance of our woods, a variety of communications and events involving our supporters and the general public.

Note 7 to the accounts includes an analysis of staff numbers across charitable activities, fundraising activities, governance and support.

The cost of those staff directly focused on the Trust's charitable activities has been allocated across the four aims listed above in the same ratio as the expenditure on each strategic aim prior to their allocation.

###### *Support costs*

These include the provision of offices, staff recruitment and development, information technology and our finance function.

Support costs have been allocated to activities on the basis of the number of direct staff employed in that activity.

**NOTES TO THE ACCOUNTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

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**ACCOUNTING POLICIES (continued)**

**Depreciation**

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

Fixed assets with a cost of more than £1,000 are capitalised and depreciated. A full year's depreciation is charged in the year of purchase and none in the year of disposal. Depreciation has been charged at 20-25% per annum on cost.

**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.

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

**Investments**

Investments are stated at market value. The Trust's policy is 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 2005 this amounted to £148k (2004: £135k).

**NOTES TO THE ACCOUNTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**2. INCOMING RESOURCES**

As summarised in the Consolidated Statement of Financial Activities:

	Unrestricted General Funds £'000	Restricted Funds £'000	Total 2005 £'000	Total 2004 £'000
<b>INCOMING RESOURCES FROM GENERATED FUNDS</b>				
<b>Voluntary Income</b>				
Legacies receivable	4,212	624	4,836	4,043
Membership subscriptions	4,298	-	4,298	3,830
Fundraising and appeals	2,031	1,768	3,799	3,013
Company donations, Charitable Trusts and Landfill Tax	328	1,257	1,585	915
<b>Total voluntary income</b>	<b>10,869</b>	<b>3,649</b>	<b>14,518</b>	<b>11,801</b>
<b>Activities for generating funds</b>				
Sponsorship income	799	183	982	444
Lotteries	681	-	681	562
Merchandise income	388	-	388	184
<b>Total income from activities for generating funds</b>	<b>1,868</b>	<b>183</b>	<b>2,051</b>	<b>1,190</b>
<b>INCOMING RESOURCES FROM CHARITABLE ACTIVITIES</b>				
Grants receivable	781	2,193	2,974	2,575
Woodland Management income	347	145	492	803
Donated Woodland and Land	-	20	20	80
<b>Total income from charitable activities</b>	<b>1,128</b>	<b>2,358</b>	<b>3,486</b>	<b>3,458</b>

Included in fundraising and appeals is £40k (2004: £80k) 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 £0.5m (2004: £1.4m).

**NOTES TO THE ACCOUNTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

3. GRANTS RECEIVABLE	2005 £'000	2004 £'000
Forestry Commission	1,011	902
Tubney Charitable Trust	500	-
Heritage Lottery Fund	415	588
Department for the Environment, Food and Rural Affairs (DEFRA)	228	247
Local Authorities	158	181
Environment and Heritage Service, Northern Ireland	145	93
Countryside Council for Wales	106	62
European Structural Funds	93	76
Big Lottery Fund Transforming Your Space	87	2
Rural Payment Agency	44	-
Big Lottery Fund Transforming Your Space Northern Ireland	36	-
EC Life Nature	34	99
English Nature	33	38
The Countryside Agency	18	6
Big Lottery Fund – ENFYS	15	-
Forest Service for Northern Ireland	15	38
English Nature Aggregate Levy Sustainable Fund	12	-
Scottish Executive	5	8
Objective 1/DEFRA via South Yorkshire Forest	2	-
Big Lottery Fund	-	63
Others	17	172
	<b>2,974</b>	<b>2,575</b>

Included within Grants receivable are restricted grants of £2.2m (2004: £1.9m).

4. TOTAL RESOURCES EXPENDED	Direct £'000	Support £'000	2005 £'000	2004 £'000
<b>Costs of generating funds</b>				
<i>Costs of generating voluntary income</i>				
Membership	1,556	85	1,641	1,310
Fundraising and appeals	671	147	818	780
Company donations, Charitable Trusts and Landfill Tax	338	119	457	463
Legacies	119	23	142	127
	<b>2,684</b>	<b>374</b>	<b>3,058</b>	<b>2,680</b>
<i>Fundraising Trading Costs</i>				
Lottery	109	4	113	101
Sponsorship	209	67	276	292
Merchandise	162	4	166	118
	<b>480</b>	<b>75</b>	<b>555</b>	<b>511</b>
<i>Investment management costs</i>	<b>44</b>	<b>-</b>	<b>44</b>	<b>36</b>
<b>Costs of generating funds</b>	<b>3,208</b>	<b>449</b>	<b>3,657</b>	<b>3,227</b>
<b>Governance</b>	<b>155</b>	<b>20</b>	<b>175</b>	<b>193</b>
<b>Charitable activities</b>				
No further loss of ancient woodland	1,356	197	1,553	1,626
Increasing woodland biodiversity	2,632	383	3,015	3,421
Increasing the area of new native woodland	2,722	395	3,117	2,897
Increasing people's understanding and enjoyment of woodland	3,965	577	4,542	4,187
	<b>10,675</b>	<b>1,552</b>	<b>12,227</b>	<b>12,131</b>
<b>Total resources expended</b>	<b>14,038</b>	<b>2,021</b>	<b>16,059</b>	<b>15,551</b>

**NOTES TO THE ACCOUNTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

5. SUPPORT COSTS	Premises	Depreciation	Finance & IT	Human Resources	Management & Other	2005	2004
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Generating income resources</b>	42	36	208	130	33	449	468
<b>Charitable expenditure</b>							
♦ No further loss of ancient woodland	18	16	92	57	14	197	213
♦ Increasing woodland biodiversity	36	31	178	110	28	383	448
♦ Increasing the area of new native woodland	37	32	183	114	29	395	379
♦ Increasing people's understanding and enjoyment of woodland	54	47	267	167	42	577	548
	145	126	720	448	113	1,552	1,588
<b>Governance</b>	2	2	9	6	1	20	17
<b>Total support costs</b>	<b>189</b>	<b>164</b>	<b>937</b>	<b>584</b>	<b>147</b>	<b>2,021</b>	<b>2,073</b>

Total depreciation across all Trust assets was £228k. Depreciation allocated to support costs excludes depreciation of short leasehold land (£31k) and depreciation of assets at Glen Finglas (£33k), which appears within charitable activities.

6. GOVERNANCE OF THE CHARITY	2005	2004
	£'000	£'000
Staff costs	108	109
Audit and professional fees	19	28
Trustees' expenses and meetings	21	31
Other costs	27	25
	<b>175</b>	<b>193</b>

**7. NET INCOME FOR THE YEAR BEFORE TRANSFERS**

The surplus for the year is after charging:

♦ Salaries and wages	5,117	4,955
♦ Social Security costs	509	506
♦ Other pension costs	278	247
	<b>5,904</b>	<b>5,708</b>
Depreciation	228	247
Auditors' fees and expenses:		
♦ Audit work	16	16
♦ Other services	3	12
Rentals under operating leases	432	513
Irrecoverable Value Added Tax	148	135

# NOTES TO THE ACCOUNTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2005

### Employees and Volunteers

The average number of employees during the year was 223 (2004: 227). The average number of employees, analysed by function, was:

	2005 Total	2004 Total
Charitable activities	145	148
Fundraising	42	43
Governance and support	36	36
	<b>223</b>	<b>227</b>

We rely on volunteers to help with a wide range of activities including administration, tree planting, wardening and care of our woods, research, photography, and promotion of our work. Over 1,700 volunteers assist with these activities. In addition we rely on volunteers to collect data on climate change through our Phenology project. Currently 18,000 individuals are providing regular information.

We use the volunteer investment and value audit (VIVA) process to estimate the contribution our volunteers make. In 2005 they contributed 252,000 hours with an ascribed value of £1.93m (2004: 131,000 hours, value £1.26m).

### 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 16 (2004: 14) Directors on Council business amounted to £21k (2004: £14k) during the year.

The Woodland Trust purchases indemnity insurance to protect it and its Directors and Officers from losses arising from any wrongful act of its Directors or Officers and to indemnify them against their legal liability arising from any claim against them. The premium for the policy was £7k (2004: £7k).

Employees' emoluments for the staff earning in excess of £60,000 for the year fell into the following band:

	No. of Employees	
£'s	2005	2004
70,000-79,999	2	2

All employees earning more than £70k participated in the defined contribution pension scheme. Contributions of £15k (2004: £21k) were made during the year for these employees by the company.

**NOTES TO THE ACCOUNTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**9. INVESTMENT INCOME**

	2005 £'000	2004 £'000
Income from investments was as follows:		
Income from other UK Authorised Investments	448	237
Income from UK listed investments	165	147
Bank interest receivable	136	215
Income from cash deposits	12	19
Income from overseas listed investments	11	6
Income from other overseas authorised investments	-	1
	<b>772</b>	<b>625</b>

**10. FIXED ASSETS - WOODLAND AND LAND**

*The Group and the Charity:*

	Total £'000	Purchased (Freehold) £'000	Purchased (Long Leasehold) £'000	Purchased (Short Leasehold) £'000	Donated (Freehold) £'000	Donated (Long Leasehold) £'000	Donated (Short Leasehold) £'000
Cost or donated value at 1 January 2005	44,248	33,789	619	-	4,746	4,134	960
Additions for the year	2,069	1,864	-	183	22	-	-
Disposals in the year	-	-	-	-	-	-	-
Cost or donated value at 31 December 2005	<b>46,317</b>	<b>35,653</b>	<b>619</b>	<b>183</b>	<b>4,768</b>	<b>4,134</b>	<b>960</b>
<b>Depreciation</b>							
At 1 January 2005	99	-	-	-	-	-	99
Charge for the year	31	-	-	4	-	-	27
At 31 December 2005	<b>130</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>126</b>
<b>Net book value</b>							
At 31 December 2005	<b>46,187</b>	<b>35,653</b>	<b>619</b>	<b>179</b>	<b>4,768</b>	<b>4,134</b>	<b>834</b>
At 31 December 2004	<b>44,149</b>	<b>33,789</b>	<b>619</b>	<b>-</b>	<b>4,746</b>	<b>4,134</b>	<b>861</b>

The additions to donated woodland and land include legal fees of £2k (2004: £3k).

In addition the Trust currently leases 20ha (2004: 20ha) of woodland under short leaseholds at peppercorn rents. In the opinion of the Directors it is impracticable to assign a value to these leases.



# NOTES TO THE ACCOUNTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2005

### 11. OTHER FIXED ASSETS

<i>The Group and the Charity:</i>	Total £'000	Computer Equipment £'000	Equipment £'000	Plant & Machinery £'000	Livestock Quota £'000
<b>Cost or donated value</b>					
At 1 January 2005	1,600	1,095	269	171	65
Additions	75	62	10	3	-
Disposals	(126)	(122)	-	(4)	-
At 31 December 2005	1,549	1,035	279	170	65
<b>Depreciation</b>					
At 1 January 2005	1,259	876	213	105	65
Charge for the year	197	139	24	34	-
Disposals	(122)	(121)	-	(1)	-
At 31 December 2005	1,334	894	237	138	65
<b>Net book value</b>					
At 31 December 2005	215	141	42	32	-
At 31 December 2004	341	219	56	66	-

### 12. INVESTMENTS

<i>The Group and the Charity:</i>	2005 £'000	2004 £'000
<b>Investments at market value</b>		
Permanent endowments	7,022	6,357
Designated funds	3,360	2,500
Restricted funds	7,773	6,301
Unrestricted funds	600	269
	<b>18,755</b>	<b>15,427</b>

	Cost		Valuation	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
<b>Investments consist of:</b>				
Cash held as part of investments	94	48	94	48
UK Listed Investments	3,384	4,451	4,031	4,820
Overseas Listed Investments	1,541	1,468	1,999	1,610
Other UK Authorised Investments	12,256	8,940	12,631	8,949
	<b>17,275</b>	<b>14,907</b>	<b>18,755</b>	<b>15,427</b>

Investment advisors are appointed to assist with the management of the Trust's investment portfolios. The investments consist of equities, unit trusts, investment trusts, gilts and other fixed interest investments. No individual investment, other than in common investment funds/unit trusts, 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 £10,128k (2004: £7,963k) 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.

**NOTES TO THE ACCOUNTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005 £'000	2004 £'000
<b>The movement on valuation of investments is as follows:</b>		
Market value at 1 January	15,427	15,361
Acquisitions	3,813	2,136
Sales proceeds	(1,782)	(2,567)
Net investment gains	1,297	497
Market value at 31 December	18,755	15,427
Cost at 31 December	(17,275)	(14,907)
Unrealised investment gains at 31 December	1,480	520
Investment profit/(losses) calculated on a historic cost basis	337	(316)

**13. STOCKS**

	Group		Charity	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Livestock at Glen Finglas	128	117	128	117
Raw materials and consumables	63	20	23	20
	<b>191</b>	<b>137</b>	<b>151</b>	<b>137</b>

**14. DEBTORS**

Grants receivable	1,460	1,093	1,460	1,093
Legacies receivable	1,242	1,444	1,242	1,444
Trade debtors	279	223	88	133
Other debtors	331	236	1,116	358
Prepayments and accrued income	466	472	466	472
	<b>3,778</b>	<b>3,468</b>	<b>4,372</b>	<b>3,500</b>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

Trade creditors	1,724	1,646	1,717	1,642
Payments received on account of future projects	236	135	236	135
Taxation and Social Security	151	143	151	143
Other creditors	559	38	877	38
Accruals	94	54	52	38
	<b>2,764</b>	<b>2,016</b>	<b>3,033</b>	<b>1,996</b>

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

<i>The Group and the Charity</i>	2005 £'000	2004 £'000
Trade creditors - retentions	<b>4</b>	<b>5</b>

# NOTES TO THE ACCOUNTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2005

### 17. MOVEMENT ON FUNDS

	Balance at 1 January 2005 £'000	Movement in Funds:			Balance at 31 December 2005 £'000
		Incoming Resources £'000	Resources Expended £'000	Transfers £'000	
<b>General Fund</b>	<b>3,803</b>	<b>14,393</b>	<b>(12,172)</b>	<b>(631)</b>	<b>5,393</b>
<b>Designated Fund</b>					
Contingency fund	2,500	-	-	860	3,360

The transfers in the general fund are the net of £1m transferred into the contingency fund offset by the expendable element transferred from the endowment funds and £98k from restricted legacies.

The contingency fund transfer is £1m from the general fund offset by £140k for the acquisition of woodland and land.

The General Fund represents working capital and operating fixed assets and is analysed in Note 18.

<b>Restricted Funds</b>	Balance at 1 January 2005 £'000	Movement in Funds:			Balance at 31 December 2005 £'000
		Incoming Resources £'000	Gains/ Expenses £'000	Transfers £'000	
Woodland and land	44,149	1,577	(36)	497	46,187
Woodland Management fund	2,477	1,498	(949)	(20)	3,006
Restricted legacies	1,648	708	-	(475)	1,881
Woods on Your Doorstep (Northern Ireland)	1,170	121	(290)	8	1,009
Woods on Your Doorstep (England and Wales)	1,145	152	(536)	(23)	738
Various other funds	270	2,314	(1,763)	235	1,056
Forest Education Initiative	79	95	(105)	-	69
	<b>50,938</b>	<b>6,465</b>	<b>(3,679)</b>	<b>222</b>	<b>53,946</b>

Woodland and land comprises the capital costs of the woods purchased and the value of donated woodland and land. Where an acquisition of woodland and land has taken place a transfer may be made from restricted legacies or from other funds. In 2005 £357k was transferred from restricted legacies. A further £140k was transferred from the Contingency Fund towards the acquisition of woodland and land.

The Woodland Management Fund consists of unspent restricted income associated with specific sites. The Woodland Management Fund includes a revaluation reserve of £122k (2004: £nil). The additions and transfers to the Woodland Management Fund are largely income for future restoration work at Wentwood.

Restricted legacies represent those where the testator has restricted use for specific purposes or in specific locations. We are actively seeking opportunities to spend these for woodland conservation, but because of the nature of the restrictions imposed by the testator, it can sometimes take an appreciable period of time before qualifying spend can be identified. £357k was transferred to acquire woodland and land; £98k was transferred to the General Fund and £20k to the Woodland Management Fund.

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

# NOTES TO THE ACCOUNTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2005

Various other restricted activities include many individual grants and donations for specific purposes, which will be applied to future costs. The Landfill Tax received in 2005 amounted to £293k and £247k was expended leaving a balance as at 31 December 2005 of £124k (2004: £78k), which will be applied to future costs.

Forest Education Initiative funds represent surplus income which will be applied to future costs.

Permanent Endowments	Balance at	Movement in Funds:		Balance at
	1 January 2005 £'000	Net Investment Gains £'000	Transfers £'000	31 December 2005 £'000
Glenrothes	2,989	495	(59)	3,425
Livingston	1,560	261	(60)	1,761
Warrington and Runcorn	901	184	(183)	902
Preston and Chorley	820	149	(149)	820
	<b>6,270</b>	<b>1,089</b>	<b>(451)</b>	<b>6,908</b>

The Permanent Endowments represent funds given to the Trust with gifts of woodland and land in the locations noted above, under terms requiring the funds to be invested permanently to provide income for the future management of that woodland and land. These funds include a revaluation reserve of £1,358k (2004: £563k).

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

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

## 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 2005 are represented by:

	Unrestricted Funds			Restricted Funds	
	Total Funds £'000	General Fund £'000	Designated Fund £'000	Restricted Fund £'000	Permanent Endowments £'000
Tangible fixed assets	46,402	180	-	46,222	-
Investments	18,755	600	3,360	7,773	7,022
Cash at bank and in-hand	3,249	3,249	-	-	-
Other current assets	3,969	3,768	-	201	-
Other current liabilities	(2,764)	(2,400)	-	(250)	(114)
Liabilities due over more than one year	(4)	(4)	-	-	-
<b>Total net assets</b>	<b>69,607</b>	<b>5,393</b>	<b>3,360</b>	<b>53,946</b>	<b>6,908</b>

# NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2005

## 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 sponsorships, commercial activities, lotteries and merchandise sales. 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.

	2005 £'000	2004 £'000
<b>Profit and Loss Account</b>		
Turnover	2,069	1,210
Cost of sales	(500)	(353)
Gross profit	1,569	857
Licence payment to the Woodland Trust	(70)	(60)
Distribution costs	(78)	(69)
Administration expenses	(53)	(46)
Other operating income	2	1
Operating profit	1,370	683
Interest receivable	4	1
Net profit	1,374	684
Payment under Gift Aid to the Woodland Trust	(1,374)	(684)
Accumulated reserves brought forward	-	-
<b>Accumulated reserves carried forward</b>	-	-
<b>Balance Sheet</b>		
Net current assets	856	154
Net current liabilities	(856)	(154)
<b>Net assets</b>	-	-
<b>Capital and reserves</b>	-	-

## 20. OPERATING LEASE COMMITMENTS

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

	2005 £'000	2004 £'000
<b>Land and buildings</b>		
Leases which expire:		
Within one year	7	-
Within two to five years	168	175
After five years	-	-
	<b>175</b>	<b>175</b>
<b>Other</b>		
Leases which expire:		
Within one year	43	15
Within two to five years	306	302
After five years	-	-
	<b>349</b>	<b>317</b>

**NOTES TO THE ACCOUNTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**21. CAPITAL COMMITMENTS**

There are no commitments for expenditure not provided for in these accounts in respect of woodland and land purchases (2004: nil).

**22. PENSION SCHEMES**

The Woodland Trust operates defined contribution schemes for all qualifying employees. The assets of the schemes are held in separate funds administered by independent pension providers. The total cost of pensions for the year incurred by the Woodland Trust was £278k (2004: £247k). Included in other creditors is £nil (2004: £nil) in respect of pension schemes.

**23. CONTINGENT LIABILITIES**

The Directors were not aware of any significant contingent liabilities at 31 December 2005 and 31 December 2004.

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.

**24. NOTES TO THE CASH FLOW STATEMENT**

		2005		2004	
		£'000	£'000	£'000	£'000
(a)	<b>Reconciliation of net incoming resources to net cash inflow from operations</b>				
	Net incoming resources from operations		4,799		1,551
	Depreciation:				
	♦ Woodland and land	31		27	
	♦ Other fixed assets	197		220	
	(Profit) on disposal of woodland and land	(31)		(23)	
	Loss/(Profit) on disposal of other fixed assets	1		(5)	
	Investment income	(772)		(625)	
	(Increase)/Decrease in stock	(54)		10	
	(Increase)/Decrease in debtors	(310)		944	
	Decrease/(Increase) in creditors	747		(681)	
	Donated woodland and land	(20)		(80)	
			(211)		(213)
	<b>Net cash inflow from operating activities</b>		<b>4,588</b>		<b>1,338</b>
(b)	<b>Analysis of changes in net funds</b>				
	At			At	
	1 January	2005	31 December	2005	
	2005	Cash Flows	2005		
	£'000	£'000	£'000		
	<b>Cash at bank and in-hand</b>	<b>2,010</b>	<b>1,239</b>	<b>3,249</b>	

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