

The Woodland Trust
Registered Company No 1982873
Registered Charity in England No 294344
Registered Charity in Scotland No SC038885

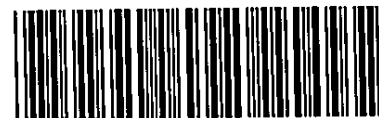


WOODLAND
TRUST

REPORT AND ACCOUNTS

31 DECEMBER 2010

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COMPANIES HOUSE

PRESIDENT

Clive Anderson

DIRECTORS/TRUSTEES

Robert Brown, OBE
Alison Chmiel
Roger Clarke
Jonathan Drori, CBE
Caroline Goodall
William Hobhouse
James Humphreys
Anne Lambert, CMG
Elliott Mannis
Jeremy Marshall
Nicola Nicholls (Chair)
Michael Usher, OBE

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*

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CHAIR'S REPORT

For the year ended 31 December 2010

Eventful, inspiring and productive 2010 was a year of significant progress for the Trust.

2010 was the year we began to implement our new strategic plan, which sets us on course to deliver our ultimate aim of doubling native woodland cover in the UK. We moved, on time and on budget, to our new money-saving and environmentally-friendly Grantham office, reorganised our workforce and launched More Trees, More Good – an overarching woodland creation campaign that reached millions of people and quadrupled enquiries from those looking to plant trees.

We forged partnerships with businesses, organisations and communities, from schools and local Women's Institute groups to supermarkets, housing associations and even the Ministry of Defence. All helped to plant trees or raise funds for our native woods, while our MOREwoods scheme offered advice and funding to landowners, smallholders and farmers looking to plant trees on their own land.

This combined effort meant that in the course of the year we planted 1.6 million trees. Almost 1 million trees for the creation of 670 hectares of new native woodland and a further 591,000 individual trees through our schools and small community packs. We engaged more than 615,000 children along the way.

Another highlight was VisitWoods, a new website we launched with details of nearly 14,000 accessible woods across the UK. VisitWoods is designed to increase the number and enjoyment of visitors to woodland and is already proving as popular as we had hoped.

Financially we fared well, despite the continuing difficult economic situation. We secured income of £25.6m, with legacy income at an all-time high of £8.6m. After land acquisitions of £0.6m this produced a surplus of £4.2m. Of this £0.5m is restricted for projects including the acquisition of Lang Craigs in 2011, a 240 hectare woodland creation project near Dumbarton. The remaining £3.7m is available for underwriting strategic opportunities, especially those that will assist us in our key aims, and should be spent over the next five years. We are not complacent however, and recognise that the fundraising environment will continue to tighten until the economy as a whole begins to recover.

With so many successes, 2010 was a wonderful year to become Chair of such a talented group of trustees. We are from a range of backgrounds and geographies and include, for example, a serial entrepreneur, a private banker and a corporate lawyer, along with experts from the media, academia, the energy industry and more. Collectively, we bring knowledge, experience and a large network of contacts to help grow the Trust's profile and supporter base.

I would like to take the opportunity, on behalf of the trustees, to recognise and thank our executive management team and the staff for their fantastic contribution during the year. There have been many challenges and changes and the response has been outstanding. We are lucky to have such a dedicated team.

Our plans for the Trust are optimistic and ambitious, and with our Chief Executive Sue Holden at the helm I feel sure they'll succeed. Sue steered the Trust through the recent government consultation on the sale of the Forestry Commission's estate with strength and clarity, rightfully securing a place on the government's new conservation advisory panel as a result. Throughout that process, we ensured decision makers were in no doubt of the crucial need to safeguard our most precious wildlife habitat and people's right to access it. Now we need to build on that heightened exposure to push our agenda still further – the battle to protect ancient woodland is far from won.

It's clear many voices really do have the power to effect major change. We value our many and varied supporters enormously and need you to keep helping us safeguard and increase our native woodland and urging others to join the cause.

There is still much to be done, but the difference we can make together is more evident than ever. Thank you so much.



Nicola Nicholls
Chair
10 May 2011

REPORT OF THE DIRECTORS

For the year ended 31 December 2010

The Directors have pleasure in presenting their report, together with the audited accounts, for the year ended 31 December 2010. The Chair's Report appears on page 1.

OBJECTIVES, ACTIVITIES AND ACHIEVEMENTS

Objectives

The Woodland Trust's charitable purpose is enshrined in its objects in its Articles of Association. This is to "conserve, restore and re-establish trees and in particular broad-leaved trees, plants and all forms of wildlife and thereby to secure and enhance the enjoyment by the public of the natural environment."

The Directors confirm they have complied with the duty in section 4 of the Charities Act 2006 to have regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

Aims

The Woodland Trust's three key conservation aims are to

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

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

Woods provide enormous environmental benefits including wildlife habitats, sustaining soil and air quality, flood alleviation, carbon storage and wider benefits to society (such as recreation, health, education and raw materials). The UK remains one of the least wooded countries in Europe with a mere 12% woodland cover. Because of all the benefits woods and trees provide we want to see a doubling of our native woodland cover in the UK from around 1m to 2m hectares.

Our key strategies are to

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

In 2010 the Woodland Trust

- ♦ planted 1,565,000 (2009 954,000) trees including 97,600 trees at our own Heartwood site near St Albans, the largest new native forest in England, where we aim to plant over 600,000 trees
- ♦ worked with over 400 (2009 250) landowners to create over 517ha (2009 300ha) of new native woodland
- ♦ held a parliamentary event at the House of Commons to promote woodland creation to an audience of MPs, peers, landowners, funders and corporate sponsors
- ♦ acquired our first *Purchase, Plant and Pass it on* site, a new woodland creation initiative. We will begin planting in 2011 and start reselling in 2011.

Report of the Directors (continued)

For the year ended 31 December 2010

In 2011 the Woodland Trust aims to

- ♦ work in more partnerships with major landowners and landowning organisations to inspire them to create 1,250ha more native woodland on their land
- ♦ provide a wide range of advice to anyone interested in planting trees
- ♦ plant 0.6m trees with schools, youth groups and communities in their locality
- ♦ continue to lobby government in all four countries for changes in policy and incentives to encourage more native woodland creation

Protecting native woods, trees and their wildlife for the future

Ancient woodland is irreplaceable, having taken many centuries to evolve. Only a small amount of ancient woodland remains in the UK. It is our most biodiverse habitat and is the UK's equivalent of rainforest. It is very fragmented and remains threatened by climate change, building development and the impact of adjacent land use.

Woodland is a much loved habitat containing some of our best-loved wildlife. Woods contain a wide variety of species of plants, invertebrates, lichens, fungi and animals. All play a crucial part in the complex web of biodiversity on which human life depends. Despite this almost half of the UK's ancient woods contain extensive planting of conifers. There is an opportunity to improve their biodiversity by gradually restoring these woods to predominantly native woodland.

Our key strategies are to

- ♦ adopt a landscape scale approach to woodland conservation in the face of climate change
- ♦ seek better protection of all ancient woodland through legislation and planning policy
- ♦ care for more than 1,000 woods covering over 23,100ha that we own or lease throughout the UK
- ♦ acquire woods that would particularly benefit from our ownership, especially major planted ancient woods that can benefit from our expertise in restoration and sites that can buffer or extend ancient woodland
- ♦ work with other landowners to restore their planted ancient woods
- ♦ undertake campaigns to safeguard ancient woods and assist communities to save specific woods through our Wood Watch network
- ♦ help conserve ancient trees and old growth woodland through promoting good practice and stronger legislation

In 2010 the Woodland Trust

- ♦ continued to work with other landowners to increase the area of planted ancient woods in restoration programmes by 2,702ha (1,503ha), exceeding our target of 2,000ha per annum
- ♦ continued to manage our own estate to a high standard, certified by the Forest Stewardship Council and delivering a wide range of public benefits
- ♦ increased the number of trees recorded on the Ancient Tree Hunt database to over 81,000, surpassing our target of 80,000
- ♦ secured a successful outcome in 68% (2009 71%) of the completed cases of threatened woods we have been involved with. These included threats to ancient woods at Dall Estate, Rannoch, which would have destroyed over 400ha of ancient woodland
- ♦ acquired Cwm Mynach covering 364ha as detailed on page 5

In 2011 the Woodland Trust aims to

- ♦ hold Forestry Commission (England) to account on the future restoration of the 35,000ha of planted ancient woodland sites in its ownership
- ♦ work with private landowners to assess at least 4,000ha of planted ancient woodland for restoration and to commit 2,000ha to restoration
- ♦ secure a successful outcome for at least 80% of completed cases of threatened woods where we have been involved
- ♦ maintain our 23,100ha estate to the standards required by our certified status

Report of the Directors (continued) For the year ended 31 December 2010

Inspiring everyone to enjoy and value woods and trees

We want people to help protect and take action for woods and trees. We want people to engage with woods and trees – especially children who will be their stewards in the future. We would like everyone to have a wood within walking distance of their home.

Our key strategies are to

- ♦ provide free access to our own woods and encourage visits to woods generally
- ♦ provide a wide range of information and advice (see activities and services provided below)
- ♦ engage people in our work, especially via membership and practical involvement
- ♦ provide opportunities for everyone in the UK, especially children, to plant trees

In 2010 the Woodland Trust

- ♦ enabled 0.7m (2009: 1.0m) people to plant trees
- ♦ achieved a net increase in membership of nearly 6,000 taking us to nearly 206,000 by the year end
- ♦ had 4.5m visitor sessions to our website (www.woodlandtrust.org.uk) (2009: 4.3million)
- ♦ continued to provide and improve access to and interpretation of our woods through our site investment programme by investing in seven key sites
- ♦ had over 80 active volunteer verifiers and approximately 84 partner organisations supporting the Ancient Tree Hunt campaign across the UK
- ♦ engaged nearly 21,000 (2009: 16,000) actively participating schools in our learning activities and delivered more than 17,000 (2009: 16,000) free tree packs to schools
- ♦ compiled the searchable on-line database covering ours and others' woodlands known as VisitWoods, which was launched to the public in February 2011
- ♦ celebrated the 10th anniversary of our ground breaking Woods on Your Doorstep Millennium project
- ♦ launched community tree packs enabling over 500 groups to plant woods in their neighbourhoods with over 100 planted in the most deprived areas of the UK

In 2011 the Woodland Trust aims to

- ♦ have 400,000 active supporters, including 235,000 members by the end of 2011
- ♦ increase the number of downloads from our websites to over 4.6m during 2011

Activities and services provided

The Trust's Annual Review and this Annual Report, together with Broadleaf, our magazine for members, provide an overview of our key activities. Our website, www.woodlandtrust.org.uk, provides access to comprehensive information on our aims, activities and services provided and offers many ways in which to get involved and help us achieve our objectives, including:

- ♦ advice and support for those interested in creating their own wood
- ♦ how to join the Woodland Trust, dedicate trees and the benefits of leaving a legacy to the Trust
- ♦ details about our policies, position statements and publications
- ♦ details about publicly accessible woods throughout the UK (www.VisitWoods.org.uk)
- ♦ details about our woods, including management plans, maps, blogs and images
- ♦ links to various community woodlands via our *Community Woodland Network*
- ♦ the ability to buy trees and merchandise through our online shop
- ♦ guidance and support to help acquire and manage a wood via our *Conservation Land Trust* site
- ♦ the ability to get involved in monitoring climate change via our phenology project – *Nature's Calendar*
- ♦ a wealth of other educational materials for all ages
- ♦ how to identify, record and appreciate ancient trees on our *Ancient Tree Hunt* website
- ♦ highlighting where ancient woods and trees are threatened by development and how to prevent their destruction through WoodWatch

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

Report of the Directors (continued)

For the year ended 31 December 2010

New UK headquarters in Grantham

During 2010 we moved into our new UK headquarters in Grantham, which has been designed as a cost effective inspirational place to work and demonstrates an innovative response to our current and future operational requirements

Acquisitions

During 2010 the Trust acquired Cwm Mynach in Gwynedd, 364ha. A beautiful wooded Welsh valley requiring restoration with a cost of £0.6m (2009 six sites, including extensions to current sites, covering 64ha with a cost/value of £0.5m)

We are grateful to the many individuals and organisations who have supported our appeal for Lang Craigs, an area of more than 240ha on the northern edge of Dumbarton, on which we can create new native woodland. We aim to complete this acquisition in early 2011.

Volunteers

In 2010 volunteers donated over 231,000 hours of work (2009 200,000 hours) with an estimated value of £2.4m (2009 £2.2m) – a substantial contribution, for which we are very grateful. Volunteers provide a wide variety of business and practical skills that enable us to maximise our resources. There are many ways to get involved with our work, current opportunities can be found on our website.

REVIEW OF THE TRUST'S FINANCIAL POSITION

A detailed breakdown of the Trust's income and expenditure and balance sheet are set out on pages 15 and 16.

We started the year with stable finances and, despite difficult economic conditions, the Trust finished 2010 in good financial shape and with a solid base for the future.

Incoming resources

Given the economic situation we planned accordingly. We achieved an income of £25.6m (2009 £25.6m) which exceeded our budget for the year by over £1.6m. This was primarily due to another strong contribution from legacy income of £8.6m (2009 £7.1m).

Membership subscriptions achieved income of £5.6m (2009 £5.0m), which reflects our high membership retention rates and growth in members to nearly 206,000.

Income from sponsorship and commercial promotions was £2.2m (2009 £2.4m). Significant sponsor and commercial partners include Sainsbury's Supermarkets, IKEA, T K Maxx, Dorothy Perkins, ibuyeco, Hammonds Furniture, Carrylift Group, Calor Gas, Disney Store and Pearson.

Grant income at £2.1m (2009 £2.8m) is project activity based, the level of grant income depends upon the Woodland Trust's planned activities meeting the grant funders' criteria in an increasingly competitive arena.

We would like to thank our many supporters who helped optimise the tax benefits available to the Trust by completing Gift Aid forms, as well as those who reduced their own tax liabilities by donating land and shares, donating via Payroll Giving and making tax-effective bequests. We recovered over £1.4m (2009 £1.3m) in tax, increasing the amount of work we were able to undertake.

Report of the Directors (continued)

For the year ended 31 December 2010

Expenditure

Total expenditure increased from £19.8m to £21.4m. The analysis of expenditure in the table below includes £0.6m (2009 £0.5m) applied to land acquisition, see page 26 for details.

The summary of expenditure below relates directly to our three key conservation aims, together with the £5.0m (2009 £4.3m) cost of raising income of £25.6m (2009 £25.6m) and our governance costs of £0.2m (2009 £0.2m). Inevitably many of the projects we undertake contribute to more than one of our conservation aims.

The main areas of expenditure in furtherance of the Trust's aims were:

	2010			2009		
	Revenue £k	Capital £k	Total £k	Revenue £k	Capital £k	Total £k
Creation of new native woodland	5,211	279	5,490	4,903	137	5,040
Protection of native woodland	4,366	196	4,562	4,611	290	4,901
Inspiring people to enjoy woods and trees	6,101	84	6,185	5,258	119	5,377
Conservation expenditure	15,678	559	16,237	14,772	546	15,318
Cost of generating funds	4,961	-	4,961	4,262	-	4,262
Governance	208	-	208	191	-	191
Total Expenditure	20,847	559	21,406	19,225	546	19,771

The creation of new native woodland is our strategic priority and the increase in expenditure on woodland creation reflects this.

Whilst the revenue expenditure for the protection of native woodland has fallen, this reflects cost efficiencies in managing our own estate. We continue to be involved in fighting for woods under threat and mobilising public support for high-profile campaigns.

New initiatives to inspire people to enjoy woods and trees, such as community packs and VisitWoods, account for the increase in spend in this aim. We have an investment programme for our priority biodiversity and access sites and during 2010 we invested in seven such sites. We continue to engage schoolchildren in planting trees with our extensive school planting programmes and our hedge and copse packs.

In order to achieve our conservation objectives we must engage in fundraising. We invested £5.0m (2009 £4.3m) in various fundraising activities. A breakdown is given in note 4.

Overall we generated net income from operations of £4.7m (2009 £6.3m) of which £0.6m (2009 £0.5m) was spent on capital acquisitions of land and woodland and £2.3m (2009 £4.1m) was allocated to the new office asset and associated information systems (see notes 9 and 10). The remaining amount has been added to our reserves to be used for future initiatives and those funds with restrictions are held to be applied in accordance with the restrictions.

In view of current interest rates and the commercial property market, the Trust has, for the time being, used some of its financial reserves to finance the cost of its new office at Grantham. This will result in a lower annual cost compared to an equivalent commercial rent. The Board will keep the future approach to financing the office under review in the light of relevant external factors.

Unfortunately, the Trust is unable to recover all the VAT it pays on its purchases of goods and services. We have made extensive efforts to minimise the impact of this and the irrecoverable VAT was £0.5m in 2010 due to increase in the level of capital expenditure (2009 £0.2m).

Report of the Directors (continued)

For the year ended 31 December 2010

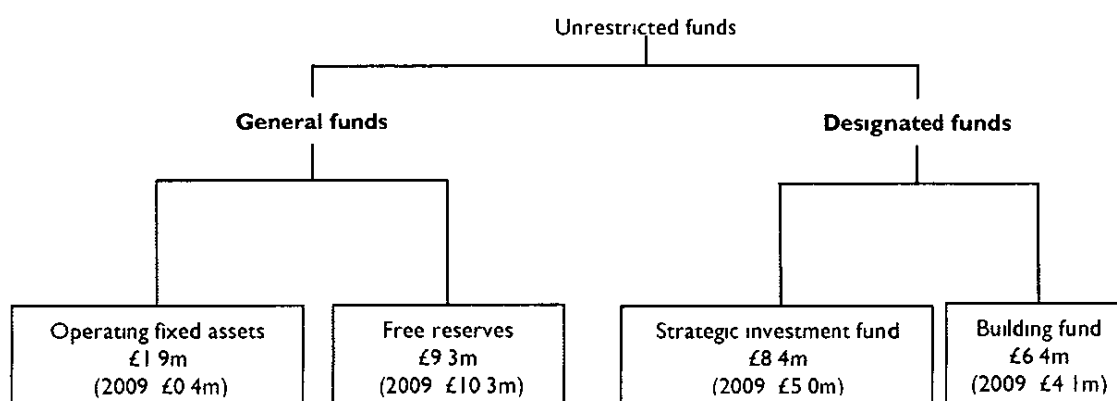
Financial reserves

The Trust's financial reserves policy is reviewed annually. Each year the Directors consider a financial projection prior to reviewing financial reserve levels for the following year and the preparation and approval of an annual budget. Financial forecasts for the current year are updated for each Board meeting.

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

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

The Trust's unrestricted funds at 31 December 2010 comprise general funds and two designated funds.



General funds consist of operating fixed assets, working capital and a contingency fund.

The total free reserves including debtors and creditors were £9.3m at 31 December 2010 (2009 £10.3m). Of this £5.4m (2009 £4.1m) relates to legacy debtors. This reflects the scale of contribution from legacies and the policy for legacy income recognition (see note 1d on page 19). The balance of £3.9m reflects our requirement for working capital cash and a contingency sum to cover operational risks, especially variability in legacy income. The total free reserves represent just under six months expenditure, which is considered appropriate in the current economic climate.

The policy of the Directors is that the Trust's free reserves should be sufficient to cover operational expenditure commitments in the short term (excluding expenditure on acquisitions and other funded projects). The most important function of the free reserves is to ensure sufficient unrestricted cash is available to cover peaks and troughs in cash flow and to provide a contingency against unforeseen changes in our finances. Following an assessment of financial risks the Board consider an appropriate level of unrestricted cash at year end to be £3m and as at the end of 2010 this level was met.

The Directors have a designated fund named the strategic investment fund which exists to provide some initial funds to enable new initiatives to happen and to respond to opportunities. As many woodland initiatives are for the long term the Directors consider it appropriate that amounts added to this fund are used over a five year period. This fund is used to support major initiatives such as large scale woodland creation projects on the scale of Heartwood. Without this initial funding such projects would not commence. During 2010, £3.7m from this fund was applied to new initiatives.

The building fund has been established as a designated fund. It represents the cost of the Trust's new UK headquarters in Grantham. An amount equivalent to the depreciation charge on the Trust's new HQ is also transferred into this fund each year to provide for its eventual replacement or refurbishment.

Report of the Directors (continued) For the year ended 31 December 2010

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

The Trust also holds other funds restricted for use on specific projects or woods by the donors of those funds. These funds were held in short-term liquidity deposits at the year end

During 2010 the Trust had five separate restricted funds with its investment managers. The benchmark return was 12.6% (2009 18.9%). The actual returns achieved was 15.7% (2009 19.2% to 19.4%), which the Directors consider to be satisfactory. Overall, the Woodland Trust continues to review its investment managers to ensure optimal performance.

More details on these investments can be found in note 11 on page 27. An analysis of all funds can be found in notes 16-17 to the accounts on pages 29-31.

GOVERNANCE OF THE WOODLAND TRUST

STRUCTURE

The Woodland Trust is a charity registered with the Charity Commission in England and Wales No 294344. It is a company limited by guarantee, No 1982873, and does not have a share capital. It has the consent of the Registrar of Companies to be exempt from the requirement to use the word "Limited" in its name.

The Woodland Trust is registered as a cross-border charity with the Office of the Scottish Charity Regulator (No SC038885).

The Trust's governing documents are its Memorandum and Articles of Association. These documents can be accessed via our website (www.woodlandtrust.org.uk).

The Trust has two wholly owned trading subsidiaries, Woodland Trust (Enterprises) Limited (Company No 2296645) and Woodland Trust Farming Limited (Company No 6360791).

The principal activities of Woodland Trust (Enterprises) Limited are sponsorship and commercial promotions in support of the Woodland Trust, lotteries and the sale of goods by mail order and internet orders. Woodland Trust Farming Limited undertakes farming on some sites owned by the Woodland Trust. All profits are donated by Gift Aid to the Trust. A summary of our trading subsidiaries results appears in note 18 on page 32.

REGISTERED OFFICE

The registered office is Kempton Way, Grantham, Lincolnshire, NG31 6LL.

The Trust's UK head office is in Grantham, Lincolnshire and there are country offices for Scotland, Wales and Northern Ireland, in Perth, Cardiff and Bangor in County Down respectively.

PROFESSIONAL ADVISORS

A list of the Trust's main professional advisors appears on page 34.

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

Report of the Directors (continued)

For the year ended 31 December 2010

DIRECTORS

The Directors of the Company who served throughout the year and to the date of this report, unless otherwise stated were

Robert Brown, OBE	Alison Chmiel	Roger Clarke
Jonathan Drori, CBE	Caroline Goodall	James Humphreys
William Hobhouse	Anne Lambert, CMG	Elliott Mannis
Jeremy Marshall	Nicola Nicholls (Chair)	Michael Usher, OBE

John Lake retired as a Director on 31 May 2010

Nicola Nicholls was appointed Chair on 31 May 2010

The size of the Board will normally comprise 10-12 Directors. Directors are required to retire every four years and may offer themselves up for re-appointment for one further period of four years. A performance review is carried out after one year and in year four. The normal term of office for a Chair is four years. The maximum term of office for a Director shall in the case of the Chair, be extended until the end of his or her term of office as Chair.

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

The Board Affairs Committee promotes good governance and effective working of the Board.

The following Directors served on the Board Affairs Committee throughout the year:

Robert Brown (Chair)
Jeremy Marshall

Anne Lambert was appointed to the Committee on 8 June 2010.

The Finance Committee assists the Board in its duty to supervise the Trust's financial affairs. It also acts as an Audit Committee and an Investment Committee.

The following Directors served on the Finance Committee throughout the year:

Alison Chmiel
James Humphreys
Elliott Mannis (Chair)

John Lake retired from the Committee on 31 May 2010.

Caroline Goodall was appointed to the Committee on 8 June 2010.

A Remuneration Committee was established on 16 September 2010 and the following Directors served on the Committee from that date:

Roger Clarke
Jon Drori
Nicola Nicholls (Chair)

Report of the Directors (continued)

For the year ended 31 December 2010

Recruitment of Directors

Directors are recruited to provide the skills and experience required to govern the Trust. Normally each vacancy is advertised widely and short listed applicants undergo a selection process. Recommendations for appointment are made by a selection panel appointed by the Chair and ratified by the Board.

Induction and training of Directors

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

Directors' emoluments

The Directors of the Company, who comprise its Board, did not receive any remuneration during the period. Travelling and subsistence expenses incurred by 12 (2009: 15) Directors on Board business amounted to £5,000 (2009: £6,000) 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 £6,000 (2009: £7,000).

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and United Kingdom Accounting standards (United Kingdom Generally Accepted Accounting Practice), which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the surplus or deficit of the company for that period. In preparing these financial statements the Directors are required to

- ♦ select suitable accounting policies and apply them consistently
- ♦ observe the methods and principles in the Charities Statement of Recommended Practice
- ♦ make judgements and estimates that are reasonable and prudent
- ♦ state whether applicable UK accounting standards have been followed subject to any material departures disclosed and explained in the financial statements and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable company will continue in business

So far as each of the Directors is aware at the time the report is approved

- ♦ there is no relevant audit information of which the company's auditors are unaware, and
- ♦ the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have taken account of the Charity Commission's general guidance on public benefit when setting our aims and objectives and in planning our future activities. In particular, the Directors consider how planned activities contribute to the aims and objectives they have set.

Report of the Directors (continued)
For the year ended 31 December 2010

ADMINISTRATION OF THE WOODLAND TRUST

Risk Management

The Trust's risk assessment process identifies and prioritises the risks it faces and establishes suitable mitigating controls. During 2010, the Trust reviewed the effectiveness of its controls over risks and the relevant procedures and documents used to monitor and evaluate risks were updated and approved by the Directors. This review is undertaken annually, in accordance with the Charity Commission's Statement of Recommended Practice (SORP) 2005.

The main categories of risk are

- ♦ Governance risks
- ♦ Reputation risks
- ♦ Financial risks
- ♦ Regulatory risks
- ♦ External risks

The Board consider the gross risk and the residual net risk after internal and external controls are applied. The major net risks relate to external factors beyond the Trust's control. The most significant are considered to be

- ♦ a significant downturn in the UK economy which adversely affects certain sources of income
- ♦ costs arising from major storm damage or the impact of tree diseases
- ♦ changes arising from the Government's review of the public forest estate in England
- ♦ other Government changes to taxation and regulation

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

The system of internal control includes

- ♦ a three year strategic plan, approved by the Board in December 2009. The strategic plan covers the vision, purpose and aims of the Trust. It includes a range of key performance indicators and a set of values and behaviours that are used as a basis for annual planning and progress reviews
- ♦ annual performance targets and operating plans, with actual performance being monitored at regular intervals
- ♦ a continuing risk assessment programme. Any new significant risks are considered by the Board or one of its committees
- ♦ a scheme of delegation including review of authority limits and management reporting

The scheme of delegation, which is reviewed annually by the Board and which was reviewed in December 2010, sets out the delegated authority of the Finance Committee, the Board Affairs Committee, the Remuneration Committee and the principal officers. The day-to-day management is delegated to the Chief Executive, the principal officers and other Trust staff.

The principal officers are

Chief Executive	Sue Holden
Director of Corporate Services and Company Secretary	Julian Purvis
Policy Director	Hilary Allison
Director of Fundraising	Karl Mitchell
Operations Director	Norman Starks
Director of Supporter Marketing	Helen Nott
Director of Communications and Engagement	Alan Kennedy

Report of the Directors (continued)

For the year ended 31 December 2010

Health and Safety

The Board considers managing the health, safety and wellbeing of our staff, volunteers, suppliers and visitors to our sites as a governance priority

The Board is ultimately responsible for compliance with health and safety legislation. The day-to-day responsibility is delegated to the Chief Executive and Director of Corporate Services, who are responsible for compliance, relevant policy development and performance. Health and safety is a line-management responsibility throughout the Trust but is also overseen by a dedicated Health and Safety Manager.

During the course of the year there were no significant accidents or incidents involving members of staff, volunteers, contractors or visitors to our offices or sites. All staff have completed training sessions outlining health and safety responsibilities of the organisation and the individual employees as expressed in the Health and Safety at Work Act 1974. The systems are in place within the Trust to ensure these responsibilities are met. We continue to work closely with our partners in the Visitor Safety in the Countryside Group to develop practical guidance and case studies on visitor safety issues and we are members of the National Tree Safety Group, whose aim is to develop an agreed industry guidance on tree safety management.

Investments – powers and policy

The Trust's Articles 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 other restricted funds are held for the medium-term. Each investment portfolio is managed by professional investment managers and has an objective of optimising total return, subject to an acceptable level of risk. Performance is monitored against a tailored benchmark.

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

Environmental performance

We have achieved a decline of 29% in CO₂ per member of staff during the last five years - from 2.71 tonnes to 1.91 tonnes. The reduction during 2010 was 8%. We expect further reductions in 2011 due to the environmental improvements at our new HQ in Grantham as the design of the building and the information system technologies all focus on using less energy, eg natural ventilation, natural daylight and innovative information systems such as thin client and server virtualisation.

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

We focus on reducing our consumption of raw materials and are keen to see electronic communication replace paper where possible. We recycled 93% of our waste during 2010 (2009: 95%).

Supplier Payment Policy

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

Taxation

The Woodland Trust is a registered charity and can claim exemption from Corporation Tax on income and gains, which are applied for charitable purposes under the Corporation Tax Act 2010.

Equal Opportunities

The Woodland Trust is committed to providing equal opportunities for all employees. Our aim is to select, recruit, train, promote and reward on the basis of merit, ability and performance. We are fully committed to creating a working environment free from discrimination on the grounds of colour, race, religious/political beliefs, trade union membership, nationality, ethnic origin, disability, sex, sexual orientation, gender reassignment, age or marital status. Policies and procedures are in place for whistle blowing, health and safety and protecting the vulnerable.

Report of the Directors (continued)

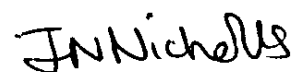
For the year ended 31 December 2010

Employee Involvement

Our decision-making processes incorporate regular feedback from our Staff Representation Group, which promotes a further two-way communication channel between staff and management. We also communicate through team briefings, weekly updates and other internal communications

All staff have a formal performance review each year and have agreed objectives and a personal development plan. The Trust's work culture is shaped by a set of values and behaviours which were agreed by Directors and staff. These can be found on the Trust's website

These accounts were approved and authorised for issue by the Directors on 10 May 2011 and signed on their behalf by



Nicola Nicholls
Chair
10 May 2011

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

We have audited the financial statements of the Woodland Trust for the year ended 31 December 2010 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the charity's 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) and for being satisfied that the financial statements give a true and fair view. The Directors are also the charity trustees of the Woodland Trust for the purposes of charity law.

We have been appointed auditors under Section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Directors' remuneration specified by law are not made.

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 of the state of the charitable company's and group's affairs as at 31 December 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ♦ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ♦ the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- ♦ the information given in the Directors' Report is consistent with the financial statements.



Adam Halsey (Senior statutory auditor)
for and on behalf of Haysmacintyre, Statutory Auditors
10 May 2011

Fairfax House
15 Fulwood Place
London, WC1V 6AY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2010

		UNRESTRICTED FUNDS		RESTRICTED FUNDS			
	Note	General Fund £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2010 £'000	Total 2009 £'000
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary income	2	16,321	-	2,720	-	19,041	17,776
Activities for generating funds	2	3,005	-	-	-	3,005	3,374
Investment income	8	302	-	104	-	406	444
Total incoming resources from generated funds		19,628	-	2,824	-	22,452	21,594
Incoming resources from charitable activities	2	1,843	-	1,181	-	3,024	3,861
Other incoming resources	2	101	-	-	-	101	103
Total incoming resources		21,572	-	4,005	-	25,577	25,558
Less cost of raising generated funds	4	(4,531)	(414)	(4)	(12)	(4,961)	(4,262)
Governance	6	(208)	-	-	-	(208)	(191)
Net resources available for charitable activities		16,833	(414)	4,001	(12)	20,408	21,105
RESOURCES EXPENDED							
Resources expended on charitable activities							
Creation of new native woodland	4	3,556	552	1,103	-	5,211	4,903
Protection of native woodland	4	3,121	197	1,048	-	4,366	4,611
Inspiring people to enjoy woods and trees	4	4,602	197	1,302	-	6,101	5,258
Total resources expended on charitable activities		11,279	946	3,453	-	15,678	14,772
Net incoming resources from operations before transfers and investment gains							
Transfers between funds	16	5,554 (6,555)	(1,360) 7,074	548 (356)	(12) (163)	4,730 -	6,333 -
Net gains/(losses) on investment assets	11	-	-	226	889	1,115	1,193
Net movements in funds		(1,001)	5,714	418	714	5,845	7,526
Fund balances brought forward at 1 January		12,259	9,087	72,842	6,952	101,140	93,614
Fund balances carried forward at 31 December	17	11,258	14,801	73,260	7,666	106,985	101,140

This statement of resources expended excludes £559k (2009 £546k) of woodland and land acquired and capitalised as per note 9

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

All income and expenditure is derived from continuing activities

No separate income and expenditure account as required under the Companies Act 2006 has been presented, as the only difference between the net incoming resources for the year before transfers (£4,730k) and the net income for the year (£5,331k), as defined under the Companies Act, are realised gains on investments of £589k which are reflected within net losses on investment assets and expenditure within the endowment funds of £12k.

The notes on pages 18 to 33 form part of these accounts

BALANCE SHEETS AT 31 DECEMBER 2010

	Note	Group		Charity	
		2010	2009	2010	2009
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets					
♦ Woodland and land	9	63,262	62,737	63,262	62,737
♦ Other fixed assets	10	8,338	1,997	8,338	1,997
		71,600	64,734	71,600	64,734
Investments	11	25,337	25,544	25,337	25,544
		96,937	90,278	96,937	90,278
Current Assets					
Land for planting and resale		82	-	82	-
Stocks	12	240	223	161	147
Debtors	13	9,402	7,890	9,735	8,005
Short-term deposits		1,415	3,881	1,415	3,881
Cash at bank and in-hand		1,585	1,119	1,294	1,058
		12,724	13,113	12,687	13,091
Creditors					
Amounts falling due within one year	14	(2,627)	(2,202)	(2,590)	(2,180)
Net Current Assets		10,097	10,911	10,097	10,911
Total Assets Less Current Liabilities		107,034	101,189	107,034	101,189
Creditors					
Amounts falling due after more than one year	15	(49)	(49)	(49)	(49)
Net Assets	17	106,985	101,140	106,985	101,140
Financed by:					
Unrestricted funds					
♦ General fund	16	11,258	12,259	11,258	12,259
♦ Designated funds	16	14,801	9,087	14,801	9,087
Restricted funds	16	73,260	72,842	73,260	72,842
Permanent endowments	16	7,666	6,952	7,666	6,952
		106,985	101,140	106,985	101,140

These accounts were approved and authorised for issue by the Directors on 10 May 2011 and signed on their behalf by

John Nicholls

Nicola Nicholls
Chair

The notes on pages 18 to 33 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2010

	2010 £'000	2009 £'000
Net cash inflow from operating activities	3,449	5,279
Returns on investments and servicing of finance		
Investment income	406	444
Capital expenditure and financial investment		
Purchase of woodland and land	(559)	(156)
Purchase of fixed assets	(6,625)	(1,336)
Purchase of investments (see note 11)	(25,215)	(6,290)
Sale of fixed assets	-	129
Sale of land	7	-
Sale of investments (see note 11)	26,537	2,930
Net cash flow from capital expenditure and financial investment	(5,855)	(4,723)
Reconciliation of net cash flow to movement in net funds		
(Decrease)/Increase in cash in year	(2,000)	1,000
Net funds at 1 January	5,000	4,000
Net funds at 31 December	3,000	5,000

	2010 £'000	2009 £'000
(a) Reconciliation of net incoming resources to net cash inflow from operations		
Net incoming resources from operations	4,730	6,333
Depreciation		
♦ Woodland and land	32	32
♦ Other fixed assets	279	161
Profit on disposal of woodland and land	(5)	(104)
Loss on disposal of other fixed assets	5	-
Investment income	(406)	(444)
(Increase) in land stock	(82)	-
(Increase/decrease) in stock	(17)	16
(Increase) in debtors	(1,512)	(244)
Increase/(decrease) in creditors	425	(81)
Donated woodland and land	-	(390)
Net cash inflow from operating activities	3,449	5,279

(b) Analysis of changes in net funds

	At 1 January 2010 £'000	2010 Cash Flows £'000	At 31 December 2010 £'000
Short-term deposits	3,881	(2,466)	1,415
Cash at bank and in-hand	1,119	466	1,585
	5,000	(2,000)	3,000

The notes on pages 18 to 33 form part of these accounts

NOTES TO THE ACCOUNTS

For the year ended 31 December 2010

I ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, with the exception of listed investments, which are included at their market value. The financial statements have been prepared in accordance with the Charity Commission Statement of Recommended Practice (SORP) (Revised 2005) – Accounting and Reporting by Charities, the Companies Act 2006 and applicable accounting standards. The accounting policies adopted are described below.

b) Basis of Consolidation

Group accounts have been prepared for the Woodland Trust and its wholly owned subsidiaries, Woodland Trust (Enterprises) Limited and Woodland Trust Farming Limited. The accounts have been consolidated on a line-by-line basis. A separate Statement of Financial Activities has not been prepared for the Charity as permitted by paragraph 397 of the SORP 2005.

c) Fund Accounting

Unrestricted Funds

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

Designated Funds

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

Restricted Funds

These funds have been given to the Trust for a particular purpose to be used in accordance with the wishes of the donor. They include grants from statutory bodies. Until they are expended the funds are invested.

All 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.

d) 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 2010

ACCOUNTING POLICIES (continued)

Incoming Resources (continued)

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

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

e) Resources Expended

Costs of generating funds

These are costs incurred in generating the income analysed in note 2 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 three strategic aims as follows:

- ♦ **Creation of new native woodland** – direct expenditure includes the cost of planting trees, maintaining new woodland, financial support and the supply of trees to other landowners
- ♦ **Protection of native woodland** – direct expenditure includes the restoration of planted ancient woods, woodland management and research and lobbying to improve the degree of protection for ancient woods and ancient trees
- ♦ **Inspire people to enjoy woods and trees** – direct expenditure includes providing access to our woods, education, tree safety, a variety of communications and events involving our supporters and the general public

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

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

Support costs

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

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

Notes to the accounts (continued)

For the year ended 31 December 2010

ACCOUNTING POLICIES (continued)

f) **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 include the design and construction costs for the new office. Depreciation is charged from the date of occupancy at 2% per annum on cost.

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

g) **Woodland and Land**

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

All woodland and land purchased has been capitalised at cost.

h) **Investments**

Investments are stated at market value. The Trust's policy is to mark to market such that when investments are sold, there is no gain or loss arising relating to the previous year. As a result the Consolidated Statement of Financial Activities 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.

i) **Land for planting and resale**

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

j) **Stocks**

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

k) **Other**

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

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

Irrecoverable VAT is classified under the same heading as the expenditure or asset to which it relates. In 2010 this amounted to £544k (2009 £213k).

Notes to the accounts (continued)
For the year ended 31 December 2010

2 INCOMING RESOURCES

	Unrestricted General Funds £'000	Restricted Funds £'000	Total 2010 £'000	Total 2009 £'000
INCOMING RESOURCES FROM GENERATED FUNDS				
Voluntary Income				
Legacies	7,597	978	8,575	7,127
Membership subscriptions	5,608	-	5,608	5,023
Fundraising and appeals	2,746	850	3,596	3,928
Company donations, Charitable Trusts and Landfill Tax	370	892	1,262	1,698
Total voluntary income	16,321	2,720	19,041	17,776
Activities for generating funds				
Sponsorship income	2,182	-	2,182	2,377
Lotteries	645	-	645	717
Merchandise income	178	-	178	280
Total income from activities for generating funds	3,005	-	3,005	3,374
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES				
Grants	970	1,179	2,149	2,759
Woodland management income	873	2	875	712
Donated woodland and land	-	-	-	390
Total income from charitable activities	1,843	1,181	3,024	3,861
OTHER INCOMING RESOURCES				
Other income	101	-	101	103
	101	-	101	103

Included in fundraising and appeals is £0.1k (2009: £0.5k) gifts in kind

Included in fundraising and appeals is £81k received from the People's Postcode Lottery

Legacy Notifications

In addition to the legacy income recorded above, the Trust had been advised of a number of legacies bequeathed to it where the conditions regarding income recognition were not fulfilled by the year end. The combined estimated value of these legacies where it is possible to estimate their value was at least £1.3m (2009: £1.5m)

Notes to the accounts (continued)
For the year ended 31 December 2010

3 GRANTS

The following organisations provided grants

	2010 £'000	2009 £'000
Forestry Commission	1,044	1,228
Heritage Lottery Fund	327	560
Natural England	289	103
Northern Ireland Environment Agency	91	109
Local Authorities	84	292
DEFRA	84	117
Countryside Council for Wales	51	54
Perth and Kinross Countryside Trust	40	-
The Tubney Charitable Trust	33	71
Scottish Natural Heritage	31	40
European Structural Funds	17	29
Scottish Government Rural Payments and Inspections Directorate	17	-
Department of Agriculture and Rural Development	9	-
British Butterfly Conservation Society Ltd	7	-
Welsh Council for Voluntary Action	5	11
Welsh Assembly Government	2	-
Staffordshire Environmental Fund	-	50
Northern Ireland Forest Service	-	49
Department of Agriculture and Rural Development (Northern Ireland)	-	11
Others, 7 (2009 11) grant providers	18	35
	2,149	2,759

Of those listed above, £1,179k (2009 £1,531k) are restricted grants

Grant income is project activity based and the level of income recognised relates to the activity taking place during the year

Notes to the accounts (continued)

For the year ended 31 December 2010

4	TOTAL RESOURCES EXPENDED	Direct £'000	Support £'000	2010 £'000	2009 £'000
	Costs of generating funds				
	<i>Costs of generating voluntary income</i>				
	Membership	1,796	344	2,140	1,560
	Fundraising and appeals	607	116	723	1,064
	Company donations, Charitable Trusts and Landfill Tax	766	147	913	551
	Legacies	129	25	154	149
		<u>3,298</u>	<u>632</u>	<u>3,930</u>	<u>3,324</u>
	<i>Fundraising trading costs</i>				
	Sponsorship	367	107	474	449
	Merchandise	307	90	397	282
	Lotteries	112	33	145	185
		<u>786</u>	<u>230</u>	<u>1,016</u>	<u>916</u>
	<i>Investment management costs</i>	15	-	15	22
	Costs of generating funds	<u>4,099</u>	<u>838</u>	<u>4,961</u>	<u>4,262</u>
	Governance	<u>178</u>	<u>30</u>	<u>208</u>	<u>191</u>
	Charitable activities				
	Creation of new native woodland	4,374	837	5,211	4,903
	Protection of native woodland	3,695	671	4,366	4,611
	Inspiring people to enjoy woods and trees	5,076	1,025	6,101	5,258
		<u>13,145</u>	<u>2,533</u>	<u>15,678</u>	<u>14,772</u>
	Total resources expended	<u>17,422</u>	<u>3,425</u>	<u>20,847</u>	<u>19,225</u>

This statement of resources expended excludes £559k (2009 £546k) of woodland and land acquired and capitalised as per note 9

Notes to the accounts (continued)
For the year ended 31 December 2010

5	SUPPORT COSTS	Premises £'000	Depreciation £'000	Finance & IS £'000	Human Resources £'000	Management & Other £'000	2010 £'000	2009 £'000
	Generating income resources	176	70	418	154	44	862	677
	Charitable expenditure							
	♦ Creation of new native woodland	137	68	405	153	41	837	730
	♦ Protection of native woodland	170	55	326	121	32	671	589
	♦ Inspiring people to enjoy woods and trees	209	84	497	184	51	1,025	889
		516	207	1,228	458	124	2,533	2,208
	Governance	5	2	15	6	2	30	23
	Total support costs	697	279	1,661	618	170	3,425	2,908

Total depreciation across all Trust assets was £311k (2009 £193k). Depreciation allocated to support costs excludes depreciation of short leasehold land of £32k (2009 £32k) and depreciation of other assets of £nil (2009 £5k).

6	GOVERNANCE OF THE CHARITY	2010 £'000	2009 £'000
	Staff costs	126	124
	Audit and professional fees	28	20
	Trustees' expenses	5	6
	Other costs	19	18
	Support costs	30	23
		208	191

The Directors of the Company, who comprise its Board, did not receive any remuneration during the period. Travelling and subsistence expenses incurred by 12 (2009 15) Directors on Board business amounted to £5k (2009 £6k) during the year.

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

Included in the Statement of Financial Activities are these amounts which require separate disclosure:

	2010 £'000	2009 £'000
The surplus for the year is after charging		
♦ Salaries and wages	7,314	6,996
♦ Social Security costs	699	704
♦ Other pension costs	322	316
	8,335	8,016
Depreciation	311	193
Auditors' fees and expenses		
♦ Audit work	19	19
♦ Other services	9	1
Rentals under operating leases		
♦ Land and buildings	228	195
♦ Other	260	325
Irrecoverable Value Added Tax	544	213

Notes to the accounts (continued)
For the year ended 31 December 2010

Employees and Volunteers

The average number of employees during the year was 269 (2009 269). The average number of employees, analysed by function, was

	2010 Total	2009 Total
Charitable activities	166	171
Fundraising	56	53
Governance and support	47	45
	269	269

We rely on volunteers to help with a wide range of activities including tree planting, care and management of our woods, promotion of our work, research, employee mentoring and administration. In addition we rely on volunteers to collect data on the Ancient Tree Hunt and also on climate change through our Phenology project.

We use the volunteer investment and value audit process to estimate the contribution our volunteers make. In 2010 they contributed over 231,000 hours with an ascribed value of £2.4m (2009 200,000 hours, value £2.2m), which is not reflected in the financial statements.

Employees' emoluments for the staff earning more than £60,000 for the year fell into the following bands:

£'s	No. of Employees	
	2010	2009
90,000-99,999	1	1
80,000-89,999	0	0
70,000-79,999	1	1
60,000-69,999	2	2

All employees earning more than £60k participated in the defined contribution pension scheme. Contributions of £31k (2009 £30k) were made during the year for these employees by the company.

8 INVESTMENT INCOME

	2010 £'000	2009 £'000
Income from investments was as follows:		
Income from other UK authorised investments	165	234
Income from UK listed investments	116	152
Bank interest receivable	4	4
Income from cash deposits	-	1
Income from overseas listed investments	4	9
Income from other overseas authorised investments	117	44
	406	444

Notes to the accounts (continued)
For the year ended 31 December 2010

9 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 2010	62,993	51,047	873	183	5,668	4,239	983
Additions for the year	559	559	-	-	-	-	-
Disposals for the year	(2)	-	-	-	(2)	-	-
At 31 December 2010	63,550	51,606	873	183	5,666	4,239	983
Depreciation							
At 1 January 2010	256	-	-	20	-	-	236
Charge for the year	32	-	-	4	-	-	28
At 31 December 2010	288	-	-	24	-	-	264
Net book value							
At 31 December 2010	63,262	51,606	873	159	5,666	4,239	719
At 31 December 2009	62,737	51,047	873	163	5,668	4,239	747

In addition the Trust currently leases 20ha (2009 20ha) of woodland under short leaseholds at peppercorn rents. In the opinion of the Directors the value of these assets is immaterial.

The additions are allocated across our charitable aims

	2010 £'000	2009 £'000
Creation of new native woodland	279	137
Protection of native woodland	196	290
Inspiring people to enjoy woods and trees	84	119
	559	546

Notes to the accounts (continued)

For the year ended 31 December 2010

10 OTHER FIXED ASSETS

<i>The Group and the Charity</i>	Total	Buildings	Computer Equipment & Software	Office Equipment & Furniture	Plant & Machinery
	£'000	£'000	£'000	£'000	£'000
Cost or donated value					
At 1 January 2010	3,275	1,555	1,226	298	196
Additions	6,625	4,855	1,462	290	18
Disposals	(392)	-	(151)	(241)	-
At 31 December 2010	9,508	6,410	2,537	347	214
Depreciation					
At 1 January 2010	1,278	-	813	282	183
Charge for the year	279	25	228	19	7
Disposals	(387)	-	(151)	(236)	-
At 31 December 2010	1,170	25	890	65	190
Net book value					
At 31 December 2010	8,338	6,385	1,647	282	24
At 31 December 2009	1,997	1,555	413	16	13

11 INVESTMENTS

<i>The Group and the Charity</i>	2010 £'000	2009 £'000
Investments at market value		
Permanent endowments	7,777	7,015
Designated funds	8,416	9,031
Restricted funds	9,144	9,498
	25,337	25,544

	Cost		Valuation	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Investments consist of:				
Cash held as part of investments	283	140	283	140
UK listed investments	3,728	1,185	4,203	1,139
Overseas listed investments	4,298	5,028	4,808	5,207
Other UK authorised investments	17,410	18,795	16,043	19,058
	25,719	25,148	25,337	25,544

	2010 £'000	2009 £'000
The movement on valuation of investments is as follows:		
Market value at 1 January	25,544	20,991
Acquisitions	25,215	6,290
Sales proceeds	(26,537)	(2,930)
Net investment gains	1,115	1,193
Market value at 31 December	25,337	25,544
Cost at 31 December	(25,719)	(25,148)
Unrealised investment (losses)/gains at 31 December	(382)	396
Realised investment gains/(losses) in the year	589	(171)

Notes to the accounts (continued)

For the year ended 31 December 2010

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, comprised more than 5% of the value of the portfolio and there are no restrictions on the realisation of any of the investments. During 2010, the investment portfolio moved from direct investment into a common investment fund. Included in "Other UK Authorised Investments" is £17m (2009 £16.8m) invested in short-term liquidity deposits.

The Woodland Trust owns the entire issued share capital (100 ordinary shares of £1) in its two subsidiaries, Woodland Trust (Enterprises) Limited and Woodland Trust Farming Limited, which are incorporated in England. Details of the trading activities of both subsidiaries are set out in note 18 to the accounts.

12 STOCKS

	Group		Charity	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Livestock and stores	161	147	161	147
Raw materials and consumables	79	76	-	-
	240	223	161	147

13 DEBTORS

	Group		Charity	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Legacies receivable	5,394	4,097	5,394	4,097
Grants receivable	1,507	1,679	1,330	1,679
Trade debtors	580	524	247	100
Amounts owed from subsidiaries	-	-	1,194	1,033
Other debtors	510	631	510	434
Prepayments and accrued income	1,411	959	1,060	662
	9,402	7,890	9,735	8,005

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Trade creditors	1,981	1,762	1,935	1,749
Payments received on account of future projects	5	77	5	77
Taxation and Social Security	230	191	224	191
Amounts owed to subsidiaries	-	-	-	44
Other creditors	52	71	50	71
Accruals and deferred income	359	101	376	48
	2,627	2,202	2,590	2,180

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010	2009
	£'000	£'000
<i>The Group and the Charity</i>		
Other creditors	49	49

Notes to the accounts (continued)
For the year ended 31 December 2010

16 MOVEMENT ON FUNDS

Unrestricted Funds	Balance at 1 January 2010 £'000	Movement in Funds			Balance at 31 December 2010 £'000
		Incoming Resources £'000	Resources Expended £'000	Transfers £'000	
General Fund					
Other	11,070	21,573	(16,019)	(5,366)	11,258
New building and IS development	1,189	-	-	(1,189)	-
	12,259	21,573	(16,019)	(6,555)	11,258
Designated Funds					
Strategic Investment Fund	5,012	-	(1,360)	4,739	8,391
Building Fund	4,075	-	-	2,335	6,410
	9,087	-	(1,360)	7,074	14,801

The purpose and structure of the Trust's unrestricted funds is described in the Report of the Directors' on pages 7-8

The general fund represents working capital and operating fixed assets and is analysed in note 17

Restricted Funds	Balance at 1 January 2010 £'000	Movement in Funds			Balance at 31 December 2010 £'000
		Incoming Resources £'000	Gains/ Expenses £'000	Transfers £'000	
Woodland and land	62,737	1	(32)	556	63,262
Woodland management fund	4,521	511	(759)	61	4,334
Restricted legacies	4,051	1,012	-	(269)	4,794
Woods on Your Doorstep (Northern Ireland)	333	-	(333)	-	-
Various other funds	1,200	2,480	(2,106)	(704)	870
	72,842	4,004	(3,230)	(356)	73,260

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.

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.

The woodland management fund consists of unspent income associated with specific sites. The woodland management fund includes unrealised losses of £0.1m (2009: unrealised gains of £0.1m).

Woods on Your Doorstep (Northern Ireland) represent a surplus of restricted income, which has been applied to the costs incurred during 2010.

Notes to the accounts (continued)

For the year ended 31 December 2010

Various other restricted funds include many individual grants and donations for specific purposes, which will be applied to future costs. The landfill tax received in 2010 amounted to £638k (2009 £510k) and £674k (2009 £616k) was expended leaving a balance at 31 December 2010 of £16k (2009 £52k), which will be applied to future costs.

Permanent Endowments	Balance at 1 January 2010 £'000	Incoming Resources £'000	Movement in Funds Net Investment Gains		Transfers £'000	Balance at 31 December 2010 £'000
			£'000			
Glenrothes	3,278	-	409		(121)	3,566
Livingston	1,540	-	196		(42)	1,694
Warrington and Runcorn	1,168	-	148		-	1,316
Preston and Chorley	966	-	124		-	1,090
	6,952	-	877		(163)	7,666

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 unrealised losses of £0.3m (2009 unrealised gains of £0.3m). The transfers are a drawdown to meet the shortfall of available income and expenditure.

Analysis of Transfers between Funds	General Fund £'000	Strategic Investment Fund £'000	Building Fund £'000	Woodland & Land £'000	Woodland Management £'000	Restricted Legacies £'000	Other Restricted Funds £'000	Endowments £'000
Funding for strategic investments	(7,074)	7,074						
Building fund depreciation		(2,310)	2,310					
Surplus funds on acquisitions		(25)	25					
Restricted income for cost of acquisitions				558	192		(192)	(558)
Legacies for woodland operations & future acquisitions	258				9	(269)	2	
Endowment drawdown for woodland management	163							(163)
Net transfer of income	142			(2)	(140)			
Funds for future projects not yet recognised	(44)						44	
Total Transfers	(6,555)	4,739	2,335	556	61	(269)	(704)	(163)

The transfers from the general fund are £7,074k designated by Directors for strategic investments.

The transfer of £2,310k from the strategic fund is to fund the new office. An amount equivalent to the depreciation charge on the Trust's new office (£25k) has been transferred into the building fund to provide for its eventual replacement.

The £192k transfer into the woodland management fund is the transfer of funds raised to help defray the future management costs of sites acquired during the year.

Notes to the accounts (continued)
For the year ended 31 December 2010

Costs incurred in the woodland and land fund in relation to acquiring Cwm Mynach was reimbursed by the £558k transfer from restricted funds

£269k was transferred from restricted legacies and allocated between the other restricted fund (£2k) to help fund the acquisition of future sites, woodland management fund (£9k) and the general fund (£258k) for woodland conservation

The endowment fund is invested on a total return basis, (ie capital growth plus income) The transfer of £163k from the endowment fund is the difference in the target total return and the actual income received This drawdown from capital is transferred to the general fund to contribute towards the cost of managing these sites

The transfer of £140k is the net release of deferred income

The £44k transfer to other restricted funds is the net transfer of income raised for future projects

17 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 2010 are represented by

	Total Funds £'000	Unrestricted Funds		Restricted Funds	
		General Fund £'000	Designated Fund £'000	Restricted Fund £'000	Permanent Endowments £'000
Tangible fixed assets	71,600	1,953	6,385	63,262	-
Investments	25,337	-	8,416	9,144	7,777
Cash at bank and in hand	3,000	3,000	-	-	-
Other current assets	9,724	8,870	-	854	-
Liabilities due within one year	(2,627)	(2,516)	-	-	(111)
Liabilities due after more than one year	(49)	(49)	-	-	-
Total net assets	106,985	11,258	14,801	73,260	7,666

Restricted tangible fixed assets consist of woodland and land £63,262k (2009 £62,737k)

Notes to the accounts (continued)
For the year ended 31 December 2010

18 NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARIES

The Woodland Trust has two wholly owned trading subsidiaries which are incorporated in England. Woodland Trust Farming Limited undertakes farming on some Woodland Trust sites prior to woodland being created. Woodland Trust (Enterprises) Limited was established to undertake sponsorships, commercial activities, lotteries and merchandise sales. Both companies donate their taxable profits to the Woodland Trust. A summary of their trading accounts is shown below. Audited accounts have been filed with the Registrar of Companies.

	Enterprises		Farming	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Profit and Loss Account				
Turnover	3,017	3,401	443	438
Cost of sales	(469)	(627)	(149)	(88)
Gross profit	2,548	2,774	294	350
Licence payment to the Woodland Trust	(200)	(200)	-	-
Distribution costs	(57)	(88)	-	-
Administration expenses	(65)	(52)	(1)	(1)
Other operating income	1	1	-	-
Operating profit	2,227	2,435	293	349
Interest receivable	1	1	-	-
Net profit	2,228	2,436	293	349
Payment under Gift Aid to the Woodland Trust	(2,228)	(2,436)	(293)	(349)
Accumulated reserves brought forward	-	-	-	-
Accumulated reserves carried forward	-	-	-	-
Balance Sheet				
Net current assets	826	868	406	249
Net current liabilities	(826)	(868)	(406)	(249)
Net assets	-	-	-	-
Capital and reserves	-	-	-	-

19 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:

	2010	2009
	£'000	£'000
Land and buildings		
Leases which expire		
Within one year	12	63
Within two to five years	17	15
After five years	31	30
	60	108
Other		
Leases which expire		
Within one year	43	67
Within two to five years	88	159
	131	226

Notes to the accounts (continued)
For the year ended 31 December 2010

20 CAPITAL COMMITMENTS

Commitments for expenditure not provided for in these accounts in respect of assets under construction amount to £nil (2009 £4,685k)

21 PENSION SCHEMES

The Woodland Trust operates defined contribution schemes for all qualifying employees. The assets of the schemes are held in separate funds administered by independent pension providers. The total cost of pensions for the year incurred by the Woodland Trust was £322k (2009 £316k). Included in other creditors is £48k (2009 £45k) in respect of pension schemes.

22 CONTINGENT LIABILITIES

The Directors were not aware of any significant contingent liabilities at 31 December 2010 and 31 December 2009.

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.

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