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Touche**



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Tohmatsu

THE WOODLAND TRUST

REPORT AND ACCOUNTS

31 DECEMBER 1998

Registered Company No. 1982873

Registered Charity No. 294344





PATRONS

P F Garthwaite Esq, OBE; The Earl of Lichfield;
Dame Moura Lympany, DBE; E M Nicholson, Esq, CB, CVO;
The Lord Barber of Tewkesbury;
Sir James Stormonth Darling, CBE, MC;
The Marchioness of Dufferin and Ava.

VICE PRESIDENTS

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

TRUSTEES

P J Oliver, FCA (Chairman);
C P Wright, MSc, ARICS, ALI; R H Trafford, MA;
T W Wright, BSc (For), PhD; A P Golding, FCA, ATII;
D V Gaultier, CBE, MA, BL; A T Bigg, BA;
Prof. T C Smout, CBE, FRSE, FBA;
C Hall, LLB; N A Ramsden, MICFM;
T N W Field, MA; T W Jones, BA, FICFM.

The Trustees are also the
Directors of the Company.

PRINCIPAL OFFICERS

Chief Executive - Michael J Townsend, BSc (For), MICF

Deputy Chief Executive, Financial Director and Company Secretary - Julian C Purvis, BSc, FCA

Woodland Operations Director - Norman J Starks, BSc (For), MICF

Policy Director – Hilary M Allison MA MSc PhD

Marketing Director - Douglas P Seddon

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

Founded in 1972 by Kenneth Watkins, OBE

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INTRODUCTION

Welcome to the Woodland Trust's latest Annual Report and Accounts which covers our activities for the year 1st January 1998 to 31st December 1998.

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

- We believe there should be no further loss of ancient woodland.
- We want to see the biodiversity of woods restored and improved.
- We wish to see an increase in the area of new native woodland.
- We want to see an increase in people's awareness and enjoyment of woodland.

The Woodland Trust continues to be one of the UK's foremost conservation organisations and is the largest national charity concerned solely with the conservation of the UK's heritage of native woodland.

Summary of Woodland and Land Owned at 31.12.98

	Hectares	Number of Woods	Numbers of Woods with Designations			
			Ancient Woodland & Ancient Woodland Sites	Sites of Special Scientific Interest	Special Areas of Conservation	National Nature Reserves
England	8,862	782	266	79	8	4
Scotland	6,454	83	12	7	-	-
Wales	1,342	103	67	23	2	1
N. Ireland	17	6	-	-	-	-
TOTAL	16,675	974	345	109	10	5

**THE WOODLAND TRUST****CHAIRMAN'S REPORT**
FOR THE YEAR ENDED 31 DECEMBER 1998

In 1998 the Woodland Trust received tremendous support from a large number of individuals and a wide range of public and private bodies. It also enjoyed the benefit of an extremely competent and dedicated staff, led by the Chief Executive and his team. The result was another very successful year for the Trust as it took further significant steps in meeting its objectives. In doing so it made a substantial practical contribution to woodland conservation through a combination of acquisition, woodland creation, woodland management, and wider lobbying and advocacy on behalf of woodland. The Woodland Trust's objectives are clearly set out in its new plan 'Keeping Woodland Alive', launched during the year and we were extremely pleased to see that the England Forest Strategy published in December 1998 focused on many of the issues highlighted in our plan.

Our goal to prevent no further loss of ancient woodland is an ambitious one and was put to the test almost immediately in January 1998 as we joined in the long running efforts of local people to prevent Penn Wood in Buckinghamshire being granted planning permission to become a golf course. In December 1998 the Secretary of State refused permission for this to happen. We will continue to place emphasis on improving government planning guidance to local authorities since we are continually alerted to cases where ancient woodland is subject to planning applications entirely inappropriate to its status as Britain's richest wildlife habitat.

The announcement by Government that it will review its planning circular on trees and woods, which is over twenty years out of date, is most welcome as is the promised review of the effectiveness of the protection of ancient woodland. We will press home the need for this to be done quickly and for similar reviews to take place in Scotland and Wales as part of their future forestry strategies. Indeed, in Northern Ireland there is not even an inventory of ancient woodland against which to measure future trends.

Closely linked with our focus on ancient woodland is a wish to see woodland biodiversity improved. To do this we are developing indices that should allow us to measure woodland biodiversity changes quickly without the need for substantial field surveys. Our work in this area is focusing as much on the bigger issues of linking woodland habitats through new planting and on buffering ancient woodland from adverse impacts, as it is on woodland management techniques at a site level. This reflects our concern that the consultation on Sites of Special Scientific Interest in England and Wales, while addressing many of the failings of the SSSI system, focused too much on the philosophy of protecting a sample of isolated sites rather than looking more widely, as the Scottish consultation did, on how conservation can deliver results throughout the countryside through agri-environment programmes and non-designated areas.

We have made great progress in increasing the area of new native woodland. Our Woods on Your Doorstep initiative has now passed the half way mark towards 200 community woods for the millennium and we are working on several substantial woodland creation projects such as those at Glen Finglas, in the Trossachs and Hucking in Kent. We are keen to encourage the use of natural regeneration where possible and the use of native provenance. In 1998 we planted over 651,000 trees to create 456 hectares of new woodland, a major contribution towards our target of 3000 hectares by the year 2003. We were especially pleased to hear of new planting grants targeted towards the reversal of fragmentation of ancient woods as well as for larger areas of new woodland.

In seeking to increase the public enjoyment and appreciation of woodland, we have concentrated efforts mainly upon our own sites through better signage, leaflets, events for our members and other publications as well as the development of a website which was launched in March 1999.

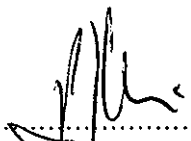
**THE WOODLAND TRUST****CHAIRMAN'S REPORT (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 1998

The competence of our woodland management was independently acknowledged when in July 1998 we received Forestry Stewardship Council certification for all of our woods in England and Wales. We intend to follow this up in Scotland and Northern Ireland in 1999 to become the first major woodland owner to be accredited throughout the UK. In addition we also received other awards including the Royal Agricultural Society for England/Royal Forestry Society farm woodland award for our work at Pound Farm, now becoming a well established wood after eight years growth. We have worked hard at developing good working relationships with government at all levels and were very pleased to receive visits from Elliot Morley, the Minister for Forestry in England when we were able to show him Pound Farm and from Lord Sewel, Scottish Office minister with overall responsibility for forestry in the UK, who visited Glen Finglas.

Our financial performance in 1998 has been exceptionally strong. Total income of £14.7m exceeded that of 1997 by £3.4m. It was achieved thanks to growth in legacy income and some exceptional sponsorship income and appeals. The surplus retained and the transfers to designated funds have helped us build our financial reserves to a level more appropriate for a charity with long term obligations of stewardship for nearly 1000 woods. It also contributes to our ability to act quickly, when the need arises, to save ancient woods like Penn Wood. The Woodland Trust is extremely grateful for the generosity of its many supporters. In a very real sense they are the Woodland Trust and I hope that the trustees and the staff together will continue to meet their expectations.

During the year and in the early part of 1999 we welcomed a number of new trustees and I am especially pleased that we were able to recruit them from amongst our existing members. Their talents are many and varied and we look forward to their contribution over the coming years. A year ago Theo White retired as Chairman of Council, a position he had filled with dignity and wise judgement for three years, having first become a trustee in 1984. Also, early in 1999, Michael Barton unexpectedly had to step down as a trustee. His knowledge of the Woodland Trust is immense, for prior to becoming a trustee in 1995 he had been the Woodland Trust's legal adviser almost from its inception. We will miss the wise counsel of both of them. Theo White has been a hard act to follow and I should like to pay tribute to my fellow trustees and to Mike Townsend and his team for the support they have given me in my first year of office as Chairman.

As we move towards the millennium, woodland issues are in the ascendancy both as a means of celebrating the millennium itself and also as an important piece in the complex jigsaw of issues that affect all our lives, such as climate change, agricultural reform in Europe, devolution, economic regeneration and biodiversity. In 1998 the Woodland Trust has successfully risen to the challenge of attracting investment from business, grant bodies and the public, of creating and maintaining high standards in its traditional strategy of acquiring and managing woods, and of breaking new ground in championing the cause of woodland in the highest places. It will need to continue to meet these challenges in 1999 and beyond if it is to further its success in preserving woodland. I have no doubt that it has the capability to do so and I look to the future with confidence.


.....
P J Oliver
Chairman

5 May 1999



THE WOODLAND TRUST
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1998

The Directors have pleasure in presenting their report together with the audited accounts for the year ended 31 December 1998.

1. **Registration and Legal Structure**

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

It has two wholly owned subsidiary companies: Woodland Trust (Enterprises) Ltd No. 2296645 and Woodland Trust (Services) Ltd. No. 2308264.

2. **Registered Office**

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

3. **Charitable Objects**

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

The Woodland Trust

- Believes there should be no further loss of ancient woodland.
- Wants to see the biodiversity of woods restored and improved.
- Wishes to see an increase in the area of new native woodland.
- Wants to see an increase in people's awareness and enjoyment of woodland.

4. **Investment Powers**

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 such conditions and consents as may be required by law. Most of its investments, particularly those representing endowments, are held for the long term. The value of the investments held may increase or decrease during a single reporting period.

5. **Taxation**

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

**THE WOODLAND TRUST****REPORT OF THE DIRECTORS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 1998**6. Organisation**

The Trustees are the Directors of the Company and form the Woodland Trust's Council of Management which is the ultimate governing body. They are appointed by invitation and may offer themselves for re-appointment every five years.

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

The Finance and Administration Sub Committee also undertakes the function of an Audit Committee and a Remuneration Committee.

7. Report from Mr A.P. Golding, Chairman of the Finance Sub Committee

1998 was a remarkable year with a record income of £14.7m, a 30% increase on 1997. Nearly all of this increase resulted from increases in fund-raising income, legacies, landfill tax credits and corporate sponsorships.

Legacies were twice their previous best, mainly due to several substantial bequests for use in certain parts of the UK or for specific purposes. I am particularly pleased to report that Mrs Phillips legacy of nearly £400,000 will help finance a substantial woodland creation project adjacent to the first ever wood the Woodland Trust purchased, Avon wood near Kingsbridge in Devon. This is part of a wider conservation project to commemorate the contribution of the Trust's late founder, Ken Watkins.

Our record income was matched by record direct charitable expenditure of over £11m, including £3.5m of capital spending on woodland and land acquisition. We applied some resources to developing our lobbying and communications abilities, but conserving sites under threat by taking on responsibility for them through ownership remains a powerful tool. On average, we continue to acquire more sites than any other conservation organisation in the UK.

The Statement of Financial Activities indicates net incoming resources of £5.7m. The major part of this was used to acquire the £3.5m of woods and land noted above and disclosed in note 8 of the accounts. Of the balance, Note 15 indicates that £1.0m of the surplus on restricted funds has been carried forward for expenditure in future years. Much of this relates to restricted legacies and the Woods on Your Doorstep projects where some of the stage payments are received in advance of planting and maintenance works being carried out.

This leaves a useful surplus of £1.2m on unrestricted funds. £300,000 has been designated to help finance the purchase of key woods in 1999 and to increase the value of the Contingency Fund. £250,000 has been added to the Woodland Management Fund, the income from which helps finance the costs of woodland management, which inevitably continue to increase as we acquire more woods.

The Contingency Fund enables us to respond quickly to woodland purchase opportunities as well as providing some protection against unforeseen shortfalls in income or essential unplanned expenditure. It had a value of £2.0m at 31 December 1998 which is at the bottom end of the range of £2-3m which the Trustees consider appropriate for the Woodland Trust's activities and risk profile.

The Woodland Trust has made a very significant contribution to woodland conservation in 1998, and by strengthening our finances we are well positioned to capitalise on the opportunities and challenges that will arise in the coming years.

**THE WOODLAND TRUST****REPORT OF THE DIRECTORS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 1998**8. Directors**

The Directors of the Company throughout the year were:

Mr P J Oliver (Chairman)

Mr C P Wright

Mr A P Golding

Mr R H Trafford

Mr D V Gaulter

Dr T W Wright

Mr M F Barton

Mr P J Oliver was appointed Chairman on 6 May 1998, following the retirement of Mr T H White on that date.

Prof. T C Smout was appointed a Director on 6 May 1998.

Mr C Hall was appointed a Director on 12 November 1998.

Ms N A Ramsden was appointed a Director on 12 November 1998.

Mr T N W Field was appointed a Director on 3 March 1999.

Mr T W Jones was appointed a Director on 3 March 1999.

Mr M F Barton retired on 27 January 1999.

9. 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 as at the end of the financial year and of the surplus or deficit of the company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Woodland Trust purchases indemnity insurance to protect it from loss 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 £2,232 (1997 : £2,321).

10. Share Capital

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

**THE WOODLAND TRUST****REPORT OF THE DIRECTORS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 1998**11. Year 2000**

All the Trust's computer and office technology has been reviewed to establish whether they are Year 2000 compliant. Key suppliers have also been contacted to establish whether their Year 2000 checks have been adequate.

The Trust has identified and modified the few minor areas of weakness that were identified in its own systems and the Trustees believe that no significant operating difficulties will arise. There are still some suppliers who have not yet been able to confirm confidence in their own systems but the Trust does not have significant reliance on any of them.

12. Euro Currency

The Trustees do not consider that the introduction of the Euro currency will have any significant impact on the Woodland Trust's operations. Its accounting systems can accommodate the Euro should the need arise.

13. Auditors

Deloitte & Touche 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.

By Order of the Board

JULIAN C PURVIS
Secretary
5 May 1999

Deloitte & Touche



Chartered Accountants

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THE WOODLAND TRUST

AUDITORS' REPORT TO THE MEMBERS OF THE WOODLAND TRUST

We have audited the financial statements on pages 11 to 30 which have been prepared under the accounting policies set out on pages 15 to 17.

Respective Responsibilities of Directors and Auditors

As described on page 8 the trustees, who are also the Directors of The Woodland Trust for the purposes of company law, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

Basis of Opinion

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

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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 affairs of the charitable company and group as at 31 December 1998 and of the incoming resources and application of resources, including its income and expenditure, of the charitable group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

18 May 1999

Deloitte & Touche
Registered Auditors

St Johns House
East Street
Leicester

**Deloitte Touche
Tohmatsu
International**

Aberdeen, Bath, Belfast, Birmingham, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Dartford, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.

Principal place of business at which a list of partners' names is available:
Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.



INVESTOR IN PEOPLE



THE WOODLAND TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 1998

		UNRESTRICTED FUNDS				Total	Total
		General	Designated	Restricted	Endowment	1998	1997
		Funds	Funds	Funds	Funds		
Note		£'000	£'000	£'000	£'000	£'000	£'000
Incoming Resources							
		1,534	-	-	-	1,534	1,453
		2,545	-	1,074	-	3,619	2,176
		1,673	-	752	-	2,425	1,112
		<u>5,752</u>	<u>-</u>	<u>1,826</u>	<u>-</u>	<u>7,578</u>	<u>4,741</u>
	2	921	-	3,800	-	4,721	4,403
		-	-	-	10	10	-
	7	138	-	208	-	346	360
		653	-	128	-	781	830
		-	-	500	-	500	483
		48	-	-	-	48	121
	17	390	-	283	-	673	367
		<u>7,902</u>	<u>-</u>	<u>6,745</u>	<u>10</u>	<u>14,657</u>	<u>11,305</u>
Resources Expended							
Direct Charitable Expenditure:							
		4,357	-	1,504	-	5,861	4,675
		518	-	170	-	688	421
	3	868	-	295	30	1,193	918
		<u>5,743</u>	<u>-</u>	<u>1,969</u>	<u>30</u>	<u>7,742</u>	<u>6,014</u>
Other Expenditure:							
		829	-	272	-	1,101	1,096
	4	95	-	32	-	127	540
		<u>924</u>	<u>-</u>	<u>304</u>	<u>-</u>	<u>1,228</u>	<u>1,636</u>
		<u>6,667</u>	<u>-</u>	<u>2,273</u>	<u>30</u>	<u>8,970</u>	<u>7,650</u>
Net Incoming Resources							
	5	1,235	-	4,472	(20)	5,687	3,655
	15	(2,027)	2,593	-	(566)	-	-
	10	103	-	-	624	727	1,136
		<u>(689)</u>	<u>2,593</u>	<u>4,472</u>	<u>38</u>	<u>6,414</u>	<u>4,791</u>
Fund Balances Brought Forward at 1 January 1998							
		2,769	-	27,731	7,551	38,051	33,260
Fund Balances Carried Forward at 31 December 1998							
	15	<u>2,080</u>	<u>2,593</u>	<u>32,203</u>	<u>7,589</u>	<u>44,465</u>	<u>38,051</u>

The notes on pages 15 to 30 form part of these accounts



THE WOODLAND TRUST
CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1998

	<u>Note</u>	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Gross Income of Continuing Operations		13,984	10,938
Non-Charitable Trading Activities: Net Income	17	673	367
Total Income of Continuing Operations		<u>14,657</u>	<u>11,305</u>
Total Operating Expenditure of Continuing Operations		(8,934)	(7,604)
Operating Surplus of Income over Expenditure		<u>5,723</u>	<u>3,701</u>
Interest Payable		(36)	(46)
Net Income For The Year Before Transfers and Fixed Asset Investment Disposals	5	<u>5,687</u>	<u>3,655</u>
Gain on disposal of Fixed Asset Investments	10	1,043	104
Net Income for the Year		<u>6,730</u>	<u>3,759</u>

Total income comprises £7,902,000 for unrestricted funds and £6,745,000 for restricted funds. A detailed analysis of income by source is provided in the Statement of Financial Activities.

Turnover of non-charitable trading activities amounted to £3,772,000 (1997:£3,286,000). Trading activities of Woodland Trust (Enterprises) Limited increased by £402,000 to £792,000 as a result of increases in sponsorship income. Woodland Trust (Services) Limited provides staff to the Woodland Trust and the whole of its income is generated from the Woodland Trust. A detailed analysis of the trading results is shown in note 17.

Detailed analyses of the expenditure are provided in the Statement of Financial Activities and notes 3 - 4.

Net income, (before investment asset disposals for the year), of £5,687,000, comprises £1,235,000 net income of unrestricted funds plus £4,472,000 net income of restricted funds, as shown in the Statement of Financial Activities.

The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 11, which together with the notes to the accounts on pages 15 to 30, provides full information on the movements during the year on all the funds of the group.



THE WOODLAND TRUST
BALANCE SHEETS AT 31 DECEMBER 1998

		<u>Group</u>		<u>Charity</u>	
	<u>Note</u>	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Fixed Assets					
Tangible Assets					
Woodland and Land	8	31,150	27,678	31,150	27,678
Other Fixed Assets	9	453	496	453	496
		<u>31,603</u>	<u>28,174</u>	<u>31,603</u>	<u>28,174</u>
Investments	10	9,632	8,871	9,632	8,871
		<u>41,235</u>	<u>37,045</u>	<u>41,235</u>	<u>37,045</u>
Current Assets					
Stocks	11	285	315	265	304
Debtors	12	3,957	3,036	3,581	3,009
Cash at Bank and In Hand	22(b)	2,059	322	2,048	266
		<u>6,301</u>	<u>3,673</u>	<u>5,894</u>	<u>3,579</u>
Creditors					
Amounts falling due within one year	13	(2,808)	(2,413)	(2,399)	(2,315)
Net Current Assets		<u>3,493</u>	<u>1,260</u>	<u>3,495</u>	<u>1,264</u>
Total Assets Less Current Liabilities		<u>44,728</u>	<u>38,305</u>	<u>44,730</u>	<u>38,309</u>
Creditors:					
Amounts falling due after more than one year	14	(263)	(254)	(263)	(254)
Net Assets	16	<u>44,465</u>	<u>38,051</u>	<u>44,467</u>	<u>38,055</u>
Financed by:					
Unrestricted funds					
General Fund	15	2,082	2,773	2,082	2,773
Non-charitable Trading Fund	15	(2)	(4)	-	-
Designated Funds	15	2,593	-	2,593	-
Restricted Funds	15	32,203	27,731	32,203	27,731
Permanent Endowments	15	7,589	7,551	7,589	7,551
		<u>44,465</u>	<u>38,051</u>	<u>44,467</u>	<u>38,055</u>

These accounts were approved by the Directors on 5 May 1999.

.....
P J Oliver
Chairman

The notes on pages 15 to 30 form part of these accounts.



THE WOODLAND TRUST
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1998

	<u>Note</u>	<u>£'000</u>	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
<u>Reconciliation of Net Incoming Resources to Net Cash Inflow from Operating Activities</u>				
Net Incoming Resources			5,687	3,655
Depreciation		203		173
Profit on disposal of Woodland & Land		(21)		(49)
Reallocation of Woodland & Land values		45		-
(Profit)/Loss on disposal of other Fixed Assets		(1)		8
Investment Income		(346)		(360)
Decrease in Stock		30		19
Increase in Debtors		(921)		(797)
Increase in Creditors		645		99
Donated Woodland and Land		(500)		(483)
			(866)	(1,390)
Net Cash Inflow from Operating Activities			<u>4,821</u>	<u>2,265</u>

CASH FLOW STATEMENT

Net Cash Inflow from Operating Activities		4,821	2,265
Returns on Investments & Servicing of Finance	22(a)	346	360
Capital Expenditure & Financial Investment	22(a)	(3,189)	(3,500)
Increase/(Decrease) in Cash	22(b)	<u>1,978</u>	<u>(875)</u>

Reconciliation of Net Cashflow to movement in Net Funds/(Debt)

Increase/(Decrease) in Cash in year	22(b)	1,978	(875)
Net (Debt)/Funds at 1 January	22(b)	(407)	468
Net Funds/(Debt) at 31 December		<u>1,571</u>	<u>(407)</u>



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1998

1. **ACCOUNTING POLICIES**

Basis of Accounting

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

Basis of Consolidation

Group accounts have been prepared in respect of the Woodland Trust and its wholly owned subsidiaries Woodland Trust (Enterprises) Ltd and Woodland Trust (Services) Ltd. A statement of financial activities for the charity has not been prepared as it is not materially different from the group statement of financial activities.

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 trustees, for specific purposes.

Restricted Funds

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

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

Endowment Funds

These represent sums of money given in conjunction with a gift of land to provide for its future conservation. Some endowments are expendable and some require the capital to be maintained and only the income utilised.

Incoming Resources

Annual subscriptions from members are included in full in the year they are received. Life membership subscriptions are credited to a life membership equalisation account and released to income in ten equal annual instalments.

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 Statement of Financial Activities and the Income and Expenditure Account and where appropriate, capitalised at a reasonable estimate of their value.



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1998

1. **ACCOUNTING POLICIES (CONTINUED)**

Incoming Resources (Continued)

Grants for woodland management are credited to the Statement of Financial Activities and the Income and Expenditure Account in the year in which they are receivable. This treatment is not in accordance with the relevant Statement of Standard Accounting Practice requiring grant income to be matched with the expenditure for which it relates in any financial year.

However, in view of the nature of the Woodland Trust's activities, it is considered inappropriate to adopt a different treatment for grants received from public bodies than that adopted for donations received for woodland management as a result of appeals.

It is not practicable to quantify the effect of this departure due to the number, variety and extended lifecycle of grants received and as the terms of some grants do not specify precisely the expenditure they are intended to meet.

Resources Expended

The Statement of Financial Activities shows expenditure analysed according to the requirements of the Statement of Recommended Practice. *Direct Charitable Expenditure* represents expenses directly attributable to the charitable aims of the Woodland Trust and those general overheads required for their performance. *Other Expenditure* encompasses the remaining expenditure of the charity, being the unattributed general overhead, fundraising and publicity costs and the general management of the Woodland Trust.

Woodland Operations consists of all expenditure relating to the establishment, care and maintenance of the Woodland Trust's woods.

Education and Information Costs include the costs of the Woodland Trust's in house publications to members and supporters, the provision of a telephone based enquiry service, the provision of information for local fundraising and a public relations service.

Support Costs of charitable activities comprise costs incurred directly in support of expenditure on the objects of the charity. These are considered to be 100% of the costs relating to the provision of premises, personnel, information technology and accounts and 50% of the costs incurred by the Trustees, Chief Executive, Deputy Chief Executive and their support staff.

Fundraising and Publicity includes the costs of all major appeals, contacts with supporters soliciting donations and other general publicity costs expended as part of fundraising efforts.

Management and Administration of the Charity consists of audit fees together with 50% of the costs incurred by the Trustees, Chief Executive, Deputy Chief Executive and their support staff.

Depreciation

Depreciation has been charged at the following rates charging a full year's depreciation in the year of purchase and none in the year of disposal.

Computer equipment	25% per annum on cost
Office equipment - fixtures	10% per annum on cost
Office equipment - other	20% per annum on cost
Motor vehicles	25% per annum on cost
Livestock Quota	Not depreciated



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

1. **ACCOUNTING POLICIES (CONTINUED)**

Assets

With the exception of land donated for the Woods on Your Doorstep Projects, the value of donated land and woodland is based on a rolling three year average price per hectare (ha) of woodland and land purchased by the Woodland Trust during the financial years 1996-98.

Planting land donated to the Woods On Your Doorstep project is valued at £6,000 per ha in England and Wales and £9,645 per ha in Northern Ireland. These values reflect typical land prices at the time the contract was agreed.

The value of donated land is disclosed in note 8 to the accounts.

Investments

Investments are stated at market value. It is the Woodland Trust's policy to keep valuations up to date such that when investments are sold, there is no gain or loss arising relating to the previous year. As a result the Statement of Financial Activities and the Income and Expenditure Account 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. Livestock is valued in accordance with Business Economic Note 19, (BEN 19), which requires valuation at the lower of cost or net realisable value, where cost includes purchase price or cost of breeding and the additional direct costs of production, including direct wages, feed and forage, vets fees and medication.

Other

Operating lease rentals are charged to the income and expenditure account on equal annual amounts over the lease term.

The Woodland 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.

2. **GRANTS RECEIVABLE**

	<u>Year ended</u> <u>31 December 1998</u> <u>£'000</u>	<u>Year ended</u> <u>31 December 1997</u> <u>£'000</u>
Millennium Commission	1,641	1,121
Forestry Authority	1,205	681
Heritage Lottery Fund	509	1,386
Local Authorities	431	224
Countryside Commission, England	423	284
Other	230	163
National Forest Tender Scheme	63	152
MAFF	92	68
Scottish Natural Heritage	75	46
Leader II	35	-
Millennium Forest for Scotland	17	160
Dunbartonshire Enterprise	-	60
Staff Grants, Various Sources	-	58
	<u>4,721</u>	<u>4,403</u>



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

3. **SUPPORT COSTS**

Support Costs are those administration expenses that are required in order to facilitate the direct charitable aims of the Woodland Trust. These have been estimated as the gross costs for the central service departments plus 50% of the costs incurred by the Chief Executive, Deputy Chief Executive and their support staff. The central service departments include Premises, Personnel, Information Technology and Accounts.

The basis of the estimation of support costs was reviewed in 1998. These now reflect more accurately the activity of the central departments. The 1997 figures were based on 85% of central service departments alone. However the total of all costs shown in notes 3 and 4 are directly comparable and show a saving of £138,000 in 1998.

	<u>Year ended</u> <u>31 December 1998</u> <u>£'000</u>	<u>Year ended</u> <u>31 December 1997</u> <u>£'000</u>
Salaries and Wages	449	376
Social Security Costs	44	32
Pension Costs	23	9
Recruitment	33	37
Legal Expenses	-	10
Insurance	41	33
Premises Costs	155	133
Travel and Subsistence	9	9
Stationery and Printing	9	9
Depreciation	180	130
Other Costs	250	140
	<u>1,193</u>	<u>918</u>

4. **MANAGEMENT AND ADMINISTRATION OF THE CHARITY**

	<u>Year ended</u> <u>31 December 1998</u> <u>£'000</u>	<u>Year ended</u> <u>31 December 1997</u> <u>£'000</u>
Salaries and Wages	76	239
Social Security Costs	8	22
Pension Costs	10	9
Insurance	1	23
Travel and Subsistence	6	24
Stationery and Printing	1	23
Other Costs	25	200
	<u>127</u>	<u>540</u>



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

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

The surplus for the year is after charging:

	<u>Year ended</u> <u>31 December 1998</u> <u>£'000</u>	<u>Year ended</u> <u>31 December 1997</u> <u>£'000</u>
Wages and Salaries	2,328	2,276
Social Security Costs	221	207
Other Pension Costs	85	53
	<u>2,634</u>	<u>2,536</u>
Depreciation	203	173
Fees Payable to the Auditors: for the Audit	14	9
for Taxation Advice	-	1
for Consultancy	3	12
Rental Under Operating Leases	388	389

Employees and Volunteers

The average number of employees during the year was 147 (1997:153).

The Woodland Trust relies on volunteers to help with the following activities; fundraising, wardening of its woods, photography and promotion of the Woodland Trust's work. Approximately 1,900 volunteers assist with these activities.

6. **DIRECTORS' AND EMPLOYEES' EMOLUMENTS**

The Directors of the company, who comprise its Council of Management, did not receive any remuneration during the period. Travelling expenses incurred by 11 Directors on Council business were reimbursed and amounted to £5,017 (1997: £5,609) during the year.

Mr R H Trafford is a consultant with Stones, Cann & Hallett, Mr M F Barton is a consultant with Barton Goddard. These firms are amongst the solicitors used to undertake the Woodland Trust's legal work. Mr A T Bigg is a consultant with Brann Limited. Ms N Ramsden is the Managing Director of The Factory Limited. These are two of the Woodland Trust's suppliers. Mr A P Golding is a partner with Francis Clark, Chartered Accountants, which undertook some consultancy work for Woodland Trust (Services) Limited during the year. The fees paid to these organisations during the year were:

	<u>£</u>
Stones, Cann & Hallett, Solicitors	4,027
Barton Goddard, Solicitors	7,384
Brann Limited	15,755
The Factory Limited	7,050
Francis Clark, Chartered Accountants	2,056

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

<u>£'s</u>	<u>No. of Employees</u>
50,000-59,999	1
40,000-49,999	2



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

7. INVESTMENT INCOME

Income from investments was as follows:

	<u>Year ended</u> <u>31 December 1998</u> <u>£'000</u>	<u>Year ended</u> <u>31 December 1997</u> <u>£'000</u>
Income From Listed Investments	220	230
Income From Overseas Listed Investments	5	8
Income From Other Authorised Investments	121	122
	<u>346</u>	<u>360</u>

8. FIXED ASSETS - WOODLAND AND LAND

The Group and the Charity:

	<u>Total</u> <u>£'000</u>	<u>Woodland</u> <u>And Land</u> <u>Purchased</u> <u>(Freehold)</u> <u>£'000</u>	<u>Woodland</u> <u>And Land</u> <u>Purchased</u> <u>(Long</u> <u>Leasehold)</u> <u>£'000</u>	<u>Woodland</u> <u>and Land</u> <u>Donated</u> <u>(Freehold)</u> <u>£'000</u>	<u>Woodland</u> <u>And Land</u> <u>Donated</u> <u>(Long</u> <u>Leasehold)</u> <u>£'000</u>
Cost or Donated Value at 1 January 1998	27,678	22,135	560	3,970	1,013
Reallocation of opening values	(45)	(26)	(1)	(38)	20
Additions for the Period	3,524	2,996	-	127	401
Disposals in the Period	(7)	(7)	-	-	-
Cost or Donated Value at 31 December 1998	<u>31,150</u>	<u>25,098</u>	<u>559</u>	<u>4,059</u>	<u>1,434</u>

The Woodland Trust revised its policy for capitalisation of legal fees during the year. Any legal fees associated with property not acquired at 31 December 1998 are now treated as work in progress. Where these fees had been capitalised in a prior year this has resulted in a reallocation of opening values.

A full review of donated property has resulted in a transfer between donated freehold and donated long leasehold property of £21,915.

The additions to donated woodland and land include legal fees of £27,940, (1997: £47,301).

The Woodland Trust also leases 50 acres (1997: 50 acres) of woodland under short leaseholds at peppercorn rents. In the opinion of the Directors it is impracticable to assign a value to these leases.

Within woodland and land donated (freehold) is £845,690 representing land given to the Woodland Trust by Glenrothes Development Corporation. This land is subject to a floating charge dated 22 September 1994, registered 30 September 1994, for securing all monies due to the Corporation. (At 31 December 1998 and 31 December 1997 there were no sums due).



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

8. **FIXED ASSETS - WOODLAND AND LAND (CONTINUED)**

Similarly, within woodland and land donated (freehold) is £497,952 representing land given to the Woodland Trust by Livingston Development Corporation. This land is subject to a floating charge dated 20 March 1996, registered 4 April 1996, for securing all monies due to the Corporation. (At 31 December 1998 and 31 December 1997 there were no sums due).

Included in purchased freehold land are 42 acres of land at Backmuir Wood, Dundee subject to a fixed charge in favour of Scottish Natural Heritage dated 26 May 1997.

The assets scheduled above represent assets used for direct charitable purposes.

9. **OTHER FIXED ASSETS**

The Group and the Charity:

	<u>Total</u> <u>£'000</u>	<u>Computer</u> <u>Equipment</u> <u>£'000</u>	<u>Equipment</u> <u>£'000</u>	<u>Motor</u> <u>Vehicles</u> <u>£'000</u>	<u>Livestock</u> <u>Quota</u> <u>£'000</u>
<u>Cost or Donated Value</u>					
At 1 January 1998	981	556	280	40	105
Additions	172	126	25	21	-
Disposals	(30)	(4)	(3)	(15)	(8)
At 31 December 1998	<u>1,123</u>	<u>678</u>	<u>302</u>	<u>46</u>	<u>97</u>
<u>Depreciation</u>					
At 1 January 1998	485	318	142	25	-
Provision for the year	203	146	46	11	-
Disposals	(18)	(3)	-	(15)	-
At 31 December 1998	<u>670</u>	<u>461</u>	<u>188</u>	<u>21</u>	<u>-</u>
<u>Net Book Value</u>					
At 31 December 1998	<u>453</u>	<u>217</u>	<u>114</u>	<u>25</u>	<u>97</u>
At 31 December 1997	<u>496</u>	<u>238</u>	<u>138</u>	<u>15</u>	<u>105</u>



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

9. OTHER FIXED ASSETS (CONTINUED)

The Net Book Value at 31 December 1998 represents Fixed Assets used for:

	<u>Total</u> <u>£'000</u>	<u>Computer</u> <u>Equipment</u> <u>£'000</u>	<u>Equipment</u> <u>£'000</u>	<u>Motor</u> <u>Vehicles</u> <u>£'000</u>	<u>Livestock</u> <u>Quota</u> <u>£'000</u>
Direct Charitable Purposes:					
Woodland Operations	268	93	53	25	97
Education and Information	42	28	14	-	-
Support Activities	52	35	17	-	-
	<u>362</u>	<u>156</u>	<u>84</u>	<u>25</u>	<u>97</u>
Other Purposes:					
Fundraising and Publicity	85	57	28	-	-
Management and Administration of the Charity	6	4	2	-	-
	<u>453</u>	<u>217</u>	<u>114</u>	<u>25</u>	<u>97</u>

10. INVESTMENTS

The Group and the Charity:

	<u>31 December 1998</u> <u>£'000</u>	<u>31 December 1997</u> <u>£'000</u>
Investments at Market Value:		
Permanent Endowments	7,589	7,526
Contingency Fund	1,706	1,345
Woodland Management Fund	337	-
	<u>9,632</u>	<u>8,871</u>

Investments consist of:-

	<u>1998</u> <u>£'000</u>	<u>Cost</u> <u>1997</u> <u>£'000</u>	<u>Valuation</u> <u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Cash held as part of investments	551	385	551	385
Listed UK Investments	4,360	3,499	5,636	4,483
Overseas Listed Investments	1,080	1,020	1,114	949
Other Authorised Investments	2,022	2,032	2,331	3,054
	<u>8,013</u>	<u>6,936</u>	<u>9,632</u>	<u>8,871</u>



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

10. **INVESTMENTS (CONTINUED)**

The Woodland Trust's investments were managed by two investment managers and consist of equities, unit trusts, investment trusts, gilts and other fixed interest investments. No individual investments comprise more than 5% of the value of the portfolio and there are no restrictions on the realisation of any of the investments.

The Woodland Trust owns the entire issued share capital (100 ordinary shares of £1) in each of its two subsidiaries, Woodland Trust (Enterprises) Limited and Woodland Trust (Services) Limited, both of which are incorporated in England. Details of their trading activities are set out in note 17 to the accounts.

The movement on valuation of investments is as follows

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Market value at 1 January 1998	8,871	7,883
Acquisitions	3,289	937
Sales Proceeds	(3,255)	(1,085)
Net Investment Gains	727	1,136
Market value at 31 December 1998	<u>9,632</u>	<u>8,871</u>
Cost at 31 December 1998	(8,013)	(6,936)
Unrealised Investment gain at 31 December 1998	<u>1,619</u>	<u>1,935</u>
Investment Gains calculated on a historic cost basis	<u>1,043</u>	<u>104</u>

Within other authorised investments is £100,000 representing a farmhouse and outbuildings given to the Woodland Trust by Glenrothes Development Corporation. This investment is subject to a floating charge dated 22 September 1994, registered 30 September 1994 for securing all monies due to the Corporation. As at 31 December 1998 and 31 December 1997 there were no sums due to the Corporation.

11. **STOCKS**

	<u>Group</u> <u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>	<u>Charity</u> <u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Raw Materials and Consumables	68	59	48	48
Glen Finglas Livestock	217	256	217	256
	<u>285</u>	<u>315</u>	<u>265</u>	<u>304</u>



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

12. DEBTORS

	<u>Group</u>		<u>Charity</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Trade Debtors	577	288	219	266
Amounts owed by subsidiary companies	-	-	-	48
Other Debtors	1,417	962	1,399	909
Grants Receivable: due within one year	1,567	1,540	1,567	1540
Work In Progress – Legal Fees	115	-	115	-
Prepayments and Accrued Income	281	246	281	246
	<u>3,957</u>	<u>3,036</u>	<u>3,581</u>	<u>3,009</u>

All grants are receivable within one year.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Group</u>		<u>Charity</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Payment received on account of				
Future projects	343	347	343	347
Bank overdrafts	488	729	311	729
Trade Creditors	1,445	977	1,435	959
Taxation and social security	137	118	67	54
Amounts owed to subsidiary companies	-	-	24	-
Other Creditors	174	26	4	10
Accruals and deferred income	221	216	215	216
	<u>2,808</u>	<u>2,413</u>	<u>2,399</u>	<u>2,315</u>

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

The Group and the Charity:

	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Accruals and Deferred Income		
Life Membership Provision	240	225
Deposited Covenant Provision	23	29
	<u>263</u>	<u>254</u>



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

15. MOVEMENT ON FUNDS

This note details the Group position. The Charity differs only in that there is a £2,000 increase in unrestricted funds, (relating to the accumulated loss consolidated from Woodland Trust (Services) Ltd).

	<u>UNRESTRICTED FUNDS</u>				
	<u>Total</u>	<u>General</u>	<u>Designated</u>	<u>Restricted</u>	<u>Permanent</u>
	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	<u>Endowments</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Balance at 1 January 1998	38,051	2,769	-	27,731	7,551
Net Movement in Funds in year	6,414	(689)	2,593	4,472	38
Balance at 31 December 1998	<u>44,465</u>	<u>2,080</u>	<u>2,593</u>	<u>32,203</u>	<u>7,589</u>
Included in the above are Revaluation Reserves					
Balance at 1 January 1998	1,935	451	-	-	1,484
Movement in the Year	(316)	(367)	-	-	51
Balance at 31 December 1998	<u>1,619</u>	<u>84</u>	<u>-</u>	<u>-</u>	<u>1,535</u>

General Funds

	<u>Balance at</u>			<u>Movement in Funds:</u>		<u>Balance at</u>
	<u>1 January</u>	<u>Reclassification</u>	<u>Incoming</u>	<u>Gains/</u>	<u>Transfers</u>	<u>31 December</u>
	<u>1998</u>		<u>Resources</u>	<u>(Expenses)</u>		<u>1998</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
General Fund	2,773	(1,477)	8,003	(6,667)	(550)	2,082
Non-charitable Trading funds	(4)	-	2	-	-	(2)
	<u>2,769</u>	<u>(1,477)</u>	<u>8,005</u>	<u>(6,667)</u>	<u>(550)</u>	<u>2,080</u>

Designated Funds

	<u>Balance at</u>			<u>Movement in Funds:</u>		<u>Balance at</u>
	<u>1 January</u>	<u>Reclassification</u>	<u>Incoming</u>	<u>Gains/</u>	<u>Transfers</u>	<u>31 December</u>
	<u>1998</u>		<u>Resources</u>	<u>(Expenses)</u>		<u>1998</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Woodland Management Fund	-	337	-	-	250	587
Contingency Fund	-	1706	-	-	300	2,006
	<u>-</u>	<u>2,043</u>	<u>-</u>	<u>-</u>	<u>550</u>	<u>2,593</u>

The re-classification of £2.043m as designated funds reflects designations made previously by the Trustees. The re-classification represents the market values shown in note 10 (Investments) for the Contingency Fund and the Woodland Management Fund at 31 December 1998. The £2.043m comprises £1.477m re-classified from General Funds and £0.566m re-classified from Permanent Endowments.



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

15. **MOVEMENT ON FUNDS (CONTINUED)**

Designated funds are those funds which have been allocated for specific purposes by the Woodland Trust.

The Woodland Management Reserve comprises funds allocated for the management of properties owned by the Woodland Trust. The majority of these funds are invested with the income derived from these investments being used for woodland management purposes.

The Contingency Fund is a fund which has been established to cover a number of circumstances. These include acquiring important woods for which there are insufficient funds available, protection against a downturn in income and significant items of unexpected expenditure.

Restricted Funds

	<u>Balance at</u> <u>1 January</u> <u>1998</u> <u>£'000</u>	<u>Incoming</u> <u>Resources</u> <u>£'000</u>	<u>Movement in Funds:</u> <u>Gains/</u> <u>(Expenses)</u> <u>£'000</u>	<u>Transfers</u> <u>£'000</u>	<u>Balance at</u> <u>31 December</u> <u>1998</u> <u>£'000</u>
Woodland and Land	27,678	1,231	(52)	2,293	31,150
D.D. Miles	10	-	(10)	-	-
Woods on Your Doorstep (England & Wales)	432	3,872	(1,572)	(2,118)	614
Woods on Your Doorstep (Northern Ireland)	(129)	585	(362)	(175)	(81)
Restricted Legacies	-	752	(47)	-	705
Park Farm	(77)	-	(57)	-	(134)
Hucking Estate	(183)	305	(173)	-	(51)
	<u>27,731</u>	<u>6,745</u>	<u>(2,273)</u>	<u>-</u>	<u>32,203</u>

Restricted funds are sums of money whose application has been specified by the donor, or by its very nature, may not be applied to the general expenses of the charity.

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

D.D. Miles is a restricted legacy which was bequeathed for the erection of seats in Woodland Trust woods.

Park Farm, Hucking Estate and Woods on Your Doorstep (NI) represent a deficit of restricted income in the year, to which future income will be applied. The income funds for these are expected to meet the costs over the life of each project.

Woods on Your Doorstep (E & W) represents a surplus of restricted income in the year, which will be applied to future costs.



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

15. **MOVEMENT ON FUNDS (CONTINUED)**

Permanent Endowments

	<u>Balance at</u> <u>1 January</u> <u>1998</u>	<u>Reclassification</u>	<u>Movement in Funds:</u>		<u>Balance at</u> <u>31 December</u> <u>1998</u>
	<u>£'000</u>	<u>£'000</u>	<u>Incoming</u> <u>Resources</u>	<u>Gains/(Losses)</u> <u>and Transfers</u>	<u>£'000</u>
			<u>£'000</u>	<u>£'000</u>	
Warrington & Runcorn	1,445	(444)	64	(3)	1,062
Glenrothes	3,260	33	282	(10)	3,565
Livingston	1,908	(8)	182	(6)	2,076
Preston & Chorley	938	(147)	106	(11)	886
	<u>7,551</u>	<u>(566)</u>	<u>634</u>	<u>(30)</u>	<u>7,589</u>

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

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

16. **ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS**

This note details the Group position. The Charity differs only in that there is a £2,000 increase in unrestricted funds, relating to the accumulated loss consolidated from Woodland Trust (Services) Ltd.

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

	<u>UNRESTRICTED FUNDS</u>			<u>RESTRICTED FUNDS</u>	
	<u>Total</u> <u>Funds</u> <u>£'000</u>	<u>General</u> <u>Funds</u> <u>£'000</u>	<u>Designated</u> <u>Funds</u> <u>£'000</u>	<u>Restricted</u> <u>Funds</u> <u>£'000</u>	<u>Permanent</u> <u>Endowments</u> <u>£'000</u>
Fund Balances at 31 December 1998 are represented by:					
Tangible Fixed Assets	31,603	453	-	31,150	-
Investments	9,632	-	2,043	-	7,589
Current Assets	6,301	4,148	550	1,603	-
Current Liabilities	(2,808)	(2,258)	-	(550)	-
Liabilities due over more than One year	(263)	(263)	-	-	-
Total Net Assets	<u>44,465</u>	<u>2,080</u>	<u>2,593</u>	<u>32,203</u>	<u>7,589</u>



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
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17. **NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARIES**

The Woodland Trust has two wholly owned trading subsidiaries which are incorporated in the UK. Woodland Trust (Enterprises) Limited was established to undertake mail order, sponsorship and promotional activities. Woodland Trust (Services) Limited, (formerly Woodland Trust (Properties) Limited), provides staff services to the Woodland Trust and allows the operation of a Profit Related Pay scheme. 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.

Profit and Loss Account

	<u>Woodland Trust</u> <u>(Enterprises) Ltd.</u> <u>£'000</u>	<u>Woodland Trust</u> <u>(Services) Ltd.</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Turnover	792	2,980	3,772	3,286
Cost of Sales	(177)	(2,959)	(3,136)	(2,962)
Gross Profit	<u>615</u>	<u>21</u>	<u>636</u>	<u>324</u>
Licence Payment to the Woodland Trust	(40)	-	(40)	(40)
Distribution Costs	(26)	-	(26)	(19)
Administration Expenses	(18)	(6)	(24)	(30)
Other Operating Income	45	-	45	51
Operating Profit	<u>576</u>	<u>15</u>	<u>591</u>	<u>286</u>
Interest Receivable	1	-	1	-
Net Profit	<u>577</u>	<u>15</u>	<u>592</u>	<u>286</u>
Profit Covenanted to the Woodland Trust	(577)	(13)	(590)	(286)
Accumulated Loss Brought Forward	-	(4)	(4)	(4)
Accumulated Loss Carried Forward	<u>-</u>	<u>(2)</u>	<u>(2)</u>	<u>(4)</u>

The whole of the income of Woodland Trust (Services) Limited is received from The Woodland Trust. This income is shown as a cost both in the accounts of the Woodland Trust and in the Consolidated Statement of Financial Activity. In addition to the profit covenanted to The Woodland Trust, the parent company received income from Woodland Trust (Enterprises) Limited of £81,000 (1997: £81,000) which is shown as a cost in the accounts of the trading subsidiary.



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

18. OPERATING LEASE COMMITMENTS

At 31 December 1998, 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.

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Land and Buildings		
Leases which expire:		
Within one year	-	-
Within two to five years	-	-
After five years	104	104
	<u>104</u>	<u>104</u>
Other		
Leases which expire:		
Within one year	46	43
Within two to five years	127	164
After five years	-	-
	<u>173</u>	<u>207</u>

19. CAPITAL COMMITMENTS

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

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Contracts Placed	78	86
Authorised by the Directors but Not Contracted For	2,759	1,157
	<u>2,837</u>	<u>1,243</u>

20. 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 £85,393 (1997 : £53,359). Included in other creditors is £nil (1997 : £nil) in respect of pension schemes.

21. CONTINGENT LIABILITIES

The Directors were not aware of any significant contingent liabilities at 31 December 1998 and 31 December 1997.

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



THE WOODLAND TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

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

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
(a) Gross Cash Flows		
Returns on Investments & Servicing of Finance		
Investment Income	<u>346</u>	<u>360</u>
Capital Expenditure & Financial Investment		
Purchase of Woodland and Land	(3,024)	(3,504)
Purchase of Fixed Assets	(172)	(210)
Purchase of Investments	(3,289)	(937)
Sale of Land	28	60
Sale of Fixed Assets	13	6
Sale of Investments	3,255	1,085
	<u>(3,189)</u>	<u>(3,500)</u>

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

	<u>At 1 Jan</u> <u>1998</u> <u>£'000</u>	<u>Cashflows</u> <u>£'000</u>	<u>At 31 Dec</u> <u>1998</u> <u>£'000</u>	<u>At 1 Jan</u> <u>1997</u> <u>£'000</u>	<u>Cashflows</u> <u>£'000</u>	<u>At 31 Dec</u> <u>1997</u> <u>£'000</u>
Cash in Hand, at Bank	322	1,737	2,059	823	(501)	322
Bank Overdrafts	(729)	241	(488)	(355)	(374)	(729)
TOTAL	<u>(407)</u>	<u>1,978</u>	<u>1,571</u>	<u>468</u>	<u>(875)</u>	<u>(407)</u>



PROFESSIONAL ADVISORS

AUDITORS

Deloitte & Touche, Chartered Accountants, Leicester

BANKERS

Lloyds Bank plc, Grantham and Plymouth
Royal Bank of Scotland plc, Edinburgh
Bank of Ireland, Bangor

INSURANCE BROKERS

Willis Corroon Midlands Ltd, Leicester

INVESTMENT ADVISORS

Chiswell Associates Ltd, London
Flemings Private Asset Management Ltd, London

SOLICITORS

Barton Goddard, Kingsbridge, Devon
Mills and Reeve, Cambridge
Roythorne and Co, Spalding, Lincolnshire
Stones, Cann & Hallett, Exeter, Devon
Tods Murray WS, Edinburgh
Alex Stewart Partnership, Bangor
Russells Solicitors, Newtownards
Wilson Nesbitt, Belfast