

Report and accounts

31 December 2016



WOODLAND
TRUST

President

Clive Anderson

Trustees

Barbara, Baroness Young of Old Scone, (Chair as from 9 June 2016)
 Humphrey Battcock
 Sally Benthall (appointed 24 March 2017)
 Jonathan Drori, CBE (retired 24 March 2017)
 Michael Greenwood
 Anne Lambert, CMG
 Patrick Macdonald
 Elliott Mannis (retired 24 March 2017)
 Jeremy Marshall (retired 24 March 2017)
 Timothy Rollinson, CBE
 Julia Smithies (appointed 24 March 2017)
 Richard Sykes

Nicola Nicholls, LVO, (Chair, retired 8 June 2016)

The trustees are also directors and members of the charity.

Chief Executive Officer

Beccy Speight

Board Affairs Committee

Elliott Mannis (Chair) (retired 24 March 2017)
 Patrick Macdonald
 Jeremy Marshall (retired 24 March 2017)
 Timothy Rollinson

Finance Committee

(also acting as an audit committee and investment committee)
 Richard Sykes (Chair)
 Humphrey Battcock
 Michael Greenwood
 Anne Lambert

Remuneration Committee

Barbara, Baroness Young of Old Scone, (Chair)
 Timothy Rollinson

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

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

Registered office: Kempton Way, Grantham, Lincolnshire NG31 6LL.

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

The Woodland Trust logo is a registered trademark.

The state of woods and trees



13%
 of the UK
 is covered in trees
 compared to a **37%**
 average in Europe.

Only **2%** of UK land area is ancient woodland.



50%
 of ancient woodland has
 disappeared in the last
 80 years.

60%

of our animal and plant
 species have
 declined in
 the past
 50 years.



The pressure is growing

Our trees and woods are under real pressure. Right now, they face the increasingly devastating effects of climate change, new pests and diseases, and constant threats of loss and damage from inappropriate development and intensive land use. These factors compound the problems the UK countryside has faced for many years: having already lost so much woodland and other important habitats we are often just left with small and fragmented areas that are more vulnerable, provide poorer wildlife habitats and are less likely to recover from further harm or damage.

We're here to stand up for trees

We want to see a UK rich in native woods and trees, for people and wildlife. But we can't achieve our vision without you.

Trees and woodlands provide:

<p>Homes and food for wildlife and other nature</p>	<p>Attractive places for enjoyment and recreation</p>	<p>Resources, such as timber</p>	<p>Shade and shelter for crops and livestock</p>	<p>Protection of vital soils – reducing runoff and soil erosion</p>
<p>Natural flood management</p>	<p>Carbon lock-ups</p>	<p>Air pollution reduction</p>	<p>Cleaner water</p>	<p>Increased bio-diversity</p>

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Chair's report

It's been another record-breaking year for the Trust, and we're facing the challenges ahead with renewed vigour.



The first thing that struck me on becoming Woodland Trust chair last June was the heartfelt commitment people have to our cause – whether that's our staff, our members or the great British public. They love trees, and they love the Trust too. It's wonderful to see.

This was a transformational 12 months for the charity, beginning with the launch of our ambitious 10-year plan. It's a sensible, interconnected narrative for the coming decade, and we've made a sterling start. Income rose by almost a third in 2016 to £49.6 million, an all-time high, and we have never spent more on creating, restoring and protecting native woods and trees. Our coffers were significantly swollen by a record £9.1 million legacy and a £2.3 million award from players of People's Postcode Lottery, for which we are very grateful, and we've money in hand to keep up the pace in the years ahead.

I visited more than 30 of our woods in my first six months, and it was a joy – even when I lost the sole of my boot at Hainault Forest! One highlight was my trip to Loch Arkaig, our new 1,027-hectare tract of ancient Caledonian pine forest near Fort William, which we acquired in partnership with the local community after a £1.1 million appeal. The site has really caught the public imagination, and no wonder – it's a spectacular place, stalked by otters, pine martens and sea eagles. As well as helping us grow the Trust estate by 1,400 hectares in 2016, more than double our target, Arkaig becomes our largest ever woodland restoration project. Indeed, our efforts to revive ancient woods degraded by

post-war conifer plantations continue to be a big Trust success story, with another 5,248 hectares taken into restoration over the course of last year. We also made strides on our new 'treescapes' strategy in 2016, kick-starting 19 major regional projects where we'll target our work to forge healthier landscapes for wildlife and people. As ash dieback and other diseases continue to menace Britain's trees, the Trust's key message about wider countryside resilience has never been more important.

On a different note, I've been delighted with progress to make 250 of our top woods more welcoming for visitors. The Trust now has more members than ever before, and we engaged with 100,000 new supporters in 2016. Meanwhile, our renewed volunteering drive is also paying dividends, and we've begun work on a £500,000 campaign to get neighbourhood groups championing the trees in their towns and cities. It's all about exposing fresh audiences to our mantra about the immense benefits that woods and trees deliver – for biodiversity, health, recreation, climate change and the economy.

Brexit dominated the political agenda in 2016, and although it throws environmental law and land grant regimes into confusion, we must see it as an opportunity. I've been impressed with the weight of the Trust's influence with the Government – the door is always open to us – and we scored an important lobbying victory when the recent Housing White Paper included tougher safeguards for ancient woodland. They don't go far enough, however, and our caseload of woods at risk from inappropriate development continues to grow, topping 700 by the year-end.

The Trust helped create more than 2,000 hectares of native woodland in 2016, but our aspiration to plant 64 million trees by 2025 will prove challenging in a climate of historically low tree-planting across much of the UK.

We'll get there by forging ever wider relationships with community groups, corporate partners and other Non-Government Organisations. People like collaborating with us, and I see grounds for optimism in our £1.9 million grant from the Department for Environment, Food and Rural Affairs (DEFRA) to get more primary schoolchildren wielding a spade. We're also spearheading exciting plans for a new 'Northern Forest' along the M62 corridor. That would go a long way to meeting the Government's Natural Capital Committee aspiration to plant 250,000 hectares of woodland close to cities by 2040.

Finally, a word about our approach to fundraising. Following a public survey by the Charity Commission and new rules for charities coming into force in November, we have published more details on how we raise money and communicate with supporters and the wider public. You'll find those in the pages that follow. We've also conducted an internal audit on our supporter promise. I'm delighted to renew our pledge guaranteeing that we'll never use our supporters' data irresponsibly.

The Woodland Trust goes into 2017 in very good heart and fighting on more fronts than ever. I've been incredibly impressed by the commitment and expertise of our executive team and our staff as a whole – there is real excitement about what we can achieve. I'd like to thank Nicola Nicholls, our outgoing chair, for her unstinting work over a decade at the helm – and everyone at the Trust for giving me such a warm welcome.

Barbara, Baroness Young of Old Scone
Chair
24 March 2017

Strategic report

Objectives and achievements

The Woodland Trust's vision is a UK rich in native woods and trees, for people and wildlife.

To achieve this vision, in 2016 we focused on three key external-facing initiatives:

- Resilient landscapes through:



Protecting and preventing further loss of our ancient woodland, the UK's most precious habitat



Restoring native and ancient woodland and other natural habitats that have suffered from neglect, poor management or over planting in the past with non-native conifers



Planting millions of native trees on a national scale in order to restore and create the wooded landscapes that will begin to repair the UK's countryside and provide resilience to future threats.

- A bigger estate
- A bigger voice, underpinned by our people and financial resources

To deliver these initiatives we have developed an ambitious, focused and achievable 10-year plan with great opportunities to work with partners. In order to make this plan work, we needed a robust financial strategy in place. This involved implementing a budgeting and planning cycle to predict activity over the ten-year period to counteract the fluctuating nature of our income which largely relies on legacies and donations. We will use funds generated in previous years over the next three years to boost our plan and generate higher levels of income in future years.

This is explained further in pages 11 to 24.



RESILIENT LANDSCAPES

JOHN MACPHERSON / WTML
SKIPTON CASTLE WOODS, NORTH YORKSHIRE

What is this initiative?

Our overarching approach to conservation is guided by our ambitious resilient landscapes programme. This integrated approach combines the protection and restoration of ancient woodland with more targeted woodland creation to deliver better connected wooded landscapes.

Why do it?

Larger, joined-up landscapes are more capable of coping with the impacts of climate change, pests and diseases, intensive land use and development. They deliver a range of benefits for society and individual landowners, such as improved air quality, flood prevention, maintenance of water quality and increased biodiversity.

By identifying geographical focus areas – referred to as treescapes – using the mapping analysis from the recently acquired national tree map data, we will be able to show delivery of resilient landscapes and grow our resonance with the public, both on our estate and through working with other landowners, partners and communities.

Protecting ancient woodland and trees

What did we say we would do?

We said we would significantly ramp up our work to protect ancient woodland and ancient trees, coupled with the development of new mechanisms that improve protection and future safeguarding of other woods valued by communities. Our Threat Detector Network will complete its geographical coverage across the UK, we'll be engaged in 80% of ancient woodland threat cases, and we'll complete a plan to extend our work with communities to include other valued woods.

What impact did we make?

Our Enough is Enough campaign has heightened the political profile around our concerns on the impact of a wide range of planning issues, as well as threats to ancient woodland, such as the High Speed 2 Rail Project (HS2); and given us the opportunity to speak to Planning Minister, Gavin Barwell. Rebecca Pow MP, the co-chair of the All-Party Parliamentary Group on Ancient Woodland and Veteran Trees, significantly raised the profile of the plight of our ancient woods by bringing up the issue of ancient woodland protection at Prime Minister's Questions.

Our battle to save ancient woodland lying along the path of HS2 continued throughout 2016. Our evidence to the House of Commons Select Committee on HS2 convinced them to probe further into approaches taken by HS2 Ltd. This resulted in Natural England – the Government's statutory nature conservation adviser – agreeing with our evidence and making important recommendations to change HS2's approach. Major changes have been made to the way HS2 Ltd has accounted for biodiversity losses along the route, forcing them to drop their claim that the project achieved 'no net loss in biodiversity', despite destroying 30 hectares of ancient woodland. This is an important precedent for other planning and infrastructure projects, as well as for the next phase of High Speed Rail.

The work we have done during 2016 has been recognised in the recent Housing White Paper setting out the Government's plans to reform the housing market and boost the supply of new homes in England. The White Paper recognises the need to strengthen national policy to better protect ancient woodland and aged or veteran trees. Planners would have to recognise them as being as valuable as Sites of Special Scientific Interest, National Parks and Green Belt land, meaning development which impacts on them should be more definitively restricted. If these proposals are properly implemented, we would expect to see the 700+ ancient woods currently under threat reduce in number, without hampering progress to meet the huge need for house building.

We have continued to build our volunteer Threat Detector Network for the protection of ancient woodland. We now have 65 volunteers across the UK who help us spot growing numbers of threats to ancient woodland. This work involves identifying and then responding to planning applications and Local Development Plans which pose threats to ancient woodland in their area. We are sustaining a 100% response rate to all enquiries that go on to prove to be threats to ancient woodland, ensuring an objection is lodged with the relevant authority. The Threat Detectors Network has responded to site allocations within 37 Local Development Plans and a further nine Minerals and Waste Plans in 2016.

By bringing our existing community on-line guidance up to date, we have also improved delivery of the community advice we offer which empowers local communities to understand and engage in the planning process. This supports the one-to-one service we give when supporters and members of the public contact us.

The recruitment of a network of Threat Reporters has also kicked off. Using our spring Big Bluebell Watch as a platform, we now have a sign-up area on the website which we've been promoting throughout the year. We already have 200 reporters on board of the 250 we ultimately hope to recruit.

The joint Observatree project continued raising tree health awareness through its stronghold of 200 volunteers, who highlighted 800 concerns during 2016. New audiences were reached by sharing experiences with international colleagues at a conference examining tree health early warning systems in Europe. During the year, Observatree had exposure at key events which included the Arboricultural Association Amenity Conference where the project won the Best Exhibitor Award. A parliamentary reception was hosted in Westminster and influential guests were invited to hear about the project and its successes since its launch in 2015. There is no doubt that having more eyes on the ground is our best shot at early detection of tree pests and diseases. This gives us the greatest chance of future elimination or control.

Restoring ancient woodlands

What did we say we would do?

We said we would provide increased support and encouragement for sustainable woodland management across all types of ownership, to deliver an increase in appropriate diversity while taking into account key threats, such as deer. By the end of 2016, 3,000 hectares of planted ancient woods will be committed to the restoration process.

What impact did we make?

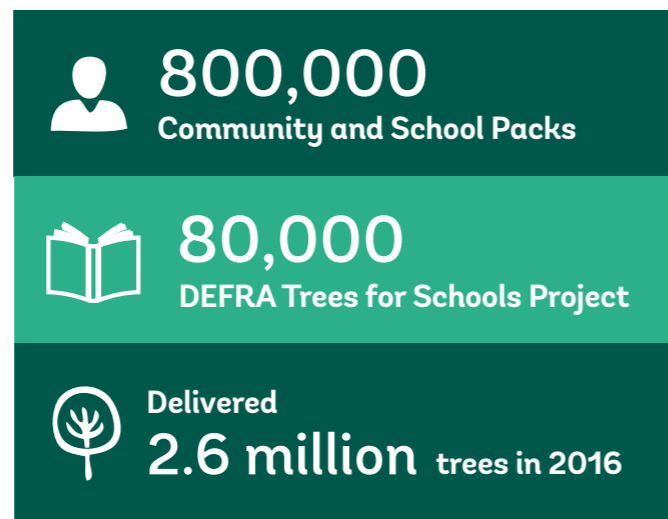
We engaged with and provided advice to 498 individual landowners on a one-to-one basis, and surveyed 9,462 hectares of protected ancient woodland. As a result, 5,248 hectares of protected ancient woodland have been committed to restoration this year against a target of 3,000 hectares. We also recruited an additional 49 active volunteers, bringing our total up to 72, and ran 15 landowner events to raise understanding of ancient woodland issues among the forestry community. Over 80% of the attendees reported an increased understanding of the management of protected ancient woodland.

Planting trees

What did we say we would do?

We said we would focus on planting trees, hedgerows and small woods in the wider landscape. This will build on our growing knowledge and desire to tackle the impacts of tree disease and promote trees and woods as part of sustainable and economically viable farming systems. We will campaign for the importance of trees outside woods to be recognised in key policy and regulations. Woodland creation rates will be maintained at a high level of 2,000 hectares per annum on Trust sites and related projects.

What impact did we make?



In a year which saw the lowest recorded broadleaf planting figures since 1971, and confidence severely dented by the introduction of a new grant scheme and uncertainty over Brexit, we planted 299,000 trees against a target of 250,000. This was part of our large-scale planting of trees outside woods, in hedgerows, on stream sides and across the wider countryside. We also reached our planting target of 2,000 hectares of woodland on our own and other people's land through our work with specialist audiences and partnership projects. No other private, public or charitable bodies are operating at this scale. With scant financial support beyond our supporters, very little, if any, of this activity would otherwise go ahead.

We have been encouraging forest nurseries to register interest in a new joint voluntary scheme with Grown in Britain which assures the provenance of native trees. The scheme will reduce the reliance on imported planting stock and the inherent risk of importing pests and diseases.

So far, 18 nurseries have registered an interest in the UK-Sourced and Grown Assurance Scheme. Nurseries that apply for and meet the requirements for inclusion in the scheme will be able to offer those trees for sale under a verified label. The new scheme will add further protection for our trees, complementing the range of measures already in place at borders, and across the UK, which safeguard our biosecurity.

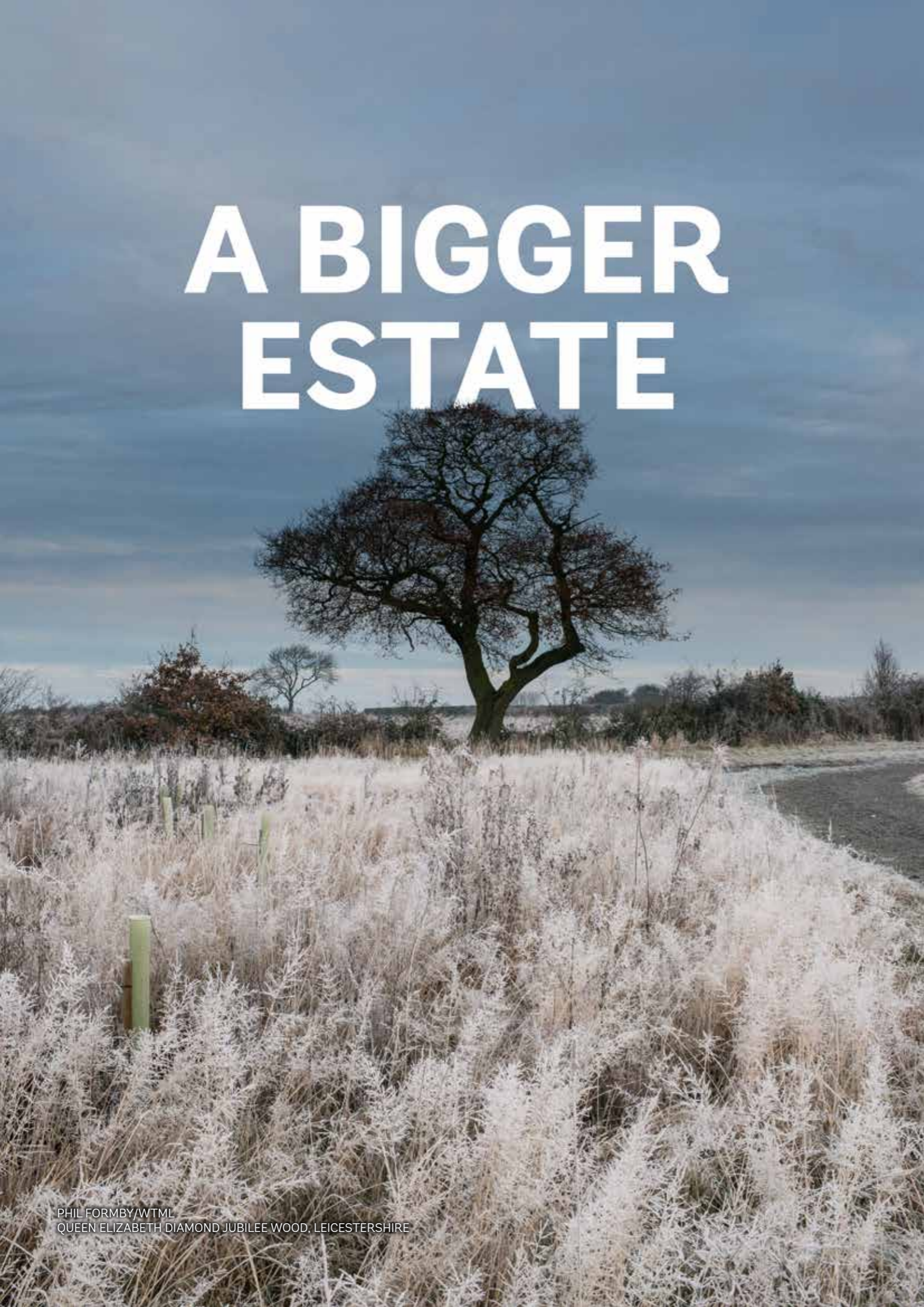
Following a pilot in 2015, we were awarded nearly £1.9 million from the Department for Environment, Food and Rural Affairs (DEFRA). This will enable children from English state primary schools to plant 400,000 trees in their school grounds and local communities over the next four years; connecting hundreds of thousands of schoolchildren with nature and the environment which will help them learn about UK trees. Without this project, these children might not otherwise have had a chance to plant trees and connect with nature in this simple way.

One hundred years ago, more than 400,000 French and German lives were lost at Verdun in the longest running battle of the First World War. 185,000 hectares of forest were destroyed, including oak and chestnut forests. After the fighting ended, acorns were collected from the battlefields and distributed across British towns which planted them in remembrance of the loss of life. This year, a small team of volunteers worked with us to find out what happened to those trees and how many of them survive today. Using leads from the public and extracts from newspapers and magazines written at the time, we have been able to identify a number of oaks which are thriving today. Working with local communities, we collected acorns from these trees and are growing them on so that they can be planted as saplings at each of our Centenary Woods. These living trees provide an unbreakable link to the past and a vital link for our next generation. In December, one hundred years since the Battle of Verdun, we planted a sapling at Langley Vale, our Centenary Wood in England, grown from a Verdun Oak.

Our plans for 2017

What we will do	Target
Continue to create woodland on a mixture of Woodland Trust land, and others' land under our influence. However, our target has temporarily decreased since 2016 due to changes in the external environment, including the uncertainty of grants and potential impacts of Brexit.	Create 1,000 hectares of woodland
Dramatically increase tree numbers in a wide range of locations and circumstances; not just creating new woodland, but planting many thousands of trees in hedgerows, along roadsides, in selected catchments and on riversides, in school grounds, close to communities and in towns.	Plant 500,000 Trees
Continue to make the case for sustainable management of woodland, pressing for appropriate care of ancient and native woods; and carry on raising the problems of key threats such as tree disease and deer browsing.	4,000 hectares of woodland in restoration
Continue to identify major threats to ancient woodland and escalate these to campaign level, establishing mass public support for their protection and utilising threats to push for improved protection.	Engaged in fighting for 80% of all ancient woodland cases

A BIGGER ESTATE



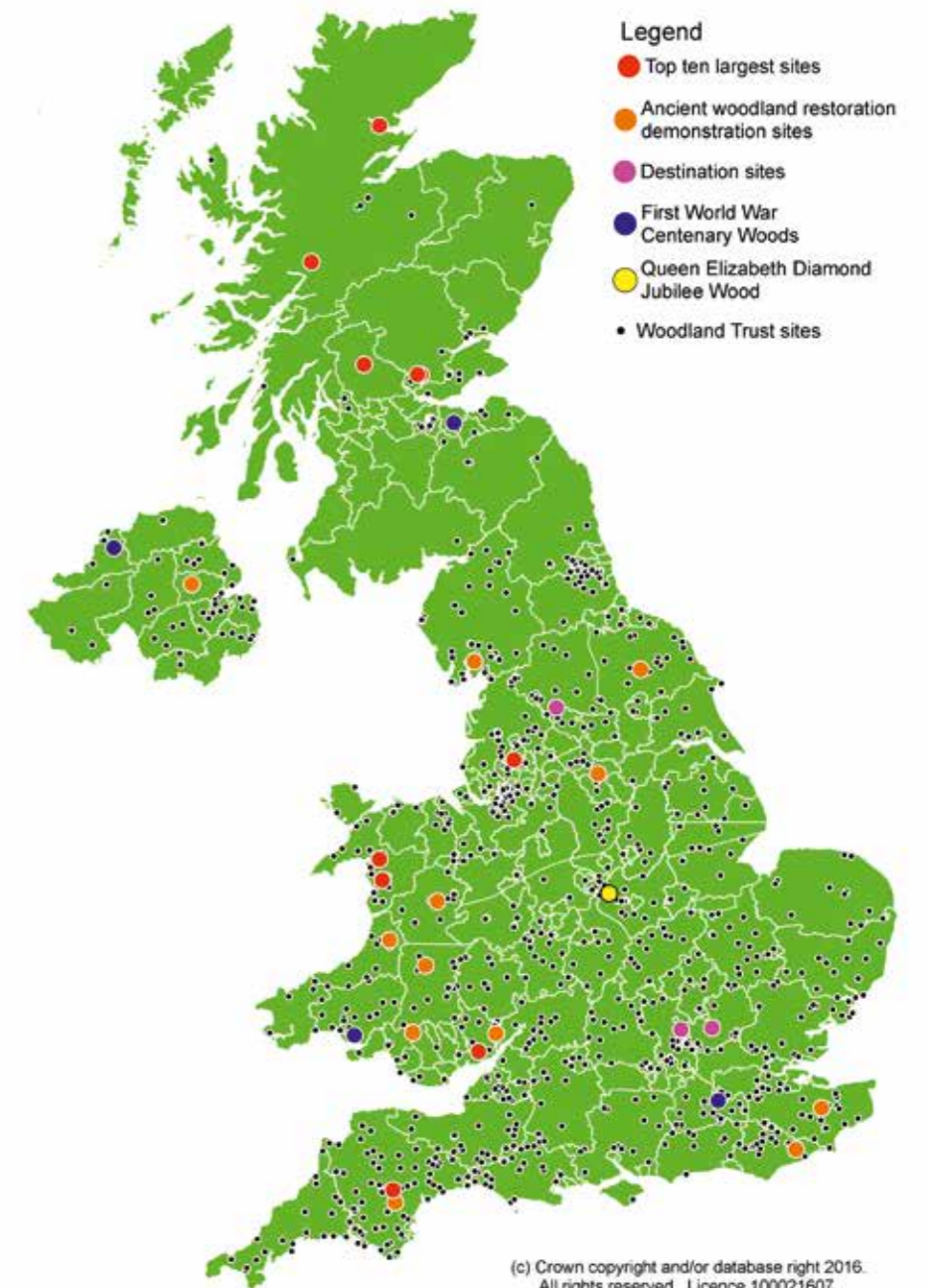
PHIL FORMBY/WTML
QUEEN ELIZABETH DIAMOND JUBILEE WOOD, LEICESTERSHIRE

Our estate has been built up over 40 years. It has evolved from the early priority of saving small woodlands in the South West from clearance, to taking on urban woodlands as part of developers' gifts; acquiring urban green space and woods as part of new town developments; creating new woods as part of community forests as well as our 250 new millennium community woods; through to larger-scale restoration and creation projects.

We now care for over 1,000 woods across the UK, covering more than 25,000 hectares. Over half of these are less than four hectares in size; woods for local people. Throughout our woods, access is free and encouraged. It's an estate like no other.

The Woodland Trust focuses on making a difference - taking damaged habitats, such as planted ancient woodlands, and restoring them or creating new woods on bare land. It is as much about the local people as the habitat.

The estate cost £82.1 million to acquire, and comprises:



	Hectares	Value
250 top sites	16,290	£38.8m
Other local woodland	5,945	£16.7m
Ancient woodland restoration sites	2,300	£9.1m
Destination sites	449	£7.6m
First World War Centenary Woods	330	£5.7m
Queen Elizabeth Diamond Jubilee Wood	186	£4.2m

What is this initiative?

To increase the woodland we manage ourselves to make wooded landscapes more resilient to external pressures and provide more engagement opportunities with visitors, building understanding of our vital cause.

Why do it?

Our estate represents our aspirations and vision for the UK's woods and trees. Its structure and make up are a reflection of the Trust's history, having constantly flexed and changed in response to the changing needs and strategies of the organisation. It provides us with an opportunity to deliver conservation on the ground and engage with people; allows us to show what we feel is important; offers stronger protection; provides credibility for our influencing work; and is a principal reason why people support us.

What did we say we would do?

We said we wanted to increase the woodland we manage ourselves in order to make it more resilient to external pressures, while protecting it and providing more engagement opportunities for visitors. We expect the estate to grow by an average of 700 hectares per annum over the next ten years, although due to the uncertainty surrounding availability of land, we will work to a three-year target of 2,000 hectares.

We will improve the visitor experience at our woods, focusing our efforts on our 250 top sites and laying the groundwork for 10 larger 'destination sites'. Destination sites will be supported by their own dedicated volunteers and provide a unique, natural woodland experience. The first three will be Heartwood Forest and Tring Park, both in Hertfordshire, and Skipton Castle Woods in north Yorkshire; and by the start of 2017 we aim to have one site independently accredited as a quality visitor attraction. By eventually having all of our 10 destination sites accredited as visitor attractions under an independent scheme such as Visit England, which will hold us to account, we will have the impetus to continually improve our visitor experience.

What impact did we make?

Thirteen sites covering nearly 1,400 hectares of woodland and costing £4.1 million were added to the Trust's estate in 2016, double our average annual target of 700 hectares. Of these, 1,200 hectares were ancient woodland, ranging from a 22-hectare gift in Wales to 1,000 hectares at Loch Arkaig - one of our most significant purchases in Scotland.

Extensions to existing sites

Half of the sites purchased in 2016 were to extend existing properties, such as the 52-hectare extension at The Queen Elizabeth Diamond Jubilee Wood in the National Forest, Leicestershire, which increased the site to 238 hectares. The £1.3 million purchase price was supplemented by a £0.6 million award from the National Forest Company to help promote native woodland habitat in the National Forest. In the last 12 months alone, this site has seen the completion of a large art feature in the form of a sundial, a new Welcome Hub interpretation panel and landscaping, and has hosted a film festival event down by the lake.

Another important extension was 25 hectares of land costing £0.7 million which lay adjacent to Tring Park in Hertfordshire. Not only will the land extend this very popular site, but it will help improve access, link to and buffer Stubbings Wood - the site's ancient woodland which runs along the western boundary - and create a valuable wildlife corridor into the wider countryside.

Other valuable extensions include one at the new First World War Centenary Wood site in Northern Ireland's Faughan Valley, and another at Upper and Lower Holme Wood in Yorkshire, where a final piece of land allowed us to join up and improve public access.

New sites

New acquisitions included Longbeech Wood, 104 hectares of ancient woodland in Kent which cost £0.8 million; and Loch Arkaig, a precious ancient Caledonian pine forest in Scotland costing £0.6 million. Longbeech Wood contains a mix of broadleaved trees, including oak and sweet chestnut, and non-native conifers, such as larch and Douglas fir. As we slowly transform the site, the wood will demonstrate the way our woodland management can reap huge benefits for both wildlife and local communities without compromising commercial ambitions.

The purchase of Loch Arkaig was through a partnership between the Woodland Trust and Arkaig Community Forest - a small group of local residents who share our ambitious plans to restore the 1,000-hectare forest and stimulate sustainable economic activity around it. The pinewoods are magnificent and the wildlife outstanding, with nesting sea eagles and ospreys, golden eagles, otters and red squirrels. Over the next 20+ years we will gradually restore the site which has been degraded by historic felling, over-grazing and planting with non-native conifers. There is a 360-degree tour of the site on our website: woodlandtrust.org.uk

Improved visitor experience

As well as acquiring woodland, we started the groundwork to deliver an improved visitor experience at our top 250 sites, with better signage and infrastructure to help grow everyone's understanding of the value of woods and trees. We are now in a better position to roll out the improvements from 2017 with the help of more volunteers. During the year we expanded our regional teams to enable us to run an inclusive programme of events at key sites throughout the UK. This included community tree planting days, woodland walks with our knowledgeable site teams, lantern evenings, picnics, craft workshops, sculpture trails and many more activities designed to encourage people to get out and enjoy woodland.

As part of the visitor welcome programme, Tring Park came alive with lights in October at the Tring Park Festival of Light event, attracting 900 people and raising valuable funds. Armed with their colourful lights and torches, families followed a lantern trail around the park where they came across our very own Tring Park 'Hollywood' sign and large animal lanterns made by a local artist and local cub and scout groups. In July we held our Tring Park Family Festival which attracted over 2,000 visitors. The activities ranged from willow weaving, woodland art and bug hotels for the children to a bake-off competition for all ages and a Tring Brewery bar and brass band.



Of our three identified destination sites (there are seven more to come) Heartwood Forest has already been accredited as a Visit England Quality Assured Visitor Attraction. This was part of our initiative to develop destination sites with a defined Woodland Trust 'look and feel', an improved visitor experience, enhanced online presence and greater engagement opportunities.

Heartwood Forest is a vast, beautiful, new forest which is already a great place to visit and once completed, will offer some further features. With 550,000 trees already planted (and thousands more to come), pockets of ancient woodland, new wildflower meadows, a community orchard, arboretum and fantastic wildlife, it thoroughly deserves its new accreditation.

For more information about our estate and sites in your area, visit: woodlandtrust.org.uk

Our plans for 2017

What we will do	2017 Target
Continue to acquire sites that are under threat or where we feel we can add value through restoration and woodland creation.	700 hectares per annum
On our own sites we will continue the constant task of improving them for both wildlife and people. To do this we will have 10 destination sites accredited as a Quality Assured Visitor Attraction.	1 site per annum

A BIGGER VOICE

What is this initiative?

We want to develop and implement mass engagement campaigns using all forms of media in order to raise the profile of the Woodland Trust, our charitable cause and the activity we undertake.

We are also creating a compelling new Woodland Charter, inspired by the original 1217 'Charter of the Forest', which will articulate clearly the relationship between modern society and trees and woods.

Why do it?

The threats to woods and trees have never been greater and the need for wider support has never been more important. While there is a general feeling that trees are 'a good thing', there is not a wide understanding of their importance or value and the impact of the threats they currently face. By raising awareness of trees in all their forms – urban street trees through to ancient woodland – and extolling their value, we are more likely to motivate people to stand up for trees, care for them and increase their number.

What did we say we would do?

We said we would develop and implement mass engagement campaigns that run across all our activity – from website, social media, and on-and-off estate events through to media partnerships.

We also said we would review our digital tools to provide an improved digital presence across all forms of social media, with more engaging content to improve the way we tell the Woodland Trust story.

We said we would rouse the nation by rallying a million voices behind our ambitious new Charter for Trees, Woods and People, rekindling people's passion for the natural world and advancing the cause of trees and our relationship with them. We would gather influential organisations to back the cause, and we planned to form scores of 'charter branches' in cities, towns and villages nationwide, to plant, protect and celebrate trees and woods in their own neighbourhoods. The work will culminate in 2017, the 800th anniversary of the historic Charter of the Forest.



Charter
for Trees, Woods
and People

The last time there was a comprehensive statement of people's rights and responsibilities in relation to our forests in England was in 1217 when the Charter of the Forest, a chapter of the Magna Carta, set out the rights of Free Men in England to enter Royal Forest areas and use them for essential activities and resources, such as grazing for livestock and wood fuel. The Charter of the Forest could be described as the UK's first piece of environmental law.

The commoners' rights enshrined in the charter still live on in historic forest areas such as The New Forest and Forest of Dean, but in the main such rights no longer exist. Woodland cover in the UK has been so eroded over the centuries that we no longer have the same direct connection with woods and trees we once had.

Today we need a new charter, inspired by the first, relevant to the needs and lifestyles of people in 21st-century UK, and focused on forests in the modern

sense of the word. Our trees, woods and forests provide so many services to modern society, including timber and fuel, clean air and water, places in which to play and connect with nature, that we want to articulate that modern-day relationship and build recognition for it within society.

The new charter will set out how people and trees should be able to benefit each other. The guidelines and principles it contains will be applicable to policy, business practice and individual action. Each principle will address a different theme, reflecting the different ways that trees improve life for people. Principles will include nature, woodland management, forestry livelihoods, ancient woodland and trees, accessibility and cultural relevance among other still emerging themes. The subject of these principles will be defined by the tens of thousands of stories and contributions gathered from people across the UK showing how trees are an important part of their lives.

What impact did we make?

The call for a new Charter for Trees, Woods and People was revealed to the public in January 2016 under the shadow of the London Eye. Over 300 people went on to create 120 (and still growing) charter branches across the UK, and we now have the backup of 65 organisations. We have built strong links with different communities via workshops, engagement activities and consultations to ensure their voice is heard as part of the charter's launch in 2017. Various partners have been submitting information and insight on the importance of trees and woods, and we currently have over 50,000 individual declarations to guide us in forming the new charter.

We spent time looking at our brand identity and how we communicate with all our audiences – supporters, landowners and influencers - and created a brand that better reflects our work. Our communications will be simpler and more clearly articulate our ambitions for woods and trees.

We ran three awareness-raising campaigns across the year, engaging with over 100,000 new supporters. The campaigns were linked to our strategy and priorities for the Trust and were aimed at creating a greater understanding of what we do and the threats to woods and trees.

- In spring we asked the nation to put native bluebells on the map. The Big Bluebell Watch was a 'toe dipping' nature-recording activity asking people to spot and record when and where they had seen bluebells. We also launched our first digital application (app) for mobile phones, featuring two fairies - Blue and Belle. The app gave families a range of activities to help save the fairies from



being trampled on by Foot the Giant, while exploring a Nature Detectives Family Trail in 25 selected woods across the UK. By asking people to identify and record woods with bluebells, we were able to monitor potential threats and establish where our native bluebells still thrive.

- In the summer we launched our 'tree party' packs for families to use over the summer holidays. The packs were a fun way to learn more about nature while enjoying the outdoors in the company of trees, away from televisions and computer screens. We received over 50,000 requests for the packs, allowing us to engage with people across the UK about the importance of woods and trees.
- In the autumn we launched our ambitious '64 million trees' campaign, highlighting the poor national tree planting statistics and encouraging people to grow and plant their own trees.

Our brand activity has been supported by extensive press and media coverage throughout the year, a high point being the commissioning by Channel 4 of a one-hour Tree of the Year programme in December, hosted by Ardal O'Hanlon, comedian and outdoor enthusiast. The documentary explored the country's most remarkable trees, their history and heritage, then revealed the winners, which were:

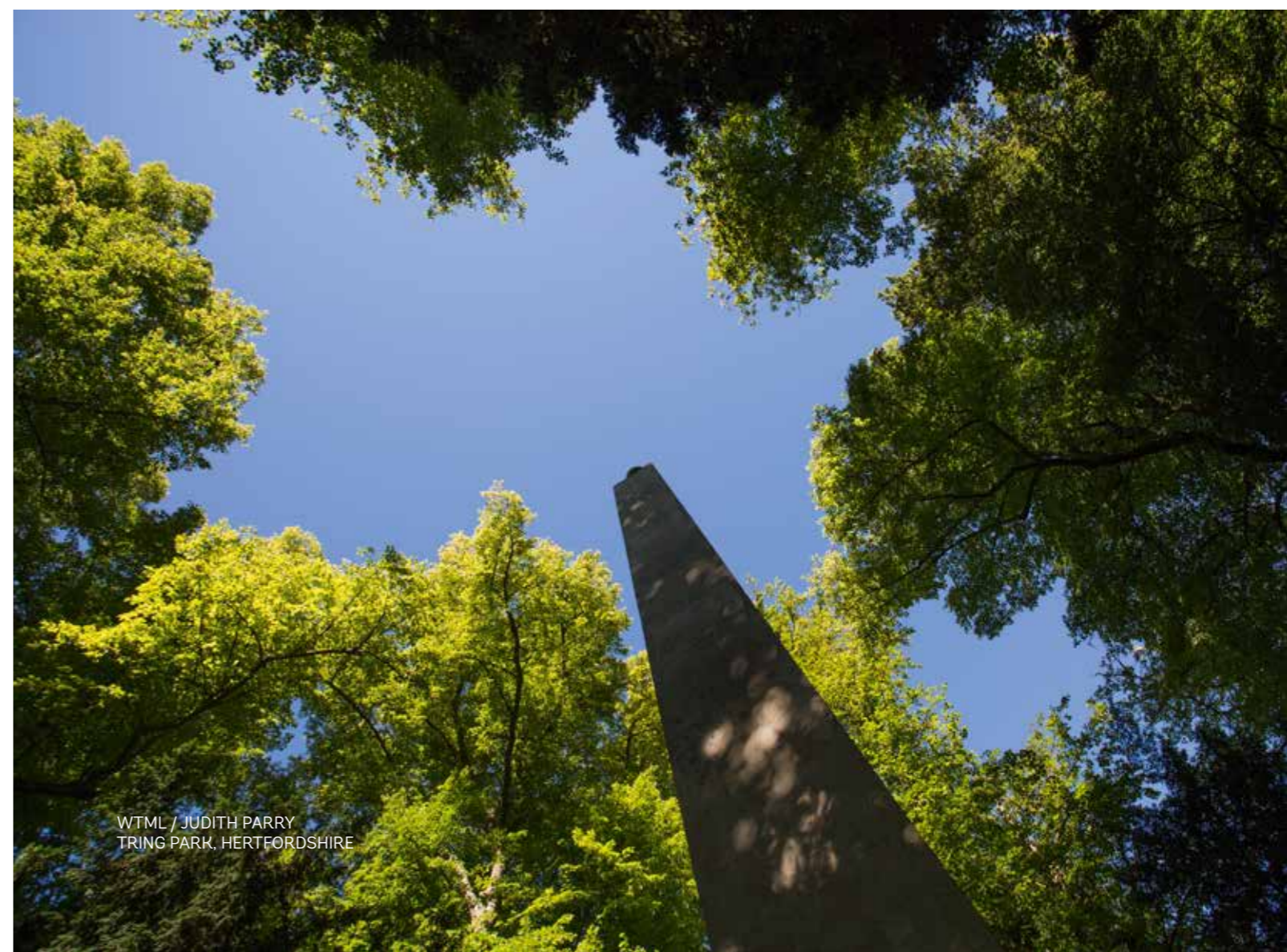
- England - The Sycamore Gap tree
- Scotland - The Ding Dong tree
- Wales - The Brimmon Oak
- Northern Ireland - Holm Oak

Each of the four winning trees will benefit from a care grant to help prolong their life, create interpretation and hold a celebratory event.

We have started to develop our website and digital applications as part of an ongoing process to improve our digital presence and make it more user-friendly and dynamic. This has included the introduction of more videos and 360-degree photography, as well as the development of the British Trees app which has received excellent reviews. This free tree ID app for Android and iPhones helps to identify the UK's native and non-native trees by their bark, twigs, buds, leaves, flowers or fruit, and it has already achieved over 60,000 downloads. Native trees are a fundamental part of what the Woodland Trust is about, and identifying British trees is a primary reason why people visit the website. The development of the app not only meets a need, it also helps us engage with app users and encourages them to connect with us to find out more about the Trust's work and how they can help.

Our plans for 2017

What we will do	2017 Target
Continue towards our aim to plant a tree for all, equating to:	3,400,000 trees planted
Build our brand through co-ordinated planning and activity and integrate it across the whole of our communications activity in order to increase awareness of the Woodland Trust and its ambitions for woods and trees.	800,000 engagement opportunities for supporters



WTML / JUDITH PARRY
TRING PARK, HERTFORDSHIRE

People and resources

What did we say we would do?

In order to become a more powerful voice for woods and trees, we will grow our supporter numbers, increase our staff and volunteers, grow our money and resources and ensure our internal systems are fit for purpose.

What impact did we make?

Becoming one team

In 2016, our volunteers donated 218,000 hours of work (2015: 260,000 hours), with an estimated value of £2.1 million (2015: £2.2 million) – a substantial contribution for which we are enormously grateful. The value of volunteer time fluctuates year-on-year due to the type of work volunteers are undertaking. Volunteers provide a wide variety of business and practical skills for our work and they enable us to maximise our resources. There are many ways to get involved with the Trust's work, with 13 volunteer networks across the UK including Observatree, Photographers, Woodland Creation, Threat Detectors and Talking Trees Speakers. Current opportunities are listed on our website:

woodlandtrust.org.uk

We launched the Community Woodland Network, in partnership with Nationwide. This initiative supports communities who want to own, manage and reconnect with local woods. The scheme enables like-minded people to create homes for wildlife and benefit from the many resources our trees offer us, such as places to relax in and a ready supply of wood fuel. So far, we have helped 25 community groups to secure funding for their local woods.

Growing our connections

2016 continued to see growth of our membership base. The Trust now has over 238,000 members, including 57,000 family members. Face-to-face recruitment through our external supplier remains our strongest success for growing membership, not just in terms of the number of members recruited, but also the positive way the public responds to the recruiters' approach and professionalism. Mystery shopping research has reinforced this, with outstanding results across all our face-to-face recruiter teams.

To build on this successful channel, we have introduced our own Membership Development Officer team, increasing our flexibility and resource to grow membership and provide an opportunity for the public to find out more about our

work. 2016 also saw the launch of the Woodland Trust's first promotional recruitment trailers; providing us with 'pop up' venues in our woods and other external locations to promote our work. Our partners, Sainsbury's and Ikea, have been delighted by the trailers and have offered to host our teams in their carparks over 2017.

We continued to generate support and engage more people in our First World War Centenary Woods project with help from our partners, including lead partner Sainsbury's. The project patron, HRH The Princess Royal, attended several events during 2016, including an evening function at the Imperial War Museum. Our project was recognised by Remember World War One and awarded a National Project Award for our work with volunteers.

On the eve of 11 November, well known football faces joined us at the launch of our new First World War football partnership - For Club and Country - in partnership with the National Football Museum. Nottingham Forest's European Cup winner John McGovern, and Aston Villa legend Ian Taylor, were among those present to kick-start an initiative which we hope will capture the hearts and imagination of the public, inspiring them to pay tribute to their local football heroes by donating funds to plant trees and joining our Roll of Honour.



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PERTH AND KINROSS



Our plans for 2017

What we will do	2017 Target
Aim to tailor our communications to the needs of our supporters in order to provide great customer service.	270,000 supporters who support the Trust financially
Grow our in-house membership development team so that we can reach out and inspire more people to join our cause. We will also test new innovative approaches to raising income to enable us to fund our future ambitions for trees and woods.	Total income £43m

Ethical fundraising – our promise

Delivering our vision of a UK rich in native woods and trees for people and wildlife is only possible because of the generosity and enthusiasm of our supporters and members. Our promise to them is to fundraise and communicate in an honest and transparent way. We aim to ensure that everyone who chooses to offer their support - whether by making a donation or by giving their time to take part in events, online actions or to share our message - has a positive and rewarding experience with us and understands that their support is very much valued.

In order for us to raise the vital funds needed to protect, restore and create woodlands, fundraising is carried out by our staff and with help from professional fundraisers and commercial partners. In all cases we have contractual arrangements in place with these fundraising partners to set the standards and obligations that must be met when fundraising on behalf of the Woodland Trust.

We work closely with these partners to maintain the high standards that we, and the public, expect. This means ensuring that professional fundraisers receive the highest standard of training, and that practices and policies are in place and closely adhered to; particularly where people in vulnerable circumstances are concerned.

We regularly monitor the quality of outbound telephone marketing calls and conduct mystery shopping with our face-to-face fundraisers. We seek feedback from new members to understand their experience of joining us, which helps us to identify any areas where we can make further improvements.

In 2016 we conducted a review to assess the adequacy of the design and implementation of our promise to supporters. We also assessed at a high level how key elements of the promise are being complied with by the organisation. A small number of recommendations were made and we will implement these during 2017.



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

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



We will be respectful

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



We will protect your data

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



We will be accountable

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



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

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

The Woodland Trust is a member of the Institute of Fundraising and the Direct Marketing Association, and complies with the Fundraising Regulator. Alongside our high standards, we follow their codes of practice to ensure that our fundraising meets the highest standards and supporters have the best possible experience.

The Woodland Trust complies with the Data Protection Act and the Information Commissioners' guides and codes.

While we endeavour to provide an exemplary service, we don't always get it right. Last year we received 5,132 (0.02%) items of feedback from an audience of over 30 million made up of supporters and the general public. We use the 4 'c' mechanisms to categorise feedback: complaints 1,731, criticisms 279, comments 2,845 and compliments 277. Of these, we responded to 84% at the first point of contact and in most cases the remaining 16% within 10 days.

Workplace culture

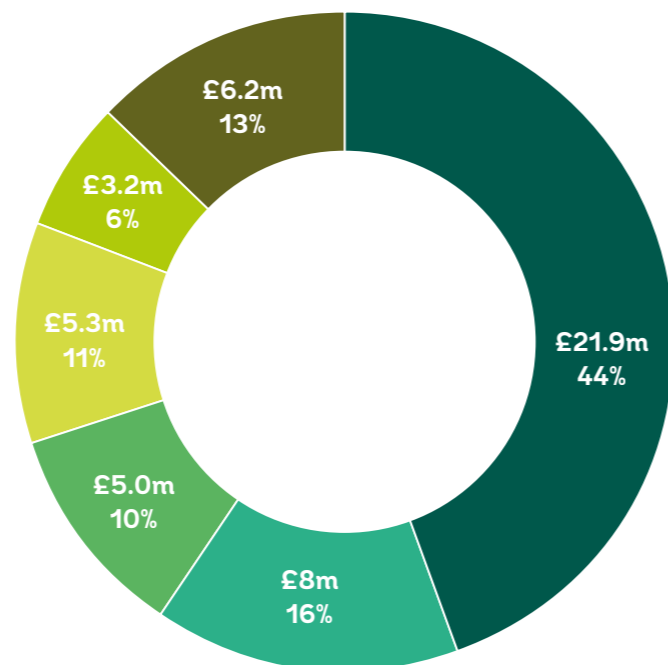
The Woodland Trust has an open culture. We are clear about what is expected and how people should carry out their work. We articulate this through our 'how we need to be' approach and the setting of clear work objectives.

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

The Trust has a Staff Representation Group comprising elected representatives. Regular meetings ensure a two-way communication channel between staff and management on topics from strategy to pay and conditions. We also have a comprehensive communication cascade process using team briefings and Trust-wide daily and monthly updates via our intranet.

In 2016, we continued to invest in our staff to build better collaboration, communication and leadership skills in the organisation.

- membership subscriptions
- donations through appeals
- purchasing products
- lottery income
- legacies.



- Legacies
- Membership
- Public donations
- Companies, trusts and landfill tax
- Grants
- Other income

Gifts left in people's wills are vital to the ongoing success of the Woodland Trust and are not only valuable in terms of financial support, but also strongly demonstrate that supporters want to invest in woods and trees for the benefit of future generations. Legacy income made up 44% of our total income in 2016, but the unpredictable nature and variance in size can lead to swings in income. This year is a good example, as a very generous legacy from a long-standing supporter who was passionate about woodland gave a large boost to our 2016 income. This legacy is the largest in the Trust's history and has been designated for the development of our concept of a Northern Forest; support for our site at Smithills in Bolton; ancient woodland restoration, including a research post; and funds to springboard our treescapes activity.

Financial review

Where our income came from

Given the difficulties that charities have faced this year, with other charities looking for more voluntary income following reduced government funding and negative press coverage of charities generally, the Woodland Trust was fortunate to see income rise strongly from £37.5 million to £49.6 million (a 32% increase). This increase was mainly due to a £9.1 million legacy we received and the additional £2.3 million income from the People's Postcode Lottery. Growth in other sources of income was much lower at 8.6% and reflects the difficulties that charities are facing in income generation.

Income for 2016:

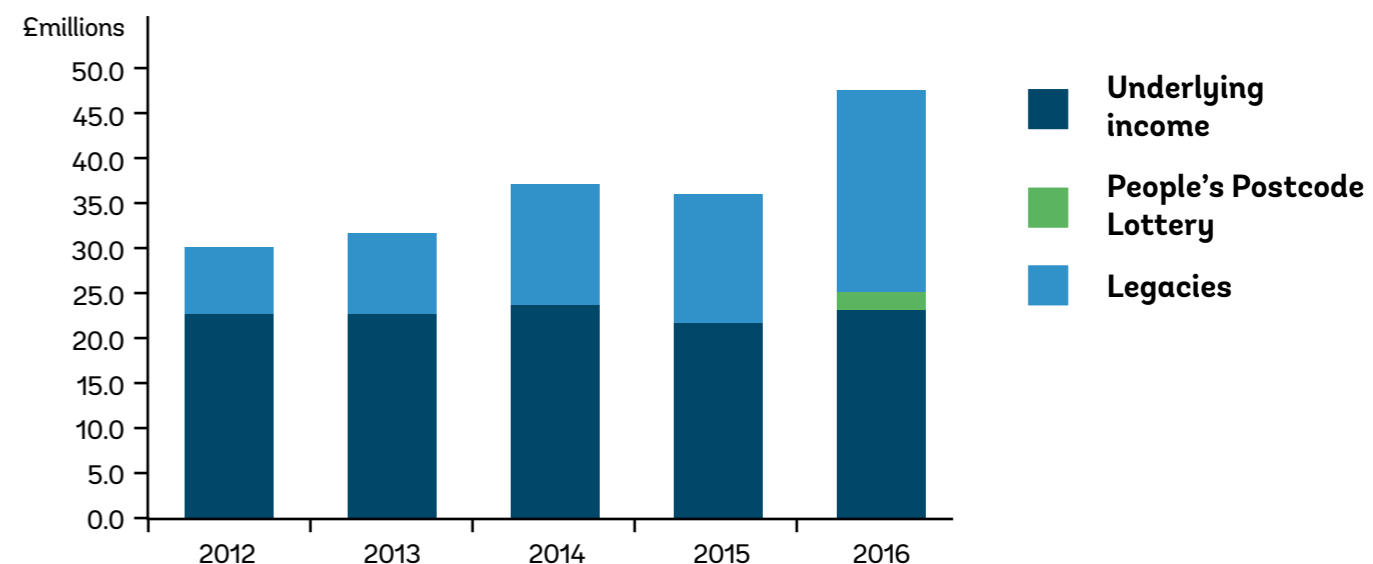
In 2016 we had more than 250,000 individual supporters who contributed 71% of the total available to spend on our vision of a UK rich in native woods and trees, for people and wildlife. We are enormously grateful. The range of financial support includes:

We were also delighted and very excited to be the beneficiary of four draws in July's People's Postcode Lottery, generating income of £2.3 million thanks to the lottery's players. We will be using the funds to connect people with trees through schools and in urban areas as well as providing key financial support for the restoration of our site at Loch Arkaig in Scotland.

We are also fortunate to have some great corporate partners who contributed £2.6 million of income, including Sainsbury's, Hammonds, Ikea, Premier Paper

and many more. We would like to thank all our supporters for their generous contributions. Without your support we would not be able to achieve our ambitious plans for the protection of woods and trees across the UK.

The graph below demonstrates the trend of traditional underlying sources of income and the effect of legacies and exceptional income over the past five years. Our surplus in 2016 is generated by this exceptional income and we are not expecting to generate income levels like this in 2017.



How we spent our money

Spending to achieve our aims

Our commitment is to protect, restore and create woodland, and 81p in every pound donated was spent on delivering these aims in 2016. Our charitable expenditure percentage fluctuates year-on-year, depending on the level of expenditure on the acquisition of woods and land. In 2015 it was 79p in the pound.

As our investment in fundraising starts to pay greater dividends and we implement our 10-year plan to create a more resilient landscape, increase the size of our woodland estate and provide more engagement opportunities for visitors, we expect our charitable expenditure will increase. But this will always be supported by an appropriate level of investment in good governance. As we deliver our 10-year plan, we anticipate our charitable expenditure will fluctuate between 75-85% and we feel this will enable us to deliver the best, future service for our precious trees and woodland.

Spending to generate funds

In order to deliver our vision, we have taken the decision to

invest in fundraising, both to retain our existing supporters and to inspire new people to join us. This will help generate the support and the income to fund our ambitious plans over the next decade. We also need to ensure that we have the right resources, systems and governance in place so that we operate an effective organisation with the ability to step up and meet the challenges that our trees and woods are facing. To this end, we spent £7.4 million on raising funds and support in 2016.

Included within raising funds is the cost of recruiting new donors, whether by our own staff and professional recruiters, or through corporate partners. It also includes the development of new and exciting ways for supporters to engage with the Trust, such as the new-look tree dedications we offer.

Also included in these costs is the fulfilment of supporters' generous donations and membership subscriptions. We continued to invest in the provision of good administration to aid the efficient running of the charity's fundraising in vital back-office support, including finance, human resources, information technology and facilities.

The table below shows where we have spent our money in delivering our aims.

	Revenue Expenditure	Capital Expenditure	
Total revenue expenditure in 2016 was £38.6m (2015: £32.8m)	£8.2m 21% (2015: £6.4m)	£0.7m 18% (2015: £2.3m)	Protecting ancient woodland Includes costs associated with: <ul style="list-style-type: none"> • Removal of invasive plant species • Tree safety • Ecological surveys and assessments • Lobbying and influencing
			Restoration of native and ancient woodland and other natural habitats Includes costs associated with: <ul style="list-style-type: none"> • Site clearance for natural regeneration • Timber extraction • Access for visitors and maintenance • Working with other landowners
	£11.9m 31% (2015: £9.4m)	£1.4m 34% (2015: £0.0m)	Planting millions of native trees on a national scale Includes costs associated with: <ul style="list-style-type: none"> • Preparing sites for planting • Events to engage communities in planting • Trees and seed supply • Tree protection and fencing
			Generating funds for future ambitions Includes costs associated with: <ul style="list-style-type: none"> • Direct mail appeals • Corporate partnerships • Major donor events • Membership engagement
Total capital expenditure in 2016 was £4.1m (2015: £2.9m)			

Total expenditure
£42.7m
 (2015: £35.7m)

At £42.7m, the total expenditure including acquisitions is £7.0 million - higher than 2015 (16%). The increase is within our charitable spend and acquisition of woods and land.

The acquisition of land to either create or restore woodland at scale costs millions of pounds and there is a lot of competition to acquire it for uses other than restoration. This means that sometimes there is only a short period of time in which to raise the funds required.

To secure land or woodland we operate a number of different approaches:

- Where possible we will negotiate an option to buy the land, providing us with the time needed to raise the funds.
- Sometimes we work with partners who will buy the site on our behalf and give us time to raise the funds to pay them back.

- We will continue with our Purchase, Plant, and Pass-on mechanism. This is a great way of achieving our aims without committing funds long term. We have £2.0 million which is used to purchase and plant land and then sell the woodland with appropriate protection, after which we top-up the fund with the sales proceeds and buy more land. This ensures we create more and more woodland with the same money.
- We will buy sites with our own funds through a facility called the Strategic Investment Fund which holds money for acquisitions and guarantees (underwrites) our payment for any land we wish to purchase. Our strategy is to always hold at least £2.5 million for such acquisitions.



WTPL / ROBIN CORMACK
 WEST LOTHIAN



Net income

We made a surplus this year before acquisitions of woods and land of £11.0 million, of which £4.1 million was then spent on acquisitions, leaving a surplus of £6.9 million. This surplus and those made in future years will fund the 10-year plan, which began delivery in 2016 when we started to invest in a range of developments to bring it to life.

Reserves

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

The total funds held at the end of 2016 amounted to £149.9 million (2015: £137.2 million). Included within the funds are:

- £99.6 million of **restricted funds** (2015: £91.3 million) derived from legacies, donations and grants with specific conditions attached. We aim to comply with these conditions as effectively as possible so the funds can be used to maintain and develop our estate. **These restricted funds comprise £82.1 million of woodlands** as well as liquid funds of £17.5 million.

- £23.8 million of **designated funds** (2015: £19.0 million) set up to enable the initiatives within the strategic plan to be developed, including the acquisition of woods and land.
- £10.0 million of **permanent endowments** (2015: £9.3 million), funds given to the Trust with gifts of woods and land under terms that require the funds to be invested permanently to cover the future management of those woods and land.
- £16.5 million of **general reserves** (2015: £17.6 million) of which £0.7 million (2015: £0.7 million) are operating assets and £15.8 million (2015: £16.9 million) are free reserves.

Free reserves, as defined by the Charity Commission, are unrestricted reserves that are freely available to spend on charitable purposes. The Woodland Trust's reserves policy is to keep free reserves within a target range of £9 million and £38 million, representing just under three months and twelve months of budgeted expenditure, respectively.

Over the next three years, we expect to see our designated funds reduce from £23.8 million to £3 million. These funds have been generated over time, putting us in a strong position to deliver our increased level of commitment to create, protect and restore woods and trees, as described on page 3.

Investments

Total investments amount to £46.7 million of which £27.1 million is held in short-term, liquidity deposit funds. These represent general, designated and restricted funds and are held in banks or building societies that are authorised to carry out business in the UK.

In addition, £19.7 million are long-term funds which are held with two professional investment managers. Each investment portfolio has an objective of optimising total return, subject to an acceptable level of risk. Performance is monitored against a tailored benchmark as agreed with our investment managers.

Investments are reviewed constantly and return is benchmarked and monitored over the long term of the portfolios. In 2016 the following was achieved:

Investment Manager	Amount Managed	Total Return	Benchmark
Sarasin & Partners	£8.7 million	10.9%	16.6%
Cazenove Capital Management	£11.0 million	14.3%	16.7%

Both investment managers produced good absolute returns during the year and were ahead of the long-term CPI +4%, benchmark. However, the return relative to the index-based benchmark was behind. This was caused by stock selection within bonds, with property and alternative assets being positive, while equity selection delivered an underperformance.

During 2016, the Trust's investment portfolios, like those of many leading pension funds and charities, were comprised entirely of large managed funds with ethical policies and no shares directly held in individual companies. During 2016, we reviewed our policy to ensure that our investments do not conflict with our stated vision and mission. A full competitive tender for investment managers was conducted and as a result we have agreed to disinvest from pooled managed funds and hold portfolios where shares are directly held in individual companies. This ensures that the Woodland Trust has ultimate responsibility for identifying any specific stocks to be embargoed because they conflict with our objectives and ethical policy. In 2016, we decided that our investment portfolios would be held by Sarasin & Partners and Rathbones from April 2017.

Ethical investment policy

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

You can find a copy of our ethical investment policy on our website at woodlandtrust.org.uk

Remuneration policy

The Woodland Trust has great ambitions for the 10-year plan and we need to recruit high calibre people to represent our interests. We believe in rewarding

staff fairly for the jobs they do and fostering a positive working environment, so we set our salaries and employee terms and conditions to reflect this.

The Trust needs to recruit and retain skilled and expert staff in specific functions such as conservation, IT, digital and finance in a competitive market where skills are readily transferable to other organisations. The Trust is committed to retaining key staff for the long term, developing them and benefiting from their growing knowledge, especially as many staff have detailed knowledge that is valuable to the organisation. Our remuneration is set with this in mind.

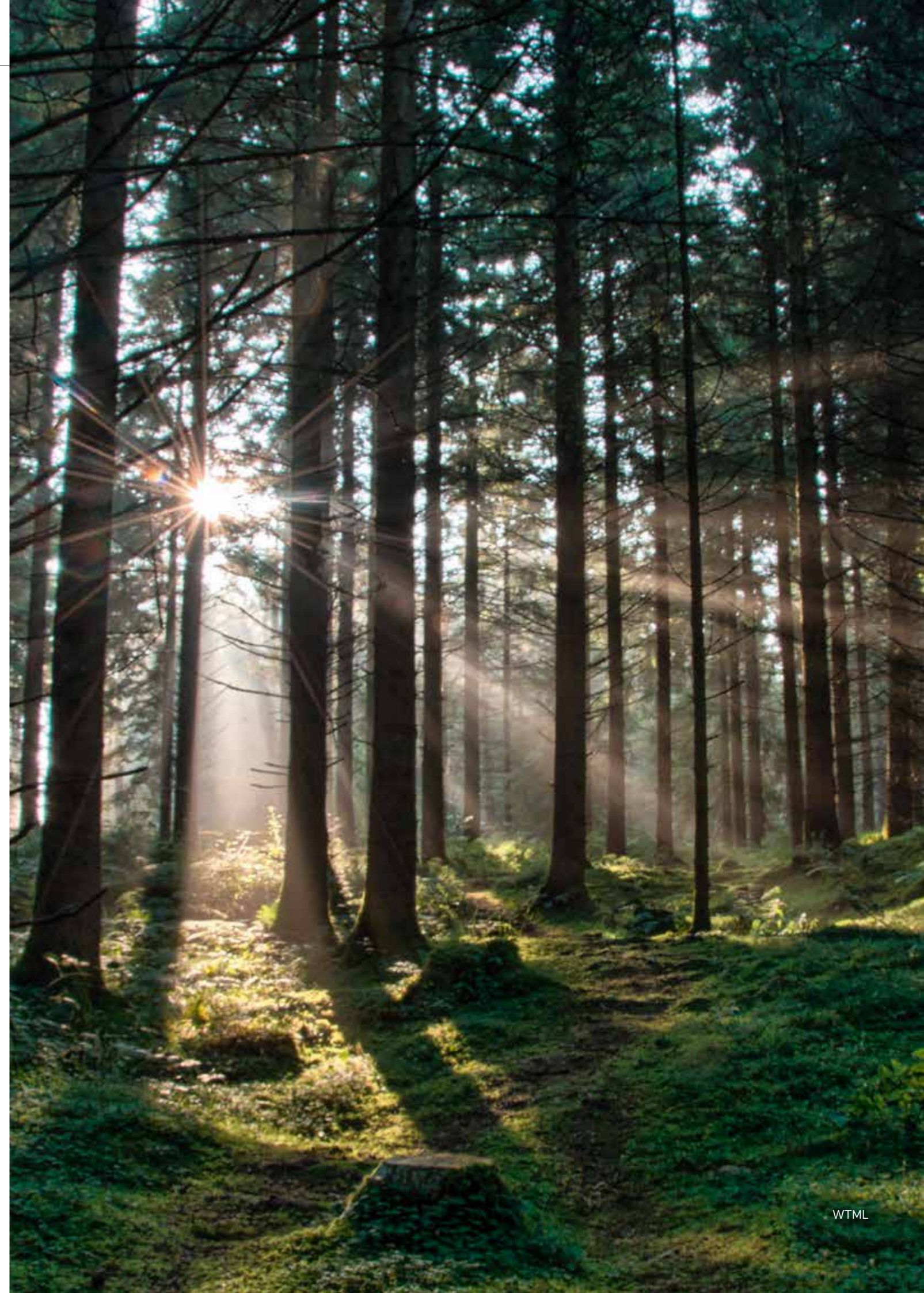
Supplier payment policy

For all trade creditors, it is the Trust's policy to agree the terms of payment at the start of business with that supplier, and ensure that suppliers are aware of the terms of payment and pay in accordance with their contractual and other legal obligations. The Woodland Trust has an excellent record of paying suppliers on time.

Risk management

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

The Woodland Trust views the management of risk as an integral element of its evaluation and decision-making processes. Identified risks are embedded in our strategic and operational management practices. The scheme of delegation, which is reviewed annually by the Board, sets out the delegated authority of the finance committee, the board affairs committee, the remuneration committee and the principal officers. The day-to-day management is delegated to the chief executive and the senior management team.



Major risks	Management of the risk
<p>Climate change and the combinations of local climatic events are increasingly likely to have an impact on landscape resilience, including woods and trees. This intensifies the impacts of other stressors, such as fragmentation, pollution, development, water abstraction, intensity of land use, and shifts in invasive and non-native species</p>	<ul style="list-style-type: none"> • Our work on resilient landscapes is designed to improve the capacity of trees, woods and associated habitats to cope with climate impacts • Promoting the use of a wider range of native species, improving age and structural diversity in woods, and using active woodland management to allow more scope for generational turnover and natural adaptation, are all being developed as part of our approach
<p>Experience of ash dieback and other tree diseases has highlighted the risks of inadvertently importing tree disease on planting stock. We need to be sure that both procurement and licensing activities do not drive unintended consequences, such as the import of tree disease or non-native invasive species.</p>	<ul style="list-style-type: none"> • Staff and volunteers monitor disease spread and react where possible. The Observatree partnership assists with the detection and monitoring of pests and diseases • Tree procurement policy is to use only UK-sourced and grown material • We have initiated a pilot project to promote tree planting in the wider countryside in the five counties most impacted by ash dieback to-date
<p>Loss of ancient trees and ancient and other valuable woodland where fragmentation of the landscape reduces the viability of remnant woodland areas. The loss of individual ancient trees leads to a loss of habitats for key species which cannot be compensated for by replanting.</p>	<ul style="list-style-type: none"> • Our raised profile through High Speed 2 and other campaigns such as Enough is Enough has increased public debate around ancient woodland protection • On-going high level talks with ministers and senior officials to repeatedly stress the importance of ancient woodland • Though the Trust deals with the most serious threats ourselves, we arm local communities with tools to deal with other threats in their area • Continued focus on the Government's commitment to the protection of ancient woodland in the Housing White Paper
<p>Increased competition for land, and the future of the public forest estate owned by the Forestry Commission remaining uncertain.</p>	<ul style="list-style-type: none"> • We proactively apply our land strategy to acquiring woods and land that fit our objectives • The Charter's ambition is to place trees at the centre of national decision making, and back at the heart of our lives and communities
<p>Circumstances that could impact on our reputation with our supporters.</p>	<ul style="list-style-type: none"> • Review and improve our fundraising approaches, including taking expert advice to keep up with the increasing volume of legislation • Current and relevant training of staff, volunteers and professional recruiters • Listen to our supporters through monitoring feedback and surveys • Implement findings from our Supporter Promise audit

Major risks (continued)	Management of the risk (continued)
<p>Events that could impact on reputation and operations, such as serious fraud, an information security breach, a cyber-attack or a significant health and safety incident.</p>	<ul style="list-style-type: none"> • Senior level engagement in policy setting and monitoring • Comprehensive training and awareness programmes for all staff and volunteers • Dedicated specialist resource in information security and health and safety
<p>Talented people may not be attracted, developed and retained in an increasingly competitive labour market.</p>	<ul style="list-style-type: none"> • Talent management and succession planning programmes • Regular reviews of resourcing processes • Regular benchmarking of compensation and benefits • Employee engagement survey and follow-up actions • Continue to improve internal communications • Publish an explanation of our whistle-blowing policy

Health and safety

The Board considers managing the health, safety and well-being of staff, volunteers, suppliers and visitors to our sites as a key priority. Our conservation and woodland management objectives are consistent with a robust approach to health and safety.

We try to avoid restrictions on access that might undermine people's enjoyment of woodland and our own aim of inspiring them to value this precious natural resource. We therefore take a pragmatic stance and expect visitors to take some responsibility – and reasonable measures – to ensure their own safety. To enable this, the Trust is an active member of the Visitor Safety in the Countryside Group and the Conservation Safety Network.

These relationships enable us to embed industry-wide good practice within our own safety management systems, have confidence that we are attaining parity with peer organisations and that the standards set by the Visitor Safety in the Countryside Group are being recognised by the Health and Safety Executive as an Approved Code of Practice. The Trust is also a member of the National Tree Safety Group which aims to develop industry-wide guidance on tree safety management. In 2017 the Woodland Trust will also be represented on a Forest Industry Safety Accord working group that will be aiming to set standards for the management of forestry work.

The Board is ultimately responsible for compliance with health and safety legislation. This is delegated to the

chief executive on an operational level, and overseen by the director of corporate services. The appointed person for safety at the Trust (as defined by the Management of HSAW Regulations 1999) is the Health, Safety and Environment Manager.

Our policy is to audit health and safety every three years. Since our last audit in 2014 there have been no major failings to report.

Developments in the Trust's approach to health and safety

Since 2015, a number of developments have been made in the Trust's approach to health and safety, including:

- full representation on the Visitor Safety in the Countryside Group and the Conservation Safety Network groups
- the development of the Trust's Health & Safety Management System
- the introduction of a revised staff training programme
- in-house technical support for safety
- many new sources of guidance
- a programme of Trust-wide advisory visits to help ensure standards
- the Trust's own developed online safety portal – an intuitive and easy-to-use website on which to access safety-related information.

The Trust has in place a safety strategy and a detailed plan that carries safety activity into 2018. Part of this plan will

include a peer review conducted in 2017 by an external safety professional on the Trust's approach to safety management.

During 2016, 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 of individual employees, as expressed in the Health and Safety at Work Act 1974.

Environmental performance

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

The Woodland Trust must comply with the Energy Saving Opportunity Scheme which is a mandatory energy assessment scheme administered by the Environment Agency. The assessment indicated that our scope one and two emissions amounted to 663 tonnes, equivalent to 2.0 tonnes per employee. This compares favourably with the external assessment which took place during 2014 where our scope one and two emissions amounted to 687 tonnes, equivalent to 2.3 tonnes per employee.

During 2016, the Trust moved to an energy supplier that offers 100% verified renewable power. The Trust has a Greening the Trust Group, which meets quarterly and is comprised of Trust employees. This group ensures that environmental performance remains a priority for the Woodland Trust.

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 document is its Memorandum and Articles of Association and these can be accessed via our website: woodlandtrust.org.uk.

The Trust has three wholly-owned trading subsidiaries: Woodland Trust (Enterprises) Limited (Company No 2296645); Woodland Trust Farming Limited (Company No 6360791); and Glen Finglas Farming Limited (Company No SC408716), which is dormant.

The principal activities of Woodland Trust (Enterprises) Limited are sponsorship and commercial promotions in support of the Woodland Trust, and lotteries and the sale of goods by mail order and internet orders. Woodland Trust Farming Limited undertakes farming on some sites owned by the Woodland Trust. All profits are donated to the Trust. A summary of our trading subsidiaries' results appears in note 18 on page 44.

Professional advisers

A list of the Trust's main professional advisers appears on page 70.

haysmacintyre have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the March 2017 Board meeting.

Structure of the Board

The trustees of the company, who are the charity's directors and members, form the Woodland Trust's Board, which is the organisation's ultimate governing body. The size of the Board will normally comprise 10-12 trustees. Trustees are required to retire after four years and may offer themselves up for re-appointment for one further period of four years.

A performance review is carried out after year one and year four. The normal term of office for the chair is four years. The maximum term of office for a trustee shall, in the case of the chair, be extended until the end of his or her term of office as chair. Barbara, Baroness Young of Old Scone, was appointed a trustee and director on 11 January 2016 as chair designate and became chair on 9 June 2016.

Trustees are recruited to provide the skills and experience required to govern the Trust. To ensure we attract suitably skilled candidates, vacancies are advertised as appropriate and short-listed applicants undergo a selection process. Recommendations for appointment are made by a selection panel appointed by the chair and ratified by the Board.

Once appointed, each trustee is provided with an induction programme and training as appropriate. Trustees are regularly provided with internal and external information relevant to the Trust's governance and make visits to our properties and woods.

The trustees are:

Barbara, Baroness Young of Old Scone (incoming Chair)

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

Humphrey Battcock

Humphrey was a managing partner at Advent International, one of the world's largest and most global private equity firms. He has worked in private equity for 30 years, during which time he has served on the boards of 23 companies in a variety of industries. He also serves on the Cambridge Campaign Board, is a trustee of the Institute for Research in Schools, and lectures at Oxford Business School.

Sally Benthall (appointed 24/03/2017)

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

Jonathan Drori, CBE (retired 24/03/2017)

A former BBC executive producer of science television, Jon was also editorial director of BBC Online and chairman of the UK Parliament's Advisory Council on Public Engagement. He is a visiting industrial professor at Bristol University, specialising in misconceptions in science.

Michael Greenwood

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

Anne Lambert, CMG

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

Patrick Macdonald

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

Elliott Mannis (retired 24/03/2017)

Elliott is the chief executive of London Bridge Capital Infrastructure, an independent corporate finance advisory firm. He was formerly CEO at D1 Oils and group finance director for AWG, having previously worked at Aegis Group and Price Waterhouse. He is also chairman of Permastore Group Limited and an independent non-executive director of Amarenco Investments France Limited.

Jeremy Marshall (retired 24/03/2017)

Jeremy was CEO of C Hoare and Co, the UK's oldest private bank. Previously, he spent over 20 years with Credit Suisse in Switzerland, the US and UK, holding a wide variety of roles in senior management and strategic planning.

Timothy Rollinson, CBE

Tim was director general of the Forestry Commission. After training as an ecologist he spent his career in forestry and woodland management. He commissioned a major study on forestry and climate change and has a special interest in restoring forest cover around the world.

Julia Smithies (appointed 24/03/2017)

Julia is a chartered accountant and retired from PwC after 33 years where she led various parts of the tax practice, and held senior strategic and governance roles. Julia is also a member of the Advisory Board for the International Opera Awards.

Richard Sykes

Richard is a fellow of the Institute of Chartered Accountants and a recently retired partner of PwC where he led the governance, risk and compliance facing initiatives. He is currently chairman of Brand Finance and a non-executive director of Buro Happold as well as a board member of the England Hockey Board and Middlesex County Cricket Club.

Nicola Nicholls, LVO, (outgoing Chair) (retired 8/06/2016)

Nicola has worked in private equity for 18 years with city firm Charterhouse Capital Partners, and was chair of office furniture recycler, Green Works, a member of the advisory board of Cambridge's Judge Business School and a director of privately owned BPP University. She is currently a director of international consulting engineers Buro Happold.

Trustees are selected based on the skills they bring to the organisation, either through their distinguished careers or from their network of associates. The matrix below demonstrates the principal skills that each trustee offers the Trust.

Trustee	Environmental	Finance & Business	Media & Communications	Government Affairs	Governance, risk and legal
Barbara, Baroness Young of Old Scone	✓	✓	✓	✓	
Humphrey Battcock		✓			✓
Michael Greenwood	✓		✓		
Anne Lambert, CMG	✓	✓		✓	✓
Patrick Macdonald		✓			
Timothy Rollinson, CBE	✓			✓	
Richard Sykes		✓			✓
Sally Benthall	✓				
Julia Smithies		✓			
Jonathan Drori, CBE	✓		✓		
Elliott Mannis		✓			
Jeremy Marshall		✓			

The Board meets quarterly to consider strategic business issues. It has three sub-committees which meet as and when particular business demands require:

- Board affairs committee
- Finance committee
- Remuneration committee



Annual meeting attendance

There were four board meetings in 2016; six trustees attended all four, three attended three and one attended two. All Trustees serving on committee meetings attended 85% of meetings held during the periods in which such trustees served as a trustee and/or committee member. One trustee was taking a leave of absence from all board and committee meetings during the year.

Board affairs committee

This committee promotes good governance and effective working of the Board. In 2016, amongst other matters, the committee implemented the actions from the Board Effectiveness Review conducted in 2015, recruited two new trustees to the Board and raised the challenge to the organisation to increase the diversity of the Board of Trustees.

Finance committee

This committee assists the Board in its duty to supervise the Trust’s financial affairs. It also acts as an audit committee and an investment committee.

- In addition to supervising the Trust’s financial affairs, the finance committee is responsible for monitoring the performance of our external auditors with a review of partner every five years. Our current auditors, haysmacintyre, were re-appointed as external auditors in 2013 following a full tender process.
- During 2016, the audit committee appointed Grant Thornton as internal auditors.
- The investment committee appointed Rathbones and Sarasin Partners as the Trust’s investment managers.

Remuneration committee

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

Responsibilities of the trustees of the Woodland Trust

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

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

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

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

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

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

Board effectiveness review

The Woodland Trust takes governance very seriously, and during 2015 Compass Partnership conducted an external review of board effectiveness at the request of the Board. From the data and their experience of conducting reviews across a wide range of charity governance, Compass Partnership concluded that the Woodland Trust is well governed. This was particularly noticeable for the principles of integrity, control and understanding the role of trustees.

The areas of governance which could be developed further, and which we are working on, are the diversity of the board, exploring stakeholder views, and strategic partnerships. An action plan has been developed and was implemented during 2016.

Trustees' emoluments

The trustees of the company, who comprise its Board, did not receive any remuneration during the period.

The Woodland Trust purchases indemnity insurance to protect it and its trustees and officers from losses arising from any wrongful act of its trustees or officers; and to indemnify them against their legal liability arising from any claim against them. The premium for the policy was £6,000 (2015: £5,000).

Related party transactions

During 2014, the Woodland Trust received an interest-free loan from a trustee of the Woodland Trust. This was paid back in full during 2016. For further details please see note 15, page 46.

Senior management team

The senior management team as at 31 December 2016 comprised:

Chief executive officer	Beccy Speight
Director of conservation and external affairs	Austin Brady
Director of corporate services and company secretary	Helga Edwards
Director of brand and communications	Ruth Hyde
Director of fundraising and supporter development	Karl Mitchell
UK operations director	Norman Starks

Senior management pay

The senior management team members need to be able to command the respect of their peers in the conservation and charity sector through their experience, knowledge and professional and personal credibility. At the same time, we seek to keep senior management salary costs at a proportionate ratio to other salaries in the organisation. Salaries for the senior management team – the chief executive and five directors – are set and reviewed annually by the Trust's remuneration committee.

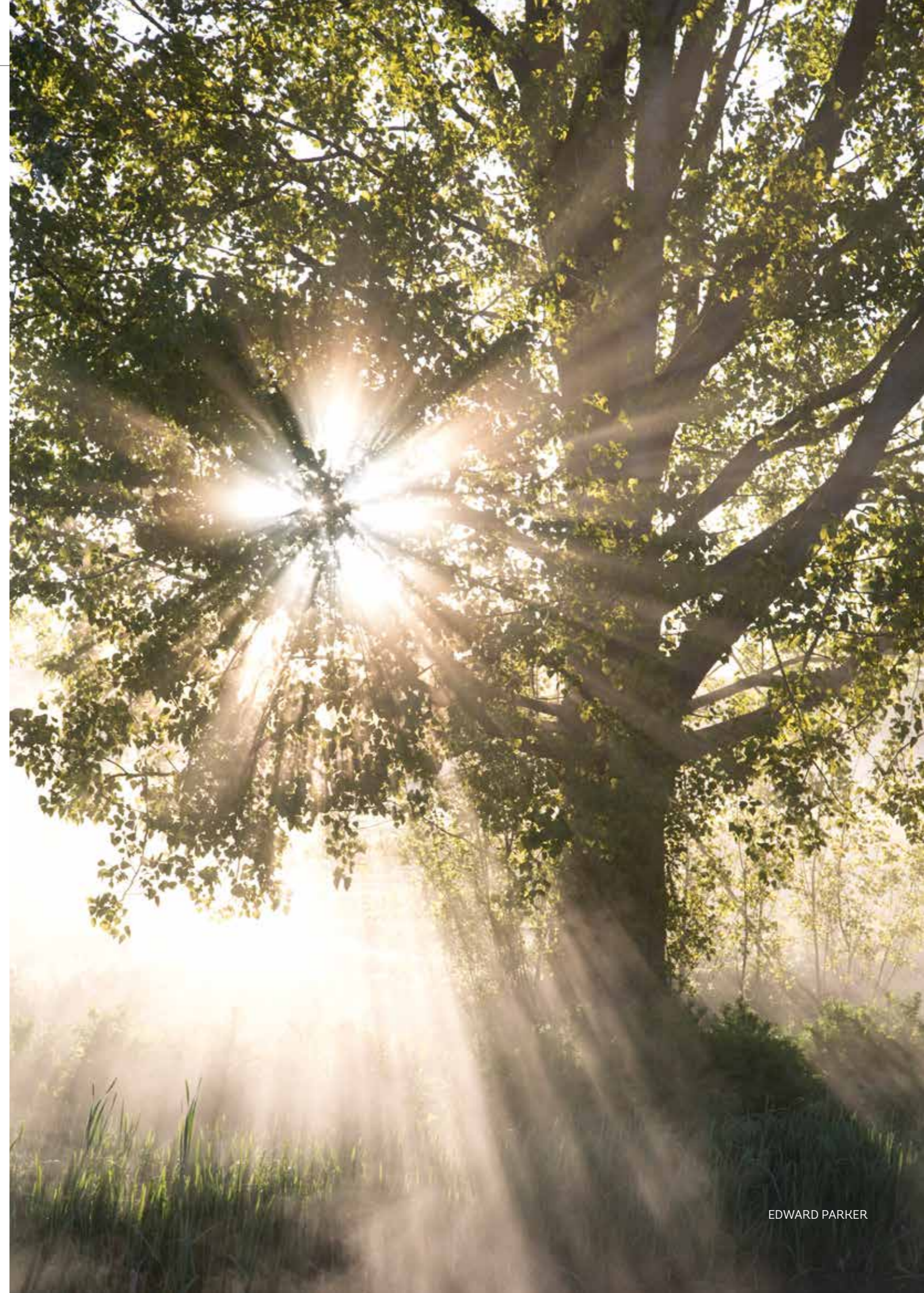
We benchmark our senior management team salaries around the median of similar charities' pay levels. We believe this comparison with national charities reflects the nature of the skills that we need to recruit and retain.

The report of the trustees was approved and authorised for issue by the trustees on 24 March 2017 and signed on their behalf by:



Barbara, Baroness Young of Old Scone

Chair
24 March 2017



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

We have audited the financial statements of The Woodland Trust for the year ended 31 December 2016 which comprise of the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 39, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2016 and of the group's and the parent charitable company's net movement in funds, including the group's and the parent income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

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

- The information given in the Trustees' Annual Report (which incorporates the strategic report and the trustees' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Annual Report (which incorporates the strategic report and the trustees' report) has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

- the charitable company (and group) has (have) not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the (consolidated) charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Samantha Coutinho (Senior statutory auditor)
for and on behalf of Haysmacintyre,
Statutory Auditors
24 March 2017

26 Red Lion Square
London
WC1R 4AG

Consolidated statement of financial activities

For the year ended 31 December 2016

	Note	Unrestricted funds				Total 2016	Total 2015
		General fund	Designated funds	Restricted funds	Endowment funds		
Income and endowments from:		£'000	£'000	£'000	£'000	£'000	£'000
Donations and legacies	2	31,345	-	6,480	-	37,825	28,437
Other trading activities	2	6,072	-	-	-	6,072	3,972
Investment income	8	517	100	171	13	801	750
Income from charitable activities	2	2,977	-	1,879	-	4,856	4,284
Other income	2	33	-	-	-	33	59
Total income and endowments		40,944	100	8,530	13	49,587	37,502
Expenditure from:							
Cost of raising funds	5	(7,349)	(37)	(13)	(2)	(7,401)	(7,577)
Charitable activities							
Protect woodland	5	(7,030)	(65)	(1,141)	-	(8,236)	(6,388)
Restore woodland	5	(10,236)	(40)	(1,654)	-	(11,930)	(9,417)
Create woodland	5	(9,171)	(359)	(1,533)	-	(11,063)	(9,429)
Charitable expenditure		(26,437)	(464)	(4,328)	-	(31,229)	(25,234)
Total expenditure		(33,786)	(501)	(4,341)	(2)	(38,630)	(32,811)
Net income before investment gains		7,158	(401)	4,189	11	10,957	4,691
Net gains on investment assets	11	-	488	519	711	1,718	(38)
Net income/expenditure		7,158	87	4,708	722	12,675	4,653
Transfers between funds	17	(8,287)	4,704	3,583	-	-	-
Net movements in funds		(1,129)	4,791	8,291	722	12,675	4,653
Fund balances brought forward at 1 January		17,590	19,025	91,338	9,315	137,268	132,615
Fund balances carried forward at 31 December	18	16,461	23,816	99,629	10,037	149,943	137,268

This statement of financial activities excludes £4,094k (2015: £2,880k) of woods 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 (£10,807k) and the net income for the year (£10,957k), as defined under the Companies Act, are realised gains on investments of £139k which are reflected within net gains on investment assets, income from investments of £13k and expenditure within the endowment funds of £2k.

A comparative statement of financial activities is included in note 24.

The consolidated net movement in funds for the parent company is a surplus of £12,675k (2015: £4,653k).

The notes on pages 48 to 68 form part of these accounts.



WTPL/STEVEN HIGHFIELD
CUMBRIA

Balance sheets

At 31 December 2016

	Note	Group		Charity	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
Fixed assets					
Tangible assets:					
• Woods and land	9	82,067	78,269	82,067	78,269
• Other fixed assets	10	6,444	6,591	6,444	6,591
		88,511	84,860	88,511	84,860
Investments	11	46,712	39,787	46,712	39,787
		135,223	124,647	135,223	124,647
Current assets					
Land for planting and resale	12	577	685	577	685
Stocks	13	263	197	171	158
Debtors	14	15,160	12,691	15,183	13,337
Cash at bank and in-hand		2,660	2,588	2,582	1,943
		18,660	16,161	18,513	16,123
Creditors					
Amounts falling due within one year	15	(3,940)	(3,500)	(3,793)	(3,462)
Net current assets		14,720	12,661	14,720	12,661
Total assets less current liabilities		149,943	137,308	149,943	137,308
Creditors					
Amounts falling due after more than one year	16	-	(40)	-	(40)
Net assets	18	149,943	137,268	149,943	137,268
Financed by:					
Restricted funds	17	99,629	91,338	99,629	91,338
Permanent endowments	17	10,037	9,315	10,037	9,315
Unrestricted funds:					
• General fund	17	16,461	17,590	16,461	17,590
• Designated funds	17	23,816	19,025	23,816	19,025
		149,943	137,268	149,943	137,268

These accounts were approved and authorised for issue by the trustees on 24 March 2017 and signed on their behalf by:

Barbara, Baroness Young of Old Scone
Chair

The notes on pages 48 to 68 form part of these accounts.

Consolidated cash flow statement

For the year ended 31 December 2016

	2016 £'000	2015 £'000
Operating activities	8,716	4,137
Investing activities		
Investment income	801	750
Purchase of woods and land	(3,920)	(2,641)
Purchase of fixed assets	(351)	(398)
Purchase of investments (see note 11)	(2,296)	(1,879)
Net liquid movement	(5,057)	(4,001)
Sale of land	73	36
Sale of investments (see note 11)	2,146	1,737
Net cash flow from investing activities	(8,604)	(6,396)
Financing activities		
Decrease in long-term loans	(40)	-
Change in cash and cash equivalents in the year		
Net movement in cash in the year	72	(2,259)
Cash at 1 January	2,588	4,847
Cash at 31 December	2,660	2,588
	2016 £'000	2015 £'000
Reconciliation of net income to net cash flow from operating activities		
Net incoming resources from operations	10,957	4,691
Investment income	(801)	(750)
Donated woods and land	(174)	(239)
Depreciation:		
• Woods and land	32	32
• Other fixed assets	498	549
Loss on disposal of woods and land	191	122
Decrease/(increase) in land stock	108	(101)
(Increase) in stock	(66)	(3)
(Increase)/decrease in debtors	(2,469)	491
Increase/(decrease) in creditors	440	(655)
Net cash inflow from operating activities	8,716	4,137

The notes on pages 48 to 68 form part of these accounts.

Notes to the accounts

1. Accounting policies

a) Basis of accounting and statement of compliance

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

b) Preparation of the accounts on a going concern basis

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

c) Basis of consolidation

Group accounts have been prepared for the Woodland Trust and its wholly owned subsidiaries, Woodland Trust (Enterprises) Limited and Woodland Trust Farming Limited. The accounts have been consolidated on a line-by-line basis. A separate Statement of Financial Activities has not been prepared for the charity as permitted by section 408 of the Companies Act 2006. Glen Finglas Farming Limited is excluded from the consolidated accounts as it is not material to the group.

d) Fund accounting

Unrestricted funds

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

Designated funds

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

Restricted funds

These funds have been given to the Trust for a particular purpose to be used in accordance with the wishes of the

donor. They include grants from statutory bodies. Until they are expended the funds are invested.

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

Endowment funds

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

e) Income and endowments

Membership

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

Investments

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

Donated assets

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

Grants

Grants for woodland management are credited to the Consolidated Statement of Financial Activities in the year in which they are received. The SORP 2015 indicates that, for charities, this treatment is the most appropriate interpretation of the relevant Statement of Standard Accounting Practice.

Legacies

Legacy income from each bequest is recognised once a reasonable estimate of its value can be made

and providing there is no evidence of any significant contentious claims against the deceased's estate. Where the Trust is left part of the residue of an estate, the deceased's will, initial statements of assets and liabilities and draft estate accounts are used to calculate the estimated value of the bequest. This estimate is only recognised as income once the executors have proved the will (i.e. obtained probate). Bequests of land for conservation purposes are recognised as income and as an asset. Regular reviews of legacy debtors are performed which include reviewing correspondence and valuations from executors.

Lottery

Where lotteries are run by the Woodland Trust and the Trust is principal, the proceeds are reported gross of any prize monies and other expenditure. Lottery income includes proceeds of lotteries held by People's Postcode Lottery (PPL). The Woodland Trust Enterprises Limited has no ability to alter the price of tickets, determine the prizes or reduce the management fee. PPL is the acting principal for these draws. Net proceeds received are recognised within lottery income in the Statement of Financial Activities. The analysis of the proceeds is detailed in note 4.

f) Expenditure

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

Cost of raising funds

These are costs incurred in generating the income analysed in note 2 (page 34) to the accounts. These costs are analysed in notes 5 and 6 (pages 36 and 37) to the accounts.

Charitable activities

Expenditure is allocated as follows:

- **Protection of native woodland** – direct expenditure includes woodland management, research and lobbying to improve the degree of protection for ancient woods and ancient trees

- **Restoration of woodland** – direct expenditure includes the restoration of all damaged ancient woodland and the re-creation of native wooded landscapes
- **Creation of new native woodland** – direct expenditure includes the cost of planting trees, maintaining new woodland, financial support and the supply of trees to other landowners

Note 7 (pages 56 and 57) to the accounts includes an analysis of staff numbers across charitable activities, fundraising activities, governance and support.

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

Support costs

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

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

g) Depreciation

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

Fixed assets include the design and construction costs for the Grantham office. Depreciation is charged from the date of occupancy at 2% per annum on cost.

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

1. Accounting policies (continued)

h) Woods and land

The value of donated land is disclosed in note 9 (page 58) to the accounts. Each site is valued in line with open market land values at the time of transfer to the Trust.

All woods and land purchased have been capitalised at cost.

i) Investments

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

j) Land for planting and resale

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

k) Stocks

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

l) Significant areas of estimation and judgement

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

Management applies judgement in recognition of residuary legacy income where it is considered that there is significant uncertainty over the valuation of specific assets or liabilities within the estate and therefore the measurement criteria required by the Charity SORP

(FRS102) is not met. In such cases, the value of the legacy will be adjusted accordingly on initial recognition.

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

m) Financial instruments

Recognition criteria for financial instruments appear below:

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

n) Operating leases

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

o) Pensions

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

2. Income

	Unrestricted				Total 2016 £'000	Total 2015 £'000
	General Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000		
Donations and legacies						
Legacies	19,232	-	2,717	-	21,949	14,209
Membership subscriptions	7,992	-	-	-	7,992	7,585
Fundraising and appeals	2,155	-	2,862	-	5,017	5,225
Company donations, charitable trusts and landfill tax	1,966	-	728	-	2,694	1,180
Donated woods and land	-	-	173	-	173	238
Total donations and legacies	31,345	-	6,480	-	37,825	28,437
Other trading activities						
Sponsorship income	2,579	-	-	-	2,579	2,767
Lotteries	2,865	-	-	-	2,865	583
Merchandise income	628	-	-	-	628	622
Total income from other trading activities	6,072	-	-	-	6,072	3,972
Income from charitable activities						
Grants	1,331	-	1,879	-	3,210	2,630
Woodland management income	1,646	-	-	-	1,646	1,654
Total income from charitable activities	2,977	-	1,879	-	4,856	4,284
Other income						
Other income	33	-	-	-	33	59
	33	-	-	-	33	59
Investment income	517	100	171	13	801	750
Total Income	40,944	100	8,530	13	49,587	37,502

Included in fundraising and appeals is £26k (2015: £22k) gifts in kind.

Included in company donations, charitable trusts and landfill tax is £10k awarded by the Esmee Fairbairn Foundation.

Legacy notifications

In addition to the legacy income recorded above, the Trust had been advised of a number of legacies bequeathed to it where the conditions regarding income recognition were not fulfilled by the year end. The combined estimated value of these legacies, where it is possible to estimate their value, was at least £0.9m (2015: £1.8m).

3. Grants

The following organisations provided grants:	2016 £'000	2015 £'000
Heritage Lottery Fund	869	817
Forestry Commission	717	1,036
National Forest Company	635	18
Scottish Government Rural Payments and Inspections Directorate	172	258
Department for Environment, Food and Rural Affairs (DEFRA)	129	58
Welsh Government/Llywodraeth Cymru	126	59
European Commission's LIFE+ programme	101	5
Northern Ireland Environment Agency	82	78
Natural Resources Wales/Cyfoeth Naturiol Cymru	66	80
Rural Payment Agencies	61	26
Point and Sandwick Trust	58	-
Esmée Fairbairn Foundation	38	-
The Agincourt 600 Commemoration Fund	28	-
The Ulster Society for the Protection of the Countryside	26	-
Tesco PLC	20	-
Local authorities	19	36
Greater London Authority	14	1
Natural England	11	20
Department of Agriculture and Rural Development (Northern Ireland)	8	15
Environment Agency	7	8
Loughs Agency	5	9
Scottish Forestry Trust	5	-
Royal Society for the Protection of Birds (RSPB)	2	19
Other grant providers	11	87
	3,210	2,630

Of those listed above, £1,879k (2015: £1,333k) are restricted grants.

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

4. Lottery income

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

	2016 £'000	2015 £'000
People's Postcode Lottery ticket value	7,769	-
People's Postcode Lottery prize fund	(3,060)	-
People's Postcode Lottery management fee	(2,331)	-
Prize indemnity insurance	(47)	-
Net People's Postcode Lottery income	2,331	-
The Woodland Trust's lotteries	534	583
Total lottery income	2,865	583

5. Expenditure

	Direct £'000	Support £'000	2016 £'000	2015 £'000
Costs of raising funds				
<i>Costs of donations and legacies</i>				
Membership	3,518	561	4,079	4,258
Fundraising and appeals	771	123	894	784
Company donations, charitable trusts and landfill tax	749	119	868	1,053
Legacies	141	23	164	247
	5,179	826	6,005	6,342
<i>Other trading activities</i>				
Sponsorship	493	61	554	426
Merchandise	458	57	515	539
Lotteries	262	33	295	240
	1,213	151	1,364	1,205
<i>Investment management costs</i>	32	-	32	30
Total cost of raising funds	6,424	977	7,401	7,577
Charitable activities				
Protect woodland	7,110	1,126	8,236	6,388
Restore woodland	10,284	1,646	11,930	9,417
Create woodland	9,552	1,511	11,063	9,429
Total charitable activities	26,946	4,283	31,229	25,234
Total expenditure	33,370	5,260	38,630	32,811

This statement of expenditure excludes £4,094k (2015: £2,880k) of woods and land acquired and capitalised as per note 9 (page 58).

6. Support costs

	Premises £'000	Governance £'000	Depreciation & loss on sales £'000	Finance & IT £'000	Human resources £'000	Management & other £'000	2016 £'000	2015 £'000
Cost of raising funds	151	-	95	513	126	92	977	1,020
Charitable expenditure								
Protect woodland	168	32	112	571	140	103	1,126	904
Restore woodland	244	52	174	824	203	149	1,646	1,344
Create woodland	226	46	147	765	189	138	1,511	1,337
	638	130	433	2,160	532	390	4,283	3,585
Total support costs	789	130	528	2,673	658	482	5,260	4,605

The trustees/directors of the company, who comprise its Board, did not receive any remuneration during the period. Travelling and subsistence expenses incurred by 11 (2015: 10) trustees on Board business amounted to £10k (2015: £9k) 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.

	2016 £'000	2015 £'000
The surplus for the year is after charging:		
Salaries and wages	11,322	9,845
Social Security costs	1,078	931
Other pension costs	701	608
	13,101	11,384
Depreciation	530	581
Auditors' fees and expenses:		
• Audit work	21	21
• Other services	11	-
Rentals under operating leases:		
• Land and buildings	99	81
• Other	397	412
Irrecoverable Value Added Tax	836	785

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

Employees and volunteers

The average number of employees during the year was 377 (2015: 334). The average number of employees, analysed by function, was:

	2016 Total	2015 Total
Charitable activities	254	224
Fundraising	68	61
Human resources, finance, information technology and legal	55	49
	377	334

The average number of employees is calculated using the full-time equivalent method. The actual number of employees is 409 (2015: 361); the difference due to job shares and part-time positions held by employees. The average number of employees increased by 43 FTE during 2016. This planned increase highlights the investment we are making into valuable resource, to enable us to achieve our strategic plan.

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

We use the Volunteer Investment and Value Audit process to estimate the contribution of our volunteers. In 2016, volunteers contributed 218,000 hours with an ascribed value of £2.1m (2015: 260,000 hours, value £2.2m), which is not reflected in the financial statements.

The chief executive's earnings for 2016 were £123,359 (2015: £119,165), including a pension contribution of £13,507 (2015: £9,984). The earnings of the key management personnel (including the CEO) for 2016 was £491,378 (2015: £473,862) relating to six roles.

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

£'s	No. of Employees	
	2016	2015
120,000-129,999	1	-
110,000-119,999	-	1
70,000-79,999	3	2
60,000-69,999	3	3

8. Investment income

	2016 £'000	2015 £'000
Income from investments was as follows:		
Income from UK listed investments	409	459
Income from UK cash investments	251	204
Bank interest receivable	18	24
Income from overseas listed investments	123	63
	801	750

9. Fixed assets – woods and land

The group and the charity:

	Purchased			Donated			Total
	Freehold	Long leasehold	Short leasehold	Freehold	Long leasehold	Short leasehold	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or donated value							
At 1 January 2016	66,450	873	183	6,120	4,107	984	78,717
Additions for the year	3,920	-	-	173	-	1	4,094
Disposals for the year	(101)	-	-	(163)	-	-	(264)
At 31 December 2016	70,269	873	183	6,130	4,107	985	82,547
Depreciation							
At 1 January 2016	-	-	44	-	-	404	448
Charge for the year	-	-	4	-	-	28	32
At 31 December 2016	-	-	48	-	-	432	480
Net book value							
At 31 December 2016	70,269	873	135	6,130	4,107	553	82,067
At 31 December 2015	66,450	873	139	6,120	4,107	580	78,269

In addition, the Trust currently leases 25 hectares (2015: 25 hectares) of woodland under short leaseholds at peppercorn rents. In the opinion of the directors, the value of these assets is immaterial.

The additions are allocated across our charitable aims:

	2016 £'000	2015 £'000
Protect woodland	730	2,328
Restore woodland	1,390	7
Create woodland	1,974	545
	4,094	2,880

10. Other fixed assets

The group and the charity:

	Buildings	Computer equipment & software	Office equipment & furniture	Plant & machinery	Total
		£'000	£'000	£'000	£'000
Cost					
At 1 January 2016	6,542	3,787	363	356	11,048
Additions	-	284	6	61	351
Disposals	-	-	-	(10)	(10)
At 31 December 2016	6,542	4,071	369	407	11,389
Depreciation					
At 1 January 2016	674	3,153	363	267	4,457
Charge for the year	131	318	3	46	498
Disposals	-	-	-	(10)	(10)
At 31 December 2016	805	3,471	366	303	4,945
Net book value					
At 31 December 2016	5,737	600	3	104	6,444
At 31 December 2015	5,868	634	-	89	6,591

11. Investments

<i>The group and the charity:</i>	2016	2015
	£'000	£'000
Investments at market value		
Permanent endowments	10,037	9,315
Designated funds	17,379	13,157
Restricted funds	15,881	11,615
General funds	3,415	5,700
	46,712	39,787

	Cost		Valuation	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Investments consist of:				
Cash held as part of investments	304	135	304	135
UK listed investments	10,931	10,905	13,817	12,855
Overseas listed investments	3,100	3,079	4,098	3,488
Other UK short-term holdings	28,364	23,234	28,493	23,309
	42,699	37,353	46,712	39,787

	2016	2015
	£'000	£'000
The movement on valuation of investments is as follows:		
Market value at 1 January	39,787	35,682
Acquisitions	2,296	1,879
Sales proceeds	(2,146)	(1,737)
Net liquidity fund movement	5,057	4,001
Net investment gains	1,718	(38)
Market value at 31 December	46,712	39,787

Comprising:	2016	2015
	£'000	£'000
Cost at 31 December	42,699	37,353
Unrealised investment gains at 31 December	4,013	2,434
Market value at 31 December	46,712	39,787
Realised investment gains in the year	139	249

Investment advisers are appointed to assist with the management of the Trust's investment portfolios. As at 31 December 2016, £8.7m was held in a common investment fund and £11.0m was held in a diversified portfolio

composed entirely of pooled funds. Included in 'other UK authorised investments' is £27.1m (2015: £22.0m) invested in short-term liquidity deposits and notice accounts.

The Woodland Trust owns the entire issued share capital (100 ordinary shares of £1) in each of its three subsidiary companies: Woodland Trust (Enterprises) Limited, Woodland Trust Farming Limited, which are incorporated in England; and Glen Finglas Farming Limited, which is incorporated in Scotland. Glen Finglas Farming Limited is dormant. Details of the trading activities of the two active subsidiaries are set out in note 19 (page 66) to the accounts.

12. Land purchased for resale

	Group		Charity	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Land available for resale	577	685	577	685

Land available for resale represents woodland purchased for planting and onward sale in due course under the Trust's Purchase, Plant and Pass On scheme. This scheme is intended to create new woodland at minimal net cost to the Woodland Trust and provide an opportunity for new owners to get involved in woodland management. During the year, £1k of land was purchased and £109k was sold.

13. Stocks

	Group		Charity	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Livestock and stores	171	158	171	158
Raw materials and consumables	92	39	-	-
	263	197	171	158

14. Debtors

	Group		Charity	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Legacies receivable	8,286	8,112	8,286	8,112
Grants receivable	2,029	1,779	1,533	1,330
Trade debtors	1,320	1,448	211	361
Amounts owed from subsidiaries	-	-	1,621	2,170
Other debtors	2,448	736	2,423	860
Prepayments and accrued income	1,077	616	1,109	504
	15,160	12,691	15,183	13,337

15. Creditors: amounts falling due within one year

	Group		Charity	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade creditors	3,452	2,690	3,388	2,638
Taxation and Social Security	319	270	319	270
Amounts owed to subsidiaries	-	-	-	95
Other creditors	-	400	-	400
Accruals and deferred income	169	140	86	59
	3,940	3,500	3,793	3,462

During 2014 the Woodland Trust (the borrower) entered into a loan agreement with Humphrey Battcock (the lender), a director and trustee of the Woodland Trust. The lender provided an unsecured loan of £400,000 for the purpose of furthering the borrower's purpose, which was repaid on 30 September 2016. The loan attracted no interest over the period of the agreement. As at 31 December 2016, the amount remaining on the balance sheet is £nil (2015: £400,000).

16. Creditors: amounts falling due after more than one year

<i>The group and the charity</i>	2016	2015
	£'000	£'000
Other creditors	-	40

17. Movement on funds

Restricted funds	Movement of funds				Balance at 31 December 2016
	Balance at 1 January 2016	Gains/ incoming resources	Losses/ resources expended	Transfers	
	£'000	£'000	£'000	£'000	£'000
Woods and land	78,269	2,132	(246)	1,911	82,066
Woodland management fund	2,806	860	(605)	-	3,061
Restricted legacies	8,010	3,027	(372)	(1,116)	9,549
Various other funds	2,253	3,030	(3,118)	2,788	4,953
	91,338	9,049	(4,341)	3,583	99,629

The woods and land fund comprises the capital costs of the woods purchased and the value of donated woods and land. Where an acquisition of woods and land has taken place, a transfer may be made from restricted legacies or from other funds.

Restricted legacies represent those where the testator has restricted use for specific purposes or in specific locations. The Trust actively seeks opportunities to spend these for woodland conservation, but because of the nature of the restrictions imposed by the testator, it can sometimes take an appreciable period of time before qualifying spend can be identified.

The woodland management fund consists of unspent income associated with specific sites. The woodland management fund includes unrealised gains of £0.5m (2015: unrealised gains of £0.3m).

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 2016 amounted to £115k (2015: £361k) and £129k (2015: £397k) and was expended, leaving a balance at 31 December 2016 of £nil (2015: £14k).

Permanent endowments	Movement in funds				Balance at 31 December 2016
	Balance at 1 January 2016	Gains/ incoming resources	Losses/ resources expended	Transfers	
	£'000	£'000	£'000	£'000	£'000
Glenrothes	4,144	301	-	-	4,445
Livingston	2,454	178	-	-	2,632
Warrington and Runcorn	1,500	108	-	-	1,608
Preston and Chorley	1,217	137	(2)	-	1,352
	9,315	724	(2)	-	10,037

The permanent endowments represent funds given to the Trust with gifts of woods and land in the locations noted above, under terms requiring the funds to be invested permanently to provide income for the future management of these woods and land. These funds include unrealised gains of £1.9m (2015: unrealised gains of £1.8m).

17. Movement of funds (continued)

Unrestricted funds	Movement of funds				
	Balance at 1 January 2016	Gains/ incoming resources	Losses/ resources expended	Transfers	Balance at 31 December 2016
	£'000	£'000	£'000	£'000	£'000
General fund	17,590	40,944	(33,786)	(8,287)	16,461
Designated funds					
Strategic investment fund	12,471	521	(369)	4,639	17,262
Building fund	6,554	67	(132)	65	6,554
	19,025	588	(501)	4,704	23,816

The strategic investment fund is a designated fund to provide initial funding to enable the initiatives within the strategic plan to be developed. Without this funding capability, such projects would not be possible.

The purpose and structure of the Trust's unrestricted funds is described in the Financial Review on pages 26 to 27. The general fund represents working capital and operating fixed assets and is analysed in note 18 (page 65). The transfers are explained below.

Analysis of transfers between funds	Note	General fund	Strategic investment fund	Building fund	Woods & land	Restricted legacies	Other restricted funds
		£'000	£'000	£'000	£'000	£'000	£'000
Legacies for woodland acquisitions	1	-	-	-	1,116	(1,116)	-
Transfer from general fund	2	(4,884)	4,533	-	351	-	-
Income for future operations and acquisitions	3	(2,807)	-	-	19	-	2,788
Building fund	4	(65)	-	65	-	-	-
Underwrite for acquisition of woods	5	(531)	106	-	425	-	-
Total transfers		(8,287)	4,639	65	1,911	(1,116)	2,788

Notes

1. An amount of £1,116k has been transferred from restricted legacies to the wood and land fund in accordance with legators' wishes, to help us purchase woodland sites.

2. A net amount of £(4,884)k was transferred from the general fund, of which £(9,058)k has been designated to the strategic investment fund by trustees, in respect of an unrestricted legacy receipt to be used for future projects. £4,085k was transferred from the strategic investment fund, in order to maintain sufficient working capital and contingency over the next twelve months, £440k repaid loans and £(351)k was to fund a Purchase, Restore and Pass on site.

3. A net amount of £2,788k has been transferred to the other restricted fund of which, £(2,807)k from the general fund is for future use in conjunction with Lock Arkaig and the Community Woodland Network and £19k was transferred to the Woods and Land fund towards the acquisition of woodland.

4. A net amount of £65k, equivalent to the depreciation charge on the head office at Grantham of £131k, less investment income earned on the current fund balances £(65)k, has been transferred to the building fund to provide for its repair, improvement or eventual replacement.

5. A net amount of £106k was transferred from the strategic investment fund of which £(425)k was to enable the Woodland Trust to acquire sites that match our charitable objectives, and £531k was designated by the trustees to repay underwrites from previous years for woodland acquisitions.

The total incoming resources of the charity were £51,014k (2015: £37,502k) and its net outgoing resources were £38,630k (2015: £32,849k).

18. Analysis of group net assets between funds

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

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

Fund balances at 31 December 2016 are represented by:

	Unrestricted funds		Restricted funds		Total funds
	General fund	Designated fund	Restricted fund	Permanent endowments	
	£'000	£'000	£'000	£'000	
Tangible fixed assets	707	5,737	82,067	-	88,511
Investments	3,415	17,379	15,881	10,037	46,712
Cash at bank and in hand	2,660	-	-	-	2,660
Other current assets	13,619	700	1,681	-	16,000
Liabilities due within one year	(3,940)	-	-	-	(3,940)
Total net assets	16,461	23,816	99,629	10,037	149,943

Restricted tangible fixed assets consist of woods and land: £82,067k (2015: £78,269k).

19. Net income from trading activities of subsidiaries

The Woodland Trust has two wholly-owned trading subsidiaries which are incorporated in England. Woodland Trust Farming Limited (registered company no. 6360791) undertakes farming on some Woodland Trust sites prior to woodland being created. Woodland Trust (Enterprises) Limited (registered company no. 2296645) was established to undertake sponsorships, commercial activities, lotteries and merchandise sales. Within the cost of sales and administration expenses are £360k and £119k (2015: £360k and £119k) paid to the Woodland Trust. Both companies donate their taxable profits to the Woodland Trust. A summary of their trading accounts is shown below. Audited accounts have been filed with the Registrar of Companies. Glen Finglas Farming Limited (registered company no. SC408716) was incorporated in Scotland on 5 October 2011 and is a wholly-owned dormant subsidiary.

	Enterprises		Farming	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Profit and loss account				
Turnover	6,061	3,956	544	559
Cost of sales	(786)	(715)	(232)	(219)
Gross profit	5,275	3,241	312	340
Licence payment to the Woodland Trust	(200)	(200)	-	-
Distribution costs	(56)	(48)	-	-
Administration expenses	(193)	(182)	(2)	(1)
Operating profit	4,826	2,811	310	339
Interest receivable	1	1	-	-
Net profit	4,827	2,812	310	339
Payment to the Woodland Trust	(4,827)	(2,812)	(310)	(339)
Accumulated reserves brought forward	-	-	-	-
Accumulated reserves carried forward	-	-	-	-
Balance sheet				
Current assets	1,290	1,766	510	621
Current liabilities	(1,290)	(1,766)	(510)	(621)
Net assets	-	-	-	-
Capital and reserves				
	-	-	-	-

20. Operating lease commitments

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

	2016	2015
	£'000	£'000
Land and buildings		
Leases which expire:		
Within one year	116	54
Within two to five years	303	166
After five years	1,875	1,904
	2,294	2,124
Other		
Leases which expire:		
Within one year	316	332
Within two to five years	287	445
	603	777

21. Capital commitments

Commitments for expenditure not provided for in these accounts in respect of assets under construction amount to £nil (2015: £nil).

22. Pension schemes

The Woodland Trust operates defined contribution schemes for all qualifying employees. The assets of the schemes are held in separate funds administered by independent pension providers. The total cost of pensions for the year incurred by the Woodland Trust was £701k (2015: £608k). Included in other creditors is £nil (2015: £nil) in respect of pension schemes.

23. Contingent liabilities

The trustees were not aware of any significant contingent liabilities at 31 December 2016 and 31 December 2015.

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

24. Prior year statement of financial activities

	Note	Unrestricted funds				Total 2015
		General Fund	Designated Funds	Restricted Funds	Endowment Funds	
Income and endowments from:		£'000	£'000	£'000	£'000	£'000
Donations and legacies	2	21,943	-	6,494	-	28,437
Other trading activities	2	3,972	-	-	-	3,972
Income from investments	7	471	95	171	13	750
Income from charitable activities	2	2,951	-	1,333	-	4,284
Other income	2	59	-	-	-	59
Total income and endowments		29,396	95	7,998	13	37,502
Expenditure on:						
Cost of raising funds	4	(7,522)	(40)	(12)	(3)	(7,577)
Charitable activities						
Protect woodland	4	(5,231)	(58)	(1,099)	-	(6,388)
Restore woodland	4	(7,758)	(37)	(1,622)	-	(9,417)
Create woodland	4	(7,460)	(155)	(1,814)	-	(9,429)
Charitable expenditure		(20,449)	(250)	(4,535)	-	(25,234)
Total expenditure		(27,971)	(290)	(4,547)	(3)	(32,811)
Net gains on investment assets	11	-	6	(31)	(13)	(38)
Net income/expenditure		1,425	(189)	3,420	(3)	4,653
Transfers between funds	17	(347)	301	46	-	-
Net movement in funds		1,078	112	3,466	(3)	4,653
Fund balances brought forward at 1 January		16,512	18,913	87,872	9,318	132,615
Fund balances carried forward at 31 December	18	17,590	19,025	91,338	9,315	137,268

Professional advisers

Auditors

haysmacintyre, Chartered Accountants
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Bankers

Lloyds Bank plc
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Insurance brokers

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5 Western Boulevard, Leicester, LE2 7EX

Investment advisers

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Epoch Wealth Management
The Tramshed, Beehive Yard, Bath, BA1 5BB

Tullett Prebon (Europe) Limited
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Solicitors

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