

Guideposts Trust Limited

Company Number : 1282361
Charity Number : 272619

Accounts
for the year ended
31st March 2009

Wenn Townsend
Chartered Accountants
Oxford

Guideposts Trust Limited

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Guideposts Trust Limited

Reference and administrative information

31st March 2009

Charity number	272619
Company number	1282361
Address	Two Rivers Station Lane Witney Oxon OX28 4BH
Bankers	HSBC Bank plc Witney Branch 24 Market Square Witney Oxfordshire OX28 6BG
Auditors	Wenn Townsend Chartered Accountants 30 St Giles' Oxford OX1 3LE
Company Secretary	David Beck
Directors/Trustees	Robert Elmore Dr Catherine Oppenheimer Barry Phillips Gerry Bowen Thomas Martin Gallagher Dr Raymond Flood

Guideposts Trust Limited

Trustees' Report for the year ended 31st March 2009

The Trustees present their report with the audited accounts for the year to 31st March 2009.

1 Reference and Administrative Detail

Guideposts Trust Limited is a registered charity.

The Trustees who served during the year are listed below:

Robert Elmore
Dorothy Flood
Dr Catherine Oppenheimer
Gerry Bowen Thomas
Barry Phillips
Martin Gallagher
Dr Raymond Flood

Dorothy Flood resigned as Trustee on 2nd June 2008.

Dr Raymond Flood was elected a Trustee on 8th September 2009.

Robert Elmore and Gerry Bowen-Thomas retire by rotation, and being eligible, offer themselves for re-election.

David Beck, Chief Executive has been delegated responsibility for the day to day management of The Trust.

2 Structure, Governance and Management

The Trust is constituted under its Memorandum and Articles of Association dated 19th October, 1976. The Trust operates a system of local management to meet local need and has created a regional structure to facilitate this. It is policy to operate with as few staff as possible and appropriate to run an efficient registered office. The Trustees receive regular reports from project managers on all aspects of the projects including complaints if received.

The current group of Trustees have all served for at least three years, with the exception of Dr Raymond Flood. All new Trustees undergo an induction programme that includes all the necessary written information on the role and responsibilities of a Trustee. New Trustees have a planned programme of visits to projects to talk to staff and users. All the Trust's projects involve users in the day to day operation of the projects and volunteers are actively encouraged to give their views. Training would be offered for new Trustees if appropriate to the individual's needs.

Guideposts Trust operates a trading company, Guideposts Associates. This has been established by the Trustees of the charity to further its charitable activities through the provision of vocational training. Directors of Associates are appointed by the Board of Trustees at the AGM

The Trustees take the responsibility of risk management as part of their role very seriously. They have assessed the risks to the organisation under five headings.

*** Risk in day to day financial control**

The Trustees have minimised the risks in this area by preparing a three year rolling budget, against which progress is monitored on a quarterly basis. A regular internal audit of all the offices has been introduced.

The Investment Fund, General Fund and Fundraising Accounts are reviewed quarterly.

Banking and audit services are reviewed annually to ensure that they remain relevant to the Charity's needs.

*** Risk to the Trust's assets**

The Trustees have an investment policy which is low risk where reserves are secured in a long-term interest account. Where borrowing for capital acquisitions is required, the Trustees require the officers to maintain rigid cash flow management procedures.

An investment sub-committee reviews the investment policy on a regular basis.

Guideposts Trust Limited

Trustees' Report for the year ended 31st March 2009 (continued)

2 Structure, Governance and Management (continued)

The Trust's properties are maintained to a high standard and each property placed on a register of low to high risk. None of the properties are considered to be at high risk. The Trust keeps an up to date asset register.

The Trust's insurance cover is reviewed annually to ensure it matches the needs of the Charity.

*** Risk to staff employment**

Most staff working on the projects are on permanent contracts. Where short-term contracts exist, the end dates are known and staff made aware of their limitations.

The Trustees have actively pursued a policy of matching market forces when setting salaries. We operate an equality of opportunity approach to employment.

*** Risk to projects**

The Trustees have sought to minimise the risk to projects because of lack of funds by seeking to and succeeding in negotiating medium to long-term funding through contracts with statutory bodies. Projects funded through other sources such as Community Fund and the European Social Fund are by their nature a bigger risk but the Trustees have actively pursued a sustainability policy related to longer-term, unrestricted income in order to maintain services provided through these sources should that funding run out. The Trust rigorously abides by the disclosure rules attached to this funding.

*** Risk to reputation**

The Trustees recognise the potential risks to the Trust's reputation through fundraising techniques and/or questionable care practices.

The Trustees minimise the risks associated with any fundraising strategy by monitoring the Trust's strategy on a quarterly basis. This charity statistically records all complaints and measures this against total activity to members of the public. Across all forms of fundraising the charity receives less than 0.5% level of complaint.

All the projects are expected to maintain quality control systems which include regular and formal staff supervision.

Policy for Disabled People

Guideposts Trust operates an Equal Opportunities Policy. This policy is designed to respect employee's human rights, ensure equal opportunity and promote diversity. Employees are actively encouraged to undertake relevant training and to develop their careers. Guideposts Trust is supportive of the employment and advancement of disabled people.

Public Benefit

The Trustees have regard of the Charity Commission public benefit guidance. Guideposts Trust demonstrates its public benefit through the community-based services that are operated by its staff. Through these services we enable individuals who face disadvantage through ill health, disability or age to live actively and to the best of their ability in the community, provide emotional support and care, and ensure that clients receive the benefits to which they are entitled.

Poverty is a major issue for clients with whom we work. The majority, over 90% of those who use our services are on benefit or eligible for benefits. For those who have learning disabilities or mental health problems the majority are unemployed and face significant difficulties to gain the training or opportunity needed to find full or part time work. The services run by Guideposts across the UK are designed to provide both emotional support but also practical help and advice that will alleviate poverty by ensuring clients get all the help they are entitled to, and to provide skills and personal development that will give them a chance to gain paid work.

3 Objectives and Activities

The Trustees have recently re-affirmed the purpose of the organisation, which is:

- to provide a range of welfare services in the community for people with a learning disability, people with or recovering from mental health problems and for people with dementia
- to seek to create excellence in practice
- to create a genuine organisational approach to research, learning, training and dissemination.

Trustees' Report for the year ended 31st March 2009 (continued)

3 Objectives and Activities (continued)

These objectives are carried out through the delivery of community based services managed from local regional offices. Services include: day care; floating support, domiciliary care; friendship and befriending schemes; independent living centre; outreach; carers groups; adventure activities; leisure projects; vocational training; information and advice; training and consultancy; social research; pre and after school clubs; children's holiday activities; gardening services.

The Trust is grateful for the contribution of some 200 volunteers to all of our work.

4 Achievements and Performance

Guideposts carries out internal and external evaluations of all its activities to ensure that the needs of service users are fully met. Outcomes are reported to Regional Managers and through line management to the Chief Executive and the Trustees.

This consultation process enables local and senior managers to ensure the needs of service users are being met and to identify developments to meet changing needs and gaps in services locally. The use of evaluation enables the sharing of best practice both vertically through line management and horizontally across.

Services run by Guideposts are held in high regard by service users who give positive and affirmative feedback on the benefit and quality of projects that Guideposts run. Service users play an integral role in the management and development of services. This is done through setting up management committees of volunteers and service users to oversee projects, facilitated by project co-ordinators and through person centred care plans.

Over the course of the past year, and building on growth over the past five years, Guideposts has continued to win new contracts and grants. Underpinning this growth is a planned fundraising strategy to enable the charity to meet its core costs, underpin voluntary funded projects and provide resources for development.

The new five year plan, running from 2006 – 2011, was reassessed during the year and a greater level of investment made from reserves in response to the challenging economic conditions society and the sector now face. The funding climate is becoming increasingly difficult and in response to this Guideposts has prioritised regular giving as a key area to maintain as part of a two year short term strategy.

The principal funding sources for Guideposts are local authority contracted services which make up the largest percentage of income. A long term aim of developing unrestricted income from individuals continues to be successful in gaining unrestricted income that helps develop new projects and underpins voluntary funded projects. Funding from national and local trusts, national lottery and other grants complete the main sources of funding. Expenditure is directed to the running of current projects and the developing of new community based services.

The Trust has always had a willing team of volunteers giving their time throughout the organisation. The level of support over the past year is estimated to be 40,000 hours with a notional value of £320,000.

5 Financial Review

The Trust continues to present a healthy financial position but suffered a deficit of £377,267 on its operating activities for the year.

The Trust has pursued its strategy of sustainable projects within sustainable working relationships with funders and the fundraising strategy is designed to achieve this aim.

The Trust adheres rigidly to all accepted accounting practices and procedures. There is a strong ethic of managing within budgets which are set realistically and the efficient management of cash flow is considered fundamental to a healthy financial position.

The General Funds have free reserves of £524k after accounting for the Trust's fixed assets. This is sufficient to meet the minimum level of unrestricted reserves of £500k set by the trustees.

The Trustees agreed the following Reserves Policy

Guideposts Trust Limited

Trustees' Report for the year ended 31st March 2009 (continued)

The Reserves Policy

- The Trustees have set a Minimum Level of reserves that will be sufficient to cover the costs of up to 12 months management, administration and fundraising activity, statutory redundancy and other winding-up costs in the event of Guideposts Trust ceasing to exist. The Minimum Level is £500,000;
- The Trustees will maintain this Minimum Level at all times and will not take any decision or carry out any development that might impinge upon the Minimum Level;
- Reserves will be invested in such a way as to ensure that the investments can be liquidated within a period no longer than three months;
- All reserves, taking into account the restrictions above, will be invested in order to create sufficient financial returns to enable Guideposts Trust to carry out its purpose effectively;
- All investment will be undertaken with the objective of maintaining and, if possible, enhancing the value of the invested funds and will be managed in accordance with the Trust's Statement of Investment Policy.

Monitoring and review of the Reserves Policy

The Trustees will at each quarterly meeting of Guideposts Trust monitor the reserves of the Trust to ensure that they are within the requirements of this Policy.

The Trustees will periodically review the Reserves Policy, including the Minimum Level as set out above. The review shall take place no later than one year from the date of this Policy and thereafter no later than one year from the date of the previous review.

6 Plans for the Future

The charitable sector continues to change rapidly. Voluntary organisations' role in service delivery is expanding at a pace. It will further expand with the development of direct payments and subsequently, individual budgets. The individual will have the opportunity to control who provides their social welfare services. Indeed, a good deal of pressure will come to bear on individuals to assume responsibility for themselves, thus diminishing the role of the state across a whole range of social policy. The irresistible movement towards direct payments and individual budgets does not sit comfortably with everybody and people are often left with a feeling of having been let down by a system perceived as groundbreaking by the introduction of the Welfare State. The Government's influence on charitable activity will continue to increase.

Many charities are struggling in an environment that makes it difficult to raise core funding and this threatens their very existence. Within this environment Guideposts Trust continues to survive and indeed thrive. The charity has kept core costs low by not increasing our central staffing whilst at the same time developing projects across the range of our services and in new geographical areas thus increasing management income. The close attention to cost control and good local management is a fundamental part of our success. Just as importantly and arguably more importantly, however, is our approach to what we do.

Guideposts Trust is unusual in the diversity of its services and this is a pointer to the reason for us having been able to develop services over the last five years. The projects we run do not concentrate on the amelioration of a particular disability or condition but rather take a person centred view as to why any given individual is excluded from a decent quality of life and then attempt to tackle the exclusion be it physical, emotional, economic or a combination of all three, not the disability or condition.

In all our projects we seek to develop a group of people that includes relatives, friends, volunteers, our own staff and other professionals that will act as a circle of support to individuals and carers. It could be argued that this approach further diminishes the role of the state and local Authorities as service providers but the reality is that what we provide is welcomed by the person using the services and (without exception) by those who pay the bill either directly or through direct payments.

The future development of Guideposts over the next five years will build on the local presence we have and from a donor perspective embed Guideposts into the local community.

A strategy such as this will give Guideposts a better chance of successful tendering, but more importantly perhaps will ensure that services are protected from the vagaries of the tendering process.

Guideposts Trust Limited

Trustees' Report for the year ended 31st March 2009 (continued)

6 Plans for the Future (continued)

The charity's aims therefore continue to be:

- To put in place a plan that underpins the voluntary funded projects we currently have at a local level.
- Where tenders are won in new areas, put Guideposts in a position where we are able to defend our presence by developing other services that are not dependent upon tenders and contracts.
- To open new areas of the country through a strategy of introducing a local fundraiser, Guideposts Help at Home social enterprise, and the development of local friendship schemes. This will enable contacts with service users, social services and other voluntary sector organisations to be developed and a greater opportunity to increase Guideposts presence in communities.

Trustees' responsibilities

The trustees are in law also directors of the company.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the results of the company for that period.

In preparing these accounts, the directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the accounts on a going concern basis unless it is inappropriate to presume the company will continue in business.

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

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and;
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to re-appoint Wenn Townsend will be proposed at the forthcoming Annual General Meeting.

On behalf of the Trustees of the Trust

**David Beck
Secretary**

9 September 2009

Guideposts Trust Limited
Independent Auditors' Report
to
The Members of Guideposts Trust Limited

We have audited the financial statements of Guideposts Trust Limited for the year ended 31st March 2009 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes 1 to 24. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As described in the Statement of Trustees' Responsibilities the charity's trustees (who also act as Directors) are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

Basis of opinion

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

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

Opinion

In our opinion the information given in the trustees' report for the financial year ended 31st March 2009 is consistent with the financial statements; the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31st March 2009 and of its incoming resources and application of resources for the year ended; and the financial statements have been properly prepared in accordance with the Companies Act 1985.

Wenn Townsend
Chartered Accountants and Registered Auditor
Oxford

9 September 2009

Guideposts Trust Limited

Statement of Financial Activities
(including income and expenditure)
for the year ended 31st March 2009

	Note	Restricted	Unrestricted	2009 Total	2008 Total
Incoming resources from generated funds		£	£	£	£
<i>Voluntary income</i>					
Donations		-	706,428	706,428	709,410
Euro DM Development Fund Donations		-	761,323	761,323	755,258
Investment income		-	39,936	39,936	58,117
<i>Incoming resources from charitable activities:</i>					
Grants and contracts for provision of care and services	2	3,756,443	530,303	4,286,746	3,897,263
Help at Home and pre and after school services		160,147	522,326	682,473	594,999
Other income	3	-	5,547	5,547	14,548
Total incoming resources		3,916,590	2,565,863	6,482,453	6,029,595
Resources expended					
<i>Costs of generating funds:</i>					
Fundraising - general		-	219,981	219,981	184,422
Euro DM Development Fund Costs		-	189,739	189,739	210,710
<i>Charitable activities:</i>					
Community Care Service Projects		3,673,938	1,118,734	4,792,672	4,350,518
Help at Home and pre and after school services		208,172	678,963	887,135	712,793
Education and Awareness		-	760,910	760,910	654,835
Governance Costs	24	3,882,110	2,968,327	6,850,437	6,113,278
		-	9,283	9,283	7,429
Total resources expended	7	3,882,110	2,977,610	6,859,720	6,120,707
Net (resources expended)/incoming resources	21	34,480	(411,747)	(377,267)	(91,112)
Total funds at 1st April 2008		289,670	2,359,258	2,648,928	2,740,040
Total funds at 31st March 2009		324,150	1,947,511	2,271,661	2,648,928

There are no gains or losses other than those recognised through the statement of financial activities.

Note 21 reconciles the net movement in funds to operating loss for Companies Act purposes.

The notes on pages 11 to 21 form part of these accounts

Guideposts Trust Limited

**Balance Sheet
as at 31st March 2009**

	Note	2009 £	2008 £
Fixed Assets			
Tangible Assets	8	1,423,213	1,414,863
Investments	9	4	4
		<u>1,423,217</u>	<u>1,414,867</u>
Current Assets			
Debtors	10	801,930	531,346
Cash at bank and in hand	11	1,178,397	1,888,327
		<u>1,980,327</u>	<u>2,419,673</u>
Creditors: Amounts falling due within one year	12	<u>(734,860)</u>	<u>(575,297)</u>
Net Current Assets		<u>1,245,467</u>	<u>1,844,376</u>
Total assets less current liabilities		2,668,684	3,259,243
Creditors: Amounts falling due after one year	13	<u>(397,023)</u>	<u>(610,315)</u>
Net Assets		<u><u>2,271,661</u></u>	<u><u>2,648,928</u></u>
Reserves			
Designated funds	19	-	359,317
General funds	19	<u>1,947,511</u>	<u>1,999,941</u>
		1,947,511	2,359,258
Restricted funds	19	<u>324,150</u>	<u>289,670</u>
Total of Charity's funds		<u><u>2,271,661</u></u>	<u><u>2,648,928</u></u>

These accounts were approved by the Board of Trustees on 9th September 2009

Robert Elmore (Trustee)

Barry Phillips (Trustee)

The notes on pages 11 to 21 form part of these accounts.

Guideposts Trust Limited

**Cash Flow Statement
for the year ended 31st March 2009**

	Note	2009 £	2008 £
Reconciliation of operating (loss)/profit to net cash (outflow) from operating activities			
Operating loss	21	(417,203)	(149,229)
Depreciation charge		130,635	98,632
(Increase)/Decrease in debtors		(270,584)	950,139
Increase in creditors		156,654	267,879
Net cash (outflow)/inflow from operating activities		<u>(400,498)</u>	<u>1,167,421</u>
Cash flow statement			
Net cash (outflow)/inflow from operating activities		(400,498)	1,167,421
Returns on investments and servicing of finance			
Interest received		39,936	57,881
Dividends received		-	236
Capital expenditure	15	(138,985)	(334,498)
Financing	16	(210,383)	188,215
(Decrease)/Increase in cash		<u>(709,930)</u>	<u>1,079,255</u>
Reconciliation of net cash flow to movement in funds			
(Decrease)/Increase in cash	17	(709,930)	1,079,255
Net funds at 1st April 2008		1,888,327	809,072
Net funds at 31st March 2009		<u>1,178,397</u>	<u>1,888,327</u>

Guideposts Trust Limited

Notes to the Accounts for the year ended 31st March 2009

1. Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Charity's accounts:

a) Basis of Accounting

The accounts are prepared under the historical cost convention, as modified by the inclusion of fixed asset investments at market value, and in compliance with applicable accounting standards, Statement of Recommended Practice (SORP): Accounting and reporting by Charities issued in March 2005 and the Companies Act 1985.

b) Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided at rates which reflect the anticipated useful lives of the assets and their estimated residual value.

Land	-	Nil
Freehold and leasehold buildings	-	2% straight line
Fixtures and fittings	-	15% straight line
Equipment	-	15% straight line
Housing Furniture	-	25% straight line
Motor vehicles	-	25% straight line

c) Consolidation

The Charity owns all the issued share capital of Guideposts Associates Limited which is incorporated in the UK and undertakes trading activities. As the subsidiary's results are not material to the charity, consolidated accounts have not been prepared.

d) Restricted funds

The restricted funds include unspent income which has been received in response to specific appeals and grants towards services.

e) Pension Costs

The Charity operates group personal pension schemes and a defined contribution pension scheme. The assets of the schemes are held separately from those of the Charity in an independently administered fund. The pension cost represents contributions by the Charity to the funds, which are recognised when they become payable.

f) Investments

On the sale of investments, any realised gains or losses are taken to the appropriate funds.

At the year end investments are valued at market value and unrealised gains and losses are recognised in the appropriate funds.

g) Incoming resources

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised when earned (as the related goods or services are provided). Grant income included in this category provides funding to support activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Guideposts Trust Limited

Notes to the Accounts (continued) for the year ended 31st March 2009

1. Accounting policies (continued)

g) Incoming resources (continued)

Income is deferred when:

- Grants are received in advance for the accounting period to which they relate.

h) Operating Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

i) Resources expended

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services are supplied. Other grant payments are recognised when a constructive obligation arises that result in the payment being unavoidable.

- Costs of generating funds are those costs incurred in attracting voluntary income.
- Charitable activities include expenditure associated with the provisions of services and include both the direct costs and support costs relating to these activities.
- Governance costs include those costs incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. allocating property costs by floor areas, or per capita staff costs by the time spent and other costs by their usage.

Guideposts Trust Limited

**Notes to the accounts (continued)
for the year ended 31st March 2009**

2	Grants received	2009	2008
		£	£
	Local Authorities	4,225,064	3,653,265
	Big Lottery Fund Grants		
	North Warwicks Friendship Scheme – MK/1/10102812	(13,541)	34,609
	Gloucestershire Adventure Activities – MK/1/010145509	16,657	65,924
	Information Café – MK/1/010163281	58,566	101,213
	Dept. of Health – Section 64	-	42,252
		<u>4,286,746</u>	<u>3,897,263</u>
3	Other operating income		
	Rental income	-	9,766
	Miscellaneous income	3,464	4,782
	Gain from sale of fixed asset	2,083	-
		<u>5,547</u>	<u>14,548</u>
4	Net (resources expended)/incoming resources		
	This is stated after charging:		
	Auditors' Remuneration - Audit	7,450	6,900
	- Other	529	529
	- Value Added Tax	1,383	1,207
	Depreciation	130,635	98,632
	Operating leases – land and buildings	127,322	77,117
	Interest payable – bank loan repayable after 5 years	29,652	44,797
5	Employees	2009	2008
		Number	Number
	The average number of employees during the year was:		
	Project staff	246	239
	Fundraising	5	5
	Project/care administration	9	9
	Administration	8	8
		<u>268</u>	<u>261</u>
	Their total remuneration was:	£	£
	Wages and salaries	3,514,818	3,298,394
	Social security costs	259,579	248,333
	Other pensions costs	98,550	110,739
		<u>3,872,947</u>	<u>3,657,466</u>

The charity operates group personal pension schemes and a defined contribution pension scheme. The assets of the schemes are held separately from those of the charity in an independently administered fund. The pension cost represents contributions by the charity to the funds, which are recognised when they become payable. Contributions paid in advance amounted at £867 at 31st March 2009 (2008: £1,800).

None of the Trustees received any remuneration for their office or any reimbursement of expenses during the current or preceding year. An indemnity insurance of £849 was paid in respect of the Trustees.

	2009	2008
	Number	Number
Number of employees with emoluments over £60,000	<u>0</u>	<u>0</u>

Guideposts Trust Limited

**Notes to the accounts (continued)
for the year ended 31st March 2009**

6 Taxation

The trust is a registered charity in accordance with Section 505 of the Income and Corporation Taxes Act 1988. As such it is not liable to pay corporation tax on any surplus applied for charitable purposes.

7 Analysis of resources expended

	Staff Costs	Support Costs	Depreciation	Other	Total 2009	Total 2008
	£	£	£	£	£	£
Charitable expenditure	3,751,434	225,975	130,635	2,332,673	6,440,717	5,718,146
Fundraising costs	121,513	70,984	-	217,223	409,720	395,132
Governance costs	-	9,283	-	-	9,283	7,429
	<u>3,872,947</u>	<u>306,242</u>	<u>130,635</u>	<u>2,549,896</u>	<u>6,859,720</u>	<u>6,120,707</u>

The allocation of Support Costs is shown in note 24.

8 Tangible Fixed Assets

	Land and Buildings	Freehold Land	Fixtures, Fittings and Equipment	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1st April 2008	958,914	304,500	486,170	108,401	1,857,985
Additions	-	-	125,033	17,900	142,933
Disposals	-	-	(2,178)	(16,695)	(18,873)
At 31st March 2009	<u>958,914</u>	<u>304,500</u>	<u>609,025</u>	<u>109,606</u>	<u>1,982,045</u>
Depreciation					
At 1st April 2008	115,895	-	232,493	94,734	443,122
Charge for year	18,256	-	99,841	12,538	130,635
Disposals	-	-	(647)	(14,278)	(14,925)
At 31st March 2009	<u>134,151</u>	<u>-</u>	<u>331,687</u>	<u>92,994</u>	<u>558,832</u>
Net book value					
At 31st March 2009	<u>824,763</u>	<u>304,500</u>	<u>277,338</u>	<u>16,612</u>	<u>1,423,213</u>
At 31st March 2008	<u>843,019</u>	<u>304,500</u>	<u>253,677</u>	<u>13,667</u>	<u>1,414,863</u>

All assets are held for charitable purposes.

Guideposts Trust Limited

**Notes to the accounts (continued)
for the year ended 31st March 2009**

9	Fixed asset investments	2009	2008
		£	£
	Investment in subsidiary		
	At cost		
	At 1st April 2008 and 31st March 2009	4	4
		<u> </u>	<u> </u>
 10	 Debtors due within one year	 2009	 2008
		£	£
	Income debtors	416,784	301,810
	Accrued income	205,721	130,030
	Other debtors	2,322	10,208
	Due from Guideposts Associates Limited	21,766	-
	Prepayments	100,524	38,502
	Accrued income tax recoverable	54,813	50,796
		<u>801,930</u>	<u>531,346</u>
		<u> </u>	<u> </u>
 11	 Cash at bank and in hand	 2009	 2008
		£	£
	Cash and current accounts	318,445	431,831
	On deposit	859,952	1,456,496
		<u>1,178,397</u>	<u>1,888,327</u>
		<u> </u>	<u> </u>
 12	 Creditors: Amounts falling due within one year	 2009	 2008
		£	£
	Bank loans (secured)	16,400	13,491
	Due to Guideposts Associates Limited	-	7,927
	Trade creditors	86,665	119,037
	Taxation and social security	82,773	80,026
	Deferred income	400,308	67,454
	Other creditors	18,318	176,528
	Accruals	130,396	110,834
		<u>734,860</u>	<u>575,297</u>
		<u> </u>	<u> </u>

Guideposts Trust Limited

**Notes to the accounts (continued)
for the year ended 31st March 2009**

13	Creditors: Amounts falling due after one year	2009	2008
		£	£
	Bank loans (secured)	397,023	610,315
		<u> </u>	<u> </u>
	Maturity of debt:		
		£	£
	- due in one year or less	16,400	13,491
	- between one and two years	16,823	14,440
	- between two and five years	53,119	49,637
	- in five years or more	327,081	546,238
		<u> </u>	<u> </u>
		413,423	623,806
		<u> </u>	<u> </u>

At the start of the year two loans were received from Triodos bank for the purchase of three freehold properties and an office. During the year the loan for the office purchase was repaid. The outstanding loan for the three freehold properties is repayable over a 25 year period, with 20 years to run, at a current interest rate of 2.25%.

14 Leasing commitments

Annual commitments due under operating leases for premises used by the Trust and its subsidiary, Guideposts Associates Limited, were as follows:

	2009	2008
	£	£
	Land and Buildings	Land and Buildings
Operating leases which expire:		
Within one year	5,392	22,918
Between one and two years	7,500	-
In the second to fifth years inclusive	54,185	40,476
Over five years	47,000	47,000
	<u> </u>	<u> </u>
	114,077	110,394
	<u> </u>	<u> </u>

Guideposts Trust Limited

**Notes to the accounts (continued)
for the year ended 31st March 2009**

15	Gross Cash Flows	2009	2008
		£	£
	Capital Expenditure		
	Expenditure on tangible fixed assets	(138,985)	(334,498)
16	Financing	2009	2008
		£	£
	(Decrease)/increase in borrowings		
	Debt due within one year: Secured loans	2,909	4,335
	Debt due beyond one year: Secured loans	(213,292)	183,880
		(210,383)	188,215

17	Analysis of changes in net funds	At 1st April 2008 £	Cash Flow £	At 31st March 2009 £
	Cash at bank and in hand	1,888,327	(709,930)	1,178,397

18 **Subsidiary company**

The Charity owns all the share capital in its subsidiary company, Guideposts Associates Limited, which is incorporated in the UK and undertakes trading activities. Any profits earned by the trading subsidiary are donated to the Charity. Three Trustees of the Charity sit on the board of the subsidiary but receive no remuneration for so doing. A summary of the subsidiary's result for the year ended 31st March, 2009 and financial position as at that date is set out below:

	2009	2008
	£	£
Sales and other income	454,095	345,906
Direct costs of sales and overheads	456,668	354,945
Retained Loss	(2,573)	(9,039)
Capital and Reserves	3,401	5,974

Guideposts Trust Limited

**Notes to the accounts (continued)
for the year ended 31st March 2009**

19 Reserves

	Restricted Funds	Designated Funds	General Funds	Total Funds
	Projects	Trust Designated Resources		
	£	£	£	£
Balance brought forward	289,670	359,317	1,999,941	2,648,928
Income for the year	3,916,590	-	2,565,863	6,482,453
Expenditure for the year	(3,882,110)	(129,891)	(2,847,719)	(6,859,720)
Transfers	-	(229,426)	229,426	-
(Deficit)/Surplus for the year	34,480	(359,317)	(52,430)	(377,267)
Balance carried forward	324,150	-	1,947,511	2,271,661
Analysis of net assets between funds				
Tangible fixed assets	-	-	1,423,213	1,423,213
Investments	-	-	4	4
Net current assets	324,150	-	921,317	1,245,467
Creditors falling due after one year	-	-	(397,023)	(397,023)
Total	324,150	-	1,947,511	2,271,661

Guideposts Trust Limited

**Notes to the accounts (continued)
for the year ended 31st March 2009**

19 Reserves (continued)

Unrestricted

a) General Funds

These represent the free reserves which are not designated for a specific purpose.

b) Designated Funds

The trustees have decided that these funds be returned to General Funds.

Restricted

Projects

These funds represent the restricted unspent balances from several projects, which will be expended next year.

20 Big Lottery Fund

	2009 £	2008 £
Big Lottery Fund MK/1/010145509 Gloucestershire Adventure Activities		
Income received in year	16,657	65,924
Expenditure in the year	16,657	65,924
Balance carried forward to the next year	-	-
Big Lottery Fund MK/1/010163281 Information Café		
Balance brought forward from the previous year	14,129	18,249
Income received in year	58,566	101,213
Expenditure in the year	72,695	105,333
Balance carried forward to the next year	-	14,129

Guideposts Trust Limited

**Notes to the accounts (continued)
for the year ended 31st March 2009**

20	Big Lottery Fund (continued)	2009 £	2008 £
	Big Lottery Fund MK/10102812 North Warwicks. Friendship Scheme		
	Balance brought forward from the previous year	55,096	66,045
	Income (returned)/received in year	(13,541)	34,609
	Expenditure in year	41,555	45,558
	Balance carried forward to next year	<u>-</u>	<u>55,096</u>
	Department of Health – Section 64 Grants		
	Warwickshire Friendship Scheme	<u>-</u>	<u>42,252</u>
21	Reconciliation of Net Movement in funds to Operating Loss	2009 £	2008 £
	Net Movement in funds per SOFA	(377,267)	(91,112)
	Less:		
	Interest Receivable	39,936	57,881
	Dividends Receivable		236
	Operating (Loss)	<u>(417,203)</u>	<u>(149,229)</u>
22	Related party transactions		
	Guideposts Associates Limited is a wholly-owned subsidiary of the charity. The following is a summary of transactions:		
	Revenue	2009 £	2008 £
	Recharges	<u>221,606</u>	<u>165,892</u>
	Expenditure		
	Transfer of income	81,913	104,573
	Training support	<u>60,000</u>	<u>-</u>

There is a balance owing from Guideposts Associates Limited to the charity of £21,766 as at 31st March 2009.

Guideposts Trust Limited

**Notes to the accounts (continued)
for the year ended 31st March 2009**

23 Deferred income

Deferred income comprises local authority grants received quarterly in advance. Income deferred in the current year refers to grants received in advance for project running costs during April to June 2009.

	2009 £	2008 £
Balance as at 1st April 2008	67,454	28,145
Amount released to incoming resources	(67,454)	(28,145)
Amount deferred in year	400,308	67,454
Balance as at 31st March 2009	400,308	67,454

24 Allocation of support costs

The trust allocates its support costs as shown in the table below. Support costs are allocated on the basis consistent with the use of resources.

		Allocated to Costs of generating funds	Governance	2009 Total
	£	£	£	£
General Office	188,523	68,240	-	256,763
Information technology	36,404	2,744	-	39,148
Audit Fee	-	-	8,754	8,754
Legal and other professional services	1,048	-	529	1,577
	225,975	70,984	9,283	306,242

Analysis of charitable activities support costs

This table shows the allocation of support costs across the two main charitable activities.

Community Care Service Projects	192,079
Education and Awareness	33,896
	225,975

The Woodland Trust

Registered Company No. 1982873

Registered Charity in England No. 294344

Registered Charity in Scotland No. SC038885



WOODLAND
TRUST

REPORT AND ACCOUNTS

31 DECEMBER 2008

PRESIDENT

Clive Anderson

DIRECTORS/TRUSTEES

Dawn Austwick, OBE
Robert Brown, OBE
Alison Chmiel
Roger Clarke
Jonathan Drori, CBE
Colin Hall
James Humphreys
John Lake (Chair)
Elliott Mannis
Jeremy Marshall
Nicola Nicholls (Deputy Chair)
Michael Usher, OBE

The Trustees are also the Directors of the Company.

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

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

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CHAIR'S REPORT

For the year ended 31 December 2008

Despite the present economic situation, I am pleased to report that our finances are in a stable position.

In 2008 we once again achieved record levels of income - nearly £30 million – allowing us to spend a record amount on delivering our charitable objectives.

We achieved this with the support of our many members and other funders. In particular, we are indebted to those people who left us a contribution in their will; legacies were crucially important, making up almost 30% of our total income.

All of our income sources have been vitally important in helping us achieve our charitable aims of protecting, creating, restoring and promoting the importance of native woods and trees everywhere, as well as caring for our own estate of over 1,000 woods.

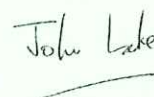
In 2008, we were successful in 81% of 'wood under threat' cases. One such wood was Pencoedtre in the Vale of Glamorgan, Wales, a rich, ancient woodland with rare plant communities. We played a major part in getting planning permission refused in January 2008, which would have otherwise led to it being bulldozed to make way for housing and industrial units. We also launched WoodWatch to make it even easier for people to work in partnership with us to save trees and woods under threat near them.

Our woodland creation plans continued apace with the acquisition of over 347 hectares of land in the South East of England, where we plan to create Heartwood Forest – England's largest continuous new native forest. Continuing to fundraise for this project is a key priority for 2009.

We have also been working to persuade other landowners to create more woods. Thanks to the support of a range of funders we are helping landowners to plant 90,000 native trees and create 85 hectares of new woodland.

During 2008, through a range of partnership projects, we helped others bring another 3,400 hectares of ancient woods in urgent need of attention into active restoration programmes. And, among our many community participation projects, we achieved our Tree For All target of involving one million children in planting trees one year ahead of schedule.

Looking to the future we are not resting on our laurels. We are managing our costs tightly to ensure that the Woodland Trust remains in a strong position. Especially in these difficult times, we believe many will find comfort in the natural world and that protecting woodland, our richest wildlife habitat, must remain a priority for everyone.



John Lake
Chair
20 May 2009

Report of the Directors (continued)

For the year ended 31 December 2008

A Board Affairs Committee has been established with the responsibility for promoting good governance and effective working of the Board. The Board Affairs Committee is made up of Directors or ex-Directors. The current members are:

Nicola Nicholls (chair)
Dawn Austwick
Robert Brown
Timothy Field (ex-Director)
Jeremy Marshall (appointed to the Board Affairs Committee on 29 January 2009)

The Finance Committee acts as an Audit Committee, a Remuneration Committee and an Investment Committee.

The following Directors served on the Finance Committee:

Alison Chmiel
Colin Hall (Chair of the Finance Committee)
James Humphreys
John Lake
Nicola Nicholls (retired from the Finance Committee on 5 December 2008)
Elliott Mannis (appointed to the Finance Committee on 5 December 2008)

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

Recruitment of Directors

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

Induction and training of Directors

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

Directors' emoluments

The Directors of the Company, who comprise its Board, did not receive any remuneration during the period. Travelling and subsistence expenses incurred by 18 (2007: 14) Directors on Board business amounted to £7k (2007: £5k) during the year.

The Woodland Trust purchases indemnity insurance to protect it and its Directors and Officers from losses arising from any wrongful act of its Directors or Officers and to indemnify them against their legal liability arising from any claim against them. The premium for the policy was £6k (2007: £7k).

Statement of Directors' Responsibilities

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

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

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

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

REPORT OF THE DIRECTORS

For the year ended 31 December 2008

The Directors have pleasure in presenting their report together with the audited accounts for the year ended 31 December 2008. The Chair's Report appears on page 1.

STRUCTURE

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

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

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

The Trust has two wholly owned trading subsidiaries, Woodland Trust (Enterprises) Limited (Company No 2296645) and Woodland Trust Farming Limited (Company No 6360791, registered on 4 September 2007). Woodland Trust Farming Limited commenced trading in February 2008.

REGISTERED OFFICE

The registered office is Autumn Park, Dysart Road, Grantham, Lincolnshire, NG31 6LL.

PROFESSIONAL ADVISORS

A list of the Trust's main professional advisors appears on page 31.

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

GOVERNANCE AND MANAGEMENT

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

Dawn Austwick
Colin Hall
Nicola Nicholls

Robert Brown
James Humphreys
Michael Usher

Alison Chmiel
John Lake (Chair)

Timothy Field retired as a Director on 21 May 2008
David Foot retired as a Director on 21 May 2008
Trevor Jones retired as a Director on 21 May 2008
Adrian Phillips retired as a Director on 17 September 2008
Sally Horrox retired as a Director on 5 December 2008
Rachel Thomas retired as a Director on 5 December 2008

Roger Clarke was appointed a Director on 5 December 2008
Jonathan Drori was appointed a Director on 5 December 2008
Elliott Mannis was appointed a Director on 5 December 2008
Jeremy Marshall was appointed a Director on 5 December 2008

A governance review was carried out during 2008 to review the role, make up and operation of the Board of Directors. The size of the Board will normally comprise 10-12 directors. Directors are required to retire every four years and may offer themselves up for re-appointment for one further period of four years. A performance review will be carried out after one year and year four. The normal term of office for a Chair is four years. The maximum term of office for a director shall in the case of the Chair, be extended until the end of his or her term of office as Chair.

Report of the Directors (continued)

For the year ended 31 December 2008

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

Supplier Payment Policy

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

Taxation

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

Equal Opportunities

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

Employee Involvement

Our decision making processes incorporate quarterly feedback from our Staff Representation Group, which has been established to promote a further two way communication channel between staff and management. We also communicate through team briefings, weekly updates and regular communications from the Chief Executive.

OBJECTIVES AND ACTIVITIES

Objectives

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

The principal activities of Woodland Trust (Enterprises) Limited are sponsorship and commercial promotions in support of the Woodland Trust, lotteries and the sale of goods by mail order and internet orders. Woodland Trust Farming Limited undertook some of our farming activity. All profits are donated by Gift Aid to the Woodland Trust. A summary of our trading subsidiaries results appears in note 18 on page 29.

Aims

The Woodland Trust's four key conservation aims are to:

- ♦ ensure no further loss of ancient woodland
- ♦ increase woodland biodiversity
- ♦ increase the area of new native woodland
- ♦ increase people's understanding and enjoyment of woodland

In *Keeping Woodland Alive*, originally published in 1998 and revised in 2001 and which can be accessed via our website, we set out how we are seeking to achieve each of these four key aims.

Report of the Directors (continued)

For the year ended 31 December 2008

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

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

Risk Management

The Trust's risk assessment process identifies and prioritises the risks it faces and establishes suitable mitigating controls. During 2008, the Trust reviewed the effectiveness of its controls over risks and the relevant documents used to monitor and evaluate risks were updated and approved by the Directors. This review is undertaken annually, in accordance with the Charity Commission's Statement of Recommended Practice (SORP) 2005.

Health and Safety

We apply risk management principles, aiming to reduce risks to an acceptable level without adopting policies that would compromise our basic purposes of conservation and access. We monitor our own health and safety performance and during 2008 updated our Health and Safety management system with the assistance of an external consultant.

Very regrettably, during a period of gale force winds, a man was killed by a falling tree as he drove past one of our woods in Scotland. The resulting Health and Safety Executive (HSE) enquiry is still on-going but an internal review has indicated that all our procedures were appropriate.

Scheme of Delegation

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

The principal officers are:

Chief Executive	Sue Holden, MA
Director of Corporate Services & Company Secretary	Julian Purvis, BSc, FCA
Policy Director	Hilary Allison, PhD, MA, MSc
Director of Fundraising	Karl Mitchell, MSc, MInstF (Cert)
UK Operations Director	Norman Starks, BSc (For), MICF
Director of Supporter Marketing	Helen Nott, PhD, BSc
Director of Communications and Engagement	Alan Kennedy, MA, MBA

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

Investments – powers and policy

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

The investments representing endowment funds are held for the long-term and those that represent other restricted funds are held for the medium-term. Each investment portfolio is managed by professional investment managers and has an objective of optimising total return, subject to an acceptable level of risk. Performance is monitored against a tailored benchmark.

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

Report of the Directors (continued)

For the year ended 31 December 2008

In 2008 the Woodland Trust:

- ◆ acquired a total of 517ha of open land on which to create new native woodland including a 347ha site to create Heartwood Forest, England's largest new native forest
- ◆ created 282ha of new native woodland either on our own land or by working with others
- ◆ planted 980,000 trees as part of our *Tree for All* campaign
- ◆ launched FREEwoods – a campaign planting trees on other people's land

We have increased our emphasis on woodland creation during 2008 by establishing exemplar sites and are delighted with the acquisition in total of 517ha of open land. The acquisition of these sites is only the first stage and we are actively fundraising for the creation and establishment of woodland on these sites.

FREEwoods was launched in August as a pilot to create new native woods on other people's land. Using funding from a legacy and Essex County Council we initiated the creation of 58 new woods comprising 85ha and had we had the funding we could have created over 300 new woods, such was the demand from landowners. During next winter's planting season we aim to create 500ha of new woodland in this way but require £1m funding to achieve this.

Increasing people's understanding and enjoyment of woodland

Our key strategies are to:

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

In 2008 the Woodland Trust:

- ◆ enabled 593,000 people to plant trees as part of its *Tree for All* campaign
- ◆ achieved a net increase in membership of 15,000 taking us to over 191,000 by the year end
- ◆ had 4.1m visitor sessions to our website (www.woodlandtrust.org.uk)
- ◆ continued to provide and improve access to and interpretation of our woods through our site investment programme by investing in 10 such sites
- ◆ had over 100 volunteer verifiers and approximately 60 partner organisations supporting the Ancient Tree Hunt campaign across the UK
- ◆ engaged over 14,500 actively participating schools in our learning activities and delivered just under 15,000 free tree packs to schools

Our *Tree for All* campaign remains a major focus and has now engaged over 1.6m people in planting 5.3m trees since the launch of the campaign in November 2004.

We aim to have 200,000 members by 2010.

General strategies

In addition, we seek to achieve all four of our aims by raising awareness of and support for our cause and by campaigning on behalf of the UK's woodland and ancient trees. Our campaign targets are summarised in a series of "*Woodland Challenges*" for each country and at a UK level. These can be found on our website.

Activities and services provided

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

Report of the Directors (continued)

For the year ended 31 December 2008

Ensure no further loss of ancient woodland

Our key strategies are to:

- ◆ seek protection of all ancient woodland through legislation and planning policy
- ◆ acquire those ancient woods that would particularly benefit from our ownership, especially major planted ancient woods that can benefit from our expertise in restoring such sites
- ◆ work with other landowners and other organisations
- ◆ undertake campaigns to safeguard ancient woods
- ◆ assist communities to save specific woods through our Woods Under Threat website (www.woodsunderthreat.info) and be prepared to fight the most significant development threats to ancient woodland

In 2008 the Woodland Trust:

- ◆ launched WoodWatch, a campaign to empower local communities to take action to save local woods under threat
- ◆ maintained its record of helping to secure a successful outcome in 81% (2007: 80%) of the completed cases of threatened woods it has been involved with
- ◆ mobilised outstanding public support in our campaigns to prevent the loss of ancient woodland for high profile cases such as the Aberdeen by-pass and certain airport expansion proposals
- ◆ acquired Robson's Spring Wood in North Yorkshire, a large Planted Ancient Woodland site in need of restoration

Ancient woods across the UK continued to be threatened by generic threats like climate change and site specific development threats. Our *Woods Under Threat* team were dealing with 545 (2007: 289) woods under threat across the UK at the end of 2008. This rise is due to a few large infrastructure proposals affecting a number of woods. So despite all the improvements and achievements of recent years there are still no grounds for complacency.

Increasing woodland biodiversity

Our key strategies are to:

- ◆ adopt a landscape scale approach to woodland conservation in the face of climate change
- ◆ care for over 1,000 woods covering over 22,000ha that we own or lease throughout the UK
- ◆ buffer and extend ancient woodland through targeted woodland and habitat creation
- ◆ have all the Trust's ancient woods previously planted with non-native conifers in an active restoration programme
- ◆ work with others to restore their planted ancient woods
- ◆ conserve ancient trees and old growth woodland including the creation of a UK database of ancient trees

In 2008 the Woodland Trust:

- ◆ continued to work with other landowners to increase the amount of planted ancient woods in restoration programmes by over 3,400ha. This surpasses our target of 3,000ha per annum.
- ◆ continued to manage our own estate to a high standard, certified by the Forest Stewardship Council, delivering a wide range of public benefits
- ◆ increased the number of trees recorded on the Ancient Tree Hunt database to over 31,000, surpassing our target of 30,000

Increasing the area of new native woodland

Our key strategies are to:

- ◆ acquire land on which to create new native woodland
- ◆ work with other landowners and other organisations to create new native woods
- ◆ campaign for more native woodland and more financial support to enable its creation
- ◆ create new woods that will improve the environment around settlements of all sizes

Report of the Directors (continued)

For the year ended 31 December 2008

Grant income at £3.1m (2007: £3.7m) is project activity based and the level of income depends not only upon our success in raising grants, but the income relates directly to the activity taking place on the ground. In recent years it has become increasingly difficult to raise grant income to fund woodland and land acquisitions, and so the funding of new acquisitions relies upon other sources of income.

Charities need to have regard to taxation in all their activities. During 2008 the Trust was successful in making further improvements in its ability to recover VAT on its expenditure by successfully submitting a back claim to 1980 of £0.5m including interest, following the Conde Nast/Fleming ruling. Nonetheless, irrecoverable VAT paid over amounted to £0.2m (2007: £0.1m).

We would like to thank our many supporters who helped optimise the tax benefits available to the Trust by completing Gift Aid forms, as well as those who reduced their own tax liabilities by donating land and shares, donating via Payroll Giving and making tax effective bequests. We recovered over £1.5m (2007: £1.5m) in tax, which increased greatly the amount of work we were able to undertake.

Expenditure

Total expenditure increased from £22.3m to £28.9m. This summary of expenditure relates directly to our four key conservation aims together with £4.4m (2007: £4.5m) being the cost of raising over £29.7m income and our governance costs of £0.2m (2007: £0.2m). Inevitably many of the projects we undertake contribute to more than one of our conservation aims. The analysis of expenditure below includes £9.4m (2007: £3.8m) applied to land acquisition, see page 24 for details.

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

	2008			2007		
	Revenue £k	Capital £k	Total £k	Revenue £k	Capital £k	Total £k
Protection of ancient woodland	1,302	312	1,614	1,177	801	1,978
Woodland conservation and management	3,899	1,804	5,703	4,465	453	4,918
Creation of new native woodland	4,010	7,223	11,233	3,731	1,650	5,381
Access, recreation and education	5,677	44	5,721	4,326	923	5,249
Conservation Expenditure	14,888	9,383	24,271	13,699	3,827	17,526
Cost of generating funds	4,411	-	4,411	4,545	-	4,545
Governance	182	-	182	187	-	187
Total Expenditure	19,481	9,383	28,864	18,431	3,827	22,258

In addition the protection of ancient woodland expenditure increased as we launched WoodWatch, and we continue to be involved in fighting for woods under threat and mobilising public support for high profile campaigns. We acquired Robson Spring Wood in North Yorkshire, a 43ha site.

Our woodland conservation and management includes planted ancient woodland restoration on our sites and continuing activity on large flagship sites, such as our Glen Finglas estate in the Trossachs.

The increase in expenditure on creating new native woodland reflects the cost of tree planting on existing sites and the acquisition of Heartwood, Low Burnhall and Elmstead Market.

We have an investment programme for our priority biodiversity and access sites and during 2008 we invested in 10 such sites. We continue to engage school children in planting trees with our extensive school planting programmes and our hedge and copse packs.

In order to achieve our conservation objectives we must engage in fundraising. We invested £4.4m (2007: £4.5m) in various fundraising activities, a breakdown is given in note 4.

Staff costs increased to £7.5m (2007: £6.8m) as we increased the number of staff involved in our charitable activities by 14 and the number of fundraisers by 6.

Report of the Directors (continued)

For the year ended 31 December 2008

Our website, www.woodlandtrust.org.uk, provides the main source of information and advice including:

- ♦ how to join the Woodland Trust, dedicate trees and the benefits of leaving a legacy to the Trust
- ♦ details about our policies, position statements and publications
- ♦ details about our woods, including management plans, maps, blogs and images
- ♦ links to various community woodlands via our *Community Woodland Network*
- ♦ the ability to buy trees and merchandise through our online shops
- ♦ guidance and support to help acquire and manage a wood via our *Conservation Land Trust* site
- ♦ the ability to get involved in monitoring climate change via our phenology projects – Nature's Calendar and Nature Detectives
- ♦ a wealth of other educational materials for all ages and our *Tree for All* website
- ♦ how to identify, record and appreciate ancient trees on our *Ancient Tree Hunt* website
- ♦ where ancient woods and trees are threatened by development and how to prevent their destruction through WoodWatch

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

Acquisitions

During 2008, the Trust acquired 11 sites covering 565ha during the year. The most significant in terms of size were:

	Ha
Heartwood Forest, Hertfordshire	347
Low Burnhall, Durham	71
Robson's Spring Wood, North Yorkshire	43
Elmstead Market, Essex	37
Ervey, County Londonderry	24

Further details of these projects are available in our Annual Review and on our website.

Volunteers

In 2008 over 61,000 volunteers donated over 228,000 hours of work with an estimated value of £2.0m – a substantial effort, for which we are very grateful. Volunteers contribute to a wide variety of business and practical skills that enable us to maximise our resources.

REVIEW OF THE TRUST'S FINANCIAL POSITION

Despite difficult economic conditions, the Trust's finances are in a stable condition. We are responding to the current economic environment by reviewing and monitoring our financial processes and management. Our existing risk management structure and approach meant that we entered this turbulent period in a sound position. As an ambitious organisation it is important to take advantage of opportunities within a strong control framework.

Incoming Resources

In 2008 we achieved record income of £29.7m (2007: £28.1m) as we continue to receive strong support from a wide range of companies, funding bodies and dedicated individuals. Importantly, our unrestricted income has increased to £20.5m (2007: £16.2m). This increase came mainly from unrestricted legacies at £7.6m (2007: £4.2m). Total legacies, including those with restrictions, reached a record £8.2m (2007: £6.9m). Other increases in income result from a successful VAT back claim of £0.5m. A more detailed split of income is given in note 2 to the accounts.

The appeal to our members for the acquisition of Heartwood Forest raised more than £1.0m. In total we have more than £4.5m committed to help us purchase Heartwood and we are seeking to raise a further £4.0m in order to create the largest new native forest in England.

Sponsorship and commercial promotions income was £2.3m (2007: £2.3m). Significant sponsor and commercial partners include Dorothy Perkins, BT, Sainsbury's Supermarkets, Hammonds Furniture, Ikea, Yell, Golden Charter, TJX Europe and Unilever. We applied £2.0m of Corporate Sponsorship income to acquire Heartwood, Low Burn Hall and Elmstead Market.

Report of the Directors (continued)

For the year ended 31 December 2008

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

During 2008 the Trust had five separate restricted funds with its investment managers. The benchmark return was -18.4% (2007 6.3%). The actual returns achieved ranged from -20.5% to -21.0% (2007: 9.7% to 9.8%). Performance was ahead of benchmark for the first six months of the year. Underperformance in the last six months was due to equity selection, asset allocation and a substantial holding in corporate bonds relative to the benchmark. Overall, the Woodland Trust continues to review its investment managers to ensure optimal performance.

The market value of these funds has fallen in line with the current market conditions. More details on these investments may be found in note 11. An analysis of all funds can be found on pages 27-28 in notes 16-17 to the Accounts.

FUTURE DEVELOPMENTS

Our vision is to protect what we have, restore what has been spoilt and create new woods for the future, and to make our countryside more friendly for people and wildlife. Our aspirations in the UK are for:

- ♦ absolute protection of ancient woodland
- ♦ all ancient woods planted with non-native conifers (220,000ha) to be under active restoration
- ♦ a doubling of native woodland cover as part of developing a landscape scale approach to woodland conservation
- ♦ everyone to be within 4km of an accessible large woodland
- ♦ people, especially children, to better understand and value trees and woods
- ♦ every child to have the chance to plant trees

We know we can do this but we need to invest more and quickly. Investment today will provide both immediate and long term benefits. Here are some examples of the things we want to deliver over the next few years:

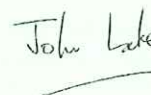
- ♦ Campaign for absolute protection of ancient woodland and ancient trees (est £1m pa)
- ♦ Acquire a flagship site each year of the scale and importance of Wentwood in 2006, Brede High Woods in 2007 and Heartwood in 2008 (est £5-10m pa)
- ♦ Actively restore or support the restoration of 15,000ha of ancient woods planted with non-native conifers (est £15m)
- ♦ Establish at least 500ha of new native woodland on other people's land each year (est £1m pa)
- ♦ Involve a further 1m children in planting trees as part of our Tree for All campaign (est £10m)
- ♦ Make improvements, especially to visitor access and interpretation, at premier Woodland Trust sites (est £1m)

We are embarking on a strategic review, which will further inform our plans for 2010-2012.

We also have to invest in developing our efficiency and effectiveness. Investing in management training, a new website and new supporter database are examples of this. We are also making a major investment in a new office. The current premises in Grantham are inadequate and the lease expires in two years.

We have established the Strategic Investment Fund to help the Trust to do all these things. However, we cannot achieve these vital goals without the support of committed individuals and organisations and hope that all those reading this will wish to help us to do so.

These accounts were approved and authorised for issue by the Directors on 20 May 2009 and signed on their behalf by:



John Lake
Chair
20 May 2009

Report of the Directors (continued)

For the year ended 31 December 2008

Overall we generated a net revenue surplus of £10.2m (2007: £9.7m) out of which £9.4m (2007: £3.8m) was applied to acquisitions of new land and woodland which are capitalised under fixed assets in note 9. The remaining surplus is applied to our reserves and those funds with restrictions are held to be applied in accordance with the restrictions.

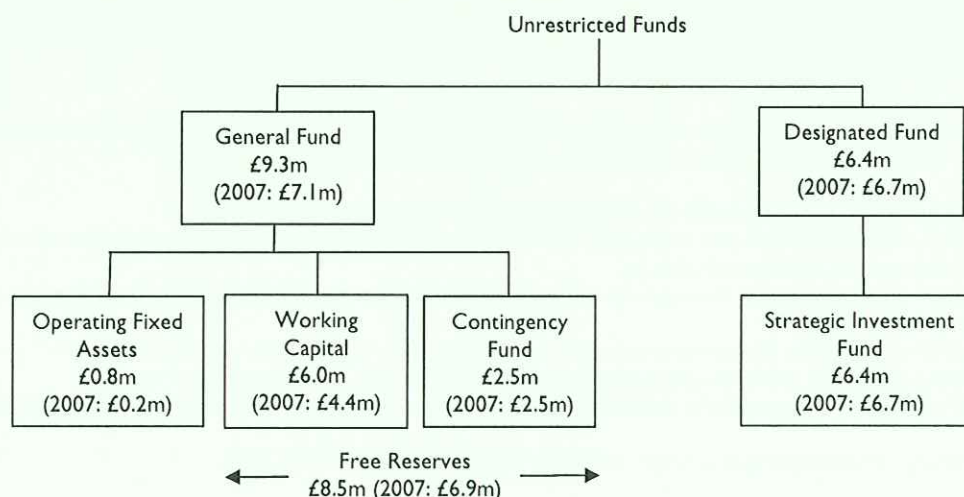
Financial Reserves

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

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

- ♦ Free – can be for any of the Trust's purposes
- ♦ Designated – funds earmarked by the Directors for specific purposes
- ♦ Restricted – to be applied to the specific purpose intended by the donor

The Trust's unrestricted funds at 31 December 2008 comprise the General Fund and one Designated Fund.



The General Fund consists primarily of working capital, a contingency reserve and operating fixed assets required for the day-to-day management of the Trust. At 31 December this amounted to £9.3m of which £4.0m is represented by cash. The increase in working capital results from the growth in income as reflected by the increase in unrestricted legacy debtors to £3.7m (2007: £2.0m) coupled with a decrease in creditors to £2.3m (2007: £3.1m).

The policy of the Directors is that the Trust's free reserves should be in the range of three to nine months of total expenditure. These reserves were £8.5m at 31 December 2008, which represents over four month's expenditure, and which is appropriate under this current economic climate.

Within free reserves the Contingency Fund is a separate provision to give some protection against unforeseen shortfalls in income or essential unplanned expenditure. Following an assessment of financial risks the Directors concluded its target value should be £2.5m. Its value at 31 December 2008 was £2.5m.

The Trust's strategic plan includes a range of new initiatives and some very ambitious conservation and other targets that are summarised under "Future Developments" below. The Directors have established the Strategic Investment Fund to provide some initial funds to enable these to happen, but most of them will need to attract substantial additional funding in order to proceed.

The Strategic Investment Fund and Contingency Fund comprised at the year end short-term liquidity deposits and are separately managed funds under the control of the Directors.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2008

		UNRESTRICTED FUNDS		RESTRICTED FUNDS			
	Note	General Fund £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2008 £'000	Total 2007 £'000
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary Income	2	15,231	-	5,379	-	20,610	19,066
Activities for generating funds	2	3,254	-	-	-	3,254	3,242
Investment Income	8	837	-	457	-	1,294	1,186
Total incoming resources from generated funds		19,322	-	5,836	-	25,158	23,494
Incoming resources from charitable activities	2	666	-	3,401	-	4,067	4,588
Other incoming resources	2	505	-	-	-	505	30
Total incoming resources		20,493	-	9,237	-	29,730	28,112
Less costs of generating funds	4	(4,363)	-	(20)	(28)	(4,411)	(4,545)
Governance	6	(182)	-	-	-	(182)	(187)
Net resources available for charitable activities		15,948	-	9,217	(28)	25,137	23,380
RESOURCES EXPENDED							
Resources expended on charitable activities							
Protection of ancient woodland	4	828	88	386	-	1,302	1,177
Woodland conservation and management	4	1,911	466	1,522	-	3,899	4,465
Creation of new native woodland	4	1,714	594	1,702	-	4,010	3,731
Access, recreation and education	4	2,827	825	2,025	-	5,677	4,326
Total resources expended on charitable activities		7,280	1,973	5,635	-	14,888	13,699
Net incoming resources from operations before transfers and investment gains							
		8,668	(1,973)	3,582	(28)	10,249	9,681
Transfers between funds	16	(6,456)	1,769	5,134	(447)	-	-
Net (Losses)/Gains on Investment Assets	11	-	-	(458)	(1,898)	(2,356)	655
Net movements in funds		2,212	(204)	8,258	(2,373)	7,893	10,336
Fund Balances brought forward at 1 January		7,073	6,703	63,492	8,453	85,721	75,385
Fund balances carried forward at 31 December	17	9,285	6,499	71,750	6,080	93,614	85,721

This statement of resources expended excludes £9,383k (2007: £3,827k) of woodland and land acquired and capitalised as per note 9.

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

All income and expenditure is derived from continuing activities.

No separate income and expenditure account as required under the Companies Act 1985 has been presented as the only difference between the net incoming resources for the year before transfers (£10,249k) and the net income for the year as defined under the Companies Act (£10,138k) are realised losses on investments of £(139)k reflected within net losses on investment assets and expenditure within the endowment funds of £28k.

The Notes on pages 16 to 30 form part of these accounts.

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

We have audited the financial statements of the Woodland Trust for the year ended 31 December 2008 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Group Balance Sheets, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

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

Respective responsibilities of Directors and Auditors

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's and group's affairs as at 31 December 2008 and of its incoming resources and application of resources in the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

haysmacintyre
Chartered Accountants
Registered Auditors
20 May 2009

Fairfax House
15 Fulwood Place
London
WC1V 6AY

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

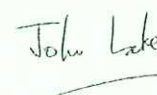
	2008 £'000	2007 £'000
Net cash inflow from operating activities	7,140	7,143
Returns on investments and servicing of finance		
Investment income	1,294	1,186
Capital expenditure and financial investment		
Purchase of woodland and land	(9,145)	(3,549)
Purchase of fixed assets	(753)	(172)
Purchase of investments	(2,988)	(11,011)
Sale of land	-	38
Sale of investments	4,951	7,029
Net cash flow from capital expenditure and financial investment	(7,935)	(7,665)
Reconciliation of net cash flow to movement in net funds		
Increase/(Decrease) in cash in year	499	664
Net funds at 1 January	3,501	2,837
Cash at bank and in-hand funds at 31 December	4,000	3,501
	2008 £'000	2007 £'000
(a) Reconciliation of net incoming resources to net cash inflow from operations		
Net incoming resources from operations	10,249	9,681
Depreciation:		
♦ Woodland and land	32	31
♦ Other fixed assets	142	143
Profit on disposal of woodland and land	-	(31)
Loss on disposal of other fixed assets	1	-
Investment income	(1,294)	(1,186)
Increase in stock	(13)	(19)
Increase in debtors	(893)	(2,170)
(Decrease)/Increase in creditors	(846)	972
Donated woodland and land	(238)	(278)
Net cash inflow from operating activities	7,140	7,143
(b) Analysis of changes in net funds		
	At 1 January 2008 £'000	At 31 December 2008 £'000
Cash at bank and in-hand	3,501	4,000

The Notes on pages 16 to 30 form part of these accounts.

BALANCE SHEETS AT 31 DECEMBER 2008

	Note	Group		Charity	
		2008	2007	2008	2007
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible Assets:					
♦ Woodland and Land	9	62,248	52,897	62,248	52,897
♦ Other Fixed Assets	10	822	212	822	212
		63,070	53,109	63,070	53,109
Investments	11	20,991	25,310	20,991	25,310
		84,061	78,419	84,061	78,419
Current Assets					
Stocks	12	239	226	137	151
Debtors	13	7,646	6,753	7,962	7,393
Cash at Bank and in-hand		4,000	3,501	3,811	2,990
		11,885	10,480	11,910	10,534
Creditors					
Amounts falling due within one year	14	(2,331)	(3,177)	(2,356)	(3,231)
Net Current Assets		9,554	7,303	9,554	7,303
Total Assets Less Current Liabilities		93,615	85,722	93,615	85,722
Creditors					
Amounts falling due after more than one year	15	(1)	(1)	(1)	(1)
Net Assets	17	93,614	85,721	93,614	85,721
Financed by:					
Unrestricted Funds:					
♦ General Fund	16	9,285	7,073	9,285	7,073
♦ Designated Funds	16	6,499	6,703	6,499	6,703
Restricted Funds	16	71,750	63,492	71,750	63,492
Permanent Endowments	16	6,080	8,453	6,080	8,453
		93,614	85,721	93,614	85,721

These accounts were approved and authorised for issue by the Directors on 20 May 2009 and signed on their behalf by:



John Lake
Chair

The Notes on pages 16 to 30 form part of these accounts.

Notes to the accounts (continued)

For the year ended 31 December 2008

ACCOUNTING POLICIES (continued)**Incoming Resources (continued)**

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

Exceptional items, derived from events that fall within the ordinary course of business are disclosed separately by virtue of their size.

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

e) Resources Expended*Costs of generating funds*

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

Governance costs

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

Resources expended on charitable activities

Expenditure is allocated to our four strategic aims as follows:

- ♦ **Protection of ancient woodland** – direct expenditure includes fighting generic threats to ancient woodland as well as site specific threats, lobbying to improve the degree of protection for ancient woods and ancient trees.
- ♦ **Woodland conservation and management** – direct expenditure includes the restoration of planted ancient woods, woodland management and research.
- ♦ **Creation of new native woodland** – direct expenditure includes the cost of planting trees and maintaining new woodland.
- ♦ **Access, recreation and education** – direct expenditure includes providing access to our woods, education, tree safety, a variety of communications and events involving our supporters and the general public.

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

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

Support costs

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

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

NOTES TO THE ACCOUNTS

For the year ended 31 December 2008

I. ACCOUNTING POLICIES**a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention, with the exception of listed investments, which are included at their market value. The financial statements have been prepared in accordance with the Charity Commission Statement of Recommended Practice (SORP) (Revised 2005) – Accounting and Reporting by Charities, the Companies Act 1985 and applicable accounting standards. The accounting policies adopted are described below.

b) Basis of Consolidation

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

c) Fund Accounting*Unrestricted Funds*

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

Designated Funds

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

Restricted Funds

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

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

Endowment Funds

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

d) Incoming Resources

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

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

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

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

Notes to the accounts (continued)

For the year ended 31 December 2008

2. INCOMING RESOURCES

	Unrestricted General Funds £'000	Restricted Funds £'000	Total 2008 £'000	Total 2007 £'000
INCOMING RESOURCES FROM GENERATED FUNDS				
Voluntary Income				
Legacies	7,615	595	8,210	6,876
Membership subscriptions	4,894	-	4,894	4,733
Fundraising and appeals	2,289	2,862	5,151	4,936
Company donations, Charitable Trusts and Landfill Tax	433	1,922	2,355	2,521
Total voluntary income	15,231	5,379	20,610	19,066
Activities for generating funds				
Sponsorship income	2,253	-	2,253	2,242
Lotteries	668	-	668	748
Merchandise income	333	-	333	252
Total income from activities for generating funds	3,254	-	3,254	3,242
INCOMING RESOURCES FROM CHARITABLE ACTIVITIES				
Grants	1	3,128	3,129	3,697
Woodland Management income	665	35	700	613
Donated Woodland and Land	-	238	238	278
Total income from charitable activities	666	3,401	4,067	4,588
OTHER INCOMING RESOURCES				
Exceptional item	505	-	505	-
Other income	-	-	-	30
	505	-	505	30

Included in fundraising and appeals is £0.7k (2007: £9k) gifts in kind.

The exceptional item is the refund of VAT dating from 1980 to 1997 and related interest following the Fleming/Conde Nast ruling.

Legacy Notifications

In addition to the legacy income recorded above, the Trust had been advised of a number of legacies bequeathed to it where the conditions regarding income recognition were not fulfilled by the year end. The combined estimated value of these legacies where it is possible to estimate their value was at least £1.7m (2007: £2.3m).

Notes to the accounts (continued)
For the year ended 31 December 2008

ACCOUNTING POLICIES (continued)

f) Depreciation

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

Fixed assets include the capitalisation of the design costs for the new office which are stated at cost. No depreciation has been charged as the expected life of the property is considered to be so long and residual values based on cost to be high enough to ensure that there is no significant annual depreciation.

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

g) Woodland and Land

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

All woodland and land purchased has been capitalised at cost.

h) Investments

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

i) Stocks

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

j) Other

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

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

Irrecoverable VAT is classified under the same heading as the expenditure or asset to which it relates. In 2008 this amounted to £208k (2007: £151k).

Notes to the accounts (continued)

For the year ended 31 December 2008

4. TOTAL RESOURCES EXPENDED	Direct £'000	Support £'000	2008 £'000	2007 £'000
Costs of generating funds				
<i>Costs of generating voluntary income</i>				
Membership	1,893	80	1,973	2,128
Fundraising and appeals	584	155	739	900
Company donations, Charitable Trusts and Landfill Tax	442	142	584	496
Legacies	160	39	199	166
	<u>3,079</u>	<u>416</u>	<u>3,495</u>	<u>3,690</u>
<i>Fundraising Trading Costs</i>				
Sponsorship	303	122	425	395
Merchandise	206	43	249	217
Lotteries	163	43	206	197
	<u>672</u>	<u>208</u>	<u>880</u>	<u>809</u>
<i>Investment management costs</i>	<u>36</u>	<u>-</u>	<u>36</u>	<u>46</u>
Costs of generating funds	<u>3,787</u>	<u>624</u>	<u>4,411</u>	<u>4,545</u>
Governance	<u>160</u>	<u>22</u>	<u>182</u>	<u>187</u>
Charitable activities				
Protection of ancient woodland	1,125	177	1,302	1,177
Woodland conservation and management	3,368	531	3,899	4,465
Creation of new native woodland	3,464	546	4,010	3,731
Access, recreation and education	4,904	773	5,677	4,326
	<u>12,861</u>	<u>2,027</u>	<u>14,888</u>	<u>13,699</u>
Total resources expended	<u>16,808</u>	<u>2,673</u>	<u>19,481</u>	<u>18,431</u>

This statement of resources expended excludes £9,383k (2007: £3,827k) of woodland and land acquired and capitalised as per note 9.

Notes to the accounts (continued)

For the year ended 31 December 2008

3. GRANTS	2008 £'000	2007 £'000
Forestry Commission	1,138	884
Heritage Lottery Fund	493	1,277
Local Authorities	454	192
Environment and Heritage Service, Northern Ireland	469	114
Woodland Trust Farming	110	-
Department for Communities and Local Government	86	107
European Structural Funds	78	63
Countryside Council for Wales	73	41
The Tubney Charitable Trust	43	668
DEFRA	40	-
Scottish Natural Heritage	31	32
Natural England	30	67
Rural Payments Agency	25	29
Environment Agency	15	-
Perth & Kinross Countryside Trust	9	-
Rail Link Countryside Initiative	8	2
Department of Agriculture and Rural Development (Northern Ireland)	4	17
Scottish Executive	4	3
Welsh Council for Voluntary Action	2	13
Friends of the Lake District	2	6
Friends of Storeton Woods	1	-
Big Lottery Fund - Transforming Your Space	-	62
Department for the Environment, Food and Rural Affairs	-	51
Big Lottery Fund - The Peoples Millions	-	44
EC Life Nature	-	5
Northern Ireland Forest Service	-	3
Others (12 grant providers)	14	17
	3,129	3,697

Of those listed above, £3,128k (2007: £3,695k) are restricted grants.

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

Notes to the accounts (continued)

For the year ended 31 December 2008

Employees and Volunteers

The average number of employees during the year was 261 (2007: 242). The average number of employees, analysed by function, was:

	2008 Total	2007 Total
Charitable activities	169	155
Fundraising	52	46
Governance and support	40	41
	261	242

We rely on volunteers to help with a wide range of activities including administration, tree planting, wardening and care of our woods, research, photography, and promotion of our work. Over 2,928 (2007: 2,829) volunteers assist with these activities. In addition we rely on volunteers to collect data on climate change through our Phenology project. Currently nearly 29,000 individuals are providing information.

We use the volunteer investment and value audit (VIVA) process to estimate the contribution our volunteers make. In 2008 they contributed over 228,000 hours with an ascribed value of £2m (2007: 242,000 hours, value £1.9m).

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

£'s	No. of Employees	
	2008	2007
80,000-89,999	1	1
70,000-79,999	1	1
60,000-69,999	2	1

All employees earning more than £60k participated in the defined contribution pension scheme. Contributions of £30k (2007: £23k) were made during the year for these employees by the company.

8. INVESTMENT INCOME

	2008 £'000	2007 £'000
Income from investments was as follows:		
Income from other UK Authorised Investments	994	886
Income from UK listed investments	208	218
Bank interest receivable	49	51
Income from cash deposits	31	30
Income from overseas listed investments	12	1
	1,294	1,186

Notes to the accounts (continued)

For the year ended 31 December 2008

5. SUPPORT COSTS	Premises £'000	Depreciation £'000	Finance & IS £'000	Human Resources £'000	Management & Other £'000	2008 £'000	2007 £'000
Generating income resources	40	32	280	226	46	624	601
Charitable expenditure							
♦ Protection of ancient woodland	11	9	80	64	13	177	172
♦ Woodland conservation and management	34	27	238	193	39	531	653
♦ Creation of new native woodland	35	28	245	198	40	546	546
♦ Access, recreation and education	49	40	346	280	58	773	633
	129	104	909	735	150	2,027	2,004
Governance	1	1	9	9	2	22	25
Total support costs	170	137	1,198	970	198	2,673	2,630

Total depreciation across all Trust assets was £174k. Depreciation allocated to support costs excludes depreciation of short leasehold land (£32k) (2007: £31k) and depreciation of assets at Glen Finglas (£5k) (2007: £13k), which appears within charitable activities.

6. GOVERNANCE OF THE CHARITY	2008 £'000	2007 £'000
Staff costs	122	115
Audit and professional fees	25	20
Trustees' expenses	7	5
Other costs	6	22
Support costs	22	25
	182	187

7. NET INCOME FOR THE YEAR BEFORE TRANSFERS

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

	2008 £'000	2007 £'000
The surplus for the year is after charging:		
♦ Salaries and wages	6,572	5,885
♦ Social Security costs	661	590
♦ Other pension costs	314	294
	7,547	6,769
Depreciation	174	174
Auditors' fees and expenses:		
♦ Audit work	17	17
♦ Other services	8	3
Rentals under operating leases	489	458
Irrecoverable Value Added Tax	208	151

Notes to the accounts (continued)
For the year ended 31 December 2008

10. **OTHER FIXED ASSETS**

<i>The Group and the Charity:</i>	Total £'000	Buildings £'000	Computer Equipment £'000	Office Equipment £'000	Plant & Machinery £'000
Cost or donated value					
At 1 January 2008	1,695	-	1,228	294	173
Additions	753	542	186	4	21
Disposals	(1)	-	(1)	-	-
At 31 December 2008	2,447	542	1,413	298	194
Depreciation					
At 1 January 2008	1,483	-	1,053	259	171
Charge for the year	142	-	124	11	7
Disposals	-	-	-	-	-
At 31 December 2008	1,625	-	1,177	270	178
Net book value					
At 31 December 2008	822	542	236	28	16
At 31 December 2007	212	-	175	35	2

Included in buildings are £542k of assets under construction, these are not depreciated, because depreciation is appropriate only when assets are in operational use.

11. **INVESTMENTS**

<i>The Group and the Charity:</i>	2008 £'000	2007 £'000
Investments at market value		
Permanent endowments	6,198	8,453
Designated funds	5,992	6,703
Restricted funds	8,801	10,154
	20,991	25,310

	Cost		Valuation	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Investments consist of:				
Cash held as part of investments	152	402	153	402
UK Listed Investments	1,207	1,179	1,190	1,151
Overseas Listed Investments	3,362	2,621	3,062	2,818
Other UK Authorised Investments	17,218	19,859	16,567	20,939
Other Overseas Authorised Investments	20	-	19	-
	21,959	24,061	20,991	25,310

	2008 £'000	2007 £'000
The movement on valuation of investments is as follows:		
Market value at 1 January	25,310	20,673
Acquisitions	2,988	11,011
Sales proceeds	(4,951)	(7,029)
Net investment (losses)/gains	(2,356)	655
Market value at 31 December	20,991	25,310
Cost at 31 December	(21,959)	(24,061)
Unrealised investment (losses)/gains at 31 December	(968)	1,249
Investment (loss)/profit calculated on a historic cost basis	(139)	867

Notes to the accounts (continued)

For the year ended 31 December 2008

9. FIXED ASSETS – WOODLAND AND LAND

The Group and the Charity:

	Total £'000	Purchased (Freehold) £'000	Purchased (Long Leasehold) £'000	Purchased (Short Leasehold) £'000	Donated (Freehold) £'000	Donated (Long Leasehold) £'000	Donated (Short Leasehold) £'000
Cost or donated value							
At 1 January 2008	53,089	42,030	619	183	5,163	4,134	960
Additions for the year	9,383	8,881	254	-	225	-	23
At 31 December 2008	62,472	50,911	873	183	5,388	4,134	983
Depreciation							
At 1 January 2008	192	-	-	12	-	-	180
Charge for the year	32	-	-	4	-	-	28
At 31 December 2008	224	-	-	16	-	-	208
Net book value							
At 31 December 2008	62,248	50,911	873	167	5,388	4,134	775
At 31 December 2007	52,897	42,030	619	171	5,163	4,134	780

The additions to donated woodland and land include legal fees of £10k (2007: £1k).

In addition the Trust currently leases 20ha (2007: 20ha) of woodland under short leaseholds at peppercorn rents. In the opinion of the Directors the value of these assets are immaterial.

The additions are allocated across our charitable aims:

	2008 £'000	2007 £'000
Protection of ancient woodland	312	801
Woodland conservation and management	1,804	453
Creation of new native woodland	7,223	1,650
Access, recreation and education	44	922
	9,383	3,827

Notes to the accounts (continued)
For the year ended 31 December 2008

16. MOVEMENT ON FUNDS

	Balance at 1 January 2008 £'000	Movement in Funds:			Balance at 31 December 2008 £'000
		Incoming Resources £'000	Resources Expended £'000	Transfers £'000	
General Fund	7,073	20,495	(11,827)	(6,456)	9,285
Designated Funds					
Strategic Investment Fund	6,703	-	(1,973)	1,769	6,499

The purpose and structure of the Trust's Unrestricted Funds is described in detail in the Directors' Report on pages 10-11.

The General Fund represents working capital and operating fixed assets and is analysed in note 17.

The transfers from the General Fund are £5,309k designated by Directors for Strategic Investments, £2,000k sponsorship income designated by Directors for acquisitions and £54k funding for legal fees and other costs involved in transferring gifts of land to the ownership of the Woodland Trust.

The transfers into the General Fund are from restricted funds £379K, restricted legacies £81k and endowment funds £447k towards the cost of woodland management and other charitable activities.

£3,540k was transferred from the Strategic Fund to bridge the fundraising gap for the acquisition of Heartwood, Elmstead Market and Low Burn Hall.

Restricted Funds	Balance at 1 January 2008 £'000	Movement in Funds			Balance at 31 December 2008 £'000
		Incoming Resources £'000	Gains/ Expenses £'000	Transfers £'000	
Woodland and land	52,897	3,181	(66)	6,236	62,248
Woodland Management Fund	4,830	2,089	(2,342)	-	4,577
Restricted legacies	3,886	791	-	(723)	3,954
Woods on Your Doorstep (Northern Ireland)	733	62	(274)	(5)	516
Woods on Your Doorstep (England and Wales)	221	20	(66)	(175)	-
Various other funds	842	3,174	(3,362)	(199)	455
Forest Education Initiative	83	(82)	(1)	-	-
	63,492	9,235	(6,111)	5,134	71,750

Woodland and land comprises the capital costs of the woods purchased and the value of donated woodland and land. Where an acquisition of woodland and land has taken place a transfer may be made from restricted legacies or from other funds. In 2008, £2,000k sponsorship income was transferred from General Fund, £3,540k from the Strategic Investment Fund, £54k from the General Fund and £642k was transferred from restricted legacies.

The Woodland Management Fund consists of unspent restricted income associated with specific sites. The Woodland Management Fund includes unrealised losses of £(0.2)m (2007: unrealised gains of £0.2m).

Restricted legacies represent those where the testator has restricted use for specific purposes or in specific locations. We are actively seeking opportunities to spend these for woodland conservation, but because of the nature of the restrictions imposed by the testator, it can sometimes take an appreciable period of time before qualifying spend can be identified. In 2008 £642k was transferred to acquire woodland and land and £81k for woodland conservation.

Notes to the accounts (continued)

For the year ended 31 December 2008

Investment advisors are appointed to assist with the management of the Trust's investment portfolios. The investments consist of equities, unit trusts, investment trusts, gilts and other fixed interest investments. No individual investment, other than in common investment funds/unit trusts, comprised more than 5% of the value of the portfolio and there are no restrictions on the realisation of any of the investments. Included in "Other UK Authorised Investments" is £13.1m (2007: £15.1m) invested in short-term liquidity deposits.

As at 1 May 2009, the total value of investments held had declined from £20,991k at the year end to £20,695k, a fall of 1%. The fall is indicative of the volatility of the stock market and current market conditions. Over the same period the FTSE 100 Index declined by 4%. There has been no significant fall in the current market value since 1 May 2009 to the date of signing these accounts.

In response to the current economic conditions, a major part of our short term liquidity deposits have, since the year end, been transferred into UK Treasury Bills and Gilts.

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

12. STOCKS

	Group		Charity	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Livestock at Glen Finglas	131	141	131	141
Livestock at Home Farm	6	-	6	-
Raw materials and consumables	102	85	-	10
	239	226	137	151

13. DEBTORS

	Group		Charity	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Legacies receivable	3,705	2,053	3,705	2,053
Grants receivable	1,878	3,014	1,878	3,014
Trade debtors	599	608	212	195
Amounts owed to subsidiaries	-	-	997	1,114
Other debtors	1,149	566	855	505
Prepayments and accrued income	315	512	315	512
	7,646	6,753	7,962	7,393

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Trade creditors	1,975	1,701	1,975	1,700
Payments received on account of future projects	16	173	16	173
Taxation and Social Security	205	181	190	181
Amounts owed from subsidiaries	-	-	19	101
Other creditors	19	1,015	99	1,015
Accruals	116	107	57	61
	2,331	3,177	2,356	3,231

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

<i>The Group and the Charity</i>	2008	2007
	£'000	£'000
Trade creditors - retentions	1	1

Notes to the accounts (continued)

For the year ended 31 December 2008

Fund balances at 31 December 2008 are represented by:

	Total Funds £'000	Unrestricted Funds General Fund £'000	Designated Fund £'000	Restricted Funds Restricted Fund £'000	Permanent Endowments £'000
Tangible fixed assets	63,070	816	-	62,254	-
Investments	20,991	-	5,993	8,800	6,198
Net current assets	9,554	8,470	506	696	(118)
Liabilities due over more than one year	(1)	(1)	-	-	-
Total net assets	93,614	9,285	6,499	71,750	6,080

Restricted tangible fixed assets consist of woodland and land (£62,248k) and other restricted fixed assets (£6k).

18. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARIES

The Woodland Trust has two wholly owned trading subsidiaries which are incorporated in England. Woodland Trust Farming Limited commenced trading in February 2008. Woodland Trust (Enterprises) Limited was established to undertake sponsorships, commercial activities, lotteries and merchandise sales. This company donates its taxable profits to the Woodland Trust. A summary of its trading account is shown below. Audited accounts have been filed with the Registrar of Companies.

	Farming 2008 £'000	Enterprises 2008 £'000	2007 £'000
Profit and Loss Account			
Turnover	115	3,290	3,278
Cost of sales	(51)	(639)	(554)
Gross profit	64	2,651	2,724
Licence payment to the Woodland Trust	-	(140)	(80)
Distribution costs	-	(54)	(74)
Administration expenses	(1)	(51)	(48)
Other operating income	-	-	2
Operating profit	63	2,406	2,524
Interest receivable	-	12	9
Net profit	63	2,418	2,533
Payment under Gift Aid to the Woodland Trust	(63)	(2,418)	(2,533)
Accumulated reserves brought forward	-	-	-
Accumulated reserves carried forward	-	-	-
Balance Sheet			
Net current assets	93	977	1,243
Net current liabilities	(93)	(977)	(1,243)
Net assets	-	-	-
Capital and reserves	-	-	-

Notes to the accounts (continued)

For the year ended 31 December 2008

Woods on Your Doorstep (Northern Ireland) represent a surplus of restricted income, which will be applied to future costs. Woods on Your Doorstep (England and Wales) fund was drawn down to cover woodland maintenance costs.

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 2008 amounted to £1,256k and £1,158k was expended leaving a balance at 31 December 2008 of £158k (2007: £60k), which will be applied to future costs.

Permanent Endowments	Balance at 1 January 2008 £'000	Movement in Funds		Balance at 31 December 2008 £'000
		Net Investment Losses £'000	Transfers £'000	
Glenrothes	3,855	(900)	(105)	2,850
Livingston	1,951	(445)	(125)	1,381
Warrington and Runcorn	1,441	(317)	(112)	1,012
Preston and Chorley	1,206	(264)	(105)	837
	8,453	(1,926)	(447)	6,080

The Permanent Endowments represent funds given to the Trust with gifts of woodland and land in the locations noted above, under terms requiring the funds to be invested permanently to provide income for the future management of that woodland and land. These funds include unrealised losses of £(0.7m) (2007: unrealised gains of £1.1m). The transfers are a drawdown to contribute to woodland management costs.

Analysis of Transfers between Funds	General Fund	Strategic Investment Fund	Woodland & Land	Restricted Legacies	Other Restricted Funds	Endowments
	£'000	£'000	£'000	£'000	£'000	£'000
Funding for Strategic Investments	(5,309)	5,309	-	-	-	-
Sponsorship income for acquisitions	(2,000)	-	2,000	-	-	-
Initial funding for Acquisitions	(54)	(3,540)	3,594	-	-	-
Restricted legacies for acquisitions	-	-	642	(642)	-	-
Drawdown for charitable operations	379	-	-	-	(379)	-
Legacies for woodland conservation	81	-	-	(81)	-	-
Endowment drawdown for woodland management	447	-	-	-	-	(447)
Total Transfers	(6,456)	1,769	6,236	(723)	(379)	(447)

17. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

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

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

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Julia Wylie
21 Beacon Hill Lane, Corfe Mullen, Dorset BH21 3RU

Notes to the accounts (continued)
For the year ended 31 December 2008

19. **OPERATING LEASE COMMITMENTS**

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

	2008 £'000	2007 £'000
Land and buildings		
Leases which expire:		
Within one year	22	157
Within two to five years	150	15
After five years	31	-
	<u>203</u>	<u>172</u>
Other		
Leases which expire:		
Within one year	30	47
Within two to five years	297	281
	<u>327</u>	<u>328</u>

20. **CAPITAL COMMITMENTS**

There are no commitments for expenditure not provided for in these accounts in respect of woodland and land purchases (2007: nil).

21. **PENSION SCHEMES**

The Woodland Trust operates defined contribution schemes for all qualifying employees. The assets of the schemes are held in separate funds administered by independent pension providers. The total cost of pensions for the year incurred by the Woodland Trust was £314k (2007: £294k). Included in other creditors is £nil (2007: £nil) in respect of pension schemes.

22. **CONTINGENT LIABILITIES**

The Directors were not aware of any significant contingent liabilities at 31 December 2008 and 31 December 2007.

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

Action Medical Research
Financial
Statements

31 December 2008

 **action** medical research
for children, for life

Patron

HRH The Prince Philip Duke of Edinburgh, KG, KT, OM, GBE

President

General The Lord Guthrie of Craigiebank, GCB, LVO, OBE

Vice Presidents

Patrick Brennan, OBE, FCA

Lady Martin Fitzalan Howard

Stephen May – appointed March 2008

The Duchess of Northumberland

The Earl of Snowdon, GCVO, RDI, FSIAD

Sir Greville Spratt, GBE, TD, JP, DL, DLitt

The Earl of Strathmore and Kinghorne

The Duchess of Wellington

Trustees

Chairman

Dr Keith McCullagh – retired 27 July 2008

Richard Price – appointed Chairman 20 August 2008

Honorary Treasurer

Paul R Biddle, FCA

Professor Mark Gardiner – appointed 6 February 2009

Professor Andrew JT George, MA, PhD, FRCPATH, FRSA

David Gibbs

Val Hammond, BA, CIMgt, FRSA

Professor David S Holder, LMA, MA, PhD, FInstP, FRCP

Colin Hunsley, BSc, CEng, MIMechE

Charles Jackson

Karen Jankel, BSc

Professor Alexander S McNeish, MSc, MB FRCP, FRCPsG, FRCPCH, FMedSci

– retired 28 October 2008

Diana Marsland

Anne Palmer

Ann Paul

Sir William Wells – retired 28 October 2008

Sir John Wickerson, LLB

Charity Management

Chief Executive: Simon Moore, CB – retired January 2009

Julie Buckler – appointed January 2009

Director of Finance: Martin Richardson, FCMA, ACIS

Director of Fundraising: Lewis Coghlin, BA (Hons)

Director of Research: Dr Tracy Swinfield, PhD

Director of Communications: Debra Broadhurst BA (Hons), Dip CAM

Head of Human Resources: Linda Jordan, FCIPD – retired December 2008

Principal Advisors

Auditors

Horwath Clark Whitehill LLP

St. Bride's House

10 Salisbury Square

London EC4Y 8EH

Bankers

National Westminster Bank PLC

Westminster Branch

PO Box 3038

57 Victoria Street

London SW1H 0HN

Investment Managers

Ruffer LLP

80 Victoria Street

London SW1E 5JL

Solicitors

Ormerods

64-70 High Street

Croydon CR0 9XN

Company registration no. 549089

Charity registration nos. 208701

and SC039284

Registered office:

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Action Medical Research

report of the trustees for the period ended 31 December 2008

Overview

Action Medical Research is a charity whose objects are to promote research into the prevention, management and cure of disabling diseases and conditions. This is achieved by supporting a range of medical research projects selected on the basis of their scientific quality and likelihood of bringing about real benefits to patients. The results and impact of this work are disseminated to a wide audience.

The charity relies totally on voluntary income to fund cutting-edge medical research projects. Our work can be delivered only through a very active partnership of researchers, supporters, volunteers, trustees and staff who unite to achieve vital progress in medical science for the benefit of patients.

This report covers the work of Action Medical Research for the 14 months to 31 December 2008.

The 14 month period for the report and accounts arises as we changed our reporting year end from 31 October to 31 December, a date that ties in better with other organisations with whom we work.

The period saw a number of significant developments for the charity.

After very careful thought we revisited our charitable remit and determined that we would turn our future focus towards child health. This is an area where the charity has a particularly proud history and one where our scientific advisers identify major unmet need. We are confident that we can make a difference to children's lives.

The period saw the retirement of our chairman Dr Keith McCullagh. Keith showed great leadership in helping us to redefine our

charitable focus and leaves us with our gratitude for his contribution. I am honoured that Action Medical Research's trustees have kindly elected me, one of their number, to succeed Keith.

After eight tireless and very successful years Simon Moore retired as our chief executive. He leaves us with our sincere thanks for his work with us. In January 2009 our new chief executive, Julie Buckler, joined us. She comes to us with a strong background in charity management.

Activity in the period

As with many charities we have felt the impact of the financial uncertainty that has affected the UK and global economies. This uncertainty had greatest impact around legacy valuations and ongoing corporate support. However, despite the difficult market conditions, and in line with the completion of a three-year business plan, the charity was proud to be able to commit £3m to 23 vital new medical research projects as well as substantially achieving the other targets which the trustees had set as the key aims for the year:

Total incoming resources were £6,567,405 with total expenditure of £7,770,361. Although this resulted in net outgoing resources of £1,202,956, investment gains of £1,431,232 allowed our reserves to be carried forward with a balance of £5,436,342.

We were able to use well the opportunity presented by the 50th anniversary of Paddington Bear, the charity's fundraising mascot. The number of schools and nurseries that took part in Bring Your Bear more than doubled in 2008, with the event grossing more than £180,000.

Following an extremely successful event at St James's Palace hosted by our patron, HRH The Duke of Edinburgh, the number of Action

Action Medical Research report of the trustees for the period ended 31 December 2008

Partners (who pledge at least £5,000 pa for three years) more than doubled in 2008; we now have more than 20 partners supporting us in this way.

The charity launched a new website at the start of 2009, incorporating many new features that will continue to assist all our supporters raise funds for the charity and keep up to date with all the exciting new developments in medical research.

Grants for research

We select our research work by inviting applications for grants to support medical research projects from researchers at any hospital or university in the UK. Each application is evaluated by a rigorous peer review process. National and international experts in that particular field first give their opinion of the proposed work and the application is then reviewed by one of our two advisory panels of world-class medical researchers. The trustees award grants based on the recommendations of these panels.

The following two examples show the way in which Action Medical Research funding can take medical science forward.

Maggots offer hope of new antibiotic for MRSA

A project led by Professor Ratcliffe at Swansea University discovered a new type of antibiotic in maggot secretions that can tackle up to twelve different strains of MRSA, as well as *E. coli* and *C. difficile*. The antibiotic, named Seraticin™, is derived from the maggot secretions of the common green bottle fly (*Lucilia sericata*) and scientists hope to develop it into an injection, pill or ointment.

So far, the research team has purified Seraticin™ and undertaken the study of its structure and the mechanism by which it prevents infection. Action Medical Research continued to support this research with a new award in 2008 to help develop the next steps to complete the identification of the compound and develop a way to synthesise it. It can then be tested on human cells and eventually in clinical trials in order to determine its medical effectiveness and properties as a novel antibiotic.

Practice makes perfect

Approximately five per cent of children, that is roughly one child in every classroom, are affected by Developmental Coordination Disorder (DCD), also called dyspraxia. Support from the charity enabled scientists from the University of Leeds to develop a set of practical guidelines for use by teachers, childcare professionals and parents that will help pre-school children with coordination difficulties to improve their dexterity.

A second project enabled psychologists at the Institute of Education, University of London and Oxford Brookes University to develop new coordination and handwriting tests that will identify teenagers who need extra help at secondary school and college.

Details of all the work currently being funded can be found on our website www.action.org.

The public benefit and impact of our work

The trustees confirm that they have referred to the guidance contained in the Charity Commission general guidance on public benefit when reviewing the charity's aims and objectives.

The trustees consider it very important that we are able to demonstrate to all our supporters the medical progress being made.

Our scientific advisors examine the final reports from all our researchers when projects are complete and assess them for their quality of research and their likely clinical impact. These results indicate very clearly that the charity is supporting real progress in medicine and that we are achieving our charitable objectives. In the 14 month period, 80 per cent of projects assessed were of excellent or very good scientific quality and all indicated immediate to medium-term clinical impact.

Explaining the longer term impact of our research projects in lay terms is becoming increasingly important. The charity has an excellent record of supporting high quality research with real patient benefit and in making the results of this work available to all, by targeting the specialist and consumer press, and featuring in our literature and on our website.

Communicating our work

The charity's media activity over the year has focused on the most promising medical research projects as well as supporting key fundraising events.

Professor Ratcliffe's project to purify and synthesise maggot secretions ultimately to develop a new type of antibiotic to tackle MRSA and other superbugs (see Grants for research above) proved a hugely successful media story. Coverage spread across the world and appeared on many websites including BBC online, the ITN lunchtime and evening news, CNN, The Daily Mail, The Sun, The Mirror; as well as regional and specialist medical media.

Two stories were released during dyspraxia awareness week which resulted in coverage on BBC South Today, Oxford Radio, The Times Educational Supplement and other education publications. Other stories included a project which may help stroke patients to speak; spinal injury repair; stem cell treatment for brittle bones in babies in the womb; and advances in the problem of itchiness.

Celebrity Zoe Ball backed the Bring Your Bear fundraising event again this year; with a higher level of media coverage than in previous years in both the educational and regional press. Thanks to new support from celebrity Aggie McKenzie, the Etape cycling event also received good local coverage in Scotland with a double-page spread in the Daily Record.

During the year the charity stepped up its campaign to urge the Government to prioritise research into premature birth with the launch of a new microsite and the production of the Tiny Lives Charter – a cross-party call to MPs to establish a national research strategy to tackle this common and costly problem. Media coverage included BBC Breakfast News, The Mirror, Prima Baby magazine and regional press and radio. The charity has also benefited from free poster advertising from media owner Clear Channel in the form of roadside campaigns and posters. These posters have helped raise awareness of the work of the charity.

How we raised money

The trustees would like to thank the many volunteers who provide significant support in raising funds and who promote the work of the charity throughout the United Kingdom.

Action Medical Research report of the trustees for the period ended 31 December 2008

We achieved an outstanding result – an increase of some 30 per cent – from our volunteer supporters around the country (community fundraising), with a range of new and growing events standing us in good stead for the future.

Trust fundraising remains a vital element of our overall income, with donations again over the £1m figure. Our agreement with the Henry Smith Charity, who use our peer review process to select high quality research projects, has worked particularly well and we are grateful for this support.

The difficult economic conditions have had the greatest immediate impact on legacy income, where we have seen the fall in property values hit legacy income hard. Income in the 14 months was 60 per cent down on levels recorded in 12 months in 2007.

Individual giving income has remained stable despite the difficult economic conditions. We will continue to work to encourage those who give to us on a regular basis to maintain the value of their gift. We also continue to look at new methods to recruit new regular donors because of the long term, more predictable income generated.

Challenge events such as the London to Paris bike ride remain an important part of the income mix for the charity. This one event netted in excess of £325,000, and we have also grown income from other cycling events in 2008.

The cost of generating funds increased in the 14 months ending 31 December 2008 from 43% in the 2007 financial statements to 50%. This can be largely explained by the significant drop in legacy income, which for Action Medical Research as for most charities is the lowest cost form of fundraising income. In addition, the

extra two months' operating costs were not matched by an increase in income, as the final two months of the year tend to be less active in terms of fundraising.

Where we are going

Plans for 2009 will be affected to some extent by the wider economic situation and we will need to be flexible and ready to adjust activities as necessary. In 2009 we aim:

- to identify and fund vital medical research projects focused on making a real difference to the lives of babies and children
- to raise funds: through an expanded programme of cycling events; the recruitment of ten new Action Partners; and testing a mass participation event targeted at the corporate sector
- to investigate collaborative projects with other medical research charities
- to use the internet to inform the wider public of the work of the charity and how they can support our work.

We will also review the strategy of the charity to deliver real benefit through our child health focus.

How we are governed

The charity was formed in 1952 and is registered as a charity in England & Wales no. 208701 and in Scotland no. SC039284. Its governing instruments are the Memorandum and Articles of Association, which were adopted on 10 July 1996, and amended on 12 July 2000, 2 July 2003 and 30 October 2007. Action Medical Research is incorporated under the Companies Act 1985 as a company limited by guarantee having no share capital. For the purpose of this Act, the chairman and other trustees (none of whom

receives any remuneration) are the directors of the company. A full list of trustees, together with the charity's registered office, key management and advisers, is shown on the inside front cover of these financial statements.

On 31 December 2008 there were 13 trustees. They are elected for a term of three years although retiring trustees are eligible for re-election in accordance with the Memorandum and Articles of Association. The Council of trustees meets four times a year and is supported by five advisory sub committees or panels (see page 19) which are each chaired by a serving trustee. All key decisions, including the allocation of charitable funds for research, are made by the trustees in Council.

Meetings of the Council of trustees regularly address the following:

- the way ahead for the charity expressed in the strategic plan
- the consequent financial plan for the current year and for two further years thereafter
- the award of medical research grants
- the lessons learnt from the review of risks
- the impact of the work of the charity.

Each year, the skills and expertise required within the Council is reviewed to help the charity deliver the objectives in its plans. If gaps are identified, or a vacancy occurs during the year, new trustees are sought with the appropriate skills or experience. Potential trustees are then interviewed and appointments recommended to the Council.

All trustees are given a full induction programme when they join the charity and are offered training opportunities thereafter:

The chief executive is responsible for the day to day management of the charity's affairs and for implementing the policies agreed by the trustees. The staff are based at the head office in Horsham, West Sussex, from where the fundraising, communications, finance and personnel functions and the research administration are managed. The charity also employs nine community fundraising managers who take responsibility for charity activities and raising funds in regions around the UK.

Statement of trustees' responsibilities

The trustees are responsible for the policies and strategies of Action Medical Research. Charity and company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of its financial activities during the year. In preparing those financial statements, the trustees have:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that are reasonable and prudent
- followed applicable accounting standards and statements of recommended practice, subject to any material departures being disclosed and explained in the financial statements
- prepared the financial statements on the going concern basis.

The trustees have responsibility for the maintenance, by management, of proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have taken steps

Action Medical Research report of the trustees for the period ended 31 December 2008

that are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

So far as each of the trustees at the date of this report is aware, there is no relevant audit information of which the charity's auditors are unaware. Each trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Trading

The charity had one subsidiary at 31 December 2008 wholly owned and registered in England, Action Medical Research (Trading) Limited. The principal activity of this company is the business derived from the sale of Christmas cards. A Gift Aid payment equal to its profits for the period of £1,182 was made to Action Medical Research.

Risk management

The trustees consider that the charity has an effective risk management mechanism and risk management is a standing item at every Council meeting. The risk management committee have identified the principal risk as a loss of income caused by a reputational issue. The trustees believe that controls are in place to minimise this risk.

A risk register is maintained that assesses the potential impact and likelihood of all major risks. These are debated with management and the chief executive reports on steps taken to mitigate them. The trustees are therefore satisfied that the right processes are in place to identify the major risks to which the charity is exposed and that systems are in place to manage them.

Staff management

Action Medical Research is fortunate in having dedicated, loyal and skilled staff. The business plan produced each year by the management and approved by the trustees allocates resources to develop and train staff in skills to meet the needs of fundraising and administration.

Investments

The charity had investment assets of £11.4m at 31 December 2008, £6m of which is allocated to cover grant commitments that will fall due over the next two years. The remaining £5.4m is held as uncommitted reserves explained below.

Ruffer LLP manages the charity's investments. The investment policy is to hold a balanced portfolio principally invested in equities (excluding any tobacco-related holdings) and bonds. Performance of the investment managers will be judged against an absolute return rather than by tracking market indices. Ruffer LLP have seen very good results in the latter part of 2008, maintaining the value of the portfolio, and performance is moving closer to the targets set by the trustees. The trustees are monitoring the situation closely, given the very uncertain current market conditions.

Reserves

The trustees review their reserves policy annually and currently consider that the charity should hold reserves of about £5m to cover the charity should it suffer an immediate drop in income caused by external unforeseeable circumstances. This sum would provide for operating costs and charitable expenditure for a 12 month period. On 31 December 2008, reserves stood at £5.4m.

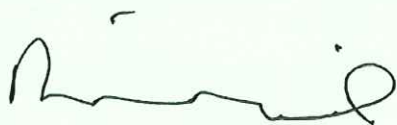
Fixed assets

Information relating to changes in tangible fixed assets is given in note 9 to the financial statements. The trustees are content that the market value of Vincent House, Horsham is in excess of the amount shown on the balance sheet, but do not consider that the cost of obtaining a professional valuation is justified.

Auditors

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

By order of the Council of trustees



Richard Price
Chairman
21 April 2009

Independent auditors' report to the members of Action Medical Research

We have audited the financial statements of Action Medical Research for the period ended 31 December 2008 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes set out on pages 10 to 20. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985 and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of Action Medical Research for the purpose of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and comply with the requirements of regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if in our opinion the information given in the Report of the Trustees is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding trustees' remuneration and other transactions with the charity is not disclosed.

We read the Report of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

Basis of opinion

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

Independent auditors' report
to the members of
Action Medical Research

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company as at 31 December 2008 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- the financial statements have been prepared in accordance with the Companies Act 1985 and comply with the requirements of regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Report of the Trustees is consistent with the financial statements.



Horwath Clark Whitehill LLP

Chartered Accountants and Registered Auditors

21 April 2009

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Action Medical Research statement of financial activities for the period ended 31 December 2008

(incorporating an income & expenditure account)

		Unrestricted funds	Restricted funds	Total funds 14 months 2008	Total funds 12 months 2007
	Note	£	£	£	£
Incoming resources					
Voluntary income	3	4,977,150	1,208,310	6,185,460	5,902,525
Investment income	4	380,763	-	380,763	344,669
Gift aid payment from trading subsidiary	5	1,182	-	1,182	10,332
Total incoming resources		5,359,095	1,208,310	6,567,405	6,257,526
Resources expended					
Cost of generating income					
Cost of generating voluntary income	3	3,062,509	87,137	3,149,646	2,582,495
Investment management fees		123,873	-	123,873	95,900
Charitable activities					
Grants for medical research		3,184,327	320,150	3,504,477	3,355,438
Medical research dissemination		948,666	-	948,666	784,334
Governance costs		43,699	-	43,699	36,610
Total resources expended	6	7,363,074	407,287	7,770,361	6,854,777
Net incoming/ (outgoing) resources					
		(2,003,979)	801,023	(1,202,956)	(597,251)
Transfers between funds	8	801,023	(801,023)	-	-
Realised gains/(losses) on investments		590,204	-	590,204	202,726
Net income/expenditure for the year		(612,752)	-	(612,752)	(394,525)
Other recognised gains & losses					
Unrealised gains/(losses) on investments		841,028	-	841,028	104,988
Net movement in funds					
		(228,276)	-	(228,276)	(289,537)
Balances brought forward at 1 November		5,208,066	-	5,208,066	5,497,603
Balances carried forward at 31 December		5,436,342	-	5,436,342	5,208,066

The notes on pages 13 to 20 form part of the financial statements.

Action Medical Research

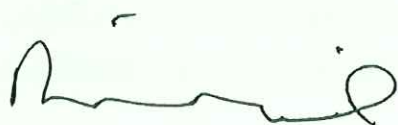
balance sheet as at

31 December 2008

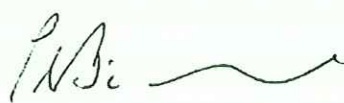
	Note	31 December 2008	31 October 2007
		£	£
Fixed assets			
Tangible	9	498,911	522,103
Investments – at market value	10	11,360,911	10,098,250
		11,859,822	10,620,353
Current assets			
Debtors	11	1,034,902	1,457,749
Cash on deposit and at bank		654,900	643,376
		1,689,802	2,101,125
Creditors			
Amounts falling due within one year	12	(5,751,391)	(4,853,231)
Net current liabilities		(4,061,589)	(2,752,106)
Total assets less current liabilities		7,798,233	7,868,247
Creditors			
Amounts falling due after more than one year	12	(2,361,891)	(2,660,181)
Total net assets		5,436,342	5,208,066
Funds			
Unrestricted funds (including unrealised gains on investments of £875,041 (2007: £34,013))		5,436,342	5,208,066
Total funds		5,436,342	5,208,066

The notes on pages 13 to 20 form part of the financial statements.

The financial statements were approved by the Trustees on 21 April 2009 and were signed on their behalf by:



Richard Price
Chairman



Paul Biddle
Honorary Treasurer

Action Medical Research

cash flow statement for the period ended 31 December 2008

	Note	31 December 2008	31 October 2007
		£	£
Net cash outflow from operating activities	a	(520,498)	(192,176)
Returns on investments and servicing of finance			
Interest and dividends received		380,763	344,669
Capital expenditure and financial investment			
Payments to acquire investment assets		(8,521,062)	(4,584,795)
Payments to acquire tangible fixed assets		(17,312)	(27,825)
Receipts from sale of investment assets		8,689,633	4,625,557
Net cash inflow from capital expenditure and financial investment		151,259	12,937
Increase in cash	b	11,524	165,430
Notes to cashflow statement			
a) Reconciliation of net outgoing resources to net cash outflow from operating activities			
Net outgoing resources		(1,202,956)	(597,251)
Depreciation		40,504	43,256
Investment income		(380,763)	(344,669)
Grants authorised		3,061,454	3,009,481
Grants paid		(2,591,864)	(2,263,498)
Decrease/(Increase) in debtors		422,847	(184,447)
Increase in creditors		130,280	144,952
Net cash outflow from operating activities		(520,498)	(192,176)
b) Reconciliation of movements in cash with movements in net funds			
Cash brought forward		643,376	477,946
Cash carried forward		654,900	643,376
Increase in cash		11,524	165,430

Action Medical Research notes to the financial statements for the period ended 31 December 2008

1. Liability of members

The company is limited by guarantee having no share capital and, in accordance with Clause 7 of the Memorandum of Association, every Member; as defined by Clause 2 of the Articles of Association (as amended by Special Resolution passed 10 July 1996), is liable to contribute a sum not exceeding £10 in the event of the charity being wound up while a Member or within one year thereafter. At 31 December 2008 there were 25 Members.

2. Accounting policies

a) Format of financial statements

The financial statements are drawn up in accordance with Companies Act and applicable accounting standards, including the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005), and the historic cost convention, except in relation to investments which are stated at market value.

b) Incoming resources

Voluntary income is included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable certainty. For legacies, entitlement is considered established once the charity has been notified of an impending distribution. Grants receivable from trusts

are included when the related conditions for entitlement to the grants have been met.

All other income is accounted for on an accruals basis.

c) Resources expended

Grants are provided for in full in the year in which they are awarded.

In order to cover increases in salaries and equipment costs between the date of authorisation of grants and their average anticipated date of payment, each award is increased by the Trustees' estimate of the additional amounts required.

Rentals payable under operating leases are charged as expenditure on a straight line basis over the lease term.

Other expenditure is accounted for on an accruals basis.

Fundraising expenditure comprises staff costs and direct costs of specific fundraising events with the exception of small regional events where it is not practicable to separate costs from income.

Governance costs relate to charity compliance with constitutional and statutory requirements.

Support costs are allocated on the basis of time spent or proportion of the service used by respective activities.

d) Fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

Fixed assets are depreciated over their estimated useful life. Furniture and equipment and motor vehicles are depreciated at the rates of 20% and 25% per annum on cost respectively. The building element of the freehold property is depreciated at 2% on cost.

e) Investments

Investments are stated in the balance sheet at their mid market value at the year-end date.

f) Fund accounting

Unrestricted funds comprise amounts available for the general purposes of the charity.

Restricted funds are donations or legacies which are given by the donor for a specific purpose within the overall aims of Action Medical Research.

g) Pension scheme

The charity continues to operate a defined contribution scheme. Contributions to this scheme are charged as expenditure when they are payable.

h) Subsidiary undertaking

The charity has one subsidiary undertaking, Action Medical Research (Trading) Limited. This is not consolidated on the grounds of immateriality.

Action Medical Research
notes to the financial statements for
the period ended 31 December 2008

3. Voluntary income

	Unrestricted funds	Restricted funds	14 months 2008	12 months 2007
	£	£	£	£
Gross income				
Donations	3,389,799	1,043,880	4,433,679	3,909,286
Legacies	194,295	1,430	195,725	493,745
Challenge events	1,393,056	163,000	1,556,056	1,499,494
Totals	4,977,150	1,208,310	6,185,460	5,902,525
Cost of generating voluntary income				
Donations	2,205,101	-	2,205,101	1,664,023
Legacies	53,485	-	53,485	42,982
Challenge events	803,923	87,137	891,060	875,490
Totals	3,062,509	87,137	3,149,646	2,582,495

Donations

Income received from supporters, local activities, trusts, regular donations and appeals. The costs are those of providing support and arranging activities.

Legacies

Income from legacies notified during the period that can be reasonably measured. The costs are those of administering legacies and marketing for future legacies.

National events

Income from events in the UK and overseas organised on behalf of the charity. The costs are those of the events and the development of new events for future years.

4. Investments income

	14 months 2008	12 months 2007
	£	£
UK equities	33,057	18,808
Overseas equities	68,312	53,086
UK fixed interest	191,112	179,755
Overseas fixed interest	60,477	61,397
Bank deposit interest	27,805	31,623
	380,763	344,669

5. Subsidiary undertaking

The charity has one subsidiary company limited by guarantee as follows:

Action Medical Research (Trading) Limited whose principal activity is derived from a mail order catalogue and other trading activities.

For the 14 months to 31 December 2008 its turnover was £19,555 and the net profit was £1,182. A Gift Aid payment of £1,182 was made to the charity. At 31 December 2008 the company had no capital and reserves and a balance due to Action Medical Research of £2,942.

Action Medical Research
notes to the financial statements for
the period ended 31 December 2008

6. Resources expended

	Staff costs	Other costs	14 months 2008	12 months 2007
	£	£	£	£
Cost of generating income				
Voluntary income	1,265,409	1,884,237	3,149,646	2,582,495
Investment management fees	-	123,873	123,873	95,900
Total cost of generating income	1,265,409	2,008,110	3,273,519	2,678,395
Charitable activities				
Grants for medical research	-	3,061,454	3,061,454	3,009,481
Grant administration costs	354,764	88,259	443,023	345,957
Total grant expenditure	354,764	3,149,713	3,504,477	3,355,438
Medical research dissemination	600,493	348,173	948,666	784,334
Total charitable expenditure	955,257	3,497,886	4,453,143	4,139,772
Governance costs	16,911	26,788	43,699	36,610
Total resources expended	2,237,577	5,532,784	7,770,361	6,854,777

Grant administration includes central support costs of £65,855 (2007 £56,798)

Medical research dissemination includes central support costs of £123,479 (2007 £106,496)

Staff costs:	14 months 2008	12 months 2007
	£	£
Wages and salaries	1,938,465	1,506,858
Social security costs	189,135	153,042
Pension costs	109,977	89,469
Total	2,237,577	1,749,369

The average number of full-time equivalent employees, analysed by function, was :

	14 months 2008	12 months 2007
Grant administration	8	8
Medical research dissemination	11	11
Fundraising	32	30
Charity governance	1	1
Total	52	50

The number of staff whose emoluments fell within the following band was:

	14 months 2008	12 months 2007
£70,001 to £79,000	-	1
£90,001 to £99,000	1	-

Contributions totalling £5,570 were paid in the period to a defined contribution pension scheme in respect of the above employee (2007 – £4,602).

Action Medical Research
notes to the financial statements for
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6. Resources expended continued

Trustee remuneration

No fees are paid to Trustees for their services as board members. Directly incurred expenses are reimbursed, if claimed, and in the period to 31 December 2008 £255 expenses were claimed by two Trustees. In 2007 £286 expenses were claimed by three Trustees.

7. Expenditure

Included within expenditure are the following costs:

	14 months 2008	12 months 2007
	£	£
Auditors' remuneration	18,752	17,500
Operating lease payments	17,097	18,252
Depreciation	40,504	43,256

8. Transfers

During the year the charity was awarded grants from third parties to support specific research projects which had been funded in previous years from the charity's unrestricted funds. These grants have been recorded as restricted income and then transferred to reflect the reimbursement from the restricted to unrestricted funds.

9. Tangible fixed assets

	Freehold property	Fixtures & fittings	Totals
	£	£	£
Costs			
At 1 November 2007	752,652	402,653	1,155,305
Additions	3,119	14,193	17,312
Disposals	-	28,489	28,489
At 31 December 2008	755,771	388,357	1,144,128
Depreciation			
At 1 November 2007	279,250	353,952	633,202
Charge for period	16,235	24,269	40,504
Disposals	-	28,489	28,489
At 31 December 2008	295,485	349,732	645,217
Net book value at 31 October 2007	473,402	48,701	522,103
Net book value at 31 December 2008	460,286	38,625	498,911

The land cost of the freehold property is estimated by the Trustees at £60,000 (2007: £60,000). All fixed assets are held for the charity's own use.

Action Medical Research
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10. Fixed asset investments

	31 December 2008	31 October 2007
	£	£
Market value:		
At beginning of period	10,098,250	9,831,298
Net funds withdrawn from portfolio	(168,571)	(40,762)
Realised gains	590,204	202,726
Unrealised gains	841,028	104,988
At end of period	11,360,911	10,098,250
Being at market value:		
UK equities	848,665	1,623,132
Overseas equities	3,894,693	2,715,450
UK fixed interest	4,061,803	3,756,174
Overseas fixed interest	2,229,626	2,002,021
Foreign currency contracts	324,651	-
Unlisted investments – associated company	1,473	1,473
	11,360,911	10,098,250
Cost of investments	10,485,870	10,064,237

Unlisted investments – associated company: this represents the charity's 24.9 per cent shareholding in Helpcards Limited.

The principal activity of Helpcards Limited is the publishing of Christmas cards. Its turnover for the year ended 30 April 2008 was £85,501 with a profit of £66,364. The distribution to charity shareholders was £68,000.

11. Debtors

	31 December 2008	31 October 2007
	£	£
Prepayments	217,098	100,720
Other debtors	670,981	1,077,259
Income tax recoverable	143,881	269,438
Action Medical Research (Trading) Ltd	2,942	10,332
	1,034,902	1,457,749

Action Medical Research
notes to the financial statements for
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12. Creditors

	Amounts falling due within one year		Amounts falling due after more than one year	
	31 December 2008	31 October 2007	31 December 2008	31 October 2007
	£	£	£	£
Research grants payable	5,358,033	4,590,153	2,361,891	2,660,181
Trade creditors	87,543	78,252	-	-
Accruals	181,878	108,577	-	-
Deferred income	123,937	76,166	-	-
Action Medical Research (Trading) Ltd	-	83	-	-
Total	5,751,391	4,853,231	2,361,891	2,660,181

13. Research grants

Research grants payable

	31 December 2008	31 October 2007
	£	£
Amounts outstanding 1 November	7,250,334	6,504,351
New research grants awarded	3,061,454	3,009,481
Amounts paid during the year	(2,591,864)	(2,263,498)
Amount outstanding 31 December	7,719,924	7,250,334
The outstanding balance is payable:		
Within 12 months	5,358,033	4,590,153
After more than one year	2,361,891	2,660,181
	7,719,924	7,250,334

13. Research grants continued

Schedule of grants awarded in the year ended 31 December 2008

	Number of grants	£
Cranfield University	1	66,010
University of Aberdeen	1	158,210
University of Bristol	1	139,453
University of Hull	1	159,638
University of Leicester	1	111,355
University of Manchester	1	167,311
University of Salford	1	62,867
University of Wales Swansea	1	196,845
University of Warwick	1	95,698
Imperial College	2	153,937
University of Birmingham	2	250,797
University of Oxford	2	246,496
University of Cambridge	3	534,159
University College London	5	752,035
	23	3,094,811
Adjustment to previous grant awards	-	(33,357)
Total new research grants awarded	23	3,061,454

Action Medical Research
notes to the financial statements for
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14. Pension scheme

The pension charge for the year comprises:

	14 months 2008	12 months 2007
	£	£
Action Medical Research		
Group Personal Pension Plan	109,977	89,469

The Group Personal Pension Plan is a defined contribution scheme and the charge for the year represents those contributions payable to the scheme in respect of the accounting period.

15. Related party transactions

At the meeting of Trustees held on 21 April 2009 the Trustees confirmed that, following appropriate enquiries, they were not aware of any related party transactions which required disclosure in the financial statements, but wished to disclose the following Trustee connection:

Karen Jankel is Managing Director of Paddington and Co. Ltd. who have allowed the charity to use Paddington Bear as its mascot. This is given free of charge. The use of Paddington Bear by the charity is subject to an agreement, which has been reviewed by all Trustees.

Due to the nature of the charity's operations and the composition of the Trustees (some being drawn from medical or research organisations), it is inevitable that transactions will take place with organisations in which the Trustee may have an interest, including the awarding of research grants with which the Trustee has connections. All grant transactions involving organisations in which a Trustee may have an interest are conducted at arms length and in accordance with the charity's financial regulations and normal procedures. No such transactions were identified which should be disclosed under Financial Reporting Standard 8 "Related Party Disclosures".

16. Operating lease commitments

At 31 December 2008 the charity was committed to making the following payments during the next year in respect of operating leases:

Motor vehicles	2008	2007
	£	£
Leases which expire:		
Within one year	1,765	15,921
Within two to five years	-	2,942
	1,765	18,863

Advisory Committees serving Board of Trustees

Investment & Audit Committee

Chairman

Paul R Biddle

David Gibbs

Charles Jackson

Dr Keith McCullagh

– retired 27 July 2008

Richard Price – joined 20 August 2008

Sir John Wickerson, LLB

– Solicitor to the Charity

Risk Management Committee

Chair

Val Hammond, BA, CIMgt, FRSA

Colin Hunsley, BSc, CEng, MIMechE

Karen Jankel, BSc

Marketing Committee

Chair

Ann Paul

Mark Astarita – retired January 2008

Debra Broadhurst

Lewis Coghlin

Kate Cox

Michael Hapgood

David Haseler

Karen Jankel

Diana Marsland

Advisory Panel on Medical Engineering, Orthopaedics and Hard Tissue Research

Chairman

Professor David S Holder, LMA, MA, PhD, FInstP, FRCP

Dr Gonzalo Alarcon, MD, PhD

Dr Jane Burrridge, PhD – retired October 2008

Professor Sandra Downes, PhD – retired October 2008

Professor David Marsh, MD, FRCS

Professor Philip Rowe, PhD, BSc (Hons)

Dr Caroline Stewart, PhD, CEng, SRCS – appointed May 2009

Ruth Sutherland, BSc, MBA

Tim Theologis, MD, MSc, PhD, FRCS

Scientific Advisory Panel

Chairman

Professor Andrew J T George, MA, PhD, FRCPath, FRSA

Professor Noel J Buckley, BA, MA, PhD

Professor Janet A Eyre, DPhil, FRCPCH – retired October 2008

Professor Adam H R Finn, MA, PhD, FRCPCH – retired October 2007

Dr Paul Heath, MB – appointed March 2008

Professor Neil Marlow, DM, FRCPH

Professor Jane E Norman, MD, MRCOG

Dr Finbar O'Callaghan, MA, MSc, PhD, FRPCH – appointed February 2008

Dr Lucy Raymond, MA, DPhil, FRCP – appointed February 2008

Professor Steve Thornton, DM, MRCOG

Professor Andrew J Wardlaw, FRCP, PhD

Professor Susan C Wray, PhD – retired October 2008

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