

Charity registration number: 1073891
Company registration number: 3468753

The National Forest Charitable Trust
(Limited by Guarantee)

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2010

Chantrey Vellacott DFK LLP

**THE NATIONAL FOREST CHARITABLE TRUST
(Limited by Guarantee)**

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THE NATIONAL FOREST CHARITABLE TRUST
(Limited by Guarantee)

COMPANY INFORMATION

Directors	S H Woolfe M Ballantyne S E Blaza S Churchill A D Mortimer J C Nicholls P Williams A S Webster C R Jenkins (appointed 14 May 2010) M Preston (appointed 11 June 2010) I J Borley (appointed 4 October 2010) N Freeman (appointed 7 January 2011) A V Astling (resigned 8 July 2010) R I Tulloch (resigned 5 August 2010) K S Blount (resigned 17 September 2010)
Secretary	M Ballantyne
Company Number	3468753
Charity Number	1073891
Registered Office	The Gatehouse Bath Yard Moir, Swadlincote Derbyshire DE12 6BA
Auditors	Chantrey Vellacott DFK LLP Chartered Accountants Statutory Auditor 1st Floor Gateway House Grove Business Park Leicester LE19 1SY
Solicitors	Harvey Ingram LLP 20 New Walk Leicester LE2 6TX
Bankers	Santander UK plc Building 4 Level 1 Carlton Park Narborough Leicestershire LE19 0AL

THE NATIONAL FOREST CHARITABLE TRUST
(Limited by Guarantee)
Directors' Report
Year Ended 31 December 2010

The Directors submit their report and the consolidated financial statements for the year ended 31 December 2010.

The National Forest Charitable Trust, formerly known as Heart of the National Forest Foundation, is a company limited by guarantee (number 3468753) and a registered charity (number 1073891). The principal and registered office address is The Gatehouse, Bath Yard, Moira, Swadlincote, Derbyshire DE12 6BA.

The report outlines the Trust's Objectives and Activities; Structure, Governance and Management; Achievements and Performance; Financial Activities; Plans for Future Periods and concludes with the Trust's Public Benefit report.

Objectives and Activities

The Trust's objects, as set out in its Memorandum and Articles of Association, are

- to promote for the benefit of the public any charitable purpose connected with forestry in England and Wales particular in the areas of Leicestershire, Derbyshire and Staffordshire, and
- to hold and develop land in its ownership or occupation for the benefit of the public for recreational and leisure occupations and in the interest of the social welfare of the public.

The main activities the Trust is undertaking in furtherance of its objects are

- The development of CONKERS as a major indoor and outdoor visitor experience interpreting life in British Woodland, the rationale and concept of The National Forest and addressing global environmental issues
- The acquisition and transformation of at least 1,000 acres of derelict land into the Heart of the National Forest Park to provide an environmental, educational and recreational resource for the benefit of the public
- The development of facilities including nature trails, walks, bridle paths, cycle tracks, and footpaths, parklands, car parks and visitor accommodation in order to facilitate the enjoyment of woodlands as a public amenity.
- The provision of opportunities for voluntary participation by individuals, schools, groups, companies and their employees
- Contributing to the overall development of The National Forest and its charitable aims

The Trust has adopted a 20 year strategic framework and master plan for the creation of the Heart of the National Forest Park. The strategy is designed to ensure that income generators are created of a scale that can fund the long term cost of maintaining a high quality forest park.

Additionally the Trust recognises that its charitable status can help to secure funding for the enhancement and long term care of the National Forest especially with a closer relationship being developed with the National Forest Company. To make this new relationship transparent to all the charity's name has been changed to the National Forest Charitable Trust.

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Structure, Governance and Management

The Trust's constitution is set out in its Memorandum and Articles of Association and provides for the Directors of the company to be appointed by the Members of the company. The Trust is supported by several influential patrons.

At this point, the Directors wish to formally record their thanks to Nicholas Corah. Nicholas was the Trust's first Chairman serving from 1998-2004 and he was then appointed President of Patrons. His energy, enthusiasm and unbelievable ability to raise funds were the foundation of the Trust's success. Simply without Nicholas, who tragically died in a road accident last September, the Trust would not have made the significant progress which is clear for all to see.

Directors can either be Members of the company or can be co-opted in recognition of their special expertise being valuable to the work of the Board. There is no limit on the number of Directors that can be appointed although there can be no more than six Co-opted Directors at any one time.

The subscribers to the Memorandum and Articles of the Trust are its initial Members. Additional Members can be approved by the Board.

At every AGM, one third of the Directors and all the co-opted Directors retire from office but are all eligible for re-election provided that no Director shall serve on the Board for longer than a consecutive period of nine years (after a gap of one year such a Director can be re-elected). This does not apply to a Director who is also an officer of the company.

The Trust seeks to ensure that its Directors have the appropriate mix of skills to guide the work of the organisation and has put in place succession arrangements for the ongoing development of the Board.

New Directors are inducted by the Chairman and by the Project Director who ensure that each Director understands his/her role on the Board and their responsibilities.

In 2010, Viv Astling, Karen Blount and Richard Tulloch retired from the Board and the Directors wish to record their appreciation of the valuable contribution each made to the work of the Trust. During the year the Directors were very pleased to be able to welcome to the Board Ian Borley (Senior Partner KPMG Leicester), Nick Freeman (Senior Manager, Corporate Planning and External Affairs, Toyota Motor Manufacturing (UK)Ltd) and Colin Jenkins (Managing Director, Aggregate Products Division at Aggregate Industries).

Also in 2010, Andrew Bridgen MP, Tom Spaul (Executive Director and Chief Operating Officer, Veolia Environmental Services (UK) plc) and Tony Walker (Deputy Managing Director, Toyota Motor Manufacturing (UK) Ltd) became Patrons of the Trust.

The Trust has a very small executive team led by the project director who has delegated authority to make day to day decisions on spending within the Management, Operational and Administrative Budget.

The Directors have examined the major strategic, business and operational risks which the Trust faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to manage those risks. Issues addressed include succession arrangements, funding for day to day management costs and for the development of facilities, contingency planning for the operation of CONKERS, marketing and public relations, and health and safety matters arising on the sites being developed by the Trust.

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The Trust has two wholly owned subsidiaries to assist in the delivery of its strategy. Forest Experience Limited manages CONKERS on behalf of the Trust and Heart of the National Forest Park Developments Limited leads on the creation of the Forest Park.

Achievements and Performance

The Trust commenced activities in June 1998 as the designated delivery vehicle for the Millennium Commission supported CONKERS project developed on the former Rawdon Colliery site, Moira.

CONKERS was officially opened by HRH The Princess Royal on 21 March 2001 and opened to the public on 6 April 2001

CONKERS has had an extremely successful opening period and, by the end of 2010, visitor numbers exceeded 2 million. Over 400,000 children have now participated in educational visits to CONKERS.

All trading activities at CONKERS have been carried out under the auspices of The Forest Experience Limited, a wholly owned subsidiary of the Trust.

During 2010, visitor numbers were lower than anticipated due to exceptional poor weather early in the year and continuing economic difficulties. However, tight control over costs and a continued high level of Gift Aid donations resulted in a net revenue financial contribution from CONKERS to the Trust's activities of £178,897.

2010 proved to be a difficult year in which to raise funds and develop new projects and this impacted on the Trust's achievement of its short term targets.

- During 2010, the visitor facilities at CONKERS were enhanced with the development of a Bare Foot Walk; the installation of an interactive projection activity; and the creation of new woodland trails. These enhancements were part funded by Planning Solutions Limited the operators of CONKERS.
- Early in the year, the installation of a Biomass boiler at CONKERS Discovery was completed. It is expected that this will reduce heating costs by 50%; reduce CO₂ emissions and reliance on fossil fuel by 90% by the substitution of oil for locally produced renewable fuel; encourage the sustainable management of 1,000 acres of woodland within the National Forest for fuel production, stimulating the industry; and assist the promotion of the use of biomass and renewable fuels. This project was funded by the National Forest Company, the Big Lottery Fund and the Bio Energy Grants Scheme.
- The CONKERS circuit – a 5 mile multi user recreational trail – continued to prove popular and in January 2010 the planning permission was secured for the final section of the Circuit. Funding for this section has been obtained from Sustrans and Leicestershire County Council and work will commence early in 2011.
- The year saw the development of a closer working relationship with the National Forest Company especially with regard to joint fundraising for the development of the Trust's facilities and the wider National Forest. The change of name in October 2010 was designed to make this closer relationship transparent to all.

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Year Ended 31 December 2010

Review of Financial Activities

During the period, the Trust continued to seek further sponsorship and grant support to fund future development of CONKERS, to allow for the development of the Forest Park and, in the longer term, to establish reserves to meet the costs of refreshing CONKERS and of maintaining the Park. Whilst 2010 was a very difficult year the Directors consider that the Trust's long term funding targets remain achievable.

Group funds received in the year totalled £1,195,380. This included Gift Aid donations, rents and grants and donations from Aggregates, the Big Lottery, the Bio Energy Grants scheme, emda, Forestry Commission, Leicester Shire Economic Partnership, Midlands Co-operative Society, The National Forest Company, Next plc, Toyota Motor Manufacturing (UK) Limited and Vaillant plc.

The group expended some £1,305,239 on the continued development and operation of CONKERS, the CONKERS Circuit, the creation of the Forest Park, fundraising and publicity.

The group's net assets at 31 December 2010 were £8,300,831 and its net current liabilities at the end of the period were £142,786 – compared to £222,132 at the start of the year.

Reserves

Whilst the Statement of Financial Activities indicates that the Trust has over £8 million of Unrestricted and Restricted Funds, the Directors consider that it is important to explain that these balances mainly reflect expenditure on fixed assets financed by Restricted Funds but not yet charged to the Statement of Financial Activities as depreciation. All funds received by the Trust have been spent for the purposes for which they have been given and the Directors consider that the Trust has no reserves. During this development phase the Trust is seeking to invest the maximum amount it can in the continued development of CONKERS and the Forest Park so that income and sponsorship can be generated in the longer term to establish reserves for the refreshment of CONKERS and the maintenance of the Forest Park.

Plans for Future Periods

The Trust has set the following short term targets in line with its 20 year strategic framework

- The continual refreshment of facilities at CONKERS to maintain visitor numbers and maximise its financial contribution towards the development of the wider forest park.
- Enhancing the education programmes delivered at CONKERS to reach as wide an audience as possible.
- In cooperation with the National Forest Company, develop and launch a Friends Of The National Forest campaign by summer 2011 to speed up woodland creation, develop environmental programmes and enhance and maintain public access to woodlands throughout the Forest while recognising the importance of the Forest for wildlife.
- Working with the local community to implement the Heart of the Forest Vision and Action Plan. The plan is to unlock the full potential of the area in terms of securing a high quality landscape, built development and visitor experience; becoming a major tourism and leisure destination; meeting its economic potential in terms of generating wealth, jobs, business start ups, and skills and contribution to health and well being; developing the woodland environmental economy potential of the area; improving the cohesiveness of the area between place and people; increasing the sense of orientation, interest, information and confidence in using the area.

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- Develop proposals for additional visitor accommodation so that a viable scheme can be commenced during 2012.
- Maintain fundraising activity targeted at wealthy individuals and large companies in order to secure a minimum of new sponsorship commitments of £200,000 during 2011
- Completion of the final section of the CONKERS Circuit and related landscape enhancements by autumn 2011

Public Benefit

The Charities Act 2006 introduced the requirement that charities must demonstrate, explicitly, that their aims are for the benefit of the public. In January 2008, the Charity Commission published its statutory general guidance 'Charities and Public Benefit' which explained what charity trustees should consider in order to show that their charity's aims are for the public benefit.

This section of the Directors' Report sets out how the Trust's aims have been carried out for the public benefit and confirms that the Directors will have regard to the Commission's guidance in how it plans its future activities.

The Commission has established two key Principles of Public Benefit and within those principles, some important factors that must be considered.

- **Principle 1** – There must be an identifiable benefit or benefits
- **Principle 2** – Benefit must be to the public, or a section of the public

The Trust's objects and the activities it is undertaking to further those objects are set out earlier in this report. The Directors consider that it is clear that public benefits are delivered. In particular, the public benefits from the following activities which are all related to the objects of the Trust

- The transformation of derelict sites ravaged by coal mining and mineral extraction into an accessible forest park which can be used for recreational and leisure purposes.
- The creation of CONKERS, on the site of two former coal mines, which in addition to being a recreational and leisure resource provides for education about the creation of the National Forest and its importance in the global environment – with particular emphasis on raising the public's awareness of climate change and on what individuals can do reduce its impact.
- The development of affordable visitor accommodation in conjunction with the YHA and the Camping and Caravan Club which makes it easier for people to visit the area to enjoy the woodlands and the National Forest as a public amenity.

The Directors consider that there are no significant or detrimental effects of the Trust's activities. In particular the Trust works closely with ROSPA and other professionals to ensure that the health and safety of visitors to its facilities is properly addressed.

As regards Principle 2, the Directors consider that the opportunity to benefit from the Trust's activities is open to all people in England and Wales although it is expected that people who live nearer to its facilities are most likely to benefit. Some 200,000 people every year visit CONKERS and the number of visitors to the surrounding forest park is increasing year on year.

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Whilst the Trust places no restrictions on who can benefit from its activities, the Directors are aware that national studies have shown that some people are not as likely to access the natural environment for recreation and other purposes. The under-represented groups were found to be disabled people, black and minority ethnic people, people who live in inner city

areas and young people. From work with local CVS organisations the Trust recognises that a major issue for such under represented groups is the cost or availability of public transport. Natural England's 'The Outdoors for All' programme aims to ensure that opportunities are maximised for more people from currently under-represented groups to benefit from everything that the outdoors has to offer. The Trust currently concentrates its efforts on making its educational programmes more accessible to such groups by offering a total package with local transport providers.

The Trust is aware that its facilities are located in an area that is very poorly served by public transport. It has raised this issue with the local authorities in the area and is supporting the lobby for the reintroduction of passenger services on the National Forest rail line which would significantly increase the accessibility of its facilities to people who have no access to a car. The Trust supports the National Forest Company's initiative to develop sustainable transport options in and around the National Forest.

The Directors consider that people in poverty are not excluded from the opportunity to benefit from the Trust's activities. Access to the woodlands and footpaths etc created by the Foundation are free of charge. Additionally, whilst there is a charge to enter CONKERS the Trust ensure that The Forest Experience Company, its wholly owned subsidiary that operates CONKERS does so in line with the Foundation's commitment to the Millennium Commission that it will have Full Community Access – defined as Access

- without charge or subject to such reasonable charges as do not exceed the charges levied by similar facilities in the locality
- at all reasonable times of the day including such times as similar facilities in the locality are open and available to the public
- to all sections of the community without distinction as to race, religion, age or otherwise, and
- to both able bodied and disabled alike by the provision of the appropriate facilities.

Admission prices to CONKERS have been set at a level below that charged by other visitor facilities operated in the locality by local authorities and other charities.

The Directors consider that the vast majority of people can afford the admission prices and therefore they do not prevent people from accessing its facilities.

Finally the Directors confirm that they are not aware of any non-incidentally private benefits that have been provided to individuals or organisations.

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Directors' Report
Year Ended 31 December 2010

Directors

The directors who served during the year were:

S H Woolfe	M Ballantyne
S E Blaza	S Churchill
A D Mortimer	J C Nicholls
P Williams	A S Webster
C R Jenkins	M Preston
I J Borley	A V Astling
R I Tulloch	K S Blount

The company is limited by guarantee and has no share capital. The liability of each member of the company is limited to an amount not exceeding £10.

Statement of Directors' Responsibilities

The law applicable to Charities in England and Wales requires the directors to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing these financial statements the directors should follow best practice and;

- Select suitable accountancy policies and then apply them consistently.
- Make judgements and estimates that are both prudent and responsible.
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The directors are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the Charity and ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008 and the Constitution of the Charity.

The directors are also responsible for safeguarding the assets of the Charity and hence take all reasonable steps for the prevention and detection of fraud and any other irregularities.

The maintenance and integrity of the charity's website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions.

In so far as the directors are aware;

- There is no relevant audit information of which the Charity's Auditors are unaware
- The directors have taken all steps that they ought to have taken to make them aware of any relevant audit information and to establish that the Auditors are aware of such information.

This report was approved by the board on 9 June 2011 and signed on its behalf by,

M Ballantyne
Secretary

THE NATIONAL FOREST CHARITABLE TRUST
(Limited by Guarantee)

Independent Auditors' Report to the Members and Directors of The National Forest Charitable Trust

We have audited the financial statements of The National Forest Charitable Trust for the year ended 31 December 2010 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

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

We have been appointed auditor under the Companies Act 2006 and section 43 of the Charities Act 1993 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**THE NATIONAL FOREST CHARITABLE TRUST
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Independent Auditors' Report to the Members and Directors of The National Forest Charitable Trust (continued)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2010 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 1993 requires us to report to you if, in our opinion:

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

Elliot Harris (Senior Statutory Auditor)
for and on behalf of CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
Leicester

Date: 9 June 2011

CHANTREY VELLACOTT DFK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE NATIONAL FOREST CHARITABLE TRUST
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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)
Year Ended 31 December 2010

	Notes	Unrestricted Funds £	Restricted Funds £	2010 Total Funds £	2009 Total Funds £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income					
Grants	3	-	139,881	139,881	266,395
Donations		786,836	-	786,836	720,060
Activities for generating funds					
Sponsorship income		75,860	-	75,860	75,020
Investment income – interest					
		-	-	-	-
Incoming resources from charitable activities					
Rental income		43,924	-	43,924	39,542
Income generated by trading Subsidiary		148,879	-	148,879	96,157
Other incoming resources		-	-	-	8,000
TOTAL INCOMING RESOURCES		1,055,499	139,881	1,195,380	1,205,174
RESOURCES EXPENDED					
Costs of generated funds					
		38,147	11,356	49,503	43,074
Costs of generating voluntary income					
		13,671	-	13,671	22,382
Charitable activities	4	869,052	273,090	1,142,142	1,326,956
Governance costs	5	99,923	-	99,923	88,898
TOTAL RESOURCES EXPENDED		1,020,793	284,446	1,305,239	1,481,310
NET MOVEMENT IN FUNDS	7	34,706	(144,565)	(109,859)	(276,136)
Total funds brought forward		860,338	7,550,352	8,410,690	8,686,826
TOTAL FUNDS CARRIED FORWARD	15	895,044	7,405,787	8,300,831	8,410,690

The statement of financial activities includes all gains and losses recognised in the year.
All incoming resources and resources expended derive from continuing activities.

The notes on pages 15 to 26 form part of these financial statements.

THE NATIONAL FOREST CHARITABLE TRUST
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CONSOLIDATED BALANCE SHEET
31 DECEMBER 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible	10	8,685,782	8,924,875
CURRENT ASSETS			
Debtors	12	604,343	464,446
		<u>604,343</u>	<u>464,446</u>
CREDITORS amounts falling due within one year	13	(747,129)	(686,578)
		<u>(747,129)</u>	<u>(686,578)</u>
NET CURRENT LIABILITIES		<u>(142,786)</u>	<u>(222,132)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,542,996</u>	<u>8,702,743</u>
CREDITORS: amounts falling due after more than one year	14	(242,165)	(292,053)
		<u>(242,165)</u>	<u>(292,053)</u>
NET ASSETS		<u>8,300,831</u>	<u>8,410,690</u>
REPRESENTED BY:			
Unrestricted funds	15	895,044	860,338
Restricted funds	15	7,405,787	7,550,352
		<u>8,300,831</u>	<u>8,410,690</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 June 2011.

S H Woolfe Director

I Borley Director

Company registration number: 3468753

The notes on pages 15 to 26 form part of these financial statements.

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BALANCE SHEET
31 DECEMBER 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible	10	8,053,078	8,292,171
Investments	11	4	4
		<u>8,053,082</u>	<u>8,292,175</u>
CURRENT ASSETS			
Debtors	12	494,257	379,073
		<u>494,257</u>	<u>379,073</u>
CREDITORS amounts falling due within one year	13	(637,047)	(601,209)
		<u>(142,790)</u>	<u>(222,136)</u>
NET CURRENT LIABILITIES		(142,790)	(222,136)
		<u>7,910,292</u>	<u>8,070,039</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,910,292	8,070,039
CREDITORS: amounts falling due after more than one year	14	(242,165)	(292,053)
		<u>7,668,127</u>	<u>7,777,986</u>
NET ASSETS		7,668,127	7,777,986
REPRESENTED BY:			
Unrestricted funds		262,340	227,634
Restricted funds		7,405,787	7,550,352
		<u>7,668,127</u>	<u>7,777,986</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 June 2011.

S H Woolfe Director

Peter Williams Director

Company registration number: 3468753

The notes on pages 15 to 26 form part of these financial statements.

THE NATIONAL FOREST CHARITABLE TRUST
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CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2010

	2010 £	2009 £
Reconciliation of operating profit to net cash (outflow) inflow		
From operating activities		
Net incoming resources	(109,859)	(276,136)
Depreciation of tangible fixed assets	324,518	354,019
Profit on sale of fixed assets	-	(8,000)
Decrease/(increase) in debtors	(139,901)	178,095
(Decrease)/increase in creditors	38,465	(415,754)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	113,223	(167,776)
	<hr/>	<hr/>
CASH FLOW STATEMENT (note 18)		
Net cash (outflow)/inflow from operating activities	113,223	(167,776)
Capital expenditure	(85,425)	(70,495)
	<hr/>	<hr/>
	27,798	(238,271)
Financing	(44,928)	113,086
	<hr/>	<hr/>
(Decrease)/increase in cash	(17,130)	(125,185)
	<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt		
(Note 19)		
(Decrease)/increase in cash in the year	(17,130)	(125,185)
Cash outflow/(inflow) from debt financing	44,928	(113,086)
	<hr/>	<hr/>
Change in net debt	27,798	(238,271)
Net debt at 1 January 2010	(533,539)	(295,268)
	<hr/>	<hr/>
Net debt at 31 December 2010	(505,741)	(533,539)
	<hr/>	<hr/>

The notes on pages 15 to 26 form part of these financial statements.

**THE NATIONAL FOREST CHARITABLE TRUST
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005), applicable accounting standards and the Companies Act 2006.

The financial statements of the company and its group undertakings have been consolidated to 31 December 2010, on a line by line basis. The Statement of Financial Activities of the company is not presented as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

(b) Incoming resources

All incoming resources are recognised once there is entitlement to the resources, certainty of receipt and the amount can be measured with sufficient reliability.

(c) Donations

Donations are accounted for on a receivable basis.

(d) Gifts-in-kind

Gifts-in-kind in the form of tangible fixed assets are included in the financial statements at their value to the charity and accounted for immediately as restricted funds, where it is clear the donor intended the continuing use of the asset. Assets given for use by the charity are recognised in the Statement of Financial Activities as incoming resources when received. Non monetary gifts of services are not valued.

(e) Resources expended

Expenditure is recognised when a liability is incurred.

- Costs of generating funds are those incurred in trading activities and raising funds.
- Charitable activities include expenditure associated with land feasibility studies, depreciation and include direct costs and support costs relating to these activities.
- Governance costs include those costs incurred in the governance of the charity, which relate to the general running of the charity as opposed to the direct management costs inherent in generating funds. These costs include costs related to statutory audit together with an apportionment of overhead and support costs.
- Support costs have been allocated between charitable activity, governance and cost of generating funds according to staff time spent on each area.

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1 ACCOUNTING POLICIES (continued)

(f) Tangible fixed assets

Tangible fixed assets costing more than £500 are capitalised and included at cost including any incidental costs of acquisitions.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

CONKERS Waterside Centre	2% per annum straight line
CONKERS Waterside Centre exhibits and equipment	33% per annum straight line
CONKERS Discovery Centre	2% per annum straight line
CONKERS Discovery Centre exhibits and equipment	2-33% per annum straight line
Office Equipment and furniture	33% per annum straight line

Freehold land is not depreciated.

(g) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the SOFA on a straight line basis over the period of the lease.

(h) Investments

Investments are stated at cost at the balance sheet date.

(i) Fund accounting

Unrestricted funds comprise those funds which the directors are free to use in accordance with the charitable objects.

Designated funds comprise unrestricted funds that have been set aside by the directors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are those funds which have been given for particular purposes and projects.

(j) Pensions

The company contributes to a portable pension plan for the executive director, the assets of which are held separately from those of the company. The contributions are charged in the Statement of Financial Activities as they arise.

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2 NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARIES

The Charity has two wholly owned subsidiaries which are incorporated in Great Britain. The Forest Experience Limited operates the CONKERS visitor attraction, whilst Heart of the National Forest Park Developments Limited holds and is preparing land for the Heart of the National Forest Park. A summary of their trading results is shown below. Audited accounts will be filed with the Registrar of Companies.

	Heart of the National Forest Park Developments Limited		The Forest Experience Limited	
	2010 £	2009 £	2010 £	2009 £
Profit and loss account				
Turnover	-	-	148,879	96,157
Cost of sales	-	-	(108,263)	(85,325)
	<hr/>	<hr/>	<hr/>	<hr/>
Administrative expenses	(14,828)	(5,029)	40,616	10,832
Other operating income	14,828	7,876	-	(6,141)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	2,847	-	4,691
	<hr/>	<hr/>	<hr/>	<hr/>
Balance sheet				
Current assets	4,842	2	185,959	96,159
Creditors: amounts falling Within one year	(4,840)	-	(185,957)	(96,157)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	2	2	2	2
	<hr/>	<hr/>	<hr/>	<hr/>
Aggregate share capital and Reserves	2	2	2	2
	<hr/>	<hr/>	<hr/>	<hr/>

3 GRANTS RECEIVED

	2010 £	2009 £
National Forest Company	27,200	38,528
Leicestershire Economic Partnership	28,683	192,040
East Midlands Development Agency	26,495	34,548
Bio Energy Grants scheme	30,700	-
Big Lottery Fund	10,735	-
Forestry Commission	13,332	-
Other	2,736	1,279
	<hr/>	<hr/>
	139,881	266,395
	<hr/>	<hr/>

THE NATIONAL FOREST CHARITABLE TRUST
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

4 ANALYSIS OF CHARITABLE ACTIVITIES

	Activities Undertaken Directly £	Support costs £	2010 Total £	2009 Total £
Unrestricted:				
Trust Activities	835,687	33,365	869,052	703,258
Restricted:				
CONKERS	212,698	-	212,698	175,108
Diana, Princess of Wales Memorial Woodland	-	-	-	109,699
Rawdon East reclamation	-	4,251	4,251	33,565
Conkers Circuit	2,702	708	3,410	153,064
Donington Island Tender Scheme	1,790	-	1,790	6,762
Youth Hostel	43,857	881	44,738	46,480
Conkers Aerial Walkway	-	-	-	7,115
Heart of the Forest Vision	-	6,203	6,203	91,905
	<u>1,096,734</u>	<u>45,408</u>	<u>1,142,142</u>	<u>1,326,956</u>

5 ANALYSIS OF GOVERNANCE COSTS

	2010 Total £	2009 Total £
Legal fees	1,055	-
Audit and accountancy fees	10,250	17,715
Bank charges	10,743	12,714
Support costs	77,875	58,469
	<u>99,923</u>	<u>88,898</u>

6 ANALYSIS OF SUPPORT COSTS

	Total Allocated £	Governance £	Charitable activities £	Cost of generating funds £	Basis of apportionment
Staff costs	128,627	57,973	33,803	36,851	Staff time
Employee expenses	319	144	84	91	Staff time
Premises costs	23,960	10,798	6,297	6,865	Staff time
Office costs	19,880	8,960	5,224	5,696	Staff time
	<u>172,786</u>	<u>77,875</u>	<u>45,408</u>	<u>49,503</u>	

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7 NET MOVEMENT IN FUNDS

Net movement in funds is stated after charging:

	2010	2009
	£	£
Depreciation of tangible fixed assets:		
Owned by the charity: restricted assets	256,555	315,004
Owned by the charity: unrestricted assets	67,963	39,015
Operating lease rentals:		
Plant and machinery	1,000	997
Audit fees	10,000	13,000
Auditors' remuneration – other non-audit services	-	3,800

The net outgoing resources for the year of the parent company amounted to £109,859 (2009: £315,676 net outgoing resources).

8 DIRECTORS' EMOLUMENTS AND BENEFITS

	2010	2009
	£	£
Director's emoluments	90,625	87,675
Contributions to money purchase pension Schemes	8,718	11,250

The director's emoluments are paid in relation to his employment as project director and the charitable company's secretary as provided for in the charitable company's articles of association.

The number of directors accruing benefits Under pension schemes were:

	No	No
Money purchase schemes	1	1

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9 STAFF COSTS

Staff costs, including directors' emoluments,
were as follows:

	2010 £	2009 £
Wages and salaries	107,599	104,329
Social security costs	12,310	11,900
Other pension costs	8,718	11,250
	<u>128,627</u>	<u>127,479</u>

The average monthly number of employees, including executive directors, during the year was:

	No	No
Between £0 - £60,000	1	1
Between £90,000 - £100,000	1	1
	<u>2</u>	<u>2</u>

Director's expenses

One director was reimbursed expenses amounting to £1,314 during the year (2009 - £348 relating to three directors).

Directors' indemnity insurance was in place during the year. The premium payable was £3,938 and the period of the insurance was from 13 August 2010 to 12 August 2011. This insurance jointly covered the directors of the charitable company and the subsidiaries.

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10 TANGIBLE FIXED ASSETS

Group	Freehold land, buildings and fitting out £	Office equipment and furniture £	Total £
Cost / valuation			
At 1 January 2010	14,172,029	11,246	14,183,275
Additions	85,425	-	85,425
	<hr/>	<hr/>	<hr/>
At 31 December 2010	14,257,454	11,246	14,268,700
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2010	5,247,264	11,136	5,258,400
Charge for the year	324,426	92	324,518
	<hr/>	<hr/>	<hr/>
At 31 December 2010	5,571,690	11,228	5,582,918
	<hr/>	<hr/>	<hr/>
Net book amount			
At 31 December 2010	8,685,764	18	8,685,782
	<hr/>	<hr/>	<hr/>
At 31 December 2009	8,924,765	110	8,924,875
	<hr/>	<hr/>	<hr/>
Company			
	Freehold land, Buildings and Fitting out £	Office equipment and furniture £	Total £
Cost / valuation			
At 1 January 2010	13,539,325	11,184	13,550,509
Additions	85,425	-	85,425
	<hr/>	<hr/>	<hr/>
At 31 December 2010	13,624,750	11,184	13,635,934
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2010	5,247,264	11,074	5,258,338
Charge for the year	324,426	92	324,518
	<hr/>	<hr/>	<hr/>
At 31 December 2010	5,571,690	11,166	5,582,856
	<hr/>	<hr/>	<hr/>
Net book amount			
At 31 December 2010	8,053,060	18	8,053,078
	<hr/>	<hr/>	<hr/>
At 31 December 2009	8,292,061	110	8,292,171
	<hr/>	<hr/>	<hr/>

THE NATIONAL FOREST CHARITABLE TRUST
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10 TANGIBLE FIXED ASSETS (continued)

Group and company

Included within freehold land, buildings and fitting out is land and buildings for the CONKERS Waterside Centre which were donated as a gift-in-kind, and have been included at a valuation carried out by Leicestershire County Council on 7 January 1999 of £565,000 on an open market basis, including land at £19,000, together with exhibits which were donated as a gift-in-kind, by E.On, during the year ended 31 December 2007, at a cost of £130,000.

Group

Included within freehold land, buildings and fitting out is the Princess of Wales Memorial Woodland site and Donington Island land which were donated to the group in 2003 as a gift-in-kind at £nil cost and have been included at a valuation carried out by Leicestershire County Council on 7 April 2004 of £14,000 and £26,500 respectively, on an open market basis.

During 2009, the group received a donation of land. The land has been included at a valuation carried out by the directors on 16 March 2010 of £32,000.

During 2009 the group disposed of a small parcel of land to third parties at market value. In the opinion of the directors, the cost of the land sold in the year was negligible. These land sales resulted in a profit on disposal of £8,000. There have been no disposals this year.

11 FIXED ASSET INVESTMENTS

Company	£
Cost	
At 1 January 2010 and 31 December 2010	4

Investments comprise a 100% shareholding in the ordinary shares of The Forest Experience Limited and Heart of the National Forest Park Developments Limited both companies being incorporated in Great Britain. Details of subsidiary undertakings are given in note 21.

12 DEBTORS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Due within one year				
Trade debtors	235,225	149,366	44,427	53,209
Amounts due from group undertakings	-	-	80,712	10,784
Other debtors	-	8,015	-	8,015
Prepayments & accrued Income	369,118	307,065	369,118	307,065
	<u>604,343</u>	<u>464,446</u>	<u>494,257</u>	<u>379,073</u>

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13 CREDITORS

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Amounts falling due within one year				
Bank loans	49,914	44,954	49,914	44,954
Overdraft	213,662	196,532	213,662	196,532
Trade creditors	16,293	12,979	14,471	12,979
Other creditors	467,260	376,935	359,000	291,566
Accruals and deferred income	-	55,178	-	55,178
	<u>747,129</u>	<u>686,578</u>	<u>637,047</u>	<u>601,209</u>

Bank loans are secured by way of first legal charge over certain freehold property.

Accruals and deferred income is made up of grants received in advance. The grant income deferred at the end of the year of £55,178 has been released as income in the Statement of Financial Activities. There is no deferred grant income this year.

14 CREDITORS

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Amounts falling due after more than one year				
Bank loans	242,165	292,053	242,165	292,053
	<u>242,165</u>	<u>292,053</u>	<u>242,165</u>	<u>292,053</u>

Bank loans are secured by way of first legal charge over certain freehold property.

Creditors include bank loans not wholly repayable within five years amounting to £49,893.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15 STATEMENT OF FUNDS

	Balance at 1 January 2010 £	Net incoming/ (outgoing) resources £	Transfers £	Balance at 31 December 2010 £
GENERAL FUNDS	840,338	34,706	(20,000)	855,044
DESIGNATED FUNDS				
Exhibition renewal Fund	20,000	-	20,000	40,000
TOTAL UNRESTRICTED FUNDS	860,338	34,706	-	895,044
RESTRICTED FUNDS	7,550,352	(144,565)	-	7,405,787
TOTAL FUNDS	8,410,690	(109,859)	-	8,300,831

The general funds represent the free funds of the charity which are not designed for particular purposes.

The Exhibition Renewal Fund has been designated by the directors for the renewal of exhibits within the CONKERS visitor attraction.

Restricted funds are funds which have been given for particular purposes and projects and are reduced, over a period of time, in line with the associated capital expenditure and depreciation. In the Trust's case the balance on restricted funds reflects the amount of capital expenditure financed by restricted funds but not yet charged to the statement of financial activities as depreciation.

The restricted funds received to date by the Trust must be used for the development of the CONKERS visitor attraction; the CONKERS Circuit: the Aerial Walkway; the development of the Diana, Princess of Wales Memorial Woodland; the Rawdon East reclamation project; the Youth Hostel; the development of Donington Island; and the preparation of the Heart of the Forest Vision and Action plan.

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £	Unrestricted Funds £	Total £
Fund balances at 31 December 2010 are represented by:			
Tangible fixed assets	7,405,787	1,279,995	8,685,782
Current assets	-	604,343	604,343
Current liabilities	-	(747,129)	(747,129)
Long term liabilities	-	(242,165)	(242,165)
	7,405,787	895,044	8,300,831

THE NATIONAL FOREST CHARITABLE TRUST
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17 SHARE CAPITAL

The company is limited by guarantee and has no share capital. The liability of each member of the company is limited to an amount not exceeding £10.

18 GROSS CASH FLOWS

	2010 £	2009 £
Capital expenditure		
Payments to acquire tangible fixed assets	(85,425)	(78,495)
Receipts from sales of tangible fixed assets	-	8,000
	<u>(85,425)</u>	<u>70,495</u>
Financing		
New secured loans	-	150,000
Repayment of loans	(44,928)	(36,914)
	<u>(44,928)</u>	<u>113,086</u>

19 ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	At 1 January 2010 £	Cash flows £	Other changes £	At 31 December 2010 £
Overdraft	(196,532)	(17,130)	-	(213,662)
Debt due within 1 year	(44,954)	(4,960)	-	(49,914)
Debt due after 1 year	(292,053)	49,888	-	(242,165)
	<u>(533,539)</u>	<u>27,798</u>	<u>-</u>	<u>(505,741)</u>

20 TRANSACTIONS WITH RELATED PARTIES

A number of the directors have been invited to join the board as representatives of partner organisations. As such, a range of financial and non-financial links exist between the charity and the organisations by which its directors are employed. No disclosure has been made in respect of these organisations in which the directors have an involvement where the transactions (primarily grants receivable, as disclosed in note 3) have been subject to public scrutiny and are in the public domain.

KPMG LLP, were engaged by the directors during the year for the provision of services totalling £695 (2009: £695). I J Borley is a director of the company and is a partner in KPMG LLP.

Harvey Ingram LLP, Solicitors, were engaged by the directors during the year for the provision of services totalling £nil (2009: £5,931). S Woolfe is a director of the company and is a partner in Harvey Ingram LLP.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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21 LANDFILL TAX CREDIT SCHEME

The Trust is an approved environmental body under the above scheme. During the year no contributions (2009: £nil) were received from landfill operators. An amount of £nil (2009: £nil) was received from other environmental bodies.

22 SUBSIDIARY UNDERTAKINGS

Company	Country of Incorporation	Profit for the year	Shareholders funds/(deficit)	Nature of business
The Forest Experience Limited	Great Britain	£nil	£2	Operation of CONKERS
Heart of the National Forest Park Developments Limited	Great Britain	£nil	£2	Holding and preparing land for the Heart of the National Forest Park

The National Forest Charitable Trust owns 100% of the ordinary share capital of the above companies.

23 OPERATING LEASES

Net obligations under operating leases fall due as follows:

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Between two and five years	1,000	997	1,000	997

24 CAPITAL COMMITMENTS

Company and group

At 31 December 2010 the company had entered into contracts for capital expenditure amounting to £nil (2009 - £74,576).

25 CONTROLLING PARTIES

In the opinion of the directors, given the structure of the company, there is no ultimate controlling party.