
THE BORDERS FOREST TRUST
(A company limited by guarantee)

TRUSTEES REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

THE BORDERS FOREST TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2008

Trustees

Philip Ashmole (appointed 10/6/2008)
John Bathgate
Neil Campbell
Rose Clarkson
Rosalind Grant-Robertson
John Hunt, Chairman
Michael Ireland (appointed 10/6/2008)
Daphne Jackson
Susan Lockett (resigned 10/6/2008)
Rory McLeod (resigned 30/7/2008)
Fiona Martynoga (resigned 10/6/2008)
Brenda Robertson
Reuben Singleton
Jeremy Thompson

Company registered number

SC162581

Charity registered number

SC024358

Registered office

Monteviot Nurseries
Ancrum
Jedburgh
TD8 6TU

Company secretary

Nicola J Hunt

Chairman

John Hunt

Auditors

Deans Accountants and Business Advisors Limited
Chartered Accountants
Registered Auditors
1 Melgund Place
Hawick
TD9 9HY

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2008**

Advisers (continued)

Bankers

Bank of Scotland
40 High Street
Jedburgh
TD8 6DQ

Solicitors

J & H Mitchell
51 Atholl Road
Pitlochry
PH16 5BU

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008

The Trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report together with the audited financial statements of Borders Forest Trust (the company) for the year ended 31 December 2008. The Trustees confirm that the annual report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. CONSTITUTION

The company, which is a recognised charity in Scotland, is a charitable company limited by guarantee and was set up by a Memorandum of Association on 12th January 1996 .

The principal object of the company is to provide conservation, regeneration and promotion of the restoration of native woodlands in the borders.

b. METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES

The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. New Trustees are recruited by membership nomination and are elected annually at the AGM by a show of hands and proxy vote.

c. POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

Trustees are inducted into the Trust with an introductory staff briefing which includes a BFT Trustee pack, which summarises Trustee obligations, responsibilities and funding information. The Trust maintains a register of Trustee and Staff interests.

In accordance with the Articles of Association, the following Trustees retire:-

John Hunt
Rose Clarkson
Jeremy Thompson
John Bathgate

d. ORGANISATIONAL STRUCTURE AND DECISION MAKING

The Trust is a membership organisation. The members are responsible for electing the Board of Trustees in accordance with the procedures set out in the Articles of Association.

Daily operational matters have been delegated to the Trust's employees with supervision by the Director and the Projects Manager. The day to day management decisions are delegated to Mr W McGhee (Director) and Mrs N Hunt (Project Manager). The Trust employs dedicated project officers within each of the Trust's operational themes:- Woodland Habitat Restoration; Community Woodlands and Education, and has support staff for financial administration, marketing and publicity.

e. RELATED PARTY RELATIONSHIPS

All related parties have been disclosed in the accounts.

f. RISK MANAGEMENT

The Trustees have examined the major business and operational risks which the Trust faces and have

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2008

established systems to enable regular reports to be produced so that the necessary steps may be taken to lessen these risks. In particular, the Trust has a policy of holding reserves in separately designated bank accounts, held with recognised deposit takers.

OBJECTIVES AND ACTIVITIES

a. POLICIES AND OBJECTIVES

The Trust aims to create, restore and manage native woodlands and their associated wildlife. It will promote creative design, craftsmanship and economic utilisation of woodland resources, involving the community in reviving a woodland culture.

The Trust's vision is to provide the community and future generations with opportunities to participate, learn, enjoy and find inspiration in living and working with trees as an integral part of modern life.

b. STRATEGIES FOR ACHIEVING OBJECTIVES

The Trust is guided in its work by an overarching BFT Development Plan which covers a three year time period. The Development Plan is used to measure outputs and outcomes against objectives and to assist Trust partners, stakeholders, funders to understand the Trusts strategic objectives. It is prepared by BFT staff and approved by Trustees and shared with stakeholders, partners and funders. The Plan describes the Trust's working 'themes' and details of project resourcing, staffing, financing and outputs. The current Development Plan covers the period 2006 to 2009 and will be reviewed and updated in 2009.

The Trust has a Site Acquisition and Management Strategy and this describes the legal nature of the Trust's management of land within its land management portfolio and details the criteria and objectives that the Trust will use in its approach to land acquisition.

c. ACTIVITIES FOR ACHIEVING OBJECTIVES

The Trust works to achieve its objectives by financing and resourcing projects which in turn necessitate involving people, completing practical tasks, and outreach activities. On a day to day basis the Trust is broadly engaged in

- Securing funding
- Employing staff
- Engaging with communities
- Partnering with organisations, groups and landowners
- Establishing, conserving or expanding native woodlands
- Promoting all aspects of woodland culture

d. PROGRAMME RELATED INVESTMENTS

The Trust holds 3 bank accounts, a current account, a 10 day account and a fixed guaranteed deposit account. These accounts are managed through guidance from the Trust's Finance Sub group. This group is composed of Trustees and staff and it meets quarterly to review the state of the Trusts finances, expenditure and fund raising.

The Trust maintains a balance of funds in the current account (Halifax Bank of Scotland), sufficient to pay for BFT running costs (excluding capital works) for 3-4 months. The 10 day account (Standard Life) contains unrestricted funds and restricted funds (project related) which earn a higher interest than the current account and may be called on for Trust use. Restricted funds cannot be released without Trustee approval. The Fixed Guaranteed Deposit Account contains restricted and unrestricted funds which are managed so as to provide the Trust with a minimum of a year's working capital and additionally to maintain money restricted to projects, such as Wildwood, which may be required for site maintenance in the future.

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TRUSTEES' REPORT (continued)
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e. VOLUNTEERS

The company is grateful for the unstinting efforts of its volunteers who have helped in a wide variety of ways including practical conservation work and fundraising.

ACHIEVEMENTS AND PERFORMANCE

a. REVIEW OF ACTIVITIES

During 2008 the Trust continued its work of restoring and conserving native woodlands and developing a woodland culture in the south of Scotland. This is being carried out through two areas or themes – Woodland Habitat Restoration and Involving People.

Woodland Habitat Restoration

The Woodland Habitat Restoration theme contains Carrifran Wildwood and Ettrick Floodplain Restoration and these are treated as discrete projects due to the semi-autonomous nature of Wildwood, and the size, character and variety of habitats as is the case with Ettrick. The Woodland Habitats Project comprises projects that the Trust initiated in the late 1990s and early 2000 such as Ancient Woodlands, Riparian Woodlands, Juniper Conservation and Wood Pasture, as well as new native woodland planting schemes within the Scottish Borders and Dumfries and Galloway under the Scottish Forestry Grant Scheme.

Wildwood outputs for 2008 include

- The planting of 16 hectares of new native woodland , preparation for planting 7.5 hectares
- Planting of 6000 trees and shrubs for enrichment of existing planting throughout the site and preparation of ground for planting a further 6,000 enrichment trees and shrubs in spring 2009
- Management and establishment of 287.5 hectares of new native woodland planted since 2000
- 400m of path maintenance
- Co-ordination of 58 volunteer work days (482 volunteer day input)

Ettrick Floodplain Restoration outputs for 2008 include

- Maintenance of 13km of path network

Woodland Habitats - outputs for 2008 include

- 45 hectares of new planting (65,000 new trees)
- Development of planting proposals for 160 hectares of new native woodland
- Planting of 5030 trees to beat up loses on existing sites
- Managing approximately 1600ha of recently planted and regenerating woodlands through bracken control, herbicide applications, maintenance of tree protection and stock proof fencing and deer control)

Involving People

The Involving People theme includes the Trust's community woodland and education projects.

Community Woodlands outputs for 2008 include

- 16 community woodland groups assisted
- Supported management of 21 community woodlands (260ha)
- 2 Borders Community Woodland Forum meetings
- 2 training sessions with 28 attendees
- 17 work days with volunteers and community woodland groups (95 volunteer day input)
- 10 community woodland public events supported

Education and Forest Schools outputs for 2008 include

- Educational activities with a total of approximately 1800 young people
- Worked with 25 schools and 9 groups and clubs associated with young people

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2008

- 7 children's events and 3 public shows attended
- Delivery of 8 Forest Schools projects benefiting 310 children
- Delivery of a youth sculpture project

Education Green Grounds outputs for 2008 include

- 25 school ground environmental improvement projects supported
- 878 pupils involved with schools grounds improvement projects

Action was taken to address the deteriorating financial position of the Woodschool business. After consultation a restructuring was carried out which involved the closure of the loss making elements of the business including the Buy Design Gallery at Harestanes. Three staff were made redundant and the contracts with four other people were terminated. The restructured Woodschool will be run in future by Real Wood Studios, a new company set up by a group of the wood workers. They have taken on the majority shareholding of Woodschool as well as its various liabilities.

b. INVESTMENT POLICY AND PERFORMANCE

The Finance Sub Group of the Trust oversees the financial management of project funds and monitors the performance of the Trust's investment. The group meets regularly and reviews interest rates on the Trust's accounts to ensure healthy rates are maintained on accounts, and that the level of accessibility of funds is adequate. The group has agreed that funds should be held on account until sufficient capital funds are available for establishing an investment portfolio. This policy is reviewed annually when the Guaranteed Fixed Deposit account's fixed term expires.

c. FACTORS RELEVANT TO ACHIEVE OBJECTIVES

Achievement of Trust objectives is largely determined by the availability of funding, availability of land, and the commitment of landowners and community groups. The Trust addresses these factors as potential risk areas and they are included in the Trust's Risk Review which is updated annually, and managed accordingly. The Trust has an on-going fundraising strategy focusing on generating both project and core income from grant giving bodies, corporate sponsorship and individual giving. Over the last 13 years the Trust has built up good relationships with landowners and a reputation for professional land management and sensitive community support. This reputational credibility is positive for landowners and community groups engaging with the Trust and assists the Trust in securing areas for native woodland and community management.

FINANCIAL REVIEW

a. RESERVES POLICY

The Trust has a policy of maintaining one year's core expenditure within unrestricted funds. This policy recognises the dependence on grant funding and the uncertain nature of the timing of cashflows. The Trustees consider this to be sufficient to meet the Trust's ongoing short-term funding requirements should grant support cease. These funds are maintained at these levels by extensive fund raising and investment activities. Restricted funds are maintained in the form of assets or cash. The cash funds represent funds yet to be expended and are not available to the Trust. The assets are held on behalf of the various projects.

b. RESULTS FOR THE YEAR

BFT income for 2008 totalled £531,100 against an expenditure of £452,848. Income increased by £47,972 against 2007 and expenditure decreased by £3,600. The net surplus in 2008 was £78,252 compared to a net surplus of £26,680 in 2007.

Changes in income from 2007 to 2008 were attributable to: -

1. An increase in grant income received by the Trust, from £271,736 in 2007 to £296,821 in 2008. This was

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- mostly due to an increase in grant award from Forestry Commission Scotland (FCS)
2. Donations to BFT increased as a result of the Corehead land purchase appeal, from £128,823 in 2007 to £164,642 in 2008.
 3. Membership income decreased from £9,152 in 2007 to £7,066 in 2008.
 4. Sales decreased from £61,912 in 2007 to £54,390 in 2008

The increase in grants to the Trust is somewhat skewed by the substantial grants received from Forestry Commission Scotland. These grants (planting and establishment grants, and funding from the Forest Development Fund) made up some 75% of the Trust's grant income. This reliance on a single large grant provider is not desirable; however due to the disruption caused within the Trust by the restructuring of Woodschool the Trust was unable to concentrate efforts on diversifying sources of income. The recruitment of a Fund Raising Manager in October 2008 will assist in the Trust accessing a wider range of grant income and it is anticipated that during 2009 diversification of income sources will happen.

The Corehead fund raising appeal yielded £115,664 of donations (excluding cash pledges) and this accounted for some 70% of the Trust's donations. As with grant fund raising, the Trust needs to concentrate on developing relationships with donors and to broaden the spectrum of donor type. It is anticipated that this will result in more gifts and legacies to the Trust.

The Trust's membership income decreased by £2,086 in 2008; a drop of some 22% in respect of the 2007 membership income. This decrease is partly a facet of the high number of Life Members who joined the Trust in 2007 and is also because of a payment of tax due on 2007 and 2008 membership. Membership numbers remain at approximately 600.

The Trust's Governance has increased by £11,838 from £18,975 in 2007 to £30,813 in 2008. This was principally as a result in an increase in Trust management of £6,899 (£7,575 in 2007 to £14,474 in 2008) due to the additional time spent by the Director on the review and restructure of Woodschool. Governance now includes the insurance accounting for the majority of the £2360 in the direct costs.

The Trust's Direct Costs decreased by £18,384, mostly due to a decrease in Professional fees (of £11,985) and a net decrease of £18,062 in Materials and Contractors, from £193,296 in 2007 to £175,234. There was also an increase of Grants paid (by the Trust) of £17,995 (principally with the payment of locational premium grant payments to one land owner for new planting).

The Trust's Support Costs increased by £7,467, from a 2007 total of £32,887 to £40,354 in 2008. The main areas of increase were in wages and salaries (from £9,673 to £13,787 as a result of return of a member of staff from maternity leave) and rent (from £1,360 to £3,259 which includes 2 years of Langlee Community Woodland rent) and legal fees associated with the restructure of Woodschool (£1,936).

The Trust's staff costs increased by £9,616 from 2007 (£127,296) to 2008 (£136,912) due to an increase in personnel. The Trust recruited a Community Woodland Officer, a Green Grounds Education Officer and a Fundraising Manager. The costs of generating voluntary income increased by £5,325 (from £15648 in 2007 to £20,973 in 2008) reflecting the recruitment of the Fundraising Manager. The previous Community Woodland Officer left the Trust in November 2007, the Site Officer left the Trust at the end of November 2008 and the Marketing and Publicity Officer left at the end of the year.

Depreciation of £7,701 is due to a combination of the Trust buildings and IT systems. The buildings appear as Tangible Assets in the Balance Sheet, along with the Trust's land holdings of Wildwood, Ettrick Willows, Lindean and Drygrange.

Unrestricted funds have decreased since 2007, from £63,733 to £9,706, mostly as a result of the funds being applied to Trust core working. Restricted Funds increased by £132,279, from £769,195 to £901,474 as a result of contributions and donations towards Corehead.

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TRUSTEES' REPORT (continued)
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PLANS FOR THE FUTURE

a. FUTURE DEVELOPMENTS

The Trust has two main priorities for 2009; to secure core funding for core costs and to fund raise to purchase Corehead Farm. At the time of writing the Trust is three quarters of the way towards the land purchase target. The legal option may be exercised by the end of May 2009 and it is the Trust's intention to take ownership of the land from that date. Funding for revenue expenditure will receive more attention once the Corehead purchase is complete.

The new Scottish Rural Development Programme (SRDP) has presented a number of problems, not least the reduction in grant rates for new native woodland and the complexity of the SRDP legal and form filling process. The Trust's Projects Officer is working to bring a number of SRDP applications to fruition in conjunction with wind farm funding for Black Grouse habitat restoration. Woodland Habitats and Wildwood will require funding to maintain sites through to Forestry Commission establishment approval.

The Trust is looking to drop the Green Grounds project from March 2009. A change to the funding structure means that SNH will no longer contribute grant to this project and after 12 years one of our oldest projects will close. The Forest Schools project has been successful in securing funds from private Trusts and the Forestry Commission to equip teachers in Borders schools with the skills necessary to continue the programme with minimal support from the Trust. Community woodland working is almost fully funded with contributions from Lloyds TSB, the Forestry Commission, the Gannochy Trust and Awards for All.

The Trust finalised its corporate sponsorship package at the same time as many corporate bodies, such as in the banking and financial sectors, were experiencing a severe financial down turn. The Trust will put this item to one side until such time as the economy and business are in a better position to contribute to and partner with the Trust.

MEMBERS' LIABILITY

The Trustees of the company guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Scotland governing the preparation and dissemination of

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financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the Trustees on 16 April 2009 and signed on their behalf, by:

John Hunt

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BORDERS FOREST TRUST

We have audited the financial statements of The Borders Forest Trust for the year ended 31 December 2008 which comprise the statement of financial activities, the balance sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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 charitable company's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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, the charitable company's members as a body and the charitable company's Trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

This report is made in respect of an audit carried out under the Companies Act 1985 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The responsibilities of the Trustees (who also act as company directors of The Borders Forest Trust for the purposes of company law) for preparing the Trustees' 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 (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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Trustees' annual report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records or 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 company is not disclosed.

We read other information contained in the Trustees' annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' annual report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

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 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.

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

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BORDERS FOREST TRUST

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, applicable to Smaller Entities, of the state of the charitable company's affairs as at 31 December 2008 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Trustees' annual report is consistent with the financial statements.

DEANS ACCOUNTANTS AND BUSINESS ADVISORS LIMITED

Chartered Accountants
Registered Auditors

1 Melgund Place
Hawick
TD9 9HY

16 April 2009

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STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	2	151,344	20,364	171,708	137,975
Activities for generating funds	3	39,277	15,113	54,390	61,912
Investment income	4	6,049	2,132	8,181	11,505
Incoming resources from charitable activities	5	286,821	10,000	296,821	271,736
TOTAL INCOMING RESOURCES		483,491	47,609	531,100	483,128
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income	6	-	20,973	20,973	15,648
Fundraising expenses and other costs	3	-	155	155	7,050
Charitable activities	12	351,212	49,695	400,907	411,642
Governance costs	8	-	30,813	30,813	22,108
TOTAL RESOURCES EXPENDED	11	351,212	101,636	452,848	456,448
MOVEMENT IN TOTAL FUNDS FOR THE YEAR - NET INCOME/(EXPENDITURE) FOR THE YEAR		132,279	(54,027)	78,252	26,680
<i>Total funds at 1 January 2008</i>		769,195	63,733	832,928	806,248
TOTAL FUNDS AT 31 DECEMBER 2008		901,474	9,706	911,180	832,928

The notes on pages 14 to 28 form part of these financial statements.

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BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Tangible fixed assets	16		473,678		480,267
Fixed asset investments	17		2		2
			<u>473,680</u>		<u>480,269</u>
CURRENT ASSETS					
Stocks	18	3,230		1,925	
Debtors	19	65,121		110,727	
Cash at bank		385,755		314,549	
			<u>454,106</u>	<u>427,201</u>	
CREDITORS: amounts falling due within one year	20		<u>(16,606)</u>	<u>(74,542)</u>	
NET CURRENT ASSETS			<u>437,500</u>		<u>352,659</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>911,180</u>		<u>832,928</u>
CHARITY FUNDS					
Restricted funds	21		901,474		769,195
Unrestricted funds	21		9,706		63,733
			<u>911,180</u>		<u>832,928</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the Trustees on 16 April 2009 and signed on their behalf, by:

John Hunt

Rosalind Grant-Robertson

The notes on pages 14 to 28 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards and the Companies Act 1985.

1.2 COMPANY STATUS

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES (continued)

1.4 INCOMING RESOURCES

All incoming resources are included in the statement of financial activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the company where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

1.5 RESOURCES EXPENDED

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

1.6 CASH FLOW

The financial statements do not include a cash flow statement because the charitable company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2007).

1.7 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

THE BORDERS FOREST TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES (continued)

1.8 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £500 are capitalised.

The policy with respect to impairment reviews of fixed assets is that an annual review is carried out by the directors. As at 31 December 2008, there is no difference between the market value and the carrying value in the accounts.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	25%	reducing balance
Other fixed assets	-	10%	straight line

1.9 INVESTMENTS

Investments are stated at market value at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

1.10 OPERATING LEASES

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.11 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2. VOLUNTARY INCOME

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	<i>Total Funds 2007 £</i>
Donations	151,344	13,298	164,642	128,823
Membership	-	7,066	7,066	9,152
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	151,344	20,364	171,708	137,975
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE BORDERS FOREST TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

3. TRADING ACTIVITIES

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	<i>Total Funds 2007 £</i>
CHARITY TRADING INCOME				
Product sales	-	3,130	3,130	3,593
Sales & sundry income	39,277	11,983	51,260	58,319
	<u>39,277</u>	<u>15,113</u>	<u>54,390</u>	<u>61,912</u>
FUNDRAISING TRADING EXPENSES				
Cost of product sales	-	155	155	7,050
Net income from trading activities	<u>39,277</u>	<u>14,958</u>	<u>54,235</u>	<u>54,862</u>

4. INVESTMENT INCOME

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	<i>Total Funds 2007 £</i>
Interest received	6,049	2,132	8,181	11,505
	<u>6,049</u>	<u>2,132</u>	<u>8,181</u>	<u>11,505</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	<i>Total Funds 2007 £</i>
Borders Forest Trust	-	10,000	10,000	13,849
Community Woodlands	30,343	-	30,343	42,829
Education - Green Grounds SNH	12,400	-	12,400	12,250
Education - General	13,000	-	13,000	16,000
Ettrick Marshes	1,618	-	1,618	3,924
Wildwood	25,345	-	25,345	27,634
Woodland Habitats	204,115	-	204,115	155,250
	<u>286,821</u>	<u>10,000</u>	<u>296,821</u>	<u>271,736</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

Grants receivable

	2008 £	2007 £
Awards for All	-	8,000
Brown Forbes	2,268	3,524
Forestry Commission	223,851	168,559
Heritage Lottery Fund	-	4,700
Gannochy Trust	6,000	6,000
Leader +	-	14,048
Robertson Trust	9,000	9,000
Scottish Borders Council	2,393	2,228
Scottish Mountaineering Trust	-	151
Scottish Natural Heritage	48,846	54,486
SRDP	3,938	-
Sundry	525	1,040
Total	296,821	271,736

6. COSTS OF GENERATING VOLUNTARY INCOME

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
Voluntary income staff costs	-	20,973	20,973	15,648
	-	20,973	20,973	15,648

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
Borders Forest Trust	-	49,695	49,695	54,924
Community Woodlands	38,270	-	38,270	71,578
Corehead	8,557	-	8,557	1,325
Education - Green Grounds	7,466	-	7,466	16,869
Education - General	16,463	-	16,463	14,932
Etrick Marshes	1,473	-	1,473	4,882
Wildwood	78,476	-	78,476	75,738
Woodland Habitats	200,507	-	200,507	171,394
	351,212	49,695	400,907	411,642

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

7. EXPENDITURE BY CHARITABLE ACTIVITY (continued)

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2008 £	Depreciation 2008 £	Other costs 2008 £	Total 2008 £	Total 2007 £
Borders Forest Trust	14,948	2,532	32,215	49,695	54,924
Community Woodlands	21,350	5,169	11,751	38,270	71,578
Corehead	-	-	8,557	8,557	1,325
Education - Green Grounds	6,343	-	1,123	7,466	16,869
Education - General	13,339	-	3,124	16,463	14,932
Ettrick Marshes	427	-	1,046	1,473	4,882
Wildwood	17,136	-	61,340	78,476	75,738
Woodland Habitats	31,712	-	168,795	200,507	171,394
	<u>105,255</u>	<u>7,701</u>	<u>287,951</u>	<u>400,907</u>	<u>411,642</u>

8. GOVERNANCE COSTS

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
Accountancy fees	-	1,404	1,404	1,407
Trust management	-	14,474	14,474	7,575
Auditor's remuneration	-	1,300	1,300	1,300
Direct costs - Governance	-	2,360	2,360	2,638
Support costs - Governance	-	591	591	495
Governance expense - wages & salaries	-	9,717	9,717	8,061
Governance expense - NI	-	967	967	632
	<u>-</u>	<u>30,813</u>	<u>30,813</u>	<u>22,108</u>

THE BORDERS FOREST TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

9. DIRECT COSTS

	Governance £	Borders Forest Trust £	Community Woods £	Corehead £	Education - Green £	Education - General £
Materials	-	3,101	1,144	-	95	143
Contractors	-	393	120	-	-	-
Advertising	-	2,996	437	1,991	-	-
Insurance	1,013	2,477	1,892	-	-	-
Grants paid	-	-	-	-	50	-
Repairs & maintenance	-	2,122	335	-	55	-
Motor expenses	-	2,580	1,668	-	709	1,706
Professional fees	-	2,429	3,679	2,500	-	-
Printing & stationery	1,347	5,702	-	3,608	-	-
Wages and salaries	-	-	19,521	-	6,149	12,192
National insurance	-	-	1,829	-	194	1,147
	<u>2,360</u>	<u>21,800</u>	<u>30,625</u>	<u>8,099</u>	<u>7,252</u>	<u>15,188</u>
		Ettrick Marshes £	Wildwood £	Woodland Habitats £	Total 2008 £	Total 2007 £
Materials		504	20,347	9,919	35,253	112,311
Contractors		-	31,597	107,871	139,981	80,985
Advertising		-	118	-	5,542	7,573
Insurance		250	1,558	315	7,505	7,057
Grants paid		-	-	37,872	37,922	19,927
Repairs & maintenance		-	408	626	3,546	5,622
Motor expenses		59	2,455	4,094	13,271	15,415
Professional fees		233	3,045	7,227	19,113	31,098
Printing & stationery		-	350	57	11,064	9,376
Wages and salaries		361	15,700	29,008	82,931	82,040
National insurance		66	1,436	2,704	7,376	10,484
		<u>1,473</u>	<u>77,014</u>	<u>199,693</u>	<u>363,504</u>	<u>381,888</u>

THE BORDERS FOREST TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

10. SUPPORT COSTS

	Governance £	Borders Forest Trust £	Community Woods £	Corehead £	Education - Green £
Subscriptions	-	481	95	81	-
Bank charges	-	152	25	11	-
Telephone	-	1,345	-	-	-
Heat & light	-	1,468	-	-	-
Rent	-	1,436	1,823	-	-
Training	-	1,032	221	-	94
Travel	-	191	210	70	-
Postage	503	1,381	-	296	-
Room hire	-	920	-	-	110
Sundries	88	73	102	-	10
Legal fees	-	1,936	-	-	-
Wages and salaries	-	13,787	-	-	-
National insurance	-	1,161	-	-	-
Depreciation	-	2,532	5,169	-	-
	<u>591</u>	<u>27,895</u>	<u>7,645</u>	<u>458</u>	<u>214</u>
	<u><u>1,275</u></u>	<u><u>1,462</u></u>	<u><u>814</u></u>	<u><u>40,354</u></u>	<u><u>32,887</u></u>

	Education - General £	Wildwood £	Woodland Habitats £	Total 2008 £	Total 2007 £
Subscriptions	95	82	-	834	1,588
Bank charges	-	-	-	188	359
Telephone	35	225	120	1,725	2,322
Heat & light	-	-	-	1,468	1,545
Rent	-	-	-	3,259	1,360
Training	55	20	20	1,442	2,509
Travel	1,002	112	46	1,631	1,466
Postage	-	-	-	2,180	1,168
Room hire	32	378	-	1,440	606
Sundries	56	645	628	1,602	1,603
Legal fees	-	-	-	1,936	-
Wages and salaries	-	-	-	13,787	9,673
National insurance	-	-	-	1,161	758
Depreciation	-	-	-	7,701	7,930
	<u>1,275</u>	<u>1,462</u>	<u>814</u>	<u>40,354</u>	<u>32,887</u>

THE BORDERS FOREST TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2008 £	Depreciation 2008 £	Other costs 2008 £	Total 2008 £	Total 2007 £
Costs of generating voluntary income	20,973	-	-	20,973	15,648
Fundraising expenses	-	-	155	155	7,050
COSTS OF GENERATING FUNDS	20,973	-	155	21,128	22,698
Borders Forest Trust	14,948	2,532	32,215	49,695	54,924
Community Woodlands	21,350	5,169	11,751	38,270	71,578
Corehead	-	-	8,557	8,557	1,325
Education - Green Grounds SNH	6,343	-	1,123	7,466	16,869
Education - General	13,339	-	3,124	16,463	14,932
Ettrick Marshes	427	-	1,046	1,473	4,882
Wildwood	17,136	-	61,340	78,476	75,738
Woodland Habitats	31,712	-	168,795	200,507	171,394
CHARITABLE ACTIVITIES	105,255	7,701	287,951	400,907	411,642
GOVERNANCE	10,684	-	20,129	30,813	22,108
	136,912	7,701	308,235	452,848	456,448

12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2008 £	Support costs 2008 £	Total 2008 £	Total 2007 £
Borders Forest Trust	21,800	27,895	49,695	54,924
Community Woodlands	30,625	7,645	38,270	71,578
Corehead	8,099	458	8,557	1,325
Education - Green Grounds SNH	7,252	214	7,466	16,869
Education - General	15,188	1,275	16,463	14,932
Ettrick Marshes	1,473	-	1,473	4,882
Wildwood	77,014	1,462	78,476	75,738
Woodland Habitats	199,693	814	200,507	171,394
Total	361,144	39,763	400,907	411,642

THE BORDERS FOREST TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

13. NET INCOME / (EXPENDITURE)

This is stated after charging:

	2008	2007
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	7,701	7,930
Accountancy fees	1,404	1,407
Audit fee	1,300	1,300
	<u><u> </u></u>	<u><u> </u></u>

During the year, no Trustees received any remuneration (2007 - £NIL).
 During the year, no Trustees received any benefits in kind (2007 - £NIL).
 During the year, no Trustees received any reimbursement of expenses (2007 - £NIL).

14. AUDITORS' REMUNERATION

	2008	2007
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	1,300	1,300
Fees payable to the company's auditor and its associates in respect of:		
All other services	1,404	1,407
	<u><u> </u></u>	<u><u> </u></u>

15. STAFF COSTS

Staff costs were as follows:

	2008	2007
	£	£
Wages and salaries	125,667	114,284
Social security costs	11,245	13,012
	<u><u> </u></u>	<u><u> </u></u>
	136,912	127,296
	<u><u> </u></u>	<u><u> </u></u>

The average monthly number of employees during the year was as follows:

	2008	2007
	No.	No.
Administration	1	1
Project Staff	7	6
	<u> </u>	<u> </u>
	8	7
	<u><u> </u></u>	<u><u> </u></u>

No employee received remuneration amounting to more than £60,000 in either year.

THE BORDERS FOREST TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

16. TANGIBLE FIXED ASSETS

	Freehold Land £	Plant and machinery £	Buildings £	Total £
COST				
At 1 January 2008	434,788	39,190	51,694	525,672
Additions	-	1,112	-	1,112
At 31 December 2008	<u>434,788</u>	<u>40,302</u>	<u>51,694</u>	<u>526,784</u>
DEPRECIATION				
At 1 January 2008	-	29,897	15,508	45,405
Charge for the year	-	2,532	5,169	7,701
At 31 December 2008	<u>-</u>	<u>32,429</u>	<u>20,677</u>	<u>53,106</u>
NET BOOK VALUE				
At 31 December 2008	<u>434,788</u>	<u>7,873</u>	<u>31,017</u>	<u>473,678</u>
At 31 December 2007	<u>434,788</u>	<u>9,293</u>	<u>36,186</u>	<u>480,267</u>

The trust acquired the Wildwood site during December 1999 at a cost of £348,000. This cost is in excess of the market value of the land based on its existing use. However, the Trustees are of the opinion that due to the unique nature of the site and its proposed use in the future, it is not appropriate to apply the provisions of FRS11 - Impairment of Fixed Assets and Goodwill and no diminution in the value of the land has been recognised in these accounts.

The Millennium Forest for Scotland held a standard security over certain areas of the freehold land but this was discharged during 2007.

Land is not depreciated.

17. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
MARKET VALUE	
At 1 January 2008 and 31 December 2008	<u>2</u>
HISTORICAL COST	
	<u>2</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

17. FIXED ASSET INVESTMENTS (continued)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Holding	2008 £	2007 £
Woodschool Limited		<u>2</u>	<u>2</u>

Name	Business	Registered office
Woodschool Limited	Timber operations	Monteviot Nurseries, Ancrum

The aggregate of the share capital and reserves as at 31 December 2008 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Woodschool Limited	<u>7,428</u>	<u>(47,170)</u>

INVESTMENTS AT MARKET VALUE COMPRISE:

	2008 £	2007 £
Group	<u>2</u>	<u>2</u>

All the fixed asset investments are held in the UK

18. STOCKS

	2008 £	2007 £
Finished goods and goods for resale	<u>3,230</u>	<u>1,925</u>

19. DEBTORS

	2008 £	2007 £
Trade debtors	58,675	95,506
Other debtors	3,791	12,684
Prepayments and accrued income	2,655	2,537
	<u>65,121</u>	<u>110,727</u>

THE BORDERS FOREST TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

**20. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2008 £	2007 £
Trade creditors	2,884	65,885
Social security and other taxes	3,144	2,590
Accruals and deferred income	10,578	6,067
	<u>16,606</u>	<u>74,542</u>

21. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
UNRESTRICTED FUNDS				
Borders Forest Trust - general funds	60,547	44,456	(101,481)	3,522
Borders Forest Trust - trading	3,186	3,153	(155)	6,184
	<u>63,733</u>	<u>47,609</u>	<u>(101,636)</u>	<u>9,706</u>
RESTRICTED FUNDS				
Borders Forest Trust - restricted	59,638	-	-	59,638
Community Woodlands	73,159	36,572	(38,269)	71,462
Corehead	(1,325)	120,823	(8,557)	110,941
Education - general	3,884	21,545	(16,739)	8,690
Education - Green Grounds	8,355	12,400	(7,506)	13,249
Etrick	4,012	1,618	(1,473)	4,157
Wildwood	611,813	72,226	(78,160)	605,879
Woodland Habitat	9,659	218,307	(200,508)	27,458
	<u>769,195</u>	<u>483,491</u>	<u>(351,212)</u>	<u>901,474</u>
Total of Funds	<u>832,928</u>	<u>531,100</u>	<u>(452,848)</u>	<u>911,180</u>

THE BORDERS FOREST TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
General funds	63,733	47,609	(101,636)	9,706
Restricted funds	769,195	483,491	(351,212)	901,474
	<u>832,928</u>	<u>531,100</u>	<u>(452,848)</u>	<u>911,180</u>

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	<i>Total Funds 2007 £</i>
Tangible fixed assets	465,805	7,873	473,678	480,267
Fixed asset investments	-	2	2	2
Current assets	448,762	5,344	454,106	427,201
Creditors due within one year	(13,093)	(3,513)	(16,606)	(74,542)
	<u>901,474</u>	<u>9,706</u>	<u>911,180</u>	<u>832,928</u>

23. CONTINGENT LIABILITIES

All grants received by the Trust have certain conditions attached and should these conditions not be met, the grants would be repayable to the relevant parties. At the date of signing the accounts, the Trustees know of no circumstances that would result in any grant being repayable.

24. OPERATING LEASE COMMITMENTS

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2008 £	2007 £
EXPIRY DATE:		
After more than 5 years	<u>1,436</u>	<u>1,436</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

25. RELATED PARTY TRANSACTIONS

During the year ended 31st December 2008, the Trust had made grants to, received grants from and had expenses/fees charged by organisations associated with certain of the Trustees. A register of interests is kept by the Trust and there are certain transactions and relationships which are material and should be disclosed. Daphne Jackson's family are landowners who receive material amounts from the Trust. The Trustees have taken steps to ensure that there are no independence issues and that decisions relating to the family's land are taken without input from Daphne Jackson. Daphne Jackson is also the sister of the Trusts bookkeeper.

Woodschool Limited was a wholly owned subsidiary of the Trust during 2008. Transactions are entered into at normal commercial rates.

26. CONTROLLING PARTY

The members of The Borders Forest Trust are considered to be the ultimate controlling party.

27. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Woodschool Limited	Scotland	25	Trading in wood products

Since the year end, Woodschool Limited has been restructured, identifying the non-profitable areas of the business and the directors of that company implemented a redundancy programme. The ownership of the company has also changed. With effect from February 2009, the ownership of Woodschool Limited changed with the Trust now owning 25% of the company. The new share issue was valued on the basis of fair value after independent valuations were carried out of all assets, liabilities and stock.