

TREE AID

ANNUAL REPORT AND CONSOLIDATED ACCOUNTS 2017/18



TREE AID - a company limited by guarantee

Charity No. 1135156

Company No. 03779545

• In Africa, trees mean life •

Our Vision

Thriving communities across the drylands of Africa where trees sustain livelihoods and enrich the environment.

Our Mission

To enable people living in the drylands of Africa to unlock the potential of trees to reduce poverty and protect the environment.

What we do

TREE AID is a specialist international development organisation headquartered in the UK with operations in five countries within West and East Africa. We believe that the conservation, restoration and management of trees and forests is essential to create income opportunities for poor communities, combat climate change, and prevent desertification.

We empower rural communities to make the most of the tree resources available to them. We help them build the knowledge and skills necessary to manage trees and forests effectively in order to achieve higher incomes, deliver improvements in their environment, create additional sources of food, and become more resilient to unpredictable weather patterns.

We bridge the gap between policy and practice, and work with both government and communities to develop and implement good forest governance that secures access and rights to tree resources for rural communities.

Where we work

TREE AID works in the drylands of Africa in some of the harshest environments on our planet. Africa's drylands are home to approximately 325 million people. The drylands populations rely heavily on natural resources through farming for their survival, which, when compounded by growing populations, poor access to technology and unsustainable production practices contribute to land degradation and increasing levels of poverty.

We continue to work in Burkina Faso, Ethiopia, Ghana, Mali and Niger with people in communities where there are few resources, where people rely on small plots of land to grow food to eat and sell. Often the most vulnerable use produce from trees to supplement their diet and provide extra income.

Contents

WHY IS TREE AID NEEDED?	3
OUR APPROACH	4
OUR THEORY OF CHANGE	5
ACHIEVEMENTS AND PERFORMANCE	6
OUR FUTURE	8
FINANCIAL REVIEW	10
STRUCTURE, GOVERNANCE AND MANAGEMENT	16
STATEMENT OF THE TRUSTEES' RESPONSIBILITIES	20
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF TREE AID	22
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES	26
CONSOLIDATED AND CHARITY BALANCE SHEETS	27
CONSOLIDATED STATEMENT OF CASH FLOWS	28
NOTES TO THE ACCOUNTS	29
LEGAL AND ADMINISTRATIVE DETAILS	58
THANK YOU	59

Why is TREE AID needed?

Our world is facing rapidly changing human and environmental challenges. Climate change, conflict, population growth and migration, and the risk of recurrent climate-related crises present complex challenges and risks to the lives, wellbeing and future prospects of millions of families.

In the face of these challenges we are seeing new and positive opportunities for livelihoods and sustainable land management emerging. A spirit of cooperation and a call to action was launched in September 2015 at the United Nations General Assembly where heads of state adopted *Transforming our World: the 2030 Agenda for Sustainable Development*¹. This sets out 17 Sustainable Development Goals (SDGs) as a plan of action to end poverty and hunger, protect the planet from degradation, and ensure human development occurs in harmony with nature. The SDGs present a momentous chance to focus efforts to help the poorest people in the world.

Trees and forest resources have a vital role to play in achieving the SDGs². Trees and forests in drylands generate a wealth of benefits. For example, they help increase the resilience of communities and landscapes in the face of global change, encourage biodiversity, protect against water and wind erosion, reduce desertification, help retain water in soils, and contribute to soil fertility³.

Alongside the SDGs, during the United Nations Framework Convention on Climate Change – the 21st Conference of the Parties (COP 21) in Paris, December 2015 – governments agreed a new climate deal that prioritises forests and landscapes⁴.

The Burkina Faso, Ethiopia, Ghana, Mali and Niger governments are embracing the forest focus. As part of the African Union, they have made significant progress since the approval of the Great Green Wall Initiative in 2005 and are some of the many countries currently signed up to it⁵. The Great Green Wall has grown in scope, trees have been planted and the wall of trees concept has become a vehicle for a wider goal; countries in the region working together to tackle climate change, food security, and economic growth.

¹ United Nations General Assembly (2015), *Transforming our world: the 2030 Agenda for Sustainable Development*, A/70/L.1.

² Centre for International Forestry Research (CIFOR). 2016. *CIFOR Strategy 2016–2025: Stepping up to the new climate and development agenda*. Bogor, Indonesia: CIFOR

³ Food and Agriculture Organization of the United Nations (FAO). 2015. *Global guidelines for the restoration of degraded forests and landscapes in drylands: building resilience and benefiting livelihoods*, by Berrahmouni, N., Regato, P. & Parfondry, M. Forestry Paper No.175. Rome, FAO.

⁴ UNFCCC – <https://unfccc.int/resource/docs/2015/cop21/eng/109r01.pdf>

⁵ <http://www.greatgreenwall.org/great-green-wall/>: Algeria, **Burkina Faso**, Benin, Chad, Cape Verde, Djibouti, Egypt, Eritrea, **Ethiopia**, Libya, **Mali**, Mauritania, **Niger**, Nigeria, Senegal, Somalia, Sudan, The Gambia and Tunisia.

TREE AID's 2017-2022 strategy builds on these new development frameworks, setting out clearly how TREE AID's programmes contribute to achieving core elements within these wider goals, reducing poverty, and protecting the environment within our beneficiary communities.

Our Approach

TREE AID exists to help communities break the cycle of poverty and environmental degradation in the drylands of Africa. Working through local partners, who understand local challenges, our expert staff offer practical knowledge and policy solutions that support the sustainable use and management of trees and forests.

Across our work, we see how climate change is leading to changing, unpredictable weather patterns that put poor people's livelihoods at risk. We need to be flexible and adaptable, responding to sudden shocks while helping people find ways to cope with the everyday impact of climate change on their lives and their environment.

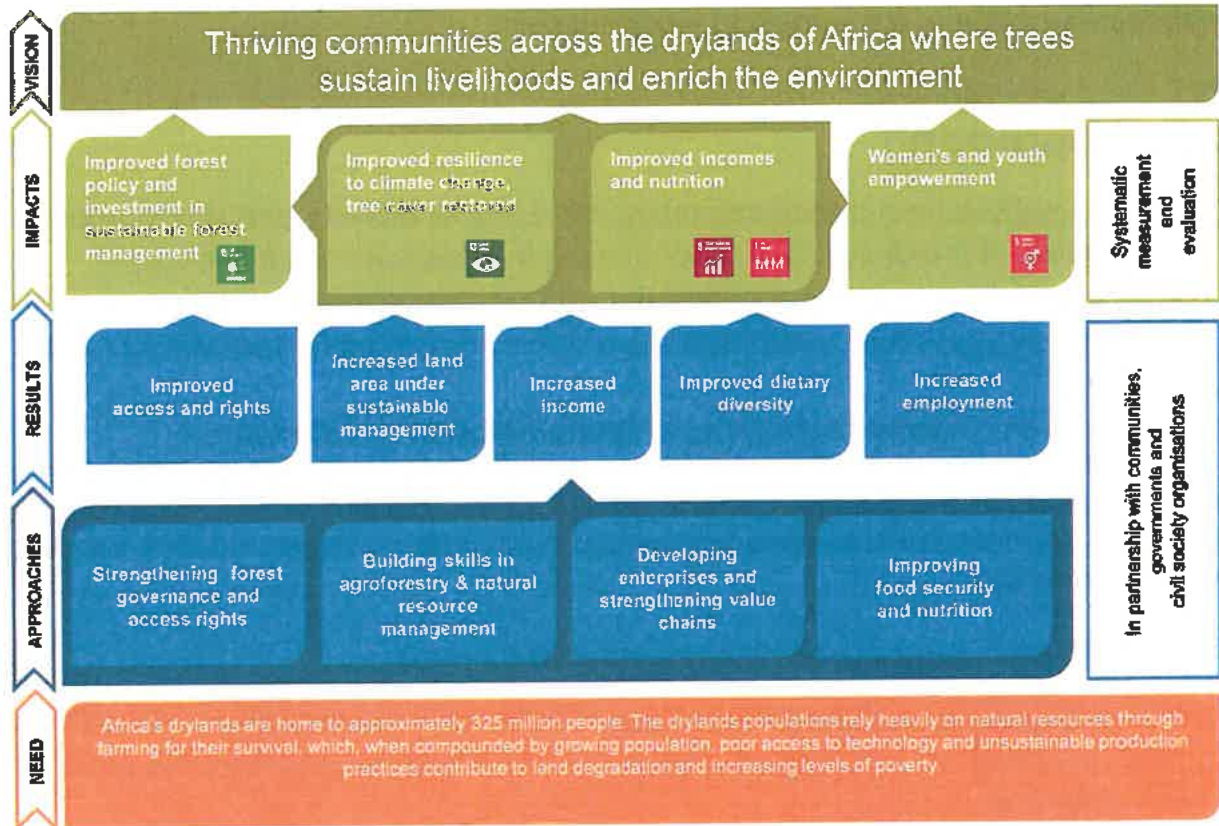
TREE AID's work focuses on four interconnected themes:

- **Enterprise development and trade** – supporting communities to link with local and international markets and achieve the best price for the tree products they sell.
- **Agroforestry and natural resource management** – sustainably using resources such as trees, land and water to enable communities to develop while protecting the environment.
- **Forest governance** – ensuring communities have access to and rights to use the trees that they rely on for their survival.
- **Food security and nutrition** – using trees to improve resilience and, through education, changing behaviour to encourage dietary diversification by consumption of fruit, seeds, nuts and leaves as part of a healthy diet.

These themes work together to bring about the social, economic, and environmental changes that we want to achieve.

Our Theory of Change

The pathway between our approach, the impact of our work and its contribution to the broader Sustainable Development Goals and our vision is presented below.



Achievements and Performance

This year TREE AID has worked with over 650,000 beneficiaries and planted or grown almost one million trees across Burkina Faso, Ethiopia, Ghana, Mali and Niger.

Growing Incomes

We have made good progress against our first strategic priority to improve incomes and nutrition for poor households in the first year of the 2017-22 strategy.

In Burkina Faso, we began a new four-year Non-Timber Forest Products (NTFP) Project, funded by the Swiss Agency for Development and Cooperation (SDC), and significant work has already been undertaken to support 14,000 people to increase incomes and access nutritious food – including planting over 100 community-managed ‘nutrition gardens’. Furthermore, as we continue to deliver our Forest Governance project, we have focused on improving household incomes through business skills training and labour-saving technology.

In Niger, with funding through CARE UK from the UK Department for International Development, we completed a three-year Building Resilience Against Climate Extremes and Disasters programme which created 34 Village Tree Enterprise groups with 850 members, provided processing equipment that is being used by 2,200 people and developed 6 ‘nutrition gardens’.

A new project in Ghana received funding from Jersey Overseas Aid to deliver training and support for over 1,500 shea and baobab producers in the Upper East region. With this funding we will create further Village Tree Enterprise groups and establish cooperatives to help aggregate and market tree products.

In total we have assisted 379 Enterprise groups this year, with over 7,000 members.

Growing Trees

Our second strategic objective, to protect and restore tree cover and improve resilience to climate change, has also had a strong year of delivery.

This year we began 3 significant tree planting and conservation projects. In Mali, with funding from the UK Government's Darwin initiative, we opened a project in the Segou region to grow 650,000 trees and protect 20,000 hectares of forest. In Ethiopia we started a project that will create 7 forest enclosure areas in Oromia in areas of high soil degradation, to help regenerate the land and to protect against soil erosion and siltation of the Ziway Lake, an essential source of water. In Ghana we have partnered with the not-for-profit internet search engine Ecosia to grow over 900,000 tree seedlings which will be transplanted in the coming year along the banks of the Daka River in Northern Ghana. This exciting project will improve the fertility of the surrounding land and reduce soil erosion from the river banks that has been causing siltation of the river. In Ethiopia we completed the Wof Washa Participatory Forest Management project, which has protected over 6,000 hectares of ancient juniper forest through establishing community forest management groups committed to maintaining the forest for future generations.

• In Africa, trees mean life •

In Burkina Faso we continued to deliver our Forest Governance project to ensure 45,000 hectares of forest are protected and managed across 8 communes in 3 districts.

Growing Influence

Our ability to work with and influence governments, at a local and national level, is essential to our approach to improve both policy and practice.

Our capacity to demonstrate the impact of our work and enhance our ability to influence decision makers, policy and practice continued to grow. In 2017/18 we adopted a new household survey approach across all of our programmes. RHoMIS (Rural Household Multi Indicator Survey) is a tablet-based, cost-effective tool for gathering evidence across a range of areas. This will enable us to generate quantitative evidence of the impact our programmes have on incomes, progress out of poverty and dietary diversity.

The tool has already been used to collect feedback from over 5,000 people and to demonstrate how our programmes are helping them to move out of poverty and become more resilient to climate change.

Following research in Ghana using RHoMIS, which showed our enterprise programme had more than doubled income from non-timber forest sources, we have collaborated with the Consultative Group for International Agricultural Research (CGIAR) to publish a chapter in a peer journal on Climate-Smart Agriculture.

TREE AID presented at the FLARE (Forest Livelihood: Assessment, Research Evaluation) annual conference again in 2017/18. This conference allowed us to present our work to over 200 representatives from over 50 different countries who work in forest-based livelihoods, and to share the impact our programmatic approaches are having. This year we profiled Forest Trade Associations in Burkina Faso and the impact they have achieved, including improved marketing of tree products and higher incomes for their members.

A highlight of the year was TREE AID being awarded the Knight of the Order of Merit for Rural Development by the Government of Burkina Faso, in recognition of our work over many years to help Burkina Faso improve and protect its natural environment.

Our Future

Thanks to the generosity of our donors and the dedication of our staff and partners in Africa, TREE AID continues to help thousands of people across the drylands of Africa.

In 2017 we launched our new 5 year strategy, which we have called 'Growing Hope: Sustainable development in the drylands of Africa'. Over the next 5 years we will plant over 8 million trees, restore over 250,000 hectares of degraded land and help 2.5 million people to move out of poverty by growing their incomes from tree enterprises and diversifying their diets from tree fruit, nuts, seeds and leaves.

Our strategy outlines 3 objectives:

1. **Growing Incomes:** We will improve incomes and nutrition for poor households. The poorest people in the drylands of Africa rely on trees for income and food. TREE AID brings people together to form tree enterprises that share labour and are linked to markets. We also set up savings and loans groups so their businesses can grow.
2. **Growing Trees:** We will protect and restore tree cover and improve resilience to climate change. Unless there is rapid action to halt deforestation, the livelihoods of millions will be at risk from land degradation. As experts in forest management, TREE AID supports local governments and communities to restore, replant and manage trees.
3. **Growing Influence:** We will influence decision makers, policy and practice. To maximise our impact, we want to share our learning, expertise and passion to fight for the rights of poor forest communities. We participate in international forest research and work with local and national policy makers to promote poor people's rights.

To meet these objectives, in 2018/19 our main focus will be to:

Programmes

- Embark on an ambitious tree planting campaign in Northern Ghana to plant almost one million trees in a year.
- Develop plans to expand our Burkina Faso Forest Governance programme to a further 30 communes.
- Grow our tree planting, regeneration and tree enterprise programmes in Mali and Ethiopia.
- Launch a community conservation and biodiversity project in Park W, Niger.

Culture and people

- Continue managing for high performance across all our teams, supporting our staff to grow and develop in their roles.
- Continue to strengthen cross-team working between our programmes in Africa to support learning and continuous improvement amongst country programmes.
- Improve our human resource support across the organisation.

• **In Africa, trees mean life** •

Processes

- Complete the implementation of our new finance system, PS Financials, in our West Africa offices.
- Further develop our monitoring and evaluation capability to embed standardised systems across all programmes.
- Ensure we are fully compliant with the EU General Data Protection Regulation.
- Strengthen our safeguarding procedures and ensure our staff and partners are fully trained and compliant with our safeguarding procedures.

Funding

- Continue to seek opportunities for long-term partnerships with grant-making institutions and trusts to enable expansion of our programmes.
- Continue to grow our supporter base and promote TREE AID's programmes in the UK.
- Continue to grow both our restricted and unrestricted corporate funding by establishing new corporate relationships.

Communications

- Develop our impact via digital marketing.
- Refresh our branding guidelines to reflect our new strategy and values.
- Present at three international conferences to share TREE AID's experience and learning, and promote the importance of trees and the environment in sustainable development.

Financial Review

The Trustees present their report and audited consolidated financial statements for the year ended 31 March 2018.

These are prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The legal and administrative information set out on page 58 forms part of this report.

In summary

In 2017/18 TREE AID's income grew to £3.3 million from £1.8 million in the previous year, driven by a significant increase in institutional funding.

We continue to invest as planned to deliver sustainable growth in TREE AID programmes. Our aim is to achieve a step-change in TREE AID's scale and impact for the future and this has started to show in TREE AID's financial results. In 2017/18 we invested in our operational leadership and in programme quality, in growing future income, improving our ability to generate data and collect evidence to monitor our impact. The total investment from designated funds for the year was £0.4 million.

Income from individual donations, legacies, corporate donors and charitable trusts increased to £1.2 million compared to £1.0 million in 2016/17 and grants from institutions increased from £0.7 million to £2.1 million. The growth in institutional income came mainly from significant increases in funding for three projects in Burkina Faso: the Swedish International Development Cooperation Agency (Sida) funded Forest Governance project scale-up, SDC-funded Non-Timber Forest Products project, and the Drylands Development project.

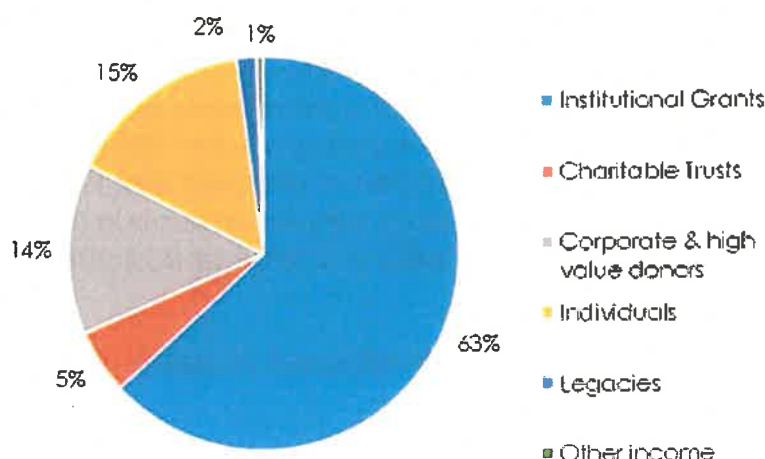
Total expenditure increased to £3.7 million in 2017/18, partly as a result of this additional institutional funding, an increase of 39% compared to 2016/17. Expenditure on programme delivery increased by 39% on the previous year to £2.9 million as project delivery accelerated. Fundraising spend also increased, to £0.7 million from £0.5 million in 2016/17, due to investment in fundraising under the legacy investment plan to achieve income growth.

To help manage exposure to currency fluctuations, a proportion of West Africa funding received in the United Kingdom was carried in Euros and this will continue in the next financial year.

In view of the strength of the balance sheet the Charity's financial position at the year-end was satisfactory. There were no significant events during the year.

Income

The principal funding sources of the Charity in the reporting period were from institutional grants, individuals, companies and charitable trusts.



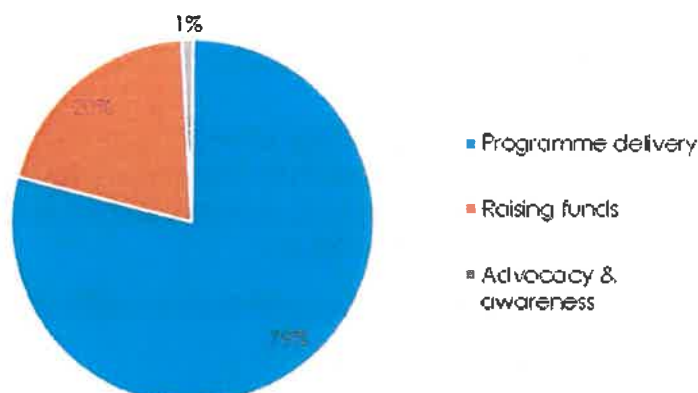
	2017/18 £	2016/17 £
Institutional grants	2,088,586	717,438
Charitable trusts	176,165	182,221
Corporate and high value donors	462,723	305,524
Individuals	504,548	492,913
Legacies	56,853	39,551
Donations and legacies	3,288,875	1,737,647
Investment & other income	16,953	73,639
Total income	3,305,828	1,811,286

Income increased significantly year on year, primarily through institutional grants which more than doubled. Corporate income increased significantly due to a new grant from our largest corporate partner. Income from individuals and legacies were slightly up year-on-year, whilst trust income was slightly down. Overall, corporate income and income from trusts, individuals and legacies was broadly in-line with fundraising targets set at the start of the year.

Institutional funding

Grants from institutions increased by £1.4 million to £2.1 million. This growth in institutional income came from significant increases in funding for three projects in Burkina Faso: the Sida-funded Forest Governance project scale-up, the SDC-funded Non-Timber Forest Products project and the Drylands Development project.

Expenditure



	2017/18	2016/17
	£	£
Raising funds	736,698	523,901
Programme delivery	2,910,054	2,084,734
Advocacy & awareness	22,021	30,537
Total resources expended	3,668,773	2,639,172

Costs of raising funds

To achieve future income growth, we continued to invest in supporter fundraising to bring in new supporters. The Trustees and senior management are actively monitoring levels of activity and the return on investment. Overall, our cost of investment in raising funds increased by £0.2 million to £0.7 million, 41% higher than in the previous year. This was primarily due to an increase in the investment in individual giving, the benefit from which is expected to be realised in future years. The cost of raising funds is an unrestricted fund expense, but raises both restricted and unrestricted income.

Charitable expenditure

Total expenditure on charitable activities, mainly comprising programme delivery and advocacy and awareness costs, was £2.9 million, higher than the previous year's £2.1 million by 38%. Within this, spend on programme delivery increased by £0.8 million to £2.9 million.

TREE AID ran 20 projects during the year (2016/17: 28) across the 5 countries of operation, including the 3 major projects in Burkina Faso noted on page 10.

Reserves

Total funds held by the Charity at the year-end were £1.5 million (Group: £1.9 million) of which £0.2 million (Group: £0.2 million) were restricted and not available for the general purposes of the Charity.

TREE AID has identified the following primary reasons for holding unrestricted reserves, at the appropriate levels to maintain free reserves (those unrestricted funds which are not invested in fixed assets, designated for a specific purpose or otherwise committed) at the higher of either:

- the amount required to ensure the continuity of TREE AID's activities in the event of unexpected setbacks; or
- the amount required to close down the Charity, ensuring that there are sufficient resources available to fulfil legal obligations in the unlikely event that TREE AID ceases to operate.

Reserves are monitored on a monthly basis and reported to the Board quarterly, with the target level of reserves reviewed annually.

As part of this review the Trustees have decided to increase the target for unrestricted reserves from 3 to 6 months of unrestricted budgeted expenditure, to take account of changes to the UK fundraising climate and the rate and nature of TREE AID's growth. Based on the 2018/19 budget, the Group target was £1.1 million which compared to actual free reserves of £1.0 million at the year-end.

During the year, the Trustees decided to make the following adjustments to designated reserves:

- **Working Capital for Trading Subsidiary Fund:** to transfer the remaining balance to unrestricted funds as this fund was no longer required: £0.3 million.
- **Fixed Assets Reserve:** to transfer the unamortised carrying value of unrestricted fund tangible fixed assets at the end of the year from unrestricted reserves to designated funds.

Other designated reserves were held against planned future expenditure as laid out in Note 21 in the Accounts in order to support strategic growth.

The designated reserve for **Improving the Quality of our Work** comprised planned expenditure of £0.1 million over the next 3 years contributing to the funding of operational leadership posts.

The designated reserve for **Growing Our Income** of £0.5 million represented our continued commitment to increasing our individual supporter base through direct costs and funding for supporter and institutional fundraising posts.

The designated reserve for **Improving our Ability to Generate Data, Evidence & Communication** had a balance of £0.1 million which was to contribute to spend on a learning and impact post.

A deficit budget has been set for 2018/19 and investment from designated funds will be used, as planned, to meet that deficit.

• In Africa, trees mean life •

Net movement in funds

There was a net outflow of restricted funds for the year before transfers, expenditure exceeding income by £0.1 million, with expenditure on projects, particularly those in their final stages, utilising grant income recognised in earlier periods.

Unrestricted funds showed a deficit for the year, as planned, of £0.3 million before transfers. After other gains and transfers between funds, free reserves increased by £0.5 million. At 31 March 2018, TREE AID's Group free reserves stood at £1.0 million, which was slightly below the revised target range of 6 months unrestricted budgeted expenditure for 2018/19.

Subsidiary companies

The subsidiary companies, TREE AID Burkina Faso and TREE AID Ghana continued to operate as integral elements of the Group, sharing and contributing to the achievements and performance within the financial parameters set by the Board of Trustees. Both were mainly grant funded by the parent Charity.

As explained in TREE AID's 2016/17 Annual Report & Accounts, the boards of both the subsidiary companies, TREE AID Enterprises Ltd and TREE AID Enterprises sa, decided to wind down operations and therefore their accounts have not been prepared on a going concern basis.

Investment policy & objectives

TREE AID's investment policy is that assets can be invested widely and should be diversified by asset class, by manager and by security. Asset classes could include cash, bonds, equities, property, private equity, commodities and any other asset that is deemed suitable for TREE AID.

Investment management is to be delegated to authorised professional investment managers, regulated by the Financial Conduct Authority.

The Board has set the investment objectives for the Charity as follows:

- To produce the best financial return within an acceptable level of risk;
- To generate a return in excess of inflation whilst generating an income to support the on-going activities of TREE AID from long-term reserves;
- To preserve the capital value with a minimum level of risk from short-term reserves. Assets should be readily available to meet unanticipated cash flow requirements.

TREE AID has adopted an ethical investment policy. This means that we seek to avoid investments that either conflict with the aims of the Charity or that create reputational risk. Our investment policy emphasises the use of positive ethical criteria.

We actively seek to invest in companies that are able to demonstrate:

- responsible employment practices;
- best corporate governance practice;

- conscientiousness with regard to human rights;
- sustainable environmental practice; and
- sensitivity towards the communities in which the business operates.

Investment performance

The total return on the CCLA COIF Charities Ethical Investment Fund units held for 2017/18 was 4.6%. This compared with a benchmark composite comparator for the year of 2.4% for global equities. During the previous year, the Trustees switched the COIF Charities Ethical Investment Fund from Income to accumulation units which caused a reduction in 2017/18 dividend income. The value of CCLA investments held at the year-end was £0.5 million, up from the prior year by 5%.

Trustees decided to reduce the treasury funds held on deposit with each financial institution to the £85,000 limit guaranteed under the Financial Services Compensation Scheme. As a result, interest income in 2017/18 was lower than the previous year. At the year-end the balance of short-term funds was in the process of being invested in an Investment Fund with Rathbone Greenbank Investments.

Structure, Governance and Management

Legal structure

TREE AID was established as a charity in 1987 and incorporated as a charitable company, limited by guarantee, in the UK, in April 2010. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

Group structure

TREE AID, the Charity, has 4 wholly owned subsidiary organisations. Those 5 entities together comprise the Group.

In West Africa, TREE AID Burkina Faso (an Association under the Law of Freedom of Association (10/92/ADP of 15 December 1992)) and TREE AID Ghana (a company limited by guarantee under the Ghanaian Companies Act 1963). Both have boards of directors and operate under similar charitable and non-profit making objectives to those of TREE AID.

In the UK, TREE AID Enterprises Ltd, a company limited by shares, is the holding company for TREE AID Enterprises sa (TAESA) incorporated in Burkina Faso. The operations of both companies were wound down in 2017/18.

Organisational structure

The **Board of Trustees** ensures that TREE AID is governed effectively and responsibly. The Board is collectively responsible for TREE AID delivering its charitable objectives and for ensuring that the organisation is governed in accordance with its Memorandum and Articles of Association. The Board meets quarterly. At 31 March 2018, there were 9 Trustees. Each Trustee is also a director of the Company for the purposes of company law. A list of Trustees is given on page 58.

TREE AID's Trustee policy and procedures recognise that a healthy Board is one which identifies the mix of skills, knowledge and experience necessary for the efficient and effective administration of the Charity and ensures that the recruitment and appointment of new Trustees provides adequate opportunities for reassessing and achieving that mix. TREE AID is fully committed to ensuring equality of opportunity and diversity in the governance of the Charity. This commitment is set out in our policy on Equal Opportunity and Diversity.

All new Trustees go through a full and open recruitment and interview process. Appointment to vacancies is by board resolution, with subsequent reappointment by the members at general meeting. All Trustees follow a full induction process on appointment and relevant training courses are made available.

Trustees are recruited to ensure that the Board has the knowledge and skills required to achieve the organisation's mission and uphold its values.

The Board follows good practice by planning for succession and each year reviews that it has the appropriate skills and capacities going forward. The Board also evaluates its performance regularly.

Trustee recruitment is led by a **Nominations Committee** established as a sub-committee of the Board, comprising the Board Chair and two other Trustees.

During the year the Finance and General Purposes Committee was re-designated as the **Finance and Audit Committee**, operating under the delegated authority of the Board and dealing primarily with financial, audit and administrative matters. The Finance and Audit Committee is chaired by the Treasurer and includes 3 other Trustees with finance, administrative and business experience.

The **Fundraising Standards Committee** reports to the Board on fundraising standards, compliance with regulation and risk in relation to fundraising standards. The Fundraising Standards Committee comprises 3 Trustees with fundraising expertise.

The **Chief Executive** is appointed by the Board to manage the day to day running of the Charity under powers delegated to him by the Board. The Chief Executive works closely with the Board Chair to ensure that strategy and operations are aligned and that TREE AID is delivering on the Strategic and Operational Plan agreed and approved by the Board.

The **Senior Management Team** has executive responsibilities and comprises the Chief Executive, Director of Global Operations, Director of Finance & Resources, and Director of Fundraising & Communications. We currently have offices and staff in: Ouagadougou, Burkina Faso; Tamale, Ghana; Bamako, Mali; Niamey, Niger; Addis Ababa, Ethiopia; and Bristol, UK.

Related parties and co-operation with other organisations

All Trustees give their time freely and none receive remuneration or other benefit from their work with the Charity.

Any contractual relationship between a Trustee or senior manager of the Charity or its subsidiaries and a related party must be disclosed to the Board of Trustees. Please see note 25 to the Accounts for full details of related party transactions during the year.

There are loans outstanding to the Charity's wholly owned subsidiaries, TREE AID Enterprises Ltd and TREE AID Enterprises sa (see note 25 to the Accounts).

Pay policy for senior staff

The Board of Trustees and the Senior Management Team comprise the key management personnel of the Charity in charge of directing and controlling, running and operating the charity on a day to day basis. Details of Trustees' expenses and related party transactions are disclosed in notes 13 and 25 to the Accounts.

The remuneration of staff is reviewed annually by the Board of Trustees, benchmarking salaries against those offered by similar organisations in the sector. Currently reference is made to the NCVO-approved Voluntary Sector Salary Survey. The aim is to pay salaries that are equivalent with the median point in the sector for comparable organisations, subject to affordability.

We publish the pay of senior staff in note 12 to the Accounts.

Risk management

The Board identifies and reviews the strategic, business and operational risks to which the Charity is exposed, and ensures that appropriate controls are in place to provide reasonable assurance against fraud and error. The Board and the Senior Management Team undertake an annual assessment of the risks facing the organisation. This assessment process produces a risk register, which assigns management of these risks to specific individuals and recommends actions to be taken, where necessary, in order to mitigate them.

Attention has been focused on the following risks, and the Board's plans and strategies for managing those risks, arising from:

- The UK leaving the European Union and the impact of this on TREE AID's institutional funding from EU partners.
- Political unrest and insecurity in the areas of operation: business continuity plans for each country are being put in place to ensure continuity of the programme where possible. Local knowledge is supplemented by Foreign & Commonwealth Office security alerts.
- Management of delivery of the programme: performance management systems and pay structure benchmarking to attract and retain key staff; investment in staff capacity to plan, monitor and review projects effectively.
- Understanding and implementation of safeguarding procedures: existing safeguarding policy and procedures reiterated to staff and included in partner contracts. Policy and approach reviewed by the Board of Trustees and additional measures implemented where appropriate.

TREE AID is in the process of reviewing its governance and performance against the Charity Governance Code to assist Trustees in assessing the degree to which the Code is already being applied and where further work is required. In addition, during 2017/18 Trustees reviewed TREE AID's internal controls against the Charity Commission Internal Financial Controls Checklist (CC8), and concluded that, where applicable, internal control processes were in place in line with the Checklist.

Focus to ensure that our activities achieve our charitable aims

The objectives of the Charity, as set out in its Memorandum, are to benefit the public through:

1. Relieving the poverty of and promoting the welfare of poor persons overseas by promoting for the benefit of such persons the preservation and improvement of

their agricultural environment especially through silviculture and income generation projects.

2. Promoting, for the public benefit, research into methods of reclaiming or preventing degradation of current agricultural land into desert land for its continued use for agricultural, industrial or commercial purposes and publishing the results of such research.

Our performance against these objectives is reported above. The Board reviews the aims, objectives and activities of the Charity regularly and, in this report, summarises the Charity's achievements and outcomes. The review also helps the Board ensure that the Charity's aims, objectives and activities remain focused on its stated purposes.

The Trustees have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirement under that Act.

Fundraising

TREE AID would not be able to carry out our important work without the support of our donors. We therefore seek to maintain the highest possible standards in our fundraising and our relationship with our supporters.

TREE AID is registered with the Fundraising Regulator and bound by its Code of Fundraising Practice. We continue to engage with the Regulator as this code is revised to ensure all our fundraising activities are compliant and operating to the highest standards. We received no complaints via the Fundraising Regulator or Charity Commission in 2017/18. We are also registered with the Fundraising Preference Service (FPS) and have had one donor opt out of communications via the FPS. Over the last year we have carried out extensive work internally and with our supporters to ensure we are compliant with the General Data Protection Regulation (GDPR).

Trustees and the Senior Management Team regularly review all aspects of fundraising, including plans, performance and compliance. We produce annual plans and reviews, and monitor performance against targets monthly and performance indicators quarterly. Some of our fundraising activities are delivered with the support of professional fundraising organisations. We ensure these organisations are fully compliant with regulation and with our own policies. We have clauses built in to all of our supplier contracts which ensures high standards of supporter care, data protection and dealing with vulnerable people.

Supporter experience is important to us and we take pride in providing excellent supporter care. During 2017/18 we received a total of 30 complaints relating to fundraising. These were responded to promptly and resolved in line with donors' preferences.

Statement of the Trustees' Responsibilities

The Charity Trustees (who are also the directors of TREE AID for the purposes of company law) are responsible for preparing a Trustees' Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Charity law requires the Charity Trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the Charity and the Group as at the end of the year and of its and the Group's financial activities during the year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- follow applicable UK Accounting Standards and the Charities Statement of Recommended Practice, disclosing and explaining any departures in the Accounts;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue to operate.

The Trustees are responsible for ensuring that adequate accounting records are maintained that are sufficient to show and explain the Charity and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and the Group, and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the Charity and the Group and ensuring their proper application in accordance with charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure to our auditor

In so far as the Trustees are aware at the time of approving our Trustees' Annual Report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the Group's auditor is unaware, and
- the Trustees, having made enquiries of fellow directors and the Group's auditor that they ought to have individually taken, have each taken all steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Group Accounts are prepared in accordance with section 398 of the Companies Act 2006, section 138 of the Charities Act 2011, and with the special provisions of Part 15 of the Companies Act relating to small companies. They

constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

On 25 June 2018, Crowe Clark Whitehill LLP changed its name to Crowe UK LLP. Crowe UK LLP has indicated its willingness to be reappointed as statutory auditor. TREE AID will put a resolution in the Annual General Meeting proposing that Crowe UK LLP will be reappointed as auditor.

Approved by the Board of Trustees on 13 July 2018 and signed on its behalf by:



Shireen Chambers
Chair of the Board of Trustees

Independent Auditor's Report to the Members and Trustees of TREE AID

Opinion

We have audited the financial statements of TREE AID for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, 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 opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the charitable company's affairs as at 31 March 2018 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We

believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the charitable Company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on pages 20 and 21, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's or the charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit

conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Kerry Brown

Senior Statutory Auditor

For and on behalf of

Crowe UK LLP

Statutory Auditor

Black Country House

Rounds Green Road

Oldbury

B69 2DG

Date: 21/8/18

Crowe UK LLP is eligible for appointment as auditor of the Charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Consolidated Statement of Financial Activities

(Incorporating an Income and Expenditure Account)

	Notes	Restricted Funds 2018 £	Unrestricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
INCOME FROM					
Donations and legacies	2	2,449,099	839,776	3,288,875	1,737,647
Charitable activities	3	-	993	993	21,395
Investment income	4	-	15,486	15,486	45,699
Other income	5	-	474	474	6,545
TOTAL		2,449,099	856,729	3,305,828	1,811,286
EXPENDITURE ON					
Raising funds	6	160	736,538	736,698	523,901
Charitable activities	7	2,528,903	403,172	2,932,075	2,115,271
TOTAL	8	2,529,063	1,139,710	3,668,773	2,639,172
Net gains on investments		-	20,277	20,277	63,913
NET (EXPENDITURE)		(79,964)	(262,704)	(342,668)	(763,973)
Transfer between funds	21	(131,187)	131,187	-	-
Other recognised gains:					
Other gains		-	2,548	2,548	6,495
NET MOVEMENT IN FUNDS	10	(211,151)	(128,969)	(340,120)	(757,478)
RECONCILIATION OF FUNDS					
Total funds brought forward	21	362,224	1,890,612	2,252,836	3,010,314
Total funds carried forward	21	151,073	1,761,643	1,912,716	2,252,836

The notes on pages 29 to 57 form part of these financial statements.

Company number: 03779545

Consolidated and Charity Balance Sheets

	Notes	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
FIXED ASSETS					
Tangible fixed assets	16	22,890	44,648	1,006	4,716
Investments	17	462,971	452,693	462,971	452,693
Investment in subsidiaries	17	-	-	2	2
		485,861	497,341	463,979	457,411
CURRENT ASSETS					
Debtors	18	485,783	291,709	270,141	341,869
Short-term investments	19	693,546	1,487,687	693,546	1,487,687
Cash at bank and in hand		2,007,028	898,177	1,545,728	211,344
		3,186,357	2,677,573	2,509,415	2,040,900
CURRENT LIABILITIES					
Creditors falling due within one year	20	(1,759,502)	(922,078)	(1,494,042)	(436,421)
NET CURRENT ASSETS		1,426,855	1,755,495	1,015,373	1,604,479
NET ASSETS	22/32	1,912,716	2,252,836	1,479,352	2,061,890
FUNDS					
Restricted funds	21	151,073	362,224	150,839	361,990
Unrestricted funds					
Designated	21	743,291	1,395,973	743,291	1,395,973
General reserves	21	1,018,352	494,639	585,222	303,927
Total unrestricted funds		1,761,643	1,890,612	1,328,513	1,699,900
Total funds	21	1,912,716	2,252,836	1,479,352	2,061,890

The Charity-only net expenditure in the year was £582,538 (2017: £593,062).

The Group Accounts are prepared in accordance with section 398 of the Companies Act 2006, section 138 of the Charities Act 2011, and with the special provisions of Part 15 of the Companies Act relating to small companies. They constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

Approved and authorised for issue by the Board of Trustees on 13 July 2018 and signed on their behalf by:



Judith Twentyman
Treasurer

The notes on pages 29 to 57 form part of these financial statements.

Consolidated Statement of Cash Flows

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Net cash provided by / (used in) operating activities	23	286,902	(214,511)
Cash flows from investing activities			
Dividends and interest from investments		15,486	45,699
Proceeds from sale of investments		14,209	434,142
Purchase of property, plant and equipment		(4,435)	(16,724)
Purchase of investments		-	(434,142)
Net cash provided by investing activities		25,260	28,975
 Change in cash and cash equivalents in the reporting period		 312,162	 (185,536)
Cash and cash equivalents at the beginning of the reporting period		2,385,864	2,564,905
Change in cash and cash equivalents due to exchange rate movements		2,548	6,495
Cash and cash equivalents at the end of the reporting period		2,700,574	2,385,864

The notes on pages 29 to 57 form part of these financial statements.

Notes to the Accounts

1. Principal accounting policies

a. *Company Information*

The Charity is a company limited by guarantee (company no 03779545) and a registered charity in England and Wales (charity no 1135156), which is incorporated and domiciled in the UK. The address of the principal and registered office is Brunswick Court, Brunswick Square, Bristol BS2 8PE.

b. *Basis of preparation*

The consolidated financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

TREE AID meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value in accordance with applicable accounting standards unless otherwise stated in the relevant accounting policy note.

After making enquiries, the Trustees have a reasonable expectation that the Charity has adequate reserves to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities on page 20.

The Trustees have determined that there are no material uncertainties over the charitable company's ability to continue as a going concern.

c. *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the parent company and all its subsidiaries. Entities over which the Group has the ability to exercise control are accounted for as subsidiaries. The accounts of TREE AID subsidiaries are based on the accounting standards applicable in the country in which they reside. TREE AID Enterprise sa has a financial year ending 31 December 2017.

Transactions and balances between Group companies are eliminated on consolidation.

No Statement of Financial Activities is presented for the charitable company alone as the results of the subsidiary companies are separately identified within the Group Accounts and the charitable company is exempt from presenting such a statement under section 408 of the Companies Act 2006.

d. *Income recognition*

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. In line with the requirements of SORP (FRS 102), the value of time kindly contributed by volunteers is not included in the financial statements.

Legacy income is recognised in the Accounts when it is received, unless there is sufficient evidence in advance to allow TREE AID to be sufficiently certain that the income will be received, and to be able to estimate the value of the legacy with reasonable certainty (receipt is more likely than not).

Income from grants is included in income when there is evidence of entitlement, the amount can be measured and the receipt is probable. When donors impose conditions which have to be fulfilled before the Charity becomes entitled to such income or where the donor has specified that the income is to be expended in a future period, the receipt of income is not included in income until the pre-conditions for use have been met.

Grants for the purchase of fixed assets are credited to restricted income when receivable. Depreciation of fixed assets purchased with such grants is charged against the restricted fund.

Income from Gift Aid tax reclaims is recognised for all donations made prior to the year-end, where a valid Gift Aid declaration is held.

Investment income is accounted for on the accruals basis.

e. Expenditure and basis of allocation of costs

Expenditure is recognised in the period in which it is incurred, and includes attributable VAT which cannot be recovered.

Expenditure is analysed into the following activities:

- i **Raising funds** - This includes the salaries, direct expenditure and support costs of staff engaged in fundraising activities. The cost of fundraising initiatives is recognised in the year in which it is incurred although income derived from the initiatives may arise in future years.
- ii **Programme delivery** - This comprises direct purchases, the cost of TREE AID's staff involved in the delivery of the programme, particularly those staff based in Africa, and the value of grants that have been made to implementing partners working on TREE AID's projects. TREE AID staff provide specialist support, training and networking for partner organisations, as well as undertaking the research required to develop our programme. The cost of grants is included in the statement of financial activities in the year they are payable.
- iii **Advocacy and awareness** - This represents the costs incurred in raising awareness of institutions and members of the public on the issues being addressed by the Charity.
- iv **Governance costs** - These are the costs associated with the governance arrangements of the Charity. These costs are associated with the constitutional and statutory requirements and include any costs associated with the strategic management of the Charity's activities.
- v. **Support costs** - Expenditure is allocated to a particular activity where the cost relates directly to that activity. In addition, support costs are incurred which are necessary to facilitate the above activities. These are back office costs, including the costs of budgetary and financial control, information technology, depreciation, human resources and payroll, and are apportioned to activities based on the proportion of staff time spent on each activity as shown in the table below.

Activity	Apportionment of support costs	
	2018	2017
Raising funds	41%	38%
Programme delivery	57%	60%
Advocacy and awareness	2%	2%

Redundancy/termination payments are accounted for on the accruals basis.

f. Fund accounting

The Charity maintains three main types of fund as follows:

- i Restricted funds which are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.
- ii Unrestricted funds representing income that is expendable at the discretion of the Trustees in the furtherance of the objects of the Charity.
- iii Designated funds which are where the Trustees have set aside unrestricted funds for a specific purpose.

g. Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets by equal annual instalments over their estimated useful lives at the following rates:

UK Office Furniture & Equipment:	25%
Africa Office Furniture & Equipment:	25%
Africa Motor Vehicles:	25%

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on a basis which is an estimate, based on staff time, of the amount attributable to each activity. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

h. Fixed asset investments

Investments are valued at market value at the balance sheet date.

i. Programme related investments

The asset is valued at the amount invested into the fund, less any amounts written off due to non-repayment of loans by entrepreneur groups.

j. Debtors

Short-term debtors are initially measured at transaction price, less any impairment. Prepayments are measured at the amount prepaid.

k. Short-term investments

Short-term investments comprise cash deposits with notices greater than 3 months.

l. Cash at bank and in hand

Cash at bank and in hand comprise cash deposits with notices of less than 3 months, and petty cash balances held.

m. Creditors

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

There is a provision in place which provides for termination payments payable to staff in Burkina Faso and Niger on leaving their employment. The provision is related to the accumulated length of service for each member of staff.

n. Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the month end rate of exchange for the month. Exchange differences are taken into account in arriving at the net movements in funds for the year.

o. Pensions

The Charity offers a defined contribution pension scheme to employees. The assets of the scheme are held in independently administered funds. Pension costs charged in the Statement of Financial Activities represent the contributions payable by the Charity during the year. The liability and expense are apportioned to activities and between restricted and unrestricted funds based on the proportion of staff time spent on each activity.

p. Leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities in the year in which they fall due.

q. Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments, these being cash at bank, debtors and creditors (see note 28). Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

r. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The items in the financial statements where these estimates and judgements have been made include the following:

i. Accruals

Included in accruals are liabilities where the amount and/or timing of its settlement is uncertain. An accrual is only recognised where:

- There is a present obligation at the reporting date as a result of a past event;
- It is probable that a transfer of economic benefit will be required in settlement; and
- The amount of the settlement can be estimated reliably.

ii. Deferred income

Where terms and conditions have not been met, or, uncertainty exists as to whether TREE AID can meet the terms and conditions otherwise within its control, the income is not recognised but deferred as a liability until it is probable that the terms and conditions imposed can be met.

2. Donations and legacies

	Restricted Funds £	Unrestricted Funds £	Total 2018 £	Total 2017 £
Institutional grants	2,088,586	-	2,088,586	717,438
Charitable trusts	127,015	49,150	176,165	182,221
Corporate & high value donors	229,998	232,725	462,723	305,524
Individuals	3,500	501,048	504,548	492,913
Legacies	-	56,853	56,853	39,551
Total	2,449,099	839,776	3,288,875	1,737,647

Included in institutional grant income are government grants received that fund projects in Africa as follows (unspent balances are carried forward in deferred income to future periods):

		Total 2018 £	Total 2017 £
UK	DEFRA	78,013	18,950
Channel Islands	Jersey Overseas Aid	8,734	-
International	Sida	630,473	-
	SDC	721,969	84,385
Total government grants		1,439,189	103,335

There were no unspent grant balances repayable in the year (2017: £nil).

3. Charitable activities

	Restricted Funds £	Unrestricted Funds £	Total 2018 £	Total 2017 £
Contract services	-	993	993	-
Social enterprise - trading	-	-	-	21,395
Total	-	993	993	21,395

4. Investment income

	Restricted Funds	Unrestricted Funds	Total 2018	Total 2017
	£	£	£	£
Dividend income	-	128	128	16,667
Deposit account interest	-	15,358	15,358	29,032
Total	-	15,486	15,486	45,699

5. Other income

	Restricted Funds	Unrestricted Funds	Total 2018	Total 2017
	£	£	£	£
Sundry receipts	-	474	474	6,545
Total	-	474	474	6,545

6. Raising funds

	Delivery costs	Development costs	Support costs	Total 2018	Total 2017
	£	£	£	£	£
Supporter fundraising	508,460	4,261	151,953	664,674	438,048
Institutional funds	15,440	-	56,584	72,024	85,853
Total	523,900	4,261	208,537	736,698	523,901

7. Charitable activities

	Delivery costs	Development costs	Support costs	Total 2018	Total 2017
	£	£	£	£	£
Programme delivery	2,330,686	111,081	463,841	2,905,608	2,018,099
Social enterprise - trading	4,446	-	-	4,446	66,635
Advocacy & awareness	-	-	22,021	22,021	30,537
Total	2,335,132	111,081	485,862	2,932,075	2,115,271

8. Total expenditure

	Delivery costs £	Development costs £	Support costs £	Total 2018 £	Total 2017 £
Raising funds	523,900	4,261	208,537	736,698	523,901
Charitable activities	2,335,132	111,081	485,862	2,932,075	2,115,271
Total	2,859,032	115,342	694,399	3,668,773	2,639,172

The main components of support costs are:

	Total 2018 £	Total 2017 £
Office costs	389,742	254,114
Depreciation	26,193	35,329
Administration and support salaries	189,613	199,620
Governance costs	88,851	50,830
Total	694,399	539,893

9. Grants analysed by country and project

Included within *Charitable activities* - delivery costs are grants made to various implementing partners, principally local NGOs based in the country of the project, for the following projects:

	Group 2018 £	Group 2017 £
Burkina Faso:		
Forest Governance Phase 1	-	(674)
Forest Governance Phase 2	269,934	232,239
Women's Forest Livelihoods Phase 1	-	7,541
Women's Forest Livelihoods Phase 2	23,166	-
Enhancement of Non-Timber Forest Products	98,867	-
Strengthening Smallholder Food Security	-	6,896
Dryland Development	11,865	-
Shea Research	7,542	9,184
	411,374	255,186
Ethiopia:		
Ziway Integrated Land Management	-	13,105
Wof Washa Forest Sustainable Management	38,732	75,929
Sustainable Livelihoods and Ecosystems	74,109	-
	112,841	89,034

Ghana:

Bongo River Trees	-	(430)
Village Enterprise	-	3,028
West Africa Forest Farm Interface	6,980	-
Growing Tree Businesses	-	3,534
	6,980	6,132

Mali:

Regreening Segou	-	31,252
Regreening Mopti	-	1,689
Regreening Samine and Sakoiba	23,859	26,149
Strengthening Forest Management	40,785	-
	64,644	59,090

Niger:

Village Tree Enterprise	-	45,970
	-	45,970
Total	595,839	455,412

Negative amounts represent grants repayable by partners to TREE AID.

10. Net movement in funds

This is stated after charging:

	Group 2018 £	Group 2017 £
Auditor's remuneration – audit	10,500	8,500
Auditor's remuneration - non-audit services	1,000	2,250
Depreciation of tangible fixed assets	26,193	35,329
Operating lease costs - property	30,719	23,712

11. Employee and staff costs

The average monthly head count was 52 staff (2017: 50 staff). The cost of employing these staff was:

	Group 2018 £	Group 2017 £
Wages and salaries	1,017,226	1,049,638
Social security costs	96,904	81,917
Pension costs	66,828	54,502
Total	1,180,958	1,186,057

For staff paid £60,000 or greater per annum, the number of employees with emoluments in the following ranges were:

	Group 2018	Group 2017
	No	No
£70,000 to £79,999	1	1

TREE AID operates a defined contribution workplace pension scheme in the UK. Pension costs charged in the Statement of Financial Activities represent the contributions payable by TREE AID in the year. During the year no termination payments for redundancy or termination of contracts were made (2017: £13,561).

12. Key management personnel

The key management personnel of the Charity and the Group comprise the Chief Executive, Director Global Operations, Director Finance & Resources and Director Fundraising & Communications. The total salary and employee benefits of the key management personnel were £240,441 (2017: £250,821).

The remuneration of the key management personnel for the year was:

	Group 2018	Group 2017
	£	£
Chief Executive	82,377	81,556
Director Finance & Resources (0.7 FTE in 2017/18)	43,598	61,604
Director Fundraising & Communications (0.9 FTE)	55,968	54,099
Director Global Operations	58,498	53,562

13. Trustee remuneration, expenses and donations

The Trustees were not paid nor received any other benefits from employment with the Charity or its subsidiaries in the year (2017: £nil). No Trustee received payment for professional or other services supplied to the Charity (2017: £nil).

Directly incurred Trustee expenses borne by the Charity in the year totalled £3,793 (2017: £2,474), paid to 7 (2017: 7) Trustees. Those expenses were mainly for travel and subsistence. The total amount of donations received from Trustees without conditions was £10,885 (2017: £12,254). TREE AID has taken out Trustee indemnity insurance which indemnifies Trustees and TREE AID up to £1 million. This cover is provided as part of a general charity insurance policy which cost £2,456 (2017: £2,153).

14. Taxation

The Charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

15. Gross income and results – Charity only

	2018	2017
	£	£
Income	2,309,585	1,952,325
Expenditure	2,892,123	2,545,387
Net Expenditure	(582,538)	(593,062)

16. Tangible fixed assets - Group

	UK Fixtures & Fittings £	Africa Motor Vehicles £	Africa Fixtures & Fittings £	Total £
Cost				
At 1 April 2017	53,891	127,573	52,554	234,018
Additions	-	911	3,524	4,435
Project assets	-	40,848	12,470	53,318
At 31 March 2018	53,891	169,332	68,548	291,771
Depreciation				
At 1 April 2017	49,175	112,583	27,612	189,370
Charge for the year	3,710	10,957	11,526	26,193
Project assets	-	40,848	12,470	53,318
At 31 March 2018	52,885	164,388	51,608	268,881
Net book value				
At 31 March 2018	1,006	4,944	16,940	22,890
<i>At 31 March 2017</i>	<i>4,716</i>	<i>14,990</i>	<i>24,942</i>	<i>44,648</i>

Tangible fixed assets – Charity

	UK Fixtures & Fittings £	Total £
Cost		
At 1 April 2017	53,891	53,891
At 31 March 2018	53,891	53,891
Depreciation		
At 1 April 2017	49,175	49,175
Charge for the year	3,710	3,710
At 31 March 2018	52,885	52,885
Net book value		
At 31 March 2018	1,006	1,006
At 31 March 2017	4,716	4,716

17. Investments

	COIF Charities Ethical Investment Fund £	Other unlisted Investments £	Group & Charity Total 2018 £	Group & Charity Total 2017 £
Valuation				
At 1 April 2017	438,515	14,178	452,693	388,779
Additions at cost	-	-	-	434,142
Disposals	-	(9,999)	(9,999)	(434,142)
Revaluation	20,277	-	20,277	63,914
At 31 March 2018	458,792	4,179	462,971	452,693

Management of the COIF Charities Ethical Investment Fund is delegated to an authorised professional investment manager, regulated by the Financial Conduct Authority, CCLA.

Other investments represent shares received under a legacy or gifted to the Charity.

Investment in subsidiaries – Charity

	2018	2017
	£	£
Cost & net book value		
At 1 April 2017	2	2
At 31 March 2018	2	2

There are four subsidiaries:

Name	Registration	Registered Office	Principal place of Business
TREE AID Burkina Faso	Association under the Law of Freedom of Association (10/92/ADP, 15 December 1992) in Burkina Faso	1200 Logements Ouagadougou Burkina Faso	Burkina Faso
TREE AID Ghana	Company limited by guarantee under the Ghanaian Companies Act 1963	318 North Kanivili Tamale Northern Region Ghana	Ghana
TREE AID Enterprises Ltd	Registered company incorporated in England, company number: 9199430	Brunswick Court Brunswick Square Bristol BS2 8PE, UK	UK
TREE AID Enterprises sa	Company incorporated in Burkina Faso and subject to the provisions of the OHADA Uniform Act relating to Commercial Company Law and the Economic Interest Group of 30 January 2014	1200 Logements Ouagadougou Burkina Faso	Burkina Faso

TREE AID is the sole member of each subsidiary and has the power to appoint the directors of each subsidiary.

TREE AID Burkina Faso and TREE AID Ghana are non-profit making organisations with similar objectives to TREE AID.

TREE AID Enterprises Ltd is limited by shares, and is the trading subsidiary in the UK and holding company for social enterprise entity in Burkina Faso.

TREE AID Enterprises sa was incorporated on 4 August 2015, is limited by shares, and is a wholly owned subsidiary of TREE AID Enterprises Ltd. It has a financial year ending 31 December.

	TREE AID Enterprises Ltd*	TREE AID Burkina Faso	TREE AID Ghana
Charity's shareholdings in subsidiaries	100%	100%	100%
	£	£	£
Balances at 31 March 2018			
Tangible Fixed Assets	-	14,714	7,170
Current Assets	-	813,588	31,340
Current Liabilities	(143,740)	(50,960)	(4,111)
Total funds	(143,740)	777,342	34,399
Less adjustments for:			
Deferred institutional grants		(206,953)	
Deferred inter-company grant		(173,738)	
Total adjusted funds	(143,740)	396,651	34,399
Results for the year to 31 March 2018			
Income	-	1,985,728	79,840
Expenditure	(8,013)	(1,969,568)	(89,643)
Surplus/(deficit)	(8,013)	16,160	(9,803)

*This includes the wholly owned subsidiary TREE AID Enterprises SA which is registered in Burkina Faso. TREE AID Enterprises Ltd and TREE AID Enterprises SA have both been prepared on the breakup basis as both entities are due to become dormant within the next 12 months.

18. Debtors

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year				
Tax recoverable (Gift Aid)	7,079	17,199	7,079	17,199
Trade debtors	354,620	110,037	5,534	6,407
Prepayments & accrued income	106,334	153,532	95,446	127,537
Other debtors	17,750	10,941	1,534	10,759
Amounts owed by group and associated undertakings	-	-	160,548	179,967
Total	485,783	291,709	270,141	341,869

19. Short-term investments

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Cash held on deposit	693,546	1,487,687	693,546	1,487,687

20. a) Creditors falling due within one year

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Project creditors	232,778	19,811	231,101	19,811
Other creditors	32,063	32,797	30,545	18,806
Accruals	29,219	46,055	25,258	38,279
Provisions for liabilities	37,441	29,356	8,619	7,044
Deferred income	1,378,864	755,175	1,171,911	316,568
Tax and social security	49,137	38,884	26,608	35,913
Total	1,759,502	922,078	1,494,042	436,421

b) Deferred income

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
INERA	18,464	14,397	-	8,190
R MARP	174,737	77,099	-	77,099
Sida	983,980	175,251	983,980	175,251
DFID BRACED (CARE)	-	51,000	-	51,000
CIFOR	-	3,760	-	3,760
SDC	13,752	432,400	-	-
RPS	14,191	-	14,191	-
DEFRA (DARWIN)	14,653	1,268	14,653	1,268
JOAC	138,524	-	138,524	-
Ecosia	20,563	-	20,563	-
Total	1,378,864	755,175	1,171,911	316,568

Deferred income relates to institutional and corporate grant income received in advance for work to be performed in the next financial year. In the Group, deferred income of £1,378,964 (2017: £755,175) arose in the year and £755,175 (2017: £nil) brought forward from last year was released. In the Charity, deferred income of £1,171,911 (2017: £316,568) arose in the year and £316,568 (2017: £nil) brought forward from last year was released.

c) Provision for liabilities

The provision for liabilities relates to dilapidations of the UK office and provides for termination payments payable to staff in Burkina Faso and Niger on leaving their employment. The termination provision is related to the accumulated length of service for each member of staff. The timing of the outflow is uncertain as the dates of staff leaving their employment is not known.

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
At 1 April 2017	29,356	24,287	7,044	-
(Decrease)/increase in provision	8,085	5,069	1,575	7,044
At 31 March 2018	37,441	29,356	8,619	7,044

21. Movements in funds - Group

	Opening balance	Income	Expenditure	Investment & other gains	Transfers	Closing Balance
	£	£	£	£	£	£
Restricted funds						
Intensification of Sorghum & Millet-Based Production Systems*	5,789	-	-	-	(5,789)	-
Building Biocarbon & Rural Development in West Africa*	2,788	-	(2,560)	-	-	228
Bongo River Trees	29,324	-	(13,776)	-	-	15,548
CIFOR (Burkina Faso)	-	61,053	(38,632)	-	(22,421)	-
CIFOR (Ghana)	-	1,593	(24,014)	-	22,421	-
Community Self Reliance*	25,204	-	(15,599)	-	(9,605)	-
Daka River Restoration	-	49,879	(49,879)	-	-	-
Drylands Development	-	254,153	(254,153)	-	-	-
Enhancement of NTFPs in Burkina Faso	-	721,969	(721,969)	-	-	-
Forests for Foods*	16,171	-	-	-	(16,171)	-
Forest Governance Sida Phase 2	-	630,473	(630,473)	-	-	-
Forest Trade Association*	5	-	-	-	-	5
Ghana NTFP Trade	-	-	(910)	-	(4,140)	(5,050)
Ghana Village Tree Enterprise	13,652	-	(5,292)	-	-	8,360
Grow Hope	-	8,734	(8,734)	-	-	-
Growing Tree Businesses*	26,643	-	-	-	(26,643)	-
Kandema Rural Regeneration*	19,949	-	(3,380)	-	(12,182)	4,387
Mali Regreening Project	473	62,703	(66,331)	-	3,155	-
Natural Resource Management on ex-VTE sites*	6,310	-	-	-	(6,310)	-
Niger BRACED	-	295,724	(294,435)	-	(1,289)	-
Niger Village Tree Enterprise	7,848	-	(43)	-	-	7,805
Regreening Mopti*	13,545	-	-	-	(13,545)	-
Regreening Segou	4,728	-	(4,003)	-	-	725
Strengthening Forest Management in Mali	-	94,608	(94,608)	-	-	-
Shea Research	-	36,874	(36,874)	-	-	-
Sustainable Livelihoods & Ecosystems	-	114,057	(114,057)	-	-	-
Tree Foods – Phase 1*	5,226	-	-	-	-	5,226
Tree Foods –Phase 2	1,500	-	-	-	-	1,500
VTE Learning Study*	8,393	-	-	-	-	8,393
Wof Washa Forest Sustainable Management*	51,058	81,988	(75,920)	-	(36,580)	20,546

	Opening balance £	Income £	Expenditure £	Investment & other gains £	Transfers £	Closing Balance £
Restricted funds						
Women's Forest Livelihoods Phase 2	33,294	9,103	(42,397)	-	-	-
Project Fund	90,087	-	(6,687)	-	-	83,400
Development Fund	237	26,188	(24,337)	-	(2,088)	-
Total restricted funds	362,224	2,449,099	(2,529,063)	-	(131,187)	151,073
Designated funds						
Fixed Asset Reserve	-	-	-	-	22,890	22,890
Working Capital for Trading Subsidiary	318,316	-	(4,446)	-	(313,870)	-
Improving the Quality of Our Work	138,848	-	(75,151)	-	-	63,697
Growing Our Income	775,093	15,486	(263,503)	20,277	-	547,353
Improving Our Ability to Generate Data, Evidence & Communication	163,716	-	(54,365)	-	-	109,351
Total designated funds	1,395,973	15,486	(397,465)	20,277	(290,980)	743,291
General reserves	494,639	841,243	(742,245)	2,548	422,167	1,018,352
Total unrestricted funds	1,890,612	856,729	(1,139,710)	22,825	131,187	1,761,643
Total funds	2,252,836	3,305,828	(3,668,773)	22,825	-	1,912,716

The opening balances for restricted funds marked * above were included in Other Project Funds in the 2016/17 Annual Report & Accounts. They have now been separately identified for greater clarity.

Purpose of restricted funds

Restricted funds are generated when the donor stipulates how the income may be expended. In most cases there will be a timing difference between when the income is received and when it is spent, resulting in balances being held on these funds at year-end. The purpose of the various restricted funds is outlined below.

Intensification of Sorghum and Millet-Based Production Systems

A McKnight-funded project focusing on research into agroforestry and cereal production.

Building Biocarbon & Rural Development in West Africa

A research project on bio-carbon or natural carbon stored in agro-forestry systems and forest ecosystems. Led by the World Agroforestry Centre (ICRAF) in Burkina Faso. The project is completed.

Bongo River Trees – Ghana

This project works to restore a degraded 50km² catchment area and eroded river bank in Northern Ghana. The project is fully funded by a corporate supporter, RPS Group plc.

CIFOR Burkina Faso and Ghana

CIFOR-funded programme of work across Burkina and Ghana on West Africa Forest-farm interface.

Community Self Reliance

This is a completed project; funded by numerous smaller funders. The remaining funds were used for the evaluation of TREE AID enterprise work in Northern Ghana to ascertain the post-project impact of our work there – highlighting the effectiveness of Village Savings and Loan groups to enable women to save money and invest.

Daka River Restoration

A new project for corporate non-profit Ecosia aiming to plant or regenerate 900,000 trees in Northern Ghana.

Drylands Development

A farmer-led programme to enhance water management, food security, and rural economic development in the drylands of Burkina Faso. The project is fully funded by Réseau MARP.

Enhancement of Non-Timber Forest Products in Burkina Faso

This is a new project funded by the Swiss Embassy in Burkina Faso working with 14,500 households and focussing on improving non-timber forest products' value chains, creating market gardens and improving household nutrition.

Forest for Foods

This is a completed project funded by numerous smaller funders.

Forest Governance Sida Phase 2 – Burkina Faso

This project focuses on supporting the transfer of authority for forest governance from the central government in Burkina Faso to local authorities and forest users. The project is fully funded by Sida.

Forest Trade Association

Focuses on building a cooperative union out of enterprise groups.

Ghana Non-Timber Forest Product Trade

This project supports small scale producers of honey, shea nuts and shea butter in Northern Ghana. It is funded by Comic Relief's Trade Programme and TREE AID public fundraising.

Ghana Village Tree Enterprise

The Village Tree Enterprise programme is a key part of our strategy to enable villagers in Africa to earn a sustainable income from trees. We support village groups to set up businesses and maintain forests to make a living from them, operating through multiple local partner NGOs on each project. The Village Tree Enterprise project in Ghana is funded from a variety of sources, mainly charitable trusts and foundations.

Grow Hope

This is a new project in Northern Ghana fully funded by Jersey Overseas Aid. The project will last 3 years and aims to strengthen existing cooperative groups and develop new ones that work in NTFP value chains.

Growing Tree Businesses

This is a completed project. Funded by numerous smaller funders. Remaining funds were used for evaluation of TREE AID enterprise work in Northern Ghana to ascertain the post-project impact of our work there – highlighting the effectiveness of Village Savings and Loan groups to enable women to save money and invest.

Kandema Rural Regeneration

Completed project. Funded by numerous smaller funders. Remaining funds were used for evaluation of TREE AID enterprise work in Northern Ghana to ascertain the post-project impact of our work there – highlighting the effectiveness of Village Savings and Loan groups to enable women to save money and invest.

Mali Regreening Project

This is a regreening project in Saminé and Sakoiba communes – aiming to restore tree coverage through planting and regeneration of trees on farmers' land.

Natural Resource Management on ex-Village Tree Enterprise sites

This is a completed Natural Resource Management project in Burkina Faso.

Niger Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED)

In conjunction with CARE UK (with whom TREE AID has a contract), TREE AID is providing technical assistance to the UK DFID's BRACED programme.

Niger Village Tree Enterprise

In this Village Tree Enterprise programme we support village groups to set up businesses and maintain forests to make a living from them, operating through multiple local partner NGOs on each project. The Village Tree Enterprise project in Niger is funded from a variety of sources, mainly charitable trusts and foundations.

Regreening projects in Mali

Ségou & Mopti: These projects work with villagers to introduce changes that will restore the environment and improve their livelihoods. They are supporting communities to plant and

regenerate tree cover, addressing the serious degradation that this Savannah region has experienced in recent decades.

Strengthening Forest Management in Mali

A new project in Mali, mostly funded by the Darwin Initiative (match funding requirement of 15%). This project is focusing on the implementation of forest management plans around 2 forests in Segou region, as well as improving livelihood options by strengthening NTFP value chains.

Shea Research

A research project into restoring and improving productivity of shea stands in Burkina Faso, fully funded by the Environmental Institute for Agricultural Research (INERA).

Sustainable Livelihoods & Ecosystems

This is a new project in Ethiopia, funded by corporate, RPS. The project aims to restore 300 hectares of degraded land, whilst improving the income/asset holding, and nutritional diversity of community members.

Tree Foods for Nutritional Security – Phases 1 & 2

This is a completed project supporting the development phase for the Tree Foods programme. The remaining funds are to be utilised for the Tree Foods project.

Wof Washa Forest Sustainable Management – Ethiopia

This project is supporting livelihoods for 53 communities living in and around Wof Washa forest, helping them to secure sustainable supplies of forest products and environmental services through restoration and management of forest biodiversity.

Women's Forest Livelihoods Phase 2 - Burkina Faso

This project is designed to establish women's forest management groups, secure stable access to forests for women, and support women's beekeeping and shea processing enterprises, and training women in improved agricultural techniques.

Project Fund

Donations restricted to development work on certain projects or in certain countries.

Development Fund

Donations restricted to the development fund are utilised for activities that strengthen and expand TREE AID's impact and influence through leveraging institutional funding, releasing unrestricted funding by funding core charitable activities, creating a sense of community within our donors and bringing donors closer to TREE AID by providing them with unique insights.

Purpose of unrestricted funds

Unrestricted funds are generated when there is no stipulation from the donor as to how the income may be spent, and include designated funds where the Trustees have set aside monies for a specific purpose.

Designated funds are provided for the following purposes:

Fixed Assets Designated Fund representing the unamortised carrying value of unrestricted fund tangible fixed assets.

Funds to provide **Working Capital for a Trading Subsidiary** to further implement the work of the Charity. This fund is no longer needed and the remaining balance has been transferred to General Reserves.

To fund future expenditure on **Improving the Quality of our Work** including planned funding for operational leadership posts.

To provide investment into future expenditure for **Growing our Income**, representing the continuing commitment to increase our individual supporter base by direct costs and on supporter and institutional fundraising staff posts.

To provide investment into future expenditure for **Improving our Ability to Generate Data, Evidence & Communications**, in particular for committed spend on a communications post and a learning and impact post.

Transfers between funds

Other transfers between restricted funds represent the application of restricted income to particular project funds whose objectives fall within the wider restrictions of the funds from which those funds are transferred or with the agreement of the donor. Transfers between general reserves and designated funds represent the designation or release of unrestricted funds by the Trustees for future planned expenditure and expansion, to reflect unrestricted capital expenditure and to provide for unforeseen movements in income.

22. Analysis of net assets between funds - Group

	Restricted funds	Designated funds	Unrestricted funds	2018 Total
	£	£	£	£
Tangible fixed assets	-	22,890	-	22,890
Investments	-	462,971	-	462,971
Cash at bank & short-term investments	1,312,649	257,430	1,130,495	2,700,574
Debtors	450,066	-	35,717	485,783
Creditors falling due within one year	(1,611,642)	-	(147,860)	(1,759,502)
	151,073	743,291	1,018,352	1,912,716

Analysis of net assets between funds - Charity

	Restricted funds	Designated funds	Unrestricted funds	2018 Total
	£	£	£	£
Tangible fixed assets	-	1,006	-	1,006
Investments	-	462,973	-	462,973
Cash at bank & short-term investments	1,292,322	279,312	667,640	2,239,274
Debtors	261,529	-	8,612	270,141
Creditors falling due within one year	(1,403,012)	-	(91,030)	(1,494,042)
	150,839	743,291	585,222	1,479,352

23. Reconciliation of net movement in funds to net cash flow from operating activities

	Group	
	2018 £	2017 £
Net expenditure for the reporting period	(342,668)	(763,973)
Adjustments for:		
Depreciation charges	26,193	35,329
Gains on investments	(24,487)	(63,913)
Loss of sale of fixed assets	-	18,118
Exchange rate movements	-	(8,375)
Investment income	(15,486)	(45,699)
Increase in debtors	(194,074)	(153,871)
Increase in creditors	837,424	767,873
Net cash (used in) operating activities	286,902	(214,511)

Analysis of cash and cash equivalents

	Group	
	2018	2017
	£	£
Cash in hand	2,007,028	898,177
Notice deposits (less than 3 months)	693,546	1,487,687
	2,700,574	2,385,864

24. Legal status of the Charity

The Charity is a company limited by guarantee and has no share capital. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

25. Related parties transactions

The Director of Fundraising & Communications, Marian Rose, is a trustee of Care International UK (CIUK). With effect from 1 January 2015 TREE AID became a consortium partner in a project 'Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED)', with CIUK under which TREE AID is a party to a sub-grant agreement. Under this agreement, which ran from 1 January 2015 to 31 March 2018, TREE AID received a grant allocation of £707,927 for its implementation of the BRACED project.

TREE AID transacted with its 100% subsidiary entities during the year.

The value of transactions during the year, which were made in the normal course of business and comprised mainly grants to fund the Group's charitable activities, totalled:

	2018	2017
	£	£
From TREE AID to TREE AID Burkina Faso	1,289,677	1,090,444
From TREE AID to TREE AID TREE AID Ghana	78,847	179,576

There were no balances outstanding at the year-end between the Charity and TREE AID Burkina Faso or TREE AID Ghana (2017: £nil).

There were movements on loans for working capital for the social enterprise initiative during the year. The loans are unsecured and interest free. The total movements and the balances at the year-end were:

	2018	2017
	£	£
Movement in loans during the year with TREE AID Enterprises Ltd	2,450	22,115
Movement in loans during the year with TREE AID Enterprises sa	(12,318)	23,055

Provision has been made against the deficit on reserves in each of the subsidiaries:

	2018	2017
	£	£
Provision against amounts due from TREE AID Enterprises Ltd	88,237	85,397
Provision against amounts due from TREE AID Enterprises sa	47,055	42,084

26. Operating lease commitments

TREE AID had future minimum lease payments under non-cancellable operating leases at the year-end, expiring as follows:

	Land & buildings	Office Equipment	Group	
			2018	2017
Expiring:	£	£	£	£
Within 1 year	13,211	1,931	15,142	11,759
2 – 5 years	-	3,802	3,802	4,942

	Land & buildings	Office Equipment	Charity	
			2018	2017
	£	£	£	£
Within 1 year	10,648	1,931	12,579	10,190
2 – 5 years	-	3,802	3,802	-

27. Capital commitments

There are no capital commitments in the current or prior year.

28. Basic financial instruments

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost:				
Accrued Income on contracts	95,446	127,537	95,446	127,537
Trade Debtors	354,620	110,037	5,534	6,407
Other Debtors	17,750	10,941	1,534	10,759
Cash at bank and in hand	2,007,027	898,177	1,545,728	211,344
Short-term investments	693,546	1,487,687	693,546	1,487,687

Financial liabilities measured at amortised cost:

Accruals	29,219	46,055	25,258	38,279
Other creditors	32,063	32,797	30,545	18,806

29. Prior year adjustment: Accounting for partner expenditure

At the start of 2017/18 TREE AID changed the basis on which partner expenditure is recognised, from being recognised when funds are transferred to partners, to being recognised in TREE AID's Accounts as expenditure when spent by partners. Trustees believe this provides a fairer measure of both income and expenditure. The impact of this has been reflected in the 2016/17 comparative information presented in these Accounts. A summary of the financial impact on both the Group and the Charity is shown below:

	Group	
	2017	
	£	
Statement of Financial Activities		
<i>Restricted donations & legacies</i>	<i>(103,587)</i>	
<i>Restricted expenditure on charitable activities</i>	<i>104,688</i>	
	Group	Charity
	2017	2017
	£	£
Balance Sheet		
<i>Debtors: Trade debtors & amounts owed by subsidiaries</i>	<i>104,688</i>	<i>95,577</i>
<i>Creditors falling due within one year: Deferred income</i>	<i>(103,587)</i>	<i>(97,379)</i>
<i>Restricted funds</i>	<i>1,101</i>	<i>1,101</i>
<i>Unrestricted funds</i>	<i>-</i>	<i>(2,903)</i>

30. Prior Year: Consolidated Statement of Financial Activities

	Notes	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £
INCOME FROM				
Donations and legacies	2	956,689	780,958	1,737,647
Charitable activities	3	-	21,395	21,395
Investment income	4	-	45,699	45,699
Other income	5	-	6,545	6,545
TOTAL		956,689	854,597	1,811,286
EXPENDITURE ON				
Raising funds	6	-	523,901	523,901
Charitable activities	7	1,612,837	502,434	2,115,271
TOTAL	8	1,612,837	1,026,335	2,639,172
Net gains/(losses) on investments		-	63,913	63,913
NET EXPENDITURE		(656,148)	(107,825)	(763,973)
Transfer between funds		130,656	(130,656)	-
Other gains		-	6,495	6,495
NET MOVEMENT IN FUNDS	24	(525,492)	(231,986)	(757,478)
RECONCILIATION OF FUNDS				
Total funds brought forward	24	887,716	2,122,598	3,010,314
Total funds carried forward	24	362,224	1,890,612	2,252,836

31. Prior Year: Movements In Funds - Group

	Opening balance	Income	Expenditure	Investment gains	Transfers	Closing balance
	£	£	£	£	£	£
Restricted funds						
Intensification of Sorghum and Pearl Millet-Based Production Systems	-	-	(5,789)	-	5,789	-
Bongo River Trees	107,297	-	(77,973)	-	-	29,324
CIFOR (Burkina Faso)	-	13,436	(13,436)	-	-	-
CIFOR (Ghana)	-	17,418	(17,418)	-	-	-
Community Self Reliance	-	-	(9,605)	-	9,605	-
Drylands Development	239,492	35,995	(275,487)	-	-	-
Enhancement of NTFPs in Burkina Faso	-	4,326	(4,326)	-	-	-
Forest for Foods	-	-	(16,170)	-	16,170	-
Forest Governance Sida Phase 2	-	350,865	(350,865)	-	-	-
Forest Trade Association	-	5	(5)	-	-	-
Ghana NTFP Trade	21,178	-	(48,425)	-	27,247	-
Ghana Village Tree Enterprise	45,368	-	(31,716)	-	-	13,652
Growing Tree Businesses	-	-	(3,534)	-	3,534	-
Gurage Integrated Land Management	5,377	-	(5,377)	-	-	-
Kandema Rural Regeneration	-	-	(12,182)	-	12,182	-
Mali Regreening Project	24,493	52,253	(79,075)	-	2,802	473
Natural Resource Management on ex-VTE sites	-	-	-	-	3,155	3,155
Niger Building Resilience and Adaptation to Climate Extremes and Disasters	(1,292)	239,854	(239,851)	-	1,289	-
Niger Village Tree Enterprise	72,178	-	(64,330)	-	-	7,848
Regreening Mopti	-	-	(1,689)	-	1,689	-
Regreening Segou	65,586	22,291	(83,149)	-	-	4,728
Shea Research	3,438	44,064	(47,502)	-	-	-
Tree Foods for Nutritional Security - General	-	1,500	-	-	-	1,500
Wof Washa Forest Sustainable Management	(17,081)	106,203	(124,344)	-	36,280	1,058

	Opening balance	Income	Expenditure	Investment gains	Transfers	Closing balance
	£	£	£	£	£	£
Restricted funds						
Women's Forest Livelihoods Phase 1	43,901	-	(12,608)	-	(31,293)	-
Women's Forest Livelihoods Phase 2	-	2,001	-	-	31,293	33,294
Ziway Integrated Land Management	1,067	24,953	(26,020)	-	-	-
Country Programmes	9,760	-	(6,957)	-	(2,802)	1
Project Fund	90,086	-	-	-	-	90,086
Other Project Funds	176,868	-	-	-	-	176,868
Learning and Impact Fund	-	20,000	(20,000)	-	-	-
Development Fund	-	27,732	(41,211)	-	13,716	237
Total restricted funds	887,716	962,896	(1,619,044)	-	130,656	362,224
Unrestricted funds						
Fixed Asset Reserve	61,727	-	(25,557)	-	(36,170)	-
Project Development Fund	74,147	-	-	-	(74,147)	-
Fundraising Reserve	33,826	-	-	-	(33,826)	-
Working Capital for Trading Subsidiary	318,316	-	-	-	-	318,316
Improving the Quality of our Work	138,848	-	-	-	-	138,848
Growing Our Income	711,180	-	-	63,913	-	775,093
Improving our Ability to Generate Data, Evidence & Communication	163,716	-	-	-	-	163,716
Total designated	1,501,760	-	(25,557)	63,913	(144,143)	1,395,973
General Reserves	620,838	861,092	(1,000,778)	-	13,487	494,639
Total unrestricted funds	2,122,598	861,092	(1,026,335)	63,913	(130,656)	1,890,612
Total funds	3,010,314	1,823,988	(2,645,379)	63,913	-	2,252,836

32. Prior Year: Analysis of net assets between funds - Group

	Restricted funds	Designated funds	Unrestricted funds	2017 Total
	£	£	£	£
Tangible fixed assets	-	39,932	4,716	44,648
Investments	-	452,693	-	452,693
Cash at bank & short-term Investments	913,634	903,348	568,882	2,385,864
Debtors	240,102	-	51,607	291,709
Creditors falling due within one year	(791,512)	-	(130,566)	(922,078)
	362,224	1,395,973	494,639	2,252,836

Prior Year: Analysis of net assets between funds - Charity

	Restricted funds	Designated funds	Unrestricted funds	2017 Total
	£	£	£	£
Tangible fixed assets	-	-	4,716	4,716
Investments	-	452,695	-	452,695
Cash at bank & Short-term Investments	387,843	943,278	367,910	1,699,031
Debtors	122,073	-	219,796	341,869
Creditors falling due within one year	(147,926)	-	(288,495)	(436,421)
	361,990	1,395,973	303,927	2,061,890

Legal and Administrative Details

LEGAL STATUS

An incorporated company limited by guarantee, no. 03779545, and a registered charity, TREE AID, no. 1135156.

TRUSTEES

Sophie Churchill OBE	Chair (end of term: resigned 7 July 2017)
Shireen Chambers ³	Chair (appointed 7 July 2017)
Carol Mack ²	(end of term: resigned 13 July 2018)
Hugh Arthur ¹	Treasurer (end of term: resigned 7 July 2017)
Judith Twentyman ¹	Treasurer (appointed 7 July 2017)
John Collenette ¹	(end of term: resigned 13 July 2018)
Terence Jagger ¹	Vice Chair (appointed 7 July 2017)
Annie Moreton ²	(end of term: resigned 13 July 2018)
Trevor Reaney ³	
Alex Rees ²	
Mikko Simula ¹	(resigned 11 April 2018)
Stephen Tindale	(deceased 1 July 2017)
Simon Toomer	(end of term: resigned 7 July 2017)
Tom de Pass ²	(appointed 13 July 2018)
Elizabeth Davis ^{1,3}	(appointed 13 July 2018)
Nick Pride ²	(appointed 13 July 2018)

¹ Member of the Finance & Audit Committee.

² Member of the Fundraising Standards Committee.

³ Member of the Nominations Committee.

SENIOR MANAGEMENT TEAM

John Moffett	Chief Executive
Ben Sheahan	Director Finance & Resources (from 15 June 2017)
Marian Rose	Director Fundraising & Communications
Tom Skirrow	Director Global Operations

REGISTERED OFFICE AND PRINCIPAL OFFICE ADDRESS

Brunswick Court, Brunswick Square, Bristol BS2 8PE.

ADVISORS

Bank

NatWest plc, 3 Temple Back East, Temple Quay, Bristol BS1 9BW.

Auditor

Crowe UK LLP (previously Crowe Clark Whitehill LLP), Carrick House, Lypiatt Road, Cheltenham, Gloucestershire GL50 2QJ.

Thank you...

...to the many individual and corporate supporters, trusts, foundations and institutions, who enabled us to give so many more people opportunities for a better future in 2017/18. We are totally dependent on your support. Without it our work would simply not be possible...

... to our Institutional funders, including:



AMBASSADE DE SUEDE



**Swiss Agency for Development
and Cooperation**



... to the following trusts, foundations and companies for their support throughout the year:

Blue Diamond Ltd	The Evan Cornish Foundation
Christadelphian Meal a Day Fund	The Henry C. Hoare Charitable Trust
Ecosia GmbH	The Kirby Laing Foundation
Joseph Rochford Gardens Ltd	The Patrick & Helena Frost Foundation
Oak Philanthropy UK	The Roughley Charitable Trust
Ohh Deer Ltd	Timbergram
Radnor Hills Ltd	Turing Foundation
RPS Group Ltd	Unicorn Grocery Ltd
The Christmas Forest	

Patrons

The Trustees would like to express their thanks to TREE AID's patrons, Joanna Lumley OBE, FRGS, Zoë Wanamaker CBE and Hilary Benn MP, for the time and support that they have given during the year.

Staff and Volunteers

The Trustees recognise the huge and ongoing contribution made by staff in our offices in Addis Ababa, Bamako, Bristol, Niamey, Ouagadougou and Tamale, as well as those staff working in the field. We extend our gratitude to them all and acknowledge their energetic commitment to TREE AID's mission, values and programmes.

The Trustees are also extremely grateful to the volunteers who donated their time to TREE AID during the year, who have assisted in office-based administration and other support.

