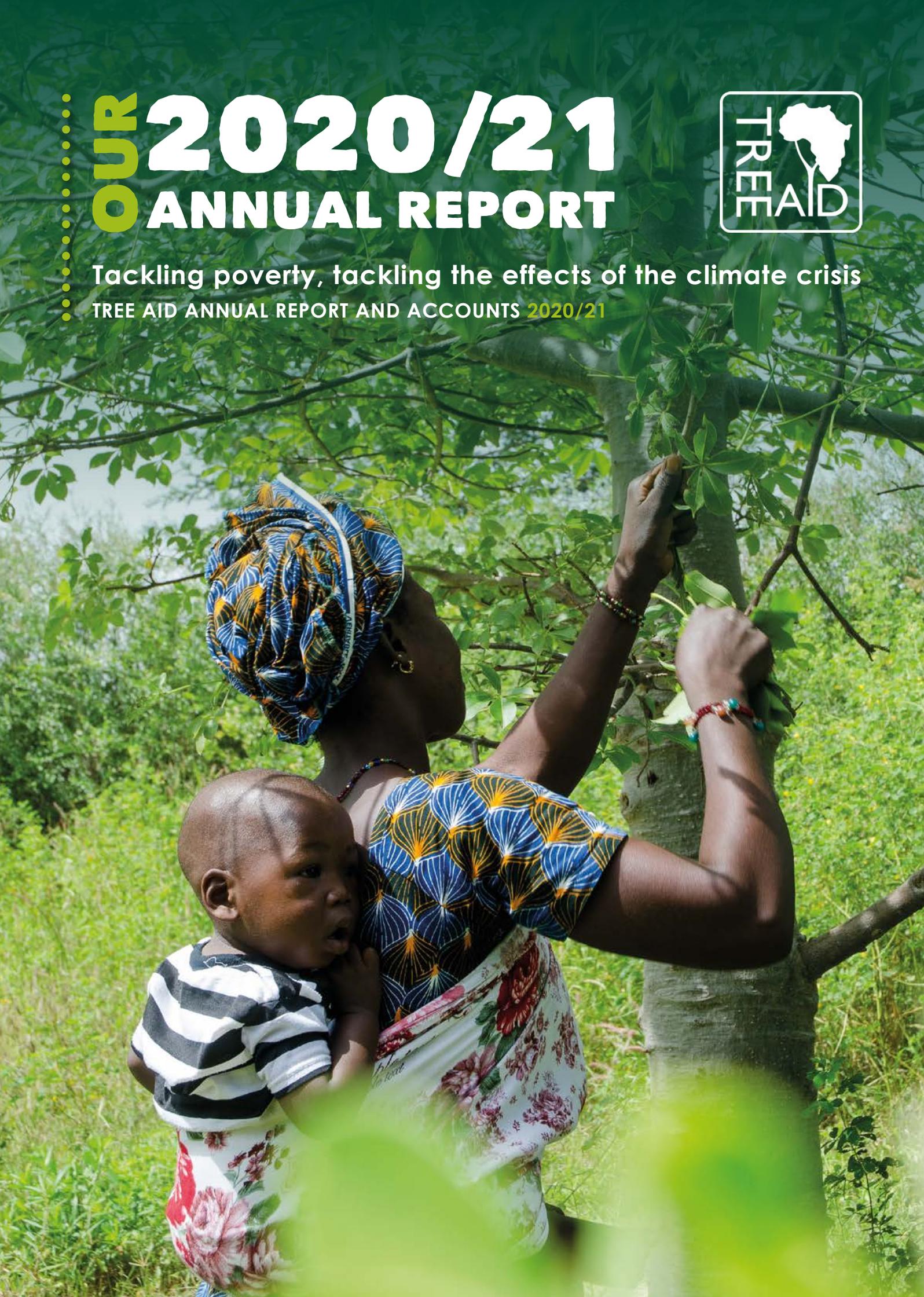


# OUR 2020/21 ANNUAL REPORT



Tackling poverty, tackling the effects of the climate crisis  
TREE AID ANNUAL REPORT AND ACCOUNTS 2020/21



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# WELCOME

**Growing trees offers proven solutions to the climate crisis and global poverty - something that is gaining increased recognition. This report shows the incredible impact we had in 2020/21, all thanks to supporters like you.**



**Tree Aid's projects across the drylands of Africa have always taken a long-term approach, tackling poverty and inequality today, while restoring land, trees and soil for tomorrow.**

Now, as the climate crisis gathers pace, global attention is shifting to solutions with more holistic approaches like ours. Solutions that protect vulnerable communities from climate shocks and stresses, while ensuring land and resources are secured for future years.

This year, against the backdrop of the Covid pandemic which effected all of our lives, but especially those in already vulnerable communities, we significantly increased our work on the ground. We also stepped up efforts to share our programme successes and expertise more widely, finding new ways to raise the voices of the communities we work with.

The Covid crisis has been a huge concern for all of our staff and partners, particularly due to the remoteness of the communities we work with, and lack of information and technology. But we have

been heartened by the continued support of our donors, despite the significant pressures of the pandemic, and by how quickly staff and partners have adapted our programme to provide hygiene materials, and up to date information on the pandemic and preventative measures as part of our work.

## Influencing to tackle the effects of the climate crisis

Globally, Africa is hardest hit by the climate crisis, despite contributing to it the least. Temperatures across the Sahel have risen by nearly 1°C in the last 30 years, almost twice the global average.

With worsening weather patterns, communities are finding it more difficult to prevent, halt and reverse land degradation and provide food and income for their families.

We sought to get Tree Aid's expertise heard more widely as world leaders prepare for pivotal international events such as the G7, G20, COP15 and COP26 meetings, to ensure the problems

faced by people on the frontline of the climate crisis are heard.

This means promoting what works, and evidencing the positive impact our interventions can have on the communities we serve.

In 2020/21 we began to produce a new series of Impact Reports, starting with our first paper reviewing project work in Mali. Strengthening our evidence base has helped build a springboard for new coalitions and stronger organisational voice, for example our work with the Committee for the Review of the Implementation of the Convention to the UNCCD (CRIC19) and in the UK through our advocacy work with BOND, the network of international development organisations.

## Strengthening the Great Green Wall

Tree Aid is a partner in the inspirational Great Green Wall movement, an African-led initiative to grow an 8,000km mosaic of trees, vegetation and fertile land across the Sahel. By 2030, the movement aims to have restored 100 million hectares of land across the entire width of Africa, providing nutritious food and green jobs for the millions living along its path.

In September 2020, a UNCCD report on the Great Green Wall's progress, which Tree Aid contributed to, identified 18 million hectares of land as restored so far under the initiative. While there is clearly a long way to go, 18 million hectares has still had dramatic impact on the lives of millions of people. It is enough to allow 9 million families to grow the food they need to survive every year. For the \$200 million cost to date, that represents an investment of just over \$20 per household.

It is clear the Great Green Wall movement presents challenges to implement in its entirety, but it should

not deter us from pushing forward. The report was a vital step in this effort, and one Tree Aid strongly welcomed. It paves the way for the movement to increase collaboration and scale-up, with increased funding pledged at the global One Planet Summit for Biodiversity in January 2021.

## Act now to protect land and livelihoods

We know that joining up with people in the drylands of Africa to protect land and livelihoods is working – this report tells the story. Tree Aid's communities now have larger, more secure harvests and more food to eat and sell. But with the climate crisis worsening, and the impacts of the Covid pandemic spreading, we need to do more, and faster.

With your support, we will grow even more trees and restore even larger areas of land. Together, we will stand with people living in the drylands of Africa to tackle poverty and the effects of the climate crisis.

Tom  
**Tom Skirrow**  
Chief Executive



Tom Skirrow

Shireen  
**Shireen Chambers**  
Chair of Trustees



Shireen Chambers

## Since Tree Aid began in 1987, we have...



Grown  
**24,542,563**  
trees with communities across the Sahel region



Restored and protected  
**164,822**  
hectares of degraded and infertile land – that's a bit bigger than the size of Greater London



Supported  
**38,650**  
people to develop enterprise groups selling seeds, fruit and nuts and products like oil, soap and honey

# STRATEGIC REVIEW

**Tree Aid works with people in the drylands of Africa to tackle poverty and the effects of the climate crisis by growing trees, improving people's incomes, and restoring and protecting land.**

## OUR VISION

Thriving, sustainable communities across the drylands of Africa.

## OUR MISSION

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

### Mali 2020/21:

- 333,979 trees grown
- 28,150 people supported
- 3,276 new hectares of land protected

### Burkina Faso 2020/21:

- 843,227 trees grown
- 594,655 people supported
- 6,270 new hectares of land protected

### Ghana 2020/21:

- 1,193,447 trees grown
- 44,480 people supported
- 3,600 new households working in village tree enterprises



### Niger 2020/21:

- 28,900 trees grown
- 10,490 people supported
- 10 new village tree enterprises supported

### Ethiopia 2020/21:

- 201,362 trees grown
- 18,420 people supported
- 1,001 local people supported to produce fuel-efficient stoves



## OUR IMPACT 2020/21



**2,600,945**  
trees grown



**9,600**  
new hectares of land protected – that's around the same size as 23,722 football pitches



**77%**  
of the people we directly worked with were women



**96**  
new village tree enterprise groups set up to process and sell tree products



**54,824**  
people supported with new fuel-efficient stoves that use half as much wood as traditional ones



**696,195**  
people supported

Our Growing Hope strategy covers 2017 to 2022. Our aims are to:

## 1 Support 2.5 million people through increased incomes, diversified diets and better access to trees.

So far, over the strategy period, we have partnered with 1,353,520 people. By working with the same people over a number of years, we have been able to have a profound impact on their lives – from improving their access to land through local charters, to enhancing their incomes and diets through businesses based around tree products.

Our goal over five years was to work with 15,000 households as part of village tree enterprises. These are groups that grow, process and sell products that come from trees which aren't wood, like seeds, fruits and nuts. Working with 16,237 households in these groups in 2020/21 means we've already more than doubled our five-year target, supporting 34,129 households since 2017.

In 2020/21 we established 96 new village tree enterprise groups and worked with a total of 566 groups. An established village tree enterprise group can make an average profit of \$1,500 a year.

## 2 Join forces with local people to grow 8 million trees and restore 250,000 hectares of degraded land.

In 2020/21 we grew 2,600,945 trees, taking us over 90% of the way to our target. We also protected 9,600 new hectares of land, bringing our total up to 134,546 hectares, which is now under sustainable land management (54% of our target).

## 3 Maximise our impact by sharing our learning, expertise and passion, and influence forest policy to take the needs of the people we work with into account.

In 2020/21 we published our first impact report on the benefits of our ecosystem restoration work in Mali, now also a case study in a Nature Based Solutions report by the International Institute for Environment and Development. We also launched a partnership with Crowther Labs and their Restor.eco digital platform, the official partner of the UN Decade of Ecosystem Restoration, to better showcase our work.

Working with other civil society organisations (CSOs), we influenced international and national policy. Two of our messages were included in the final CSO statement during the Committee for the Review of the Implementation of the Convention to the UNCCD (CRIC 19). We also helped shape the Glasgow Action Plan for the COP26 global climate talks through our BOND membership.

We joined various international platforms too, taking part in the World Economic Forum Working Group on the Great Green Wall and stepping up our engagement with the Global Shea Alliance with our new CEO, Tom Skirrow, being invited to join the Global Shea Alliance Executive Committee. We also recruited a Policy and Advocacy Advisor to grow our influencing work going forward.

## During our five-year Growing Hope strategy from 2017-22, we have:

97%



Grown almost **7.7 million**

trees meaning we are over 90% of the way to our target of 8 million trees

112%



Influenced **38**

local, regional and national policies to take the needs of the people we work with into account, exceeding our target of 34 policies

54%



Worked with **1,353,520**

people, taking us 54% of the way to our target of 2.5 million people.

228%



Supported **34,129**

households as part of enterprise groups, more than doubling our target of 15,000 households

54%



Sustainably managed **134,546**

hectares of land out of our target of 250,000 hectares



# OUR APPROACH

**We grow and protect trees so people can live from them for years to come.**

In the Sahel region of Africa, people live with the effects of the climate crisis every day. Land is rapidly losing its fertility. People can't grow enough food and poverty is increasing. We believe tackling poverty and protecting the environment are inseparable.

Trees offer a solution. They help land to stay fertile so people can grow food and produce items to sell. Trees protect our planet, absorbing carbon dioxide, a cause of the climate crisis.

Every year, we grow millions of trees and protect huge areas of land. But we don't just plant trees and walk away. We make sure local people have the training and tools they need to make each tree thrive. We also ensure the right trees are planted in the right places, selecting each species for both community and ecosystem needs.

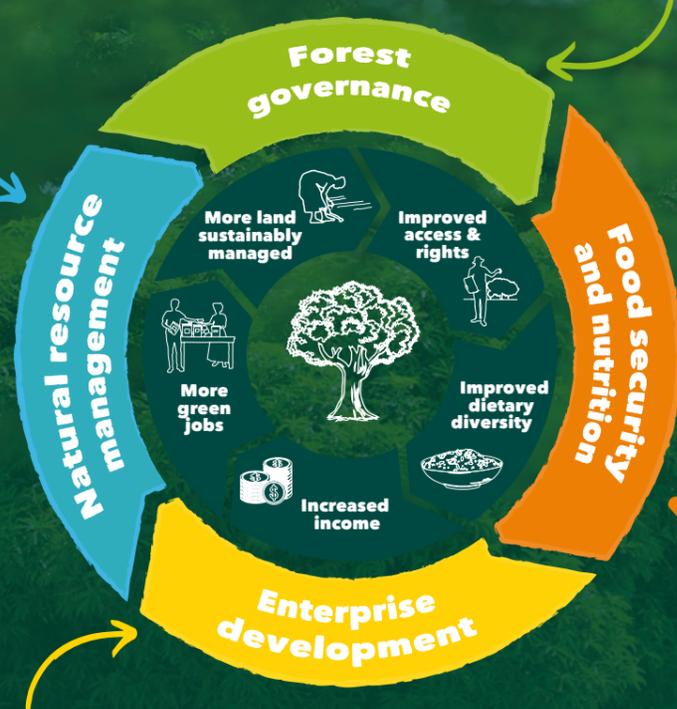
At Tree Aid, we learn what works and share it – locally, nationally and internationally. Together with local communities, we influence policy and push for change that protects trees, people and our planet.

## We grow trees for long-term change.

We campaign for forests to be managed by the people who depend on them. We work with communities and local government so they can agree rules for using forests and their resources.

## We grow trees to protect the environment.

We support people to use trees to improve the fertility of soil and manage land in a way that helps them tackle the effects of the climate crisis.



## We grow trees for healthy food all year round.

Trees provide nutritious fruit, nuts and leaves, giving people stable supplies of food even when other crops fail.

## We grow trees to grow businesses.

We support communities to make and sell tree products, like shea butter and soap. The income they make from their businesses pays for essential healthcare and education.

# WHO WE WORK WITH



## Working with local communities

Local people, with local knowledge and expertise, lead our work in the Sahel region of Africa. Together, we work to find long-term solutions to poverty and the climate crisis.

The communities we work with in the drylands of Africa rely on land for most of their food and income. But every day the climate crisis is making life harder for them. With low rainfall and poor-quality soil, local people can't grow enough food and poverty is increasing. Many families survive on just one meal a day.

We believe everyone has the right to live a healthy life, free from poverty. We support communities to find other sources of income apart from farming. This is particularly important for women, who have limited options when it comes to earning money.



*"Before, the environment wasn't as degraded as we see today. Now, big trees are scarce. But with support from Tree Aid, I became a member of the women's group for shea processing. Before we sold the butter for around \$0.50 per kilo. Today we sell it for \$1 - \$1.85. It allowed us to completely change our lives."*

**Bernadette, who is part of our project to strengthen forest management in Mali**



*"Tree Aid has made us aware of our responsibilities, what to do and what not to do. So thanks to Tree Aid, hope is the order of the day and long live Tree Aid because the tree is life... Tree Aid has involved us in actions and we've learned a lot from them about liquid fertiliser, composting, the full range of technology. With Tree Aid, we are sure that we can achieve our goals."*

**Alouna Traore, Deputy Mayor of the Commune of Bassy, Burkina Faso, where Tree Aid works**

## Working with local, national and international partners

We collaborate with local, national and international organisations to grow trees, improve people's incomes, and restore and protect land. Working in partnership, we influence policy and push for change that protects trees, people's livelihoods and our planet.

This year, we worked with 48 partner organisations who share our knowledge, expertise and passion to support communities in the drylands of Africa to achieve their goals.



# MANAGING LAND FOR THE FUTURE

We support people to manage the effects of the climate crisis on their land now – and stop more fertile soil being lost in the future.

## Our natural resource management approach

### Growing trees

Trees provide protection from the effects of climate change. They shelter people, wildlife and crops from harsh sunshine and wind. They store water when there's no rain and help the land to stay fertile so other crops can grow. Trees also protect the planet, absorbing carbon dioxide, a cause of the climate crisis.

We supported people in Africa's drylands to grow 2,600,945 trees this year. This included 843,227 trees grown in Burkina Faso as part of a project to manage forests more sustainably.

### Restoring land

We work with people to manage land in a way that improves the fertility of soil, so it can support trees and other crops to grow. In 2020/21 we worked with local communities to restore and protect 9,600 new hectares of land. In Ethiopia we worked on

120 hectares of degraded land where we trained 169 farmers on soil management and water conservation. We also equipped these farmers with 300 shovels and pick-axes so they could create structures like stone bunds to retain water and keep their soil healthy.

### Preventing conflict

In the Dosso region of Niger it is common for trees to be cleared to make room for other activities such as farming. This forces wild animals out of their habitats and into local villages, causing damage to people's homes, crops and cattle as they search for food. We've trained 85 local people on ways to rehabilitate land and reduce human-wildlife conflicts. Techniques for protecting crops from roaming animals included using vegetative barriers and acoustic deterrents.



## REPLENISHING LAND IN GHANA

*"We used to harvest firewood to sell to pay for our children's school fees and buy food for the family. More and more often there is no wood for us to cut. The forest is being depleted because everyone is trying to survive," says Kachana, who lives in Nakolo village in Ghana.*

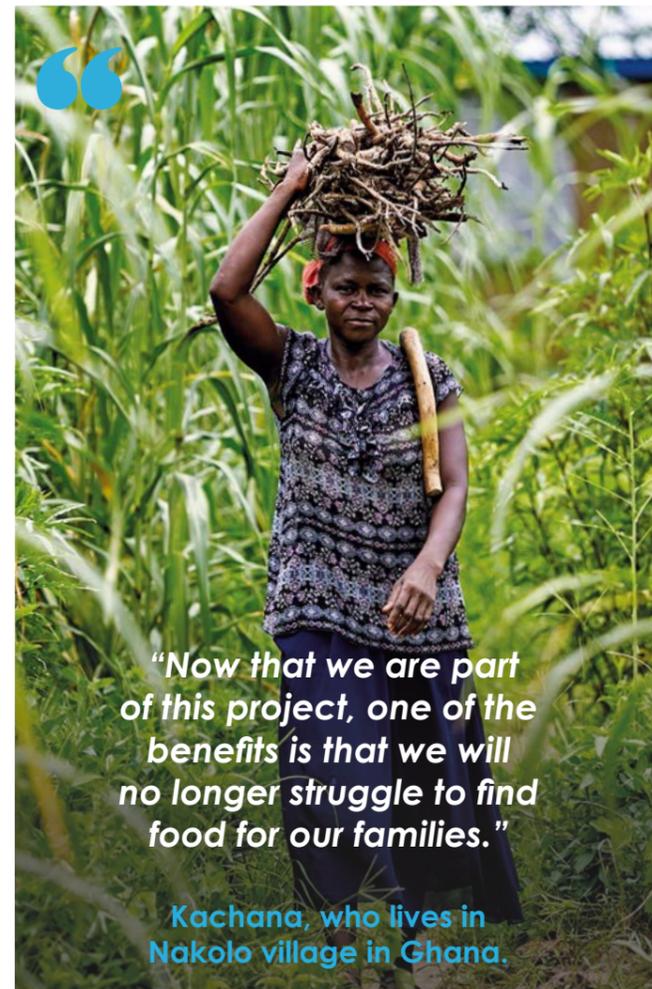
Until Tree Aid started working with local people to improve the health and sustainability of their land, these problems were common for many in Upper East Ghana.

The region is one of the most environmentally degraded parts of the country. Due to the effects of the climate crisis, soil that was once fertile can no longer support plant life. With many people relying on the land for food and income, hunger and poverty are growing.

Since 2017, we've supported people in the region to protect, restore and manage their land. Local people are learning to grow trees and care for them sustainably, so they can produce products to eat and sell, while protecting the ecosystem for future generations.

More than 1,600 farmers have taken part in our training on natural resource management. They've learned not only how to improve the survival of their trees, but also how to preserve the health and fertility of their land in the long term. Just some of the topics covered include managing water, improving yields of fruits and nuts from trees, caring for tree seedlings, managing bushfires and understanding the importance of planting new trees in place of those cut down.

97% of the farmers say they've put their new knowledge into practice. The training didn't end with just those farmers either – we estimate that they passed on what they learned to over 7,000 more farmers to put into action.



*"Now that we are part of this project, one of the benefits is that we will no longer struggle to find food for our families."*

Kachana, who lives in Nakolo village in Ghana.

*"We are trained in bushfire management, shea and baobab processing, financial education and tree planting," says Kachana. "Unlike before the project when I struggled to get money, now I feel that getting food for my family is no longer a challenge. For myself and my children, all we hope for is good health and to be able to feed ourselves well."*

### Fuel-efficient stoves

We have also supported women's pottery groups in Ghana to make and distribute more than 265 fuel-saving stoves this year. The stoves use 45% less firewood compared to traditional ones, meaning fewer trees are being cut down, improving the health of the ecosystem for the long term. They also produce less smoke, improving women's health.

Our project in Ghana...



1,606 farmers supported to learn land conservation techniques since 2017



265 fuel-efficient stoves made and distributed by women's pottery groups, cutting the amount of firewood needed by 45%



# PROTECTING FORESTS

For lasting change, local people need to protect and manage the forests and land they depend on. Working with communities, organisations and policy-makers, we do everything we can to make sure forests thrive.

## Our forest governance approach

### Managing forests

We work with local people to ensure communities have the tools and training needed to not only restore and protect land, but put plans in place for sustainable, equitable management. For example, in Burkina Faso we've worked with more than 1,800 people to create forest management plans and put them into action, supporting the 739,200 trees we planted there in 2020/21 to flourish.

### Influencing policy

We recognise the vital role of local communities and farmers in using, protecting and restoring their natural environment. We campaign for forests to be managed by the people who depend on them. We work with communities and local governments so they can agree rules that recognise and foster the rights and responsibilities of local forest users and

communities who depend on forests for their livelihoods.

In Ghana, we trained 40 leaders from eight local organisations on how to influence authorities to manage local forests sustainably and fairly, and to allow the local community to be part of decision-making.

### Harvesting water

This year we joined forces with over 1,300 people in Burkina Faso to build 145 water-conserving boulis – each the size of an Olympic swimming pool – to keep their forests healthy.

Boulis are large pits dug deep into the ground that hold significant amounts of water throughout the year and keep it cool, even when temperatures are very high. With limited rainfall over the drylands of Africa, they're key to helping forests survive and thrive.



**739,200**  
trees planted as part of our forest governance work in Burkina Faso

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**145**  
water-harvesting boulis built to hold up to 2.5 million litres of water and help forests thrive

## LAND RIGHTS FOR WOMEN IN MALI

In Mali, we're working with women like Setou to take control of land, learn to manage it sustainably and make sure forests flourish for years to come.

Traditional customs can prevent women in rural Mali from owning and accessing land and trees. With few other sources of food or income aside from products they can grow, this can lead to devastating poverty and hunger.

"Trees are vital, especially for us women," says Setou. "Without trees, we wouldn't eat. Agriculture is all we do, and we are entirely dependent on the rain."

Our She Grows project, launched in early 2020 in Mali, is empowering local women to fight for access rights to land, so they can grow food and make the money they need to survive.

We've supported 10 women's cooperatives to sign agreements with local authorities giving them control over land. Over three-quarters (76%) of the women we worked with said they now feel they have more control over tree resources and products.

### Sustainable management

With access secured, we're now working with these women to manage their land sustainably, so it can provide an income and food both for them and generations to come. Women are working together to grow, process and sell shea nuts and butter, lifting them and their children out of poverty. They've benefited from training on topics including reforestation and soil and water conservation techniques, so they can improve soil fertility. A survey we conducted saw a 54% increase in women using improved soil and water conservation techniques.

We've also helped local natural resource management committees to restructure to include



"I am hopeful that we will have enough food to eat all year and I want my children to study at school."

Setou from Bouanidjé in Mali

more women and give them more influence, and trained elected and village officials on gender roles, challenging traditional perspectives.

Over the next three years, together with local our plan is to support local women to plant 5,000 trees, learn how to care for them and help their local forests thrive. These trees will help to keep the soil fertile, the positive effects of which will be felt by the whole community, now and in the future.

Setou is hopeful that with tools and training from the project, she'll be able to transform her family's life. "I want them [my children] to study well at school so they have a better future. I am hopeful that we will have enough food to eat all year and my children will study at school," she says.

### Adapting to Covid-19

The She Grows project launched around the time that Covid-19 was declared a pandemic. We're now supporting the people we work with – who don't always have access to reliable, outside information – to stop the spread, providing vital advice about hygiene and social distancing.

A project in Mali...



**10**  
women's cooperatives given the right to use land to grow food and generate income



**54%**  
more women using sustainable soil and water conservation techniques



# GROWING BUSINESSES



From production skills to tools, we work with local people so they have what they need to make and sell products from their trees, like shea butter and soap. The income generated pays for essential healthcare and education, helping communities to tackle poverty.

## Our enterprise development work

### Sustainable income

We grow businesses, often led by women. Together with communities, we work to create produce from trees, like seeds, fruits and nuts, and process them to sell. We work with local people in groups called village tree enterprises. This year, we supported people to form 96 new village tree enterprises, bringing the total established to 978.

In Ghana, village tree enterprise members' income rose by 331% on average – from \$57 to \$244 a year. Thanks to our three-year project in Burkina Faso, where we worked with local people to make and sell products like shea butter, we have helped more than 27,000 people lift themselves out of extreme poverty.

### Skills and equipment

We boost the skills of people in village tree enterprises and equip them with tools so their businesses can prosper. In Ghana, this year we trained

120 village tree enterprises on managing finances and credit, and also held training sessions on negotiation, entrepreneurship and business development.

We also worked with village tree enterprise groups to develop a market information system to keep members up to date with current prices and market conditions for the products they grow. We offered training on orchard and tree management and distributed 500 vital pruning saws to farmers too.

### Income during Covid-19

Each year, many people in rural Niger travel for temporary work during the dry season following harvest. However, this was impossible in 2020 due to Covid-19. We supported people to replace this lost income, and avoid falling deeper into poverty and hunger, by involving them in rehabilitating degraded communal land to earn money.



## MULTIPLYING INCOMES IN MALI

In Mali, partnering with local people has seen their incomes boosted by 270% on average and reduced poverty by 34%.

Duwa and Sutèbwo forests have been struck by the full force of deforestation, and are now severely degraded. With rainfall becoming more unpredictable and soil losing its fertility, people are struggling to grow trees and crops which they depend on for an income and food.

*"In my childhood, there were a lot of trees. Lorries came to cut them down and take them away,"* says Ané, who lives in the region.

In 2017, our Strengthening Forest Management in Mali project began partnering with local communities to restore and protect these forests. We've also supported more than 2,500 households – including Ané's – to use the forests sustainably to grow products to give them an income. They've formed enterprise groups to process and market tree products like shea butter and honey.

Our project came to an end in July 2020. Thanks to our monitoring and evaluation work, it's given us some of the most in-depth data we've ever had – data we will use to make our work tackling poverty and the climate crisis even more effective in the future.

Our evaluation found that households' incomes rose by \$1,169 a year on average, thanks to our project. That's lifted 905 families above the poverty line, giving them more money to eat nutritious food, send their children to school and pay for healthcare.

Over a quarter of the people we worked with now derive their income from trees, compared to less than 3% before the project, giving them a steady and stable source of money that is less affected by climate shocks and stresses.



*"The project enabled a sort of open-mindedness in our community. We are beginning to understand that the forest belongs to us and we must protect it."*

Ané from the Ségou region of Mali

### Transforming Ané's life

*"The project trained and equipped us. This has allowed us to improve our income"* said Ané who was part of the project in the Ségou region of Mali.

*"We are lucky that the project brought us women together and equipped us to process shea butter and soap. We learnt to make good shea butter. It allowed me to have money for myself. It's like a kind of freedom,"* explains Ané. *"The children all go to school and we are now able to guarantee enough food."*

### Also thanks to this work in Mali...

- 672,000 new trees have been grown;
- 11,619 hectares of forests have been protected and restored; and
- 87% of women say they're more able to choose how to spend their own income.





# GROWING NUTRITIOUS FOOD

We work with communities to grow and protect trees so they can provide nutritious fruits, nuts and leaves, giving people stable supplies of food even when other crops fail due to the climate crisis.

## Our food security and nutrition approach

### Diversifying diets

We work with local people in the drylands of Africa to produce a wider range of food, including produce from trees like nuts, seeds and fruit, so they can diversify their diet and improve their health.

In Ethiopia we trained 462 people to better understand the nutritional value of foods from trees, and how to prepare moringa leaves, which are rich in important nutrients. In Burkina Faso, we distributed nearly 10,000 flyers with recipes using nutritious ingredients derived from trees in different local languages.

### Planting fruit trees

Fruit trees are a great source of nutrition, and people can also sell fruit to generate an income. In Ghana, we worked with 210 farmers this year to plant 7,350 fruit trees.

### Protection from Covid-19

The people we work with depend on our projects to grow nutritious food to eat, and to earn money to spend on other essentials. When the Covid-19 pandemic arrived in March 2020, we knew we had to do everything possible to keep our projects going.

Because of the remoteness of their communities, many of the people we work with have heard very little about Covid-19. A lack of technology and reliance on word of mouth gives the potential for misinformation to spread easily. To manage this, we've been dedicating time to explaining the situation to the people we work with, and providing face masks, hand sanitiser and soap.

Thanks to the great work of our local staff and partners, we have largely been able to continue our work throughout 2020 and 2021.



Almost **10,000** recipe flyers using ingredients derived from trees distributed in Burkina Faso



**462** people trained in Ethiopia about the nutritional value of foods from trees, including fruit, nuts and seeds

## ALLEVIATING HUNGER IN BURKINA FASO

From 2017 to 2020, we supported more than 98,000 people in Burkina Faso to produce and sell products – including nutritious food – from trees. As a result, almost 2,000 children no longer suffer from severe malnutrition, and around 27,000 people have lifted themselves out of extreme poverty.

Poverty and hunger are widespread in Burkina Faso. A third of the country's farmland is already degraded due to the effects of the climate crisis and deforestation. For many, it's hard to grow enough food to eat.

Over four years, we equipped people with the tools and skills to plant more than 782,155 trees in the project sites and regenerate 202,133 more. From these trees, people can harvest food and ingredients to make everything from shea butter to biscuits and honey. Not only did this mean they have more nutritious food, but they can also sell the products to earn money. The average income of the food producers we worked with increased almost three-fold.

### Fatimata's story: "Now the garden is our gold"

A key part of the project was establishing 212 'nutrition gardens' with more than 6,700 local people, where they can now grow nutritious food to eat and sell.

Fatimata explains how having access to a nutrition garden transformed her life: "Before I joined the project, there was not much to do in the dry season, so I would go searching for gold at mining sites, but it's a hard way to make a living. You can often work for a week without finding anything and when you do find some gold, the money you get for it hardly covers your subsistence."

"We are working hard to develop and grow the



"Now I am busy in the garden with other people from my community, planting moringa and baobab trees. Their leaves are rich in nutrients, so we can eat these at home and sell some for revenue too. Now, the garden is our gold."

Fatimata from Boulzoma in Burkina Faso

garden and I hope one day to see many more trees growing in the fields once again for the benefit of the whole community."

"I hope to use any extra money I earn from the garden to pay for medicine when we are ill and for my children to go to school. When they grow up I want them to work at something that benefits them, their children and their community."

Thanks to our project in Burkina Faso...



**98,000+** people are growing and selling tree products – including nutritious food



Almost **2,000** children no longer suffer from severe malnutrition



Around **27,000** people have lifted themselves out of extreme poverty

# IMPROVING OUR OPERATIONS

## People

In 2020/21 we focused on making sure the people that we work with through our programmes, and our staff, stayed safe as the Covid-19 pandemic spread across the world. We made sure our teams in Africa and the UK were provided with the equipment, systems and support they needed to continue working safely and effectively as we moved from office to home-based working across the organisation. We also increased our focus on wellbeing to help our staff through a difficult year.

All our staff teams adapted well to these new ways of working, without international travel and using different technologies to communicate. We are learning lessons from these enforced changes to make sure we keep positive aspects as we move forward and start to consider a hybrid approach to returning to office working.

During the year we started working with staff to prepare our new strategy. We also continued to promote cross-team working between our teams in Africa and the UK to support learning and development. We continued to improve the human resources support we give to our teams, with accessible policies and procedures. All staff regularly receive training in key areas including safeguarding, anti-fraud and anti-bribery measures, and data protection.

## Systems and processes

In 2020/21 we made further progress in developing our monitoring and evaluation capability, improving the way we collect and analyse data across our programmes. We continued our partnership with the University of Edinburgh's School of Geosciences, looking at how we can better understand the growth rates of the indigenous species we use in our reforestation and agroforestry

activities. Knowing more precise growth rates will help us improve the way we estimate the long-term changes in biomass across the areas we work in. This will help us demonstrate our work's true impact.

Our recently established compliance team, made up of staff in the UK and Burkina Faso, made good progress reviewing and improving our processes in areas such as risk management, training and partner due diligence. We also designed and put into practice an innovative internal audit programme. This involved detailed questionnaires and follow-up remote testing, with regional risk-focused, in-person audits where these were necessary and possible.

## Funding

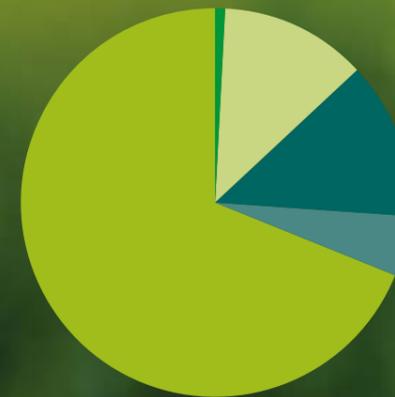
We continued to seek opportunities for long-term partnerships with grant-making institutions and trusts so we can expand our programmes and work with our supporter-base to promote Tree Aid's work in the UK.

In 2020/21 we began the first stage of a major expansion of our forest governance work in Burkina Faso, funded by the Swedish International Development Cooperation (Sida).

We also secured a new four-year £7.4 million funding contract with the Swiss Development Cooperation in partnership with the Netherlands Development Cooperation. This will allow us to expand significantly our project to work with people in Burkina Faso to produce and sell things that come from trees which aren't wood, like seeds, fruits and nuts. Tree Aid is leading this project and is engaging with the Burkina Faso Ministry of Environment and local organisations to implement it.

## Income

In 2020/21 Tree Aid's total income increased to £7.0 million, compared to £5.5 million in the previous year. This growth was largely due to the expansion of two major projects in Burkina Faso described above. The chart below shows where our income came from:



- **Institutional grants 68%**
- **Charitable Trusts 4%**
- **Corporate and major donors 14%**
- **Individuals 13%**
- **Legacies 1%**

## Expenditure

Our total expenditure rose to £7.0 million, compared to £5.3 million in the previous year. A breakdown is shown in the chart below:



- **Programme delivery 88%**
- **Raising funds 11%**
- **Advocacy and awareness 1%**



# OUR FUTURE

Net loss of forest and farmable land continues at a rate which means the next 20 years are critical for the survival of ecosystems and communities across the Sahel.



Our work has never been more urgent or more necessary. Action is required at scale and at pace to meet the ambitious targets such as the Great Green Wall, the UN Decade of Ecosystem Restoration, the Bonn Challenge and the UN Sustainable Development Goals.

As we enter the final year of our strategy, Growing Hope, Tree Aid has started to develop our future plans. This year we set out our vision for the future of Tree Aid and for our work in the drylands of Africa to:

- **Reverse the rate** of deforestation and land degradation and **achieve net gains** across the region;
- **Increase resilience** of communities across the region through diversified incomes and greater skills in business and land management;
- Ensure **land tenure systems** are in place which allow for and incentivise local control and local investment in land resources;
- Ensure that **decentralised forest governance** policies are adopted and implemented across the region; and
- Increase **sustainable private sector investment** into African natural resource bases for win-win solutions.

Tree Aid will develop a strategy over the coming 12 months to meet that challenge both through expansion of our own programming and beyond

that how we can catalyse change on a broader scale in the drylands of Africa.

Rural life, where 80% of Africa's poor are, is more susceptible to climate risk than urban life. It is increasingly important to mitigate fragility to protect people's progress and keep them from falling back or falling further into poverty. Ensuring resilience to an ever more variable climate is central to our anti-poverty agenda.

We will harness evidence of our impact to advocate and influence the international community as well as key national actors to make a step change in the fight against poverty and the climate crisis.

The impact of the Covid-19 pandemic is discussed in this report and there remains uncertainty as to the longer-term impact on Tree Aid. We continue to monitor the changing situation closely, in particular the ongoing risks to our staff teams, project participants and programme activities.

Our review of the financial impact of the Covid-19 pandemic (page 29) gives the Board confidence that we are currently in a satisfactory financial position. Though the global pandemic will continue to affect our ability to achieve some elements of our strategy in 2021/22, we believe that, with good management, the impact will be limited.

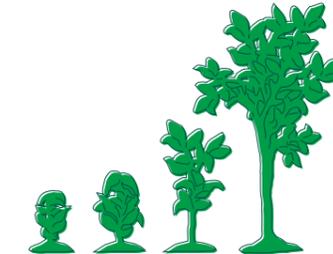
# ANNUAL OBJECTIVES 2021/22

To support delivery of our strategy, each year we develop operational plans that break our strategic outcomes into specific and time bound objectives and set out the key actions for Tree Aid in the next year to ensure we achieve our strategic goals. We developed our 2021/22 objectives by functional team (programmes, fundraising, finance and resources) aligned to the strategic outcomes they support and these are set out below:



## Growing incomes

- Scale-up of our Non-Timber Forest Product programme in Burkina Faso.
- Develop the capacity of smallholder groups to maximise their incomes from tree products.



## Growing trees

- Plant and regenerate two million trees across our five country programmes.
- Complete a new phase of programming on the Daka River in Ghana.



## Growing influence

- Scale up and invest in our influencing work both in-country and internationally, deepening our work with national and donor governments and policy groups.



## Fundraising

- Launch the 2021 UKAM Appeal and raise £352,000 between April and July 2021.
- Launch a new donor recruitment campaign, combining this with our marketing activities to increase response rates.
- Invest in our online activity and increase digital spend, growing and diversifying our online presence to generate a strong pipeline of new supporters.
- Increase strategic media and PR to grow our profile.



## Finance & resources

- Ensure compliance with our policies and procedures in a year of likely expansion: build on remote internal audits, monitor procurements closely and follow up outstanding action points.
- Take learnings from staff teams and develop plans for phased return to office working, with more use of home working and remote connection than previously.
- Ensure our IT systems are fit-for-purpose and we are making the best use of them.

# STRUCTURE, GOVERNANCE AND MANAGEMENT

**Tree Aid as a charity and a company has specific responsibilities our Trustees are required to scrutinise and report on annually.**

**Our Trustees focus on good governance and in 2020/21 reviewed:**

- The Charity Code of Governance
- IT security
- Contingency planning as a result of Covid-19
- Safeguarding policy and practice
- Reserves policy and designations
- CC8: Internal Financial Controls for Charities
- The Fundraising Code of Practice
- CC20: Charity Fundraising: a Guide to Trustees' Duties

**Trustees review our performance in the following areas quarterly:**

- Programmes
- Finance
- Fundraising
- Compliance and risk

## 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 set up under a Memorandum of Association which established its objects and powers. It is governed under its Articles of Association. The Charity's purpose and main activities are described on page 27.

## Group structure

Tree Aid, the Charity, has three wholly-owned subsidiary organisations which, together with the Charity, 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 the Charity also has one wholly-owned subsidiary, Tree Aid Enterprises Limited, a company limited by shares which is now dormant.

## Organisational structure

Our **Board of Trustees** makes sure Tree Aid is governed effectively and responsibly. The Board is collectively responsible for us delivering our charitable objectives and for ensuring that we are governed in accordance with our Memorandum and Articles of Association. The Board meets quarterly and at 31 March 2021, comprised nine Trustees. Each Trustee is also a Director of the Company for the purposes of company law. A list of Trustees is on page 61.

We recognise that a healthy Board has the mix of skills, knowledge and experience necessary for the efficient and effective governance of Tree Aid. A healthy Board will also make sure that the recruitment and appointment of Trustees provides adequate opportunities for reassessing and achieving that mix. Tree Aid is fully committed to equality of opportunity and diversity in its governance. We recruit Trustees to ensure the Board has the knowledge and skills required to achieve our mission and uphold our values. All new Trustees go through a full and open recruitment and interview process. Appointment is by Board resolution and all Trustees receive an induction on appointment and relevant training courses are made available.

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

In line with our Articles of Association, the Board delegates certain functions to sub-committees, under terms of reference it has approved. These sub-committees report to the Board at each Board meeting. There are three sub-committees of the Board and an advisory group:

- The **Finance and Audit Committee** deals primarily with financial, audit and administrative matters and has oversight of the process of risk management. The Treasurer chairs this committee and it includes three other Trustees with governance, business and risk experience.
- The **Fundraising Standards Committee** reports to the Board on fundraising standards, compliance

with regulation and risk in relation to fundraising standards. A member of the Board with fundraising expertise chairs this committee, and it includes one other Trustee with fundraising and marketing experience.

- The **Nominations and Remuneration Committee** is responsible for making recommendations on Board composition and for supporting the Chief Executive Officer to identify and recruit for Board and Senior Management Team vacancies. This sub-committee also reviews remuneration for staff, and ensures that safeguarding and human resources policies are regularly reviewed and updated. The Chair of the Board chairs the Nominations and Remuneration Committee and it includes two other Trustees with human resources experience.
- The **Programmes Advisory Group** provides expert advice and support to the operations team and Trustees and acts as a 'critical friend' to support continuous improvement in programming. A Trustee chairs the group, and other external members are co-opted for their relevant skills and experience.
- The Board appoints the **Chief Executive Officer** to manage the day-to-day running of Tree Aid under powers the Board delegates to the position. Working closely with the Chair of the Board, our Chief Executive leads the Senior Management Team to make sure our strategy and operations are aligned and effectively delivered.
- The **Senior Management Team** has executive responsibilities and comprises the Chief Executive Officer, Director of Operations, Director of Finance and Resources, and Director of Fundraising and Communications. Following an open recruitment process, Tom Skirrow, formerly Tree Aid's Director of Operations, was appointed Chief Executive Officer in July 2020. Georges Bazongo, formerly West Africa Director of Operations, was appointed Interim Director of Operations effective from July 2020 and after an open recruitment process, was appointed to the permanent post in March 2021. The Senior Management Team fulfilled the duties of the Chief Executive Officer between March and July 2020.

## Related parties

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

Tree Aid. Any contractual relationship between a Trustee or senior manager of Tree Aid or our subsidiaries and a related party must be disclosed to the Board of Trustees. We have 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 £2,567 (2019/20: £2,441). Please see note 24 to the Accounts for further details of related party transactions.

## Remuneration policy for senior staff

The Board of Trustees and the Senior Management Team comprise the key management personnel responsible for directing, controlling, running and operating Tree Aid on a day-to-day basis. Details of Trustees' expenses and related party transactions are disclosed in notes 12 and 24 to the Accounts.

Our Board of Trustees reviews the remuneration of staff annually, benchmarking salaries using the NCVO-approved Voluntary Sector Salary Survey. We aim to offer salaries that are competitive compared to those similar voluntary-sector organisations offer.

The remuneration of key management personnel is disclosed in note 11 to the Accounts.

## Risk management

Our Board identifies and reviews the strategic, business and operational risks Tree Aid is exposed to, and ensures that appropriate controls are in place to provide reasonable assurance against fraud and error. Our Board and Senior Management Team carry out a quarterly assessment of the risks facing the organisation. This assessment process is based on a risk register, which assigns management of risks to specific people, and recommends actions to mitigate them.

In 2020/21 we continued to build the capacity of our compliance team, made up of a dedicated Compliance Manager in the UK supported by a Compliance Officer in Burkina Faso. This team monitors risks, trains our teams and partners in our policies and controls and makes sure that compliance with these is audited, focusing on areas of highest risk.

As an outcome of this work, the Board has identified the key risks below and put in place mitigation plans, which it monitors regularly:

- Safeguarding: our staff are trained in safeguarding policy and procedures. Adherence to policy is mandatory in partner contracts and enhanced whistleblowing procedures have been established throughout Tree Aid and with our partner organisations and programme participants. Our Board of Trustees regularly reviews our policy and approach and implements additional measures where appropriate.
- Political unrest and insecurity in areas of operation: we have business continuity plans in place for each country to ensure continuity of programmes where possible. We supplement local knowledge by reviewing United Nations and UK Foreign, Commonwealth and Development Office security alerts. We also regularly review travel protocols. A Regional Security Officer is in post in West Africa.
- Risks associated with the ongoing Covid-19 pandemic: Our Trustees initially assessed these using a separate risk register. They are described in more detail on pages 26 and 27.
- Data protection and cyber-security: we have detailed IT security and recovery plans in place for each of our systems, managed by outsourced IT suppliers. The Board reviews system security measures periodically.
- Management of organisational growth: we manage growth through large institutional grants by partnering with reliable, mature downstream partners, monitoring staff structures and workloads closely, and ensuring that we have adequate reserves to counter any material delays in cashflows.
- Risk of changes in governments' appetites for international development resulting in a reduction in funding: we monitor funding from individual governments as a proportion of total funding, with the aim of limiting exposure to one single donor.
- Risk of fraud: we have clear finance procedures in place with segregation of duties. Internal and external audits are carried out regularly. We have also established and implemented enhanced partner due diligence processes.

In 2020/21 we reviewed our performance against the updated Charity Governance Code, so Trustees could assess how well Tree Aid is applying the Code and where further work is needed. This review concluded that the following actions were necessary:

- The Board reviews its own performance and that of individual Trustees, including the Chair and plans to carry out an external evaluation.
- The Board takes part in training and/or reflection about diversity and understands its responsibilities in this area: The Board will set diversity objectives against which performance can be measured and attend training led by a specialist.

In 2020/21 Trustees carried out their annual review of Tree Aid's internal controls against the Charity Commission's Internal Financial Controls Checklist (CC8) and guidance on How to Manage Risk When Working Internationally. They concluded that, where applicable, internal control processes were in place in line with the Checklist and guidance.

During the course of a routine support visit and follow-up internal audit of our Niger field office in late 2020, we discovered a number of financial irregularities. We carried out a full review and the value of the transactions in question was found to be £8,986. Tree Aid's Board, our donors in Niger and our auditors have been kept informed and we have reported this matter to the Charity Commission. We are actively seeking recovery of the funds in question following legal process in Niger.

### Covid-19 pandemic-related risks

A group of Trustees, including the Chair of the Board, assessed risks associated with the Covid-19 pandemic in a separate risk register. They highlighted the areas below for further actions. We have now taken most of these actions, though the Board continues to monitor the impacts of the pandemic closely.

Impact of Covid-19 on Tree Aid's operations: our teams in Africa are working from home where possible. We are closely monitoring and adhering to travel and other restrictions on a country-by-country basis. Where necessary, we have reviewed project workplans with donors and other stakeholders and substituted, delayed or scaled-back activities as appropriate. At the date of this report no projects have been suspended due to the pandemic.

- **Impact of Covid-19 on UK support teams:** All UK staff have been working from home since March 2020. They have been provided with

equipment, systems and support so they can continue to work safely and effectively.

- **Sickness in the Tree Aid team:** our Senior Management Team is monitoring the health of our teams in the UK and Africa and has developed appropriate contingency plans to cover staff absence. The roll-out of vaccines is being monitored country-by-country.
- **Financial risk to Tree Aid:** we regularly refreshed our budget for 2021/22 as changes occurred. We closely monitored cashflows against our budget. We reviewed and re-designated reserves where appropriate. We also undertook a going concern review. The Financial Review on page 29 sets out the conclusions from this in further detail.

### Fundraising

We would not be able to do our important work without the support of our donors. We seek to maintain the highest possible standards in fundraising and relationships with our supporters.

Tree Aid is registered with the Fundraising Regulator and bound by its Code of Fundraising Practice. We continue to monitor compliance as this code is revised to ensure all our fundraising activities are operating to the highest standards. We received no complaints via the Fundraising Regulator or Charity Commission in 2020/21.

We are also registered with the Fundraising Preference Service and had nine donors opt out of communications via the Fundraising Preference Service (14 in total since its launch in 2017). We ensure we are compliant with the General Data Protection Regulation (GDPR).

Trustees and the Senior Management Team regularly review all aspects of our fundraising, including plans, performance and compliance. We produce annual plans and reviews, and monitor performance against targets monthly and performance indicators quarterly.

We deliver some fundraising activities with the support of professional fundraising organisations. We ensure these organisations are fully compliant with fundraising regulation and with our own policies. We have clauses built in to all our supplier contracts which ensure high standards in supporter care, data protection and working with vulnerable people.

The experience our supporters have with Tree Aid is important to us and we take pride in providing excellent supporter care. During 2020/21 we received a total of six complaints relating to fundraising. We responded to these promptly and resolved them in line with donors' preferences.

### Focus to ensure our activities achieve our charitable aims

Tree Aid's objectives, as set out in our Articles of Association, are to benefit the public through:

- Relieving the poverty of and promoting the welfare of poor persons overseas by promoting for the benefit of such persons the conservation and improvement of their natural environment especially through silviculture and job creation; and
- Promoting, for the public benefit, research into methods of reclaiming or preventing degradation of agricultural or forest land into desert land for its continued use for forestry, agricultural, industrial or commercial purposes and publishing the results of such research.

The Board regularly reviews Tree Aid's aims, objectives and activities and summarises our achievements and outcomes in this report. This review helps the Board ensure that the organisation's aims, objectives and activities remain focused on our stated purposes.

By carrying out this review and as set out in detail in this report, 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.

# FINANCIAL REVIEW

The Trustees' Annual Report and audited consolidated financial statements 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, our 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 United Kingdom and Republic of Ireland (FRS 102).

The legal and administrative information set out on page 61 forms part of this report.

## Income

Our principal funding sources were institutional grants, charitable trusts, individuals and companies as follows:

	2021 (£)	2020 (£)
Institutional grants	4,810,278	3,655,642
Charitable trusts	277,871	270,374
Corporate and major donors	961,973	585,430
Individuals	879,912	822,184
Legacies	63,793	115,109
Donations in kind	23,574	1,051
<b>Total donations and legacies</b>	<b>7,017,401</b>	<b>5,449,790</b>
Investment and other income	13,597	25,600
<b>Total income</b>	<b>7,030,998</b>	<b>5,475,390</b>

Income from individual donations, legacies, corporate donors and charitable trusts increased to £2.2 million compared to £1.8 million in 2019/20, largely as a result of scale-up in the Daka River restoration project funded by Ecosia GmbH.

Grants from institutions increased to £4.8 million from £3.7 million in 2019/20. Institutional income came mainly from funding for two projects in Burkina Faso: Sida funded the expansion of our forest governance project (£3.5 million) and the Swiss Agency for Development and Cooperation funded the enhancement of our Non-Timber Forest Products project (£0.8 million), which entered a new, scaled-up phase during the year.

## Expenditure

	2021 (£)	2020 (£)
Raising funds	764,883	727,197
Programme delivery	6,153,262	4,460,724
Advocacy and awareness	52,502	57,047
<b>Total resources expended</b>	<b>6,970,647</b>	<b>5,244,968</b>

To achieve future income growth, we continued to invest in supporter fundraising. The Trustees and Senior Management Team are actively monitoring levels of activity and return on investment. Overall, our investment in raising funds remained at £0.7 million, the same level as in the previous year. The cost of

raising funds is an unrestricted fund expense, but raises both restricted and unrestricted income. Total expenditure on charitable activities, mainly comprising programme delivery and advocacy and awareness costs, was £6.2 million, £1.7 million higher than in the previous year.

Tree Aid ran 16 projects during the year (2020/21) across the five countries we operate in, including the two major projects in Burkina Faso referred to on page 20.

## Review of the financial impact of the Covid-19 pandemic

As explained under the risk section of this report on page 25, the financial impact of the Covid-19 pandemic continues to affect Tree Aid and this is reflected in our approved budget, operational plans and risk register for 2020/21. In addition, we have carried out a going concern review to assess future cashflows and the need to re-designate reserves to cover forecast expenditure related to the Covid-19 pandemic.

Tree Aid is primarily funded through a number of multi-year, restricted grants across our countries of operation. With the addition of matched and unrestricted funding these fully fund our project activities and our in-country operations costs. In addition, we raise unrestricted funds to support project delivery and enable investment in innovation and growth, providing valuable technical support to our overseas teams and ensuring compliance, quality and consistency across our projects.

Tree Aid ended 2020/21 with a strong balance sheet, with a level of reserves adequate to support future growth. The Board aims to ensure that this strong financial base is not eroded as a result of any financial impacts of the Covid-19 pandemic.

There is uncertainty as to how Covid-19 will impact the global economy. It is possible that individual countries' ability to fund international development may decline further over the next few years. Given that much of Tree Aid's funding (existing and pipeline) comes from European government agencies, there is a risk to these sources of income in the longer term. In the short and medium term however, the Board believes that, with multi-year contracts already in place and in development with committed, long-term institutional partners,

Tree Aid will be able to continue our operations broadly as planned for the remainder of this strategic period (up to March 2022), with a possible drop-off in activity levels during 2021/22 due to restrictions in public gatherings in our countries of operation which impact our ability to deliver community training and mass tree planting. Where necessary we will continue to work with our donors to develop revised workplans on a project-by-project basis.

We have made conservative assumptions in our recently completed going concern review on the levels of unrestricted funding likely to be raised, based on our experience so far during the pandemic and on our knowledge of and relationship with our committed supporters.

The budget for 2021/22 and the going concern review indicate that Tree Aid has adequate reserves, backed by investments and other funds, to continue as a going concern for at least twelve months from the date of this report. Cashflow forecasts show positive balances of restricted and unrestricted funds and consequently the Board believes that Tree Aid can continue to account on a going concern basis. In view of the strength of the balance sheet on 31 March 2021, the Board believes that Tree Aid's financial position at the year-end was satisfactory.

Investment values have recovered in both of our managed investment funds and the value of UK woodland continues to increase: the effect of this on Tree Aid's investment holdings is considered under Investment performance on page xx of this report.

## Reserves

Total funds held by the Charity at the year-end were £2.6 million (Group: £3.0 million) of which £0.2 million (Group: £0.3 million) were restricted and not available for the general purposes of the Charity. We have identified the following primary reasons for holding unrestricted reserves as part of funds, at the appropriate levels to maintain general reserves (those unrestricted reserves 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, at a level equivalent to six months of unrestricted budgeted expenditure; or

- The amount required to close down Tree Aid, 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 the budget process. Based on the 2021/22 Budget, the Group target for free reserves is £1.3 million which compared to actual free reserves of £1.3 million.

The Trustees decided to re-designate some reserves against planned future expenditure in order to support strategic growth. These are detailed further in note 20 to the Accounts.

A deficit budget has been set for 2021/22 including some costs which will be funded from designated reserves.

### Net movement in funds

There was a £0.1 million net inflow to restricted funds in 2020/21 for the Group, leaving closing restricted funds at £0.3 million at the end of the year.

Unrestricted funds for the Group showed a surplus for the year of £0.3 million, including gains on investments of £0.3 million. After the changes to designated reserves described in note 20 to the Accounts, general reserves remained at £1.3 million.

### Subsidiary companies

Our 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 Company.

Tree Aid Enterprises Limited's accounts have not been prepared on a going concern basis as the company is dormant.

### Investment policy and objectives

Tree Aid has adopted an ethical investment policy. This means that we seek to avoid investments that conflict with our aims or 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;
- Good corporate governance practice;
- Conscientiousness with regard to human rights;
- Sustainable environmental practice; and
- Sensitivity towards the communities in which their business operates.

Tree Aid's policy is that assets can be invested widely and should be diversified by asset class (taking account of geographical location), manager and security. Asset classes could include cash, bonds, equities, property, land and any other asset that is deemed suitable for Tree Aid. Investment management is delegated to two authorised professional investment managers, regulated by the Financial Conduct Authority. The Board has set Tree Aid's investment objectives as follows:

- To produce the best financial return within an acceptable level of risk.
- To generate a return in excess of inflation from long-term investments.
- To preserve the capital value with a minimum level of risk for short-term investments.

### Investment performance

Tree Aid's investment with Rathbone Greenbank, initially £0.2 million, recovered in line with global markets from a low value at 31 March 2020, increasing by 26% during the year.

The value of investment in the CCLA COIF Charities Ethical Investment Fund units also increased from a low base on 31 March 2020 by 24%. This compared with a benchmark composite comparator for the year of 22% for global equities. The closing value of Tree Aid's investment in the fund was £0.6 million taking into account the reinvestment of income. The legacy gift of 25 hectares of woodland in Devon was externally revalued as at 31 March 2021 to a value of £0.4 million by Tustins Group Ltd. This compares to the £0.3 million valuation on receipt in 2019.

# 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 United Kingdom Accounting Standards and the Charities Statement of Recommended Practice, disclosing and explaining any departures in the Accounts; and
- 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's 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 made, 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.

Crowe UK LLP has indicated its willingness to be reappointed as statutory auditor. Tree Aid will put forward a resolution proposing that Crowe UK LLP will be reappointed as auditor.

Approved by the Board of Trustees on 15 July 2021 and signed on its behalf by:



**Shireen Chambers MBE**  
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 ('the Charitable Company') and its subsidiaries ('the Group') for the year ended 31 March 2021 which comprise Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, and notes to the financial statements, including 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).

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 2021 and of the Group's income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

## 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 Financial Reporting Council (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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable Company's or the Group's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

## Other information

The Trustees are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.
- The Directors' report included within the Trustees' report has 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 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:

- Adequate and proper accounting records have not been kept; or
- The 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' exemptions in preparing the Trustees' Directors' report and from the requirement to prepare a strategic report.

## Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 31, 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 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

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations, are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members

including internal specialists and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the Charitable Company and Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102), Health and Safety Act and Employment Law. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Charitable Company's and the Group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Charitable Company and the Group for fraud.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, component auditors and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, sample testing on income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have

properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### Use of our report

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. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**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: 08/09/2021  
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 2021 (£)	Unrestricted funds 2021 (£)	Total funds 2021 (£)	Total funds 2020 (£)
<b>Income from</b>					
Donations and legacies	2	5,761,513	1,255,888	7,017,401	5,449,790
Investment income	3	-	5,087	5,087	12,687
Other income	4	-	8,510	8,510	12,913
<b>Total income</b>		<b>5,761,513</b>	<b>1,269,485</b>	<b>7,030,998</b>	<b>5,475,390</b>
<b>Expenditure on</b>					
Raising funds	5	-	(764,883)	(764,883)	(727,197)
Charitable activities	6	(5,728,928)	(476,836)	(6,205,764)	(4,517,771)
<b>Total expenditure</b>	7	<b>(5,728,928)</b>	<b>(1,241,719)</b>	<b>(6,970,647)</b>	<b>(5,244,968)</b>
<b>Investments</b>					
Net gains/(losses) on investments		-	280,002	280,002	(14,524)
<b>Net income</b>	16	<b>32,585</b>	<b>307,768</b>	<b>340,353</b>	<b>215,898</b>
<b>Movement in funds</b>					
Transfer between funds	20	33,079	(33,079)	-	-
Other currency exchange (losses)		-	(4,456)	(4,456)	(10,595)
<b>Net movement in funds</b>	9	<b>65,664</b>	<b>270,233</b>	<b>335,897</b>	<b>205,303</b>
<b>Reconciliation of funds</b>					
Total funds brought forward	20	230,720	2,448,817	<b>2,679,537</b>	2,474,234
<b>Total funds carried forward</b>	20	<b>296,384</b>	<b>2,719,050</b>	<b>3,015,434</b>	<b>2,679,537</b>

The notes on page 38 to 60 form part of these financial statements.

# CONSOLIDATED AND CHARITY BALANCE SHEETS

	Notes	Group 2021 (£)	Group 2020 (£)	Charity 2021 (£)	Charity 2020 (£)
<b>Fixed assets</b>					
Tangible fixed assets	15	23,247	29,943	2,045	2,885
Investments	16	1,273,424	993,422	1,273,424	993,422
Investment in subsidiaries	16	-	-	2	2
<b>Total fixed assets</b>		<b>1,296,671</b>	<b>1,023,365</b>	<b>1,275,471</b>	<b>996,309</b>
<b>Current assets</b>					
Debtors	17	650,131	958,550	199,966	244,776
Short-term investments	18	342,146	520,520	342,146	520,520
Cash at bank and in hand		4,049,796	3,953,182	2,590,237	3,692,288
<b>Total current assets</b>		<b>5,042,073</b>	<b>5,432,252</b>	<b>3,132,349</b>	<b>4,457,584</b>
<b>Current liabilities</b>					
Creditors falling due within one year	19	(3,323,310)	(3,776,080)	(1,830,173)	(3,191,204)
<b>Net current assets</b>		<b>1,718,763</b>	<b>1,656,172</b>	<b>1,302,176</b>	<b>1,266,380</b>
<b>Net assets</b>	21/30	<b>3,015,434</b>	<b>2,679,537</b>	<b>2,577,647</b>	<b>2,262,689</b>
<b>Funds</b>					
<b>Restricted funds</b>	20	<b>296,384</b>	<b>230,720</b>	<b>248,734</b>	<b>230,720</b>
Designated reserves	20	1,437,760	1,109,456	1,437,760	1,109,456
Free reserves	20	1,281,290	1,339,361	891,153	922,513
<b>Unrestricted funds</b>		<b>2,719,050</b>	<b>2,448,817</b>	<b>2,328,913</b>	<b>2,031,969</b>
<b>Total funds</b>	20	<b>3,015,434</b>	<b>2,679,537</b>	<b>2,577,647</b>	<b>2,262,689</b>

The Charity-only net income in the year was £314,958 (2020: net expenditure £108,596). 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 15 July 2021 and signed on their behalf by:



**Judith Twentyman, Treasurer**

The notes on page 38 to 60 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASHFLOWS

	Notes	2021 (£)	2020 (£)
<b>Cashflows from operating activities</b>			
<b>Net cash (used in)/provided by operating activities</b>	22	<b>(80,169)</b>	2,768,592
<b>Cashflows from investing activities</b>			
Dividends and interest from investments		5,087	12,687
Purchase of property, plant and equipment		(2,222)	(25,455)
<b>Net cash provided by/(used in) investing activities</b>		<b>2,865</b>	(12,768)
(Decrease)/increase in cash and cash equivalents in the reporting period		(77,304)	2,755,824
Cash and cash equivalents at the beginning of the reporting period		4,473,702	1,728,473
(Decrease) in cash and cash equivalents due to exchange rate movements		(4,456)	(10,595)
<b>Cash and cash equivalents at the end of the reporting period</b>	22	<b>4,391,942</b>	4,473,702

The notes on page 38 to 60 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 United Kingdom. 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 United Kingdom 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 United Kingdom 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 pages 31. The Trustees have carried out a review of various financial scenarios in relation to the impact of the Covid-19 pandemic, as set out on page 29, and on the basis of this have concluded 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.

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 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. Fundraising costs are recognised in the year they are 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 programmes, particularly those staff based in Africa, and the value of grants that have been made to implementing partners working on Tree Aid's projects, to the extent that this has been spent. Tree Aid staff provide specialist support, training and networking for partner organisations, as well as undertaking the research required to develop programmes. 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 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 incurred to facilitate activities (back-office costs, the costs of budgetary and financial control, information technology, depreciation, human resources and payroll) are apportioned to activities based on the proportion of staff time spent on each activity as shown in the table below.

#### Apportionment of support costs:

Activity	2021	2020
Raising funds	31%	31%
Programme delivery	68%	66%
Advocacy and awareness	1%	3%

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
- 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:

United Kingdom Fixtures & Fittings	25%
Africa Motor Vehicles	25%
Africa Fixtures & Fittings	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 notice periods of more than three months and less than 12 months.

### l. Cash at bank and in hand

Cash at bank and in hand comprise cash deposits

with notice periods of less than three 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 27). 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 2021 (£)	Total 2020 (£)
Institutional grants	4,810,278	-	4,810,278	3,655,642
Charitable trusts	223,609	54,262	277,871	270,374
Corporate and major donors	727,626	234,347	961,973	585,430
Individuals	-	879,912	879,912	822,184
Legacies	-	63,793	63,793	115,109
Donations in kind	-	23,574	23,574	1,051
<b>Total</b>	<b>5,761,513</b>	<b>1,255,888</b>	<b>7,017,401</b>	<b>5,449,790</b>

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 2021 (£)	Total 2020 (£)
United Kingdom	Department for Environment, Food and Rural Affairs	33,969	210,709
	Foreign Commonwealth and Development Office	149,308	160,728
Channel Islands	Jersey Overseas Aid	90,994	126,379
International	Swedish International Development Cooperation Agency	2,194,642	4,425,710
	Swiss Agency for Development and Co-operation	1,897,550	817,335
<b>Total government grants</b>		<b>4,366,463</b>	<b>5,740,915</b>

The amount of government grants recognised as income during the year was £4,703,215 (2020: £3,088,890). This is calculated in line with Tree Aid's income recognition policy under which income is recognised when the conditions for entitlement have been fulfilled. This is different from amounts received from these and other funders in this period. There were no unspent grant balances repayable in the year (2020: £nil).

## 3. Investment Income

	Restricted funds (£)	Unrestricted funds (£)	Total 2021 (£)	Total 2020 (£)
Dividend income	-	98	98	658
Deposit account interest	-	4,989	4,989	12,029
<b>Total</b>	<b>-</b>	<b>5,087</b>	<b>5,087</b>	<b>12,687</b>

## 4. Other Income

	Restricted funds (£)	Unrestricted funds (£)	Total 2021 (£)	Total 2020 (£)
Sundry receipts	-	8,510	8,510	12,913
<b>Total</b>	<b>-</b>	<b>8,510</b>	<b>8,510</b>	<b>12,913</b>

## 5. Raising funds

	Delivery costs (£)	Restricted funds (£)	Unrestricted funds (£)	Total 2021 (£)	Total 2020 (£)
Supporter fundraising	458,396	485	218,187	677,068	629,533
Institutional fundraising	58,656	-	29,159	87,815	97,664
<b>Total</b>	<b>517,052</b>	<b>485</b>	<b>247,346</b>	<b>764,883</b>	<b>727,197</b>

## 6. Charitable activities

	Delivery costs (£)	Restricted funds (£)	Unrestricted funds (£)	Total 2021 (£)	Total 2020 (£)
Programme delivery	5,540,783	62,321	550,158	6,153,262	4,460,765
Social enterprise – trading	-	-	-	-	(41)
Advocacy and awareness	41,369	-	11,133	52,502	57,047
<b>Total</b>	<b>5,582,152</b>	<b>62,321</b>	<b>561,291</b>	<b>6,205,764</b>	<b>4,517,771</b>

## 7. Total expenditure

	Delivery costs (£)	Restricted funds (£)	Unrestricted funds (£)	Total 2021 (£)	Total 2020 (£)
Raising funds	517,052	485	247,346	764,883	727,197
Charitable activities	5,582,152	62,321	561,291	6,205,764	4,517,771
<b>Total</b>	<b>6,099,204</b>	<b>62,806</b>	<b>808,637</b>	<b>6,970,647</b>	<b>5,244,968</b>

The main components of support costs are:

	Total 2021 (£)	Total 2020 (£)
Office costs	545,177	545,318
Depreciation	8,918	6,887
Administration and support salaries	191,641	183,066
Governance costs	62,901	70,848
<b>Total</b>	<b>808,637</b>	<b>806,119</b>

## 8. 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 2021 (£)	Group 2020 (£)
<b>Burkina Faso</b>		
Forest Governance Phase 2	953,728	457,700
Enhancement of Non-Timber Forest Products	148,306	228,731
Tree Foods Phase 2	930	-
<b>Total</b>	<b>1,102,964</b>	<b>686,431</b>
<b>Ethiopia</b>		
Initiative for Sustainable Landscapes Programme	29,892	68,783
Sustainable Livelihoods and Ecosystems	71,952	59,667
<b>Total</b>	<b>101,844</b>	<b>128,450</b>
<b>Ghana</b>		
Ghana Rural Agriculture and Cashew Enterprises	1,862	35,116
Grow Hope	29,754	21,691
Ghana RHoMIS Survey	-	3,950
<b>Total</b>	<b>31,616</b>	<b>60,757</b>
<b>Mali</b>		
Empowering Women in Rural Mali	28,918	-
Re-greening Nonkon and Nossombougou	17,990	-
Mali Restoring Koulikoro	24,817	26,435
Strengthening Forest Management	15,425	42,650
<b>Total</b>	<b>87,150</b>	<b>69,085</b>
<b>Niger</b>		
Rehabilitation of the Ecosystem of National Park W Landscape	10,646	23,436
<b>Total</b>	<b>10,646</b>	<b>23,436</b>
<b>All countries total</b>	<b>1,334,220</b>	<b>968,159</b>

## 9. Net movement in funds

This is stated after charging:

	Group 2021 (£)	Group 2020 (£)
Auditor's remuneration – audit	22,875	16,125
Auditor's remuneration – non-audit services	1,020	1,050
Depreciation of tangible fixed assets	8,918	6,887
Operating lease costs	18,147	17,789

## 10. Employee numbers and costs

The average monthly head count was 77 employees, 64 engaged in charitable activities, 13 in fundraising (2020: 59, 48 charitable activities, 11 fundraising), the employment costs of which were:

	Group 2021 (£)	Group 2020 (£)
Wages and salaries	1,407,050	1,226,495
Social security costs	130,855	126,124
Pension costs	102,557	99,544
<b>Total</b>	<b>1,640,462</b>	<b>1,452,163</b>

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

	Group 2021 (no.)	Group 2020 (no.)
£60,000 to £69,999	2	1
£70,000 to £79,999	-	1
£80,000 to £89,999	1	-

Tree Aid operates a defined contribution workplace pension scheme in the UK: employer contributions are funded from unrestricted income. Pension costs charged in the Statement of Financial Activities represent the contributions payable by Tree Aid in the year. The Charity has no pension obligations other than the contributions payable in the year and there were no unpaid contributions at the year-end.

## 11. Key management personnel

The key management personnel of the Charity and the Group comprise the Chief Executive, Director of Operations, Director of Finance and Resources, and Director of Fundraising and Communications. The total remuneration (including National Insurance and pension contributions) of the key management personnel was £280,410 (2020: £281,559).

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

	Group 2021 (£)	Group 2020 (£)
Chief Executive	90,470	84,655
Director of Finance and Resources	70,964	66,078
Director Fundraising and Communications	68,234	65,060
Director of Operations	50,742	65,766

## 12. Trustee remuneration, expenses and donations

The Trustees were not paid and did not receive any other benefits from the Charity or its subsidiaries in the year (2020: £nil). No Trustee received payment for professional or other services supplied to the Charity (2020: £nil).

Directly incurred Trustee expenses borne by the Charity in the year totalled £204 (2020: £5,623), paid to two Trustees (2020: six). Those expenses were for training, travel and subsistence. The total amount of donations received from Trustees without conditions was £1,147 (2020: £1,480).

## 13. Taxation

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

## 14. Gross income and results – Charity only

	2021 (£)	2020 (£)
Income	6,421,178	4,235,590
Expenditure	(6,106,220)	(4,344,186)
<b>Net (expenditure)/income</b>	<b>314,958</b>	<b>(108,596)</b>

## 15. Tangible fixed assets – Group

	UK fixtures and fittings (£)	Africa motor vehicles (£)	Africa fixtures and fittings (£)	Total (£)
<b>Cost</b>				
At 1 April 2020	56,997	278,406	94,100	429,503
Additions	-	-	2,222	2,222
Project assets	-	27,365	-	27,365
<b>Total at 31 March 2021</b>	<b>56,997</b>	<b>305,771</b>	<b>96,322</b>	<b>459,090</b>

	UK fixtures and fittings (£)	Africa motor vehicles (£)	Africa fixtures and fittings (£)	Total (£)
<b>Depreciation</b>				
At 1 April 2020	54,112	278,135	67,313	399,560
Charge for the year	840	165	7,913	8,918
Project assets	-	27,365	-	27,365
<b>Total at 31 March 2021</b>	<b>54,952</b>	<b>305,665</b>	<b>75,226</b>	<b>435,843</b>

	UK fixtures and fittings (£)	Africa motor vehicles (£)	Africa fixtures and fittings (£)	Total (£)
<b>Net book value</b>				
At 31 March 2021	2,045	106	21,096	23,247
At 31 March 2020	2,885	271	26,787	29,943

## Tangible fixed assets – Charity

	UK fixtures and fittings (£)	Total (£)
<b>Cost</b>		
At 1 April 2020	56,997	56,997
<b>At 31 March 2021</b>	<b>56,997</b>	<b>56,997</b>

	UK fixtures and fittings (£)	Total (£)
<b>Depreciation</b>		
At 1 April 2020	54,112	54,112
Charge for the year	840	840
<b>At 31 March 2021</b>	<b>54,952</b>	<b>54,952</b>

	UK fixtures and fittings (£)	Total (£)
<b>Net book value</b>		
At 31 March 2021	2,045	2,045
At 31 March 2020	2,885	2,885

## 16. Investments – market value

	COIF Charities Ethical Investment Fund (£)	Rathbone Greenbank investments (£)	Investment in woodland (£)	Other unlisted investments (£)	Group & Charity total 2021 (£)	Group & Charity total 2020 (£)
Valuation at 1 April	514,231	185,012	290,000	4,179	993,422	1,007,946
Revaluation	121,542	48,460	110,000	-	280,002	(14,524)
<b>At 31 March</b>	<b>635,773</b>	<b>233,472</b>	<b>400,000</b>	<b>4,179</b>	<b>1,273,424</b>	<b>993,422</b>

Management of the COIF Charities Ethical Investment Fund and Rathbone Greenbank investments is delegated to authorised professional investment managers, regulated by the Financial Conduct Authority.

The legacy gift of 25 hectares of woodland in Devon was externally revalued as at 31 March 2021 to a value of £0.4 million by Tustins Group Ltd. This compares to the £0.3 million valuation on receipt in 2019.

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

## Investment in subsidiaries – Charity

	2021 (£)	2020 (£)
<b>Cost and net book value</b>		
At 1 April 2020	2	2
<b>At 31 March 2021</b>	<b>2</b>	<b>2</b>

## There are three 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 is the sole member of each subsidiary and has the power to appoint the directors.

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 was the holding company for a social enterprise entity in Burkina Faso (Tree Aid Enterprises sa) which was wound up in the previous year.

	Tree Aid Enterprises Ltd*	Tree Aid Burkina Faso	Tree Aid Ghana
Charity's shareholdings in subsidiaries	100%	100%	100%
<b>Balances at 31 March 2021 (£)</b>			
Tangible fixed assets	-	19,044	2,157
Current assets	2	1,877,810	83,004
Current liabilities	(99,886)	(169,615)	(6,742)
<b>Total funds</b>	<b>(99,884)</b>	<b>1,727,240</b>	<b>78,419</b>

#### Results for the year to 31 March 2021

Income	-	5,668,686	658,730
Expenditure	-	(4,502,850)	(722,548)
<b>Net income/(expenditure)</b>	<b>-</b>	<b>1,165,837</b>	<b>(63,818)</b>

\*The accounts for Tree Aid Enterprises Ltd have been prepared on the breakup basis as the company is in the process of becoming dormant.

## 17. Debtors

#### Amounts falling due within one year

	Group 2021 (£)	Group 2020 (£)	Charity 2021 (£)	Charity 2020 (£)
Trade debtors	474,709	509,968	20,287	6,898
Prepayments and accrued income	156,991	350,430	76,429	23,794
Other debtors	62,277	98,152	38,870	76,479
Amounts owed by Group and associated undertakings	-	-	108,226	137,605
<b>Total</b>	<b>693,977</b>	<b>958,550</b>	<b>243,812</b>	<b>244,776</b>

## 18. Short-term investments

	Group 2021 (£)	Group 2020 (£)	Charity 2021 (£)	Charity 2020 (£)
<b>Cash held on deposit</b>	<b>342,146</b>	<b>520,520</b>	<b>342,146</b>	<b>520,520</b>

## 19. Creditors falling due within one year

	Group 2021 (£)	Group 2020 (£)	Charity 2021 (£)	Charity 2020 (£)
Project creditors	8,611	455,601	13,818	147,384
Other creditors	48,453	39,050	38,675	31,091
Accruals	114,497	67,222	48,295	37,956
Provisions for liabilities	78,919	73,862	17,724	30,792
Deferred income	3,044,509	3,098,287	1,688,946	2,913,178
Tax and social security	28,321	42,058	22,715	30,803
<b>Total</b>	<b>3,323,310</b>	<b>3,776,080</b>	<b>1,830,173</b>	<b>3,191,204</b>

#### Provision for liabilities

The provision for liabilities relates to dilapidations of the UK office and termination payments payable to staff in Burkina Faso and Niger on leaving employment with Tree Aid. 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 2021 (£)	Group 2020 (£)	Charity 2021 (£)	Charity 2020 (£)
At 1 April 2020	73,862	56,471	30,792	8,619
Additions	18,125	22,173	-	22,173
Amounts charged	(13,068)	-	(13,068)	-
Amounts released	-	(4,782)	-	-
<b>At 31 March 2021</b>	<b>78,919</b>	<b>73,862</b>	<b>17,724</b>	<b>30,792</b>

#### Deferred income comprises:

	Group 2021 (£)	Group 2020 (£)	Charity 2021 (£)	Charity 2020 (£)
Local Governance of Forest Resources	1,408,190	2,682,811	1,408,190	2,682,811
Enhancement of NTFPs in Burkina Faso	1,355,563	185,109	-	-
Strengthening Forest Management	-	675	-	675
Rehabilitation of the Ecosystem of the Park W Landscape	7,702	15,212	7,702	15,212
Ghana RHoMIS Survey	-	4,682	-	4,682
Shea parkland management	757	-	757	-
Bongo reforestation	43,089	-	43,089	-
Ghana Rural Agriculture and Cashew Enterprises	2,681	25,830	2,681	25,830
Park W: Dosso	124,174	27,906	124,174	27,906
Regreening Nonkon and Nossombougou	102,353	156,062	102,353	156,062
<b>Total</b>	<b>3,044,509</b>	<b>3,098,287</b>	<b>1,688,946</b>	<b>2,913,178</b>

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 £3,044,509 (2020: £3,098,287) arose in the year and £3,098,287 (2020: £311,684) brought forward from last year was utilised. In the Charity, deferred income of £1,688,946 (2020: £2,913,178) arose in the year and £2,913,178 (2020: £161,563) brought forward from last year was utilised.

## 20. Movements in funds – Group

	Opening balance (£)	Income (£)	Expenditure (£)	Investment and other gains (£)	Transfers (£)	Closing balance (£)
<b>Restricted funds</b>						
Daka River Restoration 2	16,118	63,358	(11,633)	-	924	68,767
Enhancement of NTFPs	-	614,328	(614,328)	-	-	-
Ghana Rural Agriculture and Cashew Enterprises	56,536	164,723	(221,259)	-	-	-
Grow Hope	(2,544)	90,994	(110,945)	-	-	(22,495)
Initiative for Sustainable Landscapes	-	62,334	(62,334)	-	-	-
Regreening Koulikoro	40,764	31,272	(60,586)	-	-	11,450
Rehabilitation of Park W: Tamou	-	102,010	(90,045)	-	-	11,965
Strengthening Forest Management	-	31,263	(31,063)	-	(200)	-
Sustainable Livelihoods and Ecosystems	28,883	90,648	(106,361)	-	-	13,170
Tree Foods Phase 2	-	-	(40,229)	-	40,229	-
Wof Washa Forest Sustainable Management	3,192	-	-	-	(3,192)	-
Local Governance of Forest Resources Phase 3	-	3,469,265	(3,469,265)	-	-	-
Northern Ghana Integrated Development	-	122,542	(74,892)	-	-	47,650
Ghana RHoMIS Survey	-	4,682	-	-	(4,682)	-
Empowering Women in Rural Mali Through Improved Forest Access and Enterprises	-	65,680	(65,680)	-	-	-
Regreening Nonkon and Nossombougou	-	53,709	(53,709)	-	-	-
Rehabilitation of Park W: Dosso	261	72,612	(72,873)	-	-	-
Enhancement of NTFPs: Development and Phase 3	-	164,952	(164,952)	-	-	-

	Opening balance (£)	Income (£)	Expenditure (£)	Investment and other gains (£)	Transfers (£)	Closing balance (£)
Frankincense: North Gondar	-	20,000	-	-	-	20,000
Daka River Restoration 3	-	370,558	(441,492)	-	-	(70,934)
Treedom: West Gonja	-	28,407	(11,259)	-	-	17,148
Shea Parkland Management Project	-	7,001	(7,001)	-	-	-
Bongo Reforestation	-	6,337	(6,337)	-	-	-
Growing the Great Green Wall in Koulikoro	-	116,838	(10,933)	-	-	105,905
Project Fund	78,786	-	-	-	-	78,786
Development Fund	8,724	8,000	(1,752)	-	-	14,972
<b>Total restricted funds</b>	<b>230,720</b>	<b>5,761,513</b>	<b>(5,728,928)</b>	<b>-</b>	<b>33,079</b>	<b>296,384</b>
<b>Unrestricted funds</b>						
Woodland Investment Reserve	290,000	-	-	110,000	-	400,000
Covid-19 Reserve	302,822	-	(15,000)	-	-	287,822
Fixed Asset Reserve	29,943	-	-	-	(6,696)	23,247
Improving the Quality of our Work	43,197	-	(30,000)	-	(13,197)	-
Growing our Income	351,144	-	(300,000)	-	(51,144)	-
Improving our Ability to Generate Data, Evidence and Communication	92,350	-	(20,000)	-	(72,350)	-
Driving Forward our Strategy	-	-	-	-	50,000	50,000
Evidencing the Impact of our Work	-	-	-	-	200,000	200,000
Investment in M&E Systems and Equipment	-	-	-	-	100,000	100,000
Long-Term Sustainable Funding	-	-	-	-	226,691	226,691
Managing Risk	-	-	-	-	100,000	100,000
Investment in Infrastructure	-	-	-	-	50,000	50,000
<b>Total designated funds</b>	<b>1,109,456</b>	<b>-</b>	<b>(365,000)</b>	<b>110,000</b>	<b>583,304</b>	<b>1,437,760</b>
<b>General reserves</b>	<b>1,339,361</b>	<b>1,269,485</b>	<b>(876,719)</b>	<b>165,546</b>	<b>(616,383)</b>	<b>1,281,290</b>
<b>Total unrestricted funds</b>	<b>2,448,817</b>	<b>1,269,485</b>	<b>(1,241,719)</b>	<b>275,546</b>	<b>(33,079)</b>	<b>2,719,050</b>
<b>Total funds</b>	<b>2,679,537</b>	<b>7,030,998</b>	<b>(6,970,647)</b>	<b>275,546</b>	<b>-</b>	<b>3,015,434</b>

## 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.

## Burkina Faso:

### Enhancement of Non-Timber Forest Products

Improving non-timber forest product value chains, creating market gardens and improving nutrition for 14,500 households in Burkina Faso. This project is funded by the Swiss Agency for Development and Cooperation. The latest, scale-up phase started in January 2021.

### Local Governance of Forest Resources Phase 3

Decentralised forest governance through transferring rights and responsibilities for forest stewardship to community-led forest management groups in 18 new communes. The project is funded by the Swedish International Development Cooperation Agency (Sida) and ended in May 2021. The next phase is planned to start in June 2021.

### Tree Foods Phase 2

This project, funded by a major donor and now renamed Aorema Cooperative Livelihoods, Nutrition and Land Restoration project, is an extension of our work on nutrition gardens and land restoration focused on a cooperative in Aorema.

## Ghana:

### Daka River Restoration 2 & 3 and Treedom: West Gonja

Community-led tree planting and regeneration along the Daka River in Northern Ghana. This project is funded by Ecosia and trusts and foundations with phase 2 finishing and phase 3 starting in January 2020. This project also included planting and geotagging trees for a corporate partner, Treedom. The second phase of the planting and geotagging work for Treedom took place in the West Gonja area of Northern Ghana. There is a negative funds balance on phase 2 and a positive balance on phase 3, the offset of which had not been concluded at the year-end.

### Ghana RHoMIS Survey

We were contracted by Aduna, a private

corporation based in the UK that imports baobab, to conduct a household survey on communities they had been working with.

### Ghana Rural Agriculture and Cashew Enterprises

Supporting poor smallholder cashew farmers to increase and diversify incomes from improved cashew yields, intercropping nitrogen-fixing legumes and honey production to promote pollination. This project started in August 2019 with funding from UK Aid Direct and trusts and foundations. The UK Foreign, Commonwealth and Development Office ceased their support for this project in April 2021 and we are looking at alternative options to continue this work.

### Grow Hope

Creating and strengthening non-timber forest product cooperatives in Northern Ghana. This project is funded by Jersey Overseas Aid and AG Leventis Foundation. The funds balance at the year-end was negative and remaining funds on this project are expected to be received once final reporting has been agreed.

### Northern Ghana Integrated Development

Promoting opportunities for sustainable agriculture, social protection and decent work in the agrarian sector targeting civil society organisations. Led by ActionAid Ghana, the consortium is funded by the EU. Tree Aid is responsible for delivery in four of the 15 target districts.

### Shea Parkland Management Project

The project is for one year, supporting AAK (private shea enterprise) in shea parkland management by planting 1,000 shea trees and providing farmer-managed natural regeneration training for 7 communities. The planting in 2020 actually saw 1,800 trees planted as AAK supplied additional trees.

### Bongo Reforestation

This project, funded by Trees for All, aims to restore ecosystem services along selected rivers and around the VEA Dam, near Bolgatanga in the Bongo District of Northern Ghana, improving livelihoods of 20 riverine communities. This project targets the planting of 150,000 trees, restoring 50 kilometres (in 450 hectares) of riparian buffer zones in the Bongo River catchment area, near the VEA Dam and it will last for 3 years with a further 7 years of monitoring.

## Ethiopia:

### Sustainable Livelihoods and Ecosystems

Restoration of 300 hectares of degraded land, and improving incomes and nutritional diversity of households in Meki district. This project is funded by RPS Group plc and ended in December 2020.

### Initiative for Sustainable Landscapes

Restoration of 120 hectares of degraded land, improved incomes and nutritional diversity of households in Meki district. This is an expansion of the Sustainable Livelihoods and Ecosystems Project funded by the Sustainable Trading Initiative (IDH). The project ended in December 2020.

### Frankincense: North Gondar

This project is due to start in early 2022, with UK Aid Match funding. The project will focus on the frankincense value chain in the Metema forests. Whilst the collection of frankincense will be made more sustainable through training in best practices, the income that tappers get for their efforts will be improved through training and provision of equipment to improve quality and prices. The project will also work with communities to manage the boswellia (frankincense) forest in a more sustainable way – targeting reductions in grazing of cattle and bushfires that cause low survival rate of new saplings.

## Mali:

### Regreening Nonkon and Nossombougou

Cultivation of 300,000 trees for planting in 600 hectares of land targeted for restoration. Training 2,000 lead farmers in tree care. Planting also planned in schools and along roads. Part of the programme is happening around Koulikoro, which is not far from Bamako and relatively secure. Timberland is funding this project.

### Regreening Koulikoro

Supporting communities to restore parkland trees and reverse serious land degradation. This project was funded by the Turing Foundation.

### Strengthening Forest Management

Development and implementation of forest management plans for two forest areas in Segou region and strengthening non-timber forest product value chains. This project is funded by the Darwin Initiative and trusts and foundations.

### Empowering Women in Rural Mali through Improved Forest Access and Enterprises

The project will facilitate the granting of land for 10 women's cooperatives, and provide the skills and means for the regeneration of that land. Livelihoods will be improved through the provision of training, tools and equipment for the development of small enterprises based on honey and shea. The project is funded by DfID and the contract was signed in February 2020.

### Growing the Great Green Wall in Koulikoro

This project will contribute to the Great Green Wall, working with communities to plant 90,000 and regenerate 20,000 native trees to regreen the area of Massantola in the Koulikoro region. Tree Aid will support local communities through the provision of training and equipment, as well as the establishment of community-based nurseries to raise trees that will be planted across farmland and degraded communal land. The project is funded by a corporate partner, Vero Moda.

## Niger:

### Rehabilitation of the Ecosystem of the National Park W Landscape (Tamou)

Protecting wildlife and supporting local livelihoods by establishing community forest governance through partnerships between the local communities and National Park W management and tree enterprises. This project is funded by the Darwin Initiative and trusts and foundations.

### Rehabilitation of the Ecosystem of the National Park W Landscape (Dosso)

Supporting local livelihoods by establishing community forest governance through better management of local natural resources and the development of tree enterprises. This project is funded by the Swedish Postcode Lottery.

### 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. They include designated funds where the Trustees have set aside monies for a specific purpose.

Designated funds are provided for the following purposes:

#### Driving forward our strategy

As we develop our strategy for 2022–2027 we will be identifying core areas for further investment which will enable us to effectively deliver on our targets. As such, a designated reserve of £0.1 million is necessary to ensure available funding is available to drive that strategy forward.

#### Evidencing the scale of the problem and the impact of our work

We will also be investing a planned £0.1 million in the coming years in deepening our capacity and tools to measure, monitor and demonstrate the levels of degradation and the impact of our work to combat this. Such evidence will be vital in our efforts to communicate the urgency of action required and the potential of our approaches as a key method for combatting the crisis of deforestation and land degradation in the African drylands.

To better communicate and advocate our work we will use the newly built capacity of evidence to influence policy and practice in the Sahel and will invest in our advocacy capacity and activities in the coming years. This investment will be a short-term kick-start to a broader plan for increasing our annual activities around influencing which currently is not easily funded by restricted grant funding. Over the next three years we will invest £0.2 million in this area.

#### Long-term sustainable funding

To continue on this strategic path of raising our voice on the issues most critical to our charitable mission, it is essential that Tree Aid achieves a stronger balance of unrestricted funding which will enable sustained investment into evidence, advocacy and communications. Over the coming three years we will look to invest £0.2 million additional reserves into growing our digital fundraising capacity with an aim to secure a

sustained growth in unrestricted public giving.

### Managing risk in uncertain times

As we set out ambitious growth and impact targets there still remains a significant risk that the global economic downturn, as a result of Covid-19, could significantly hinder those plans. We have already seen the impact on the UK Aid budget as a result of financial cuts but what other international donors do in the future remains uncertain as the new economic realities unfold. Additionally the impact on the economy could lead to a longer-term downturn in our public giving programme. It is therefore prudent for Tree Aid to retain its 2020/21 Covid-19 reserve at £0.3 million until the full extent of the impact on donor economies becomes clearer.

As a result of our strong reserve position and budget surplus in 2020/21 we are in a position to deal with funding shocks effectively. We have made the strategic decision to allocate £0.1 million to ensure our GRACE programme in Ghana will be able to continue, despite the Foreign, Commonwealth and Development Office cancelling its funding. The final year of the project will be minimally affected by recently announced cuts. This funding will be a maximum allocated amount to bridge any gaps as we seek additional funding to close out the programme effectively in line with the original project schedule for 2021/22.

Finally Tree Aid will need to adapt to the reality of new ways of working. As such it is essential we invest in our offices and infrastructure to ensure we have the necessary environment to work much more flexibly and remotely. We have set aside £0.1 million to invest in this area to include a redesign of our office in Bristol as well as enhancing the capacity of staff to work effectively from remote locations.

At the year-end there were two designated reserves which represent the carrying value of the **investment in woodland**, £0.4 million, and **fixed assets**, to recognise these separately from general reserves.

#### Transfers between funds

Transfers between funds represent the application of income to particular project funds whose objectives fall within the wider restrictions of the funds from which those funds are transferred with the explicit agreement of the donor for restricted

## 21. Analysis of net assets between funds – Group

	Restricted funds (£)	Designated funds (£)	Unrestricted funds (£)	Total 2021 (£)
Tangible fixed assets	-	23,247	-	23,247
Investments	-	400,000	873,424	1,273,424
Cash at bank and short-term investments	3,256,596	1,014,513	120,833	4,391,942
Debtors	100,095	-	550,036	650,131
Creditors falling due within one year	(3,060,307)	-	(263,003)	(3,323,310)
<b>Total</b>	<b>296,384</b>	<b>1,437,760</b>	<b>1,281,290</b>	<b>3,015,434</b>

## Analysis of net assets between funds – Charity

	Restricted funds (£)	Designated funds (£)	Unrestricted funds (£)	2021 total (£)
Tangible fixed assets	-	2,045	-	2,045
Investments	-	400,000	873,426	1,273,426
Cash at bank and short-term investments	1,777,374	1,035,715	119,294	2,932,383
Debtors	32,112	-	167,854	199,966
Creditors falling due within one year	(1,560,752)	-	(269,421)	(1,830,173)
<b>Total</b>	<b>248,734</b>	<b>1,437,760</b>	<b>891,153</b>	<b>2,577,647</b>

## 22. Reconciliation of net movement in funds to net cashflow from operating activities

	Group 2021 (£)	Group 2020 (£)
Net income for the reporting period	340,353	215,898
<b>Adjustments for</b>		
Depreciation charges	8,918	6,887
(Gains)/losses on investments	(280,002)	14,524
Investment income	(5,087)	(12,687)
Decrease/(increase) in debtors	308,419	(638,413)
(Decrease)/increase in creditors	(452,770)	3,182,383
<b>Net cash (used in)/provided by operating activities</b>	<b>(80,169)</b>	<b>2,768,592</b>

## Analysis of cash and cash equivalents

	Group 2021 (£)	Group 2020 (£)
Cash in hand	4,049,796	3,953,182
Short-term investments (less than three months' notice)	342,146	520,520
<b>Totals</b>	<b>4,391,942</b>	<b>4,473,702</b>

As Tree Aid has no debt, the requirement to disclose a net debt reconciliation is covered in the presentation of the consolidated statement of cashflows.

## 23. 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.

## 24. Related party transactions

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:

	2021 (£)	2020 (£)
From Tree Aid to Tree Aid Burkina Faso	3,761,970	2,320,900
From Tree Aid to Tree Aid Tree Aid Ghana	577,201	409,455

## 25. Operating lease commitments

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

	Land and buildings (£)	Office equipment (£)	Group 2021 (£)	Group 2020 (£)
<b>Expiring</b>				
Within 1 year	16,238	924	17,162	17,487
2-5 years	-	985	985	302

	Land and buildings (£)	Office equipment (£)	Charity 2021 (£)	Charity 2020 (£)
<b>Expiring</b>				
Within 1 year	11,942	924	12,866	12,648
2-5 years	-	985	985	302

## 26. Capital commitments

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

## 27. Financial instruments

	Group and Charity 2021 (£)	Group and Charity 2020 (£)
<b>Financial assets measured at fair value through income &amp; expenditure</b>	<b>869,245</b>	<b>699,243</b>

Financial assets measured at fair value through income & expenditure comprise listed investment

## 28. Prior year: consolidated statement of financial activities

	Restricted funds 2020 (£)	Unrestricted funds 2020 (£)	Total funds 2020 (£)
<b>Income from</b>			
Donations and legacies	4,062,796	1,386,994	5,449,790
Investment income	-	12,687	12,687
Other income	-	12,913	12,913
<b>Total</b>	<b>4,062,796</b>	<b>1,412,594</b>	<b>5,475,390</b>
<b>Expenditure on</b>			
Raising funds	-	(727,197)	(727,197)
Charitable activities	(4,123,601)	(394,170)	(4,517,771)
<b>Total</b>	<b>(4,123,601)</b>	<b>(1,121,367)</b>	<b>(5,244,968)</b>
<b>Investments</b>			
Net gains/(losses) on investments	-	(14,524)	(14,524)
<b>Net income</b>	<b>(60,805)</b>	<b>276,703</b>	<b>215,898</b>
<b>Movement in funds</b>			
Transfer between funds	16,455	(16,455)	-
Other (losses)	-	(10,595)	(10,595)
<b>Net movement in funds</b>	<b>(44,350)</b>	<b>249,653</b>	<b>205,303</b>
<b>Reconciliation of funds</b>			
Total funds brought forward	275,070	2,199,164	2,474,234
<b>Total funds carried forward</b>	<b>230,720</b>	<b>2,448,817</b>	<b>2,679,537</b>

## 29. Prior year: movements in funds – Group

	Opening balance (£)	Income (£)	Expenditure (£)	Investment & other gains (£)	Transfers (£)	Closing balance (£)
<b>Restricted funds</b>						
Bongo River Trees	14,252	-	-	-	(14,252)	-
West Africa Forest Farm Interface (Burkina Faso)	-	3,334	(2,902)	-	(432)	-
West Africa Forest Farm Interface (Ghana)	-	-	(432)	-	432	-
Daka River Restoration 1	3,794	-	-	-	(3,794)	-
Daka River Restoration 2	53,077	66,695	(121,700)	-	18,046	16,118
Drylands Development	-	416,060	(416,060)	-	-	-
Enhancement of NTFPs	-	782,346	(782,346)	-	-	-
Forest Governance Phase 2	-	89,842	(97,008)	-	7,166	-
Ghana Rural Agriculture and Cashew Enterprises	54,979	169,203	(148,896)	-	(18,750)	56,536
Grow Hope	1,657	148,379	(152,580)	-	-	(2,544)
Initiative for Sustainable Landscapes	-	115,316	(115,316)	-	-	-
Regreening Samine and Sakoiba	-	2,999	(2,999)	-	-	-
Regreening Koulikoro	53,077	50,220	(62,533)	-	-	40,764
Rehabilitation of Park W: Tamou	-	106,991	(125,741)	-	18,750	-
Strengthening Forest Management	-	108,470	(108,470)	-	-	-
Sustainable Livelihoods and Ecosystems	-	134,108	(105,225)	-	-	28,883
Tree Foods Phase 2	1,500	-	(10,789)	-	9,289	-
Wof Washa Forest Sustainable Management	3,192	-	-	-	-	3,192
Local Governance of Forest Resources Phase 3	-	1,742,899	(1,742,899)	-	-	-
Northern Ghana Integrated Development	-	26,819	(26,819)	-	-	-
Ghana RHoMIS Survey	-	4,878	(4,878)	-	-	-
Empowering Women in Rural Mali Through Improved Forest Access and Enterprises	-	8,418	(8,418)	-	-	-
Regreening Nonkon and Nossombougou	-	6,572	(6,572)	-	-	-
Rehabilitation of Park W: Dosso	-	73,247	(72,986)	-	-	261
Project Fund	83,400	-	(4,614)	-	-	78,786
Development Fund	6,142	6,000	(3,418)	-	-	8,724
<b>Total restricted funds</b>	<b>275,070</b>	<b>4,062,796</b>	<b>(4,123,601)</b>	<b>-</b>	<b>16,455</b>	<b>230,720</b>

## Unrestricted funds

### Designated funds

Woodland Investment Reserve	290,000	-	-	-	-	290,000
Covid-19 Reserve	-	-	-	-	302,822	302,822
Fixed Asset Reserve	11,375	-	-	-	18,568	29,943
Improving the Quality of our Work	63,697	-	(20,500)	-	-	43,197
Growing our income	547,353	-	(196,209)	-	-	351,144
Improving our Ability to Generate Data, Evidence and Communication	109,351	-	(17,001)	-	-	92,350
<b>Total designated funds</b>	<b>1,021,776</b>	<b>-</b>	<b>(233,710)</b>	<b>-</b>	<b>321,390</b>	<b>1,109,456</b>
General reserves	1,177,388	1,412,594	(887,657)	(25,119)	(337,845)	1,339,361
<b>Total unrestricted funds</b>	<b>2,199,164</b>	<b>1,412,594</b>	<b>(1,121,367)</b>	<b>(25,119)</b>	<b>(16,455)</b>	<b>2,448,817</b>

### 30. Prior year: analysis of net assets between funds – Group

	Restricted funds (£)	Designated funds (£)	Unrestricted funds (£)	Total 2020 (£)
Tangible fixed assets	-	29,943	-	29,943
Investments	-	290,000	703,422	993,422
Cash at bank and short-term investments	3,295,821	789,513	388,368	4,473,702
Debtors	345,468	-	613,082	958,550
Creditors falling due within one year	(3,410,569)	-	(365,511)	(3,776,080)
<b>Total</b>	<b>230,720</b>	<b>1,109,456</b>	<b>1,339,361</b>	<b>2,679,537</b>

### Prior year: analysis of net assets between funds – Charity

	Restricted funds (£)	Designated funds (£)	Unrestricted funds (£)	Total 2020 (£)
Tangible fixed assets	-	2,885	-	2,885
Investments	-	290,000	703,424	993,424
Cash at bank and short-term investments	3,120,700	816,571	275,537	4,212,808
Debtors	23,199	-	221,577	244,776
Creditors falling due within one year	(2,913,179)	-	(278,025)	(3,191,204)
<b>Total</b>	<b>230,720</b>	<b>1,109,456</b>	<b>922,513</b>	<b>2,262,689</b>

# LEGAL AND ADMINISTRATIVE DETAILS

## Legal status

Tree Aid is an incorporated company limited by guarantee, no. 03779545, and a registered charity, no. 1135156.

## Trustees

Shireen Chambers MBE<sup>3</sup>  
 Terence Jagger<sup>1</sup>  
 Judith Twentymann<sup>1</sup>  
 Trevor Reaney<sup>3</sup>  
 Alex Rees<sup>2,4</sup>  
 Tom de Pass<sup>2</sup>  
 Elizabeth Davis<sup>1,3</sup>  
 Nick Pride<sup>2</sup>  
 Philip Songhurst-Thonet<sup>1</sup>

<sup>1</sup> Member of the Finance and Audit Committee

<sup>2</sup> Member of the Fundraising Standards Committee

<sup>3</sup> Member of the Nominations and Remuneration Committee

<sup>4</sup> Member of the Programmes Advisory Group

## Senior Management Team

### Tom Skirrow

Chief Executive (from 1 July 2020, previously Director of Operations)

### Ben Sheahan

Director of Finance and Resources

### Melanie Knight

Director of Fundraising and Communications

### Georges Bazongo

Director of Operations (Interim from 1 July 2020, permanent from 1 March 2021)

## 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

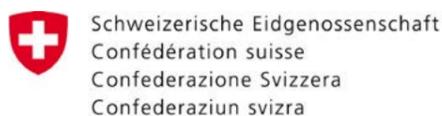
Crowe UK LLP, Carrick House, Lypiatt Road, Cheltenham, Gloucestershire, GL50 2QJ

# THANK YOU

On behalf of our programme participants we would like to thank the many individual and corporate supporters, trusts, foundations and institutions who enabled us to support more communities to thrive in the drylands of Africa in 2020/21. We are totally dependent on your support. Without it our work would simply not be possible.

## Institutional funders

Thank you to our institutional funders, including:



## 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, and in particular those staff working directly with our programme participants. 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.

## Trusts, foundations and corporate supporters

Thank you also to the following trusts, foundations and corporate supporters for their support throughout the year:

- |  |                                    |  |
|--|------------------------------------|--|
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# ABOUT TREE AID

We work with people in the drylands of Africa to tackle poverty and the effects of the climate crisis by growing trees, improving people's incomes, and restoring and protecting land.



Led by local people, our projects make sure trees thrive so they can provide nutritious food and incomes today and look after the environment for tomorrow. We support people to manage their land and resources in a way that helps slow down the effects of the climate crisis and stops fertile soil being lost.

Together, we influence policy and push for change that protects trees, people's livelihoods and our planet.



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