



TREE AID

ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

Year ended 31 March 2020

TREE AID - a company limited by guarantee

Charity No. 1135156

Company No. 03779545

• In Africa, trees mean life •

Contents

Report from the Chair of the Board	2
Strategic Review	4
Achievements and Performance	7
Structure, Governance and Management.....	11
Financial Review	17
Our Future	22
Statement of the Trustees' Responsibilities	24
Independent Auditor's Report to the Members and Trustees of TREE AID	26
Consolidated Statement of Financial Activities.....	30
Consolidated and Charity Balance Sheets.....	31
Consolidated Statement of Cash Flows.....	32
Notes to the Accounts	33
Legal and Administrative Details.....	59
Thank you... ..	60

TREE AID's Board of Trustees is pleased to present the Annual Report and audited Consolidated Financial Statements for the year ended 31 March 2020.

Report from the Chair of the Board

We are entering a period of unprecedented challenge for the environment and the future of our world. The need to address challenges brought about by climate change, conflict, population growth and migration is increasingly being recognised.

At TREE AID we are working with these challenges and see new and positive opportunities for communities and land-use in Africa. Trees have a vital role to play in achieving change. We believe that the conservation, restoration and management of trees and forests is essential to create income opportunities for communities, combat climate change and prevent desertification. We empower rural communities to make the most of the tree resources available to them and we are helping to bring life back to some of Africa's most degraded landscapes, providing food security, jobs and a reason to stay for the millions who live there.

In this past year TREE AID has planted and regenerated nearly two million trees and reached over 360,000 people in the drylands of Burkina Faso, Niger, Mali, Ghana and Ethiopia. Our programmes have helped local communities sustainably manage 10,000 hectares of forests and agroforestry parklands while nearly doubling household income for those we work with through village tree enterprises.

With ten years left to achieve targets against the Sustainable Development Goals, the African Forest Landscape Restoration Initiative (AFR100), the Bonn Challenge and the Great Green Wall, our work has never been more vital. In the last year, through our work across all five of the countries where we operate, we have significantly contributed to these endeavours. We have new strategic partnerships with the United Nations Convention to Combat Desertification (UNCCD) and the AFR100 to help coordinate and scale up our work in the drylands of Africa.

TREE AID continues to deliver against global objectives in forest and land restoration as well as helping lift thousands of people out of poverty. We work alongside communities to find practical solutions that increase the number of trees and restore degraded land. We aim to grow our support, programme activity and influence across the drylands in the coming year. Your support is needed now more than ever to achieve this.

Towards the end of our financial year the COVID 19 pandemic was declared. With the wellbeing of all our beneficiaries and stakeholders at the forefront of our minds, we have reviewed our plans and closely monitored and adapted our programmes. Operational plans have been revised taking into consideration new risks to our

programmes, fundraising and the potential impact on overall income. The impact of the COVID 19 pandemic on TREE AID is assessed in more detail on pages 15 and 18.

We hope you enjoy reading this report and finding out more about the impact we have achieved in 2019/20. The delivery of our activities has only been possible due to the hard work of our dedicated and committed staff in West Africa, Ethiopia and the UK, and because of the generous support of our donors and funders. Particular thanks must go to our outgoing Chief Executive Officer, John Moffett, who left TREE AID in March following five years of programme growth which has improved the lives of many in Africa.



Shireen Chambers MBE
Chair of the Board of Trustees

Strategic Review

Our Strategy

Our Strategy, Growing Hope, covers the period from 2017 to 2022. Our mission is to enable people living in the drylands of Africa to unlock the potential of trees to reduce poverty and protect the environment. Our vision is to have thriving communities across the drylands of Africa where trees sustain livelihoods and enrich the environment.

By 2022 we aim to have helped 2.5 million people, to have planted or regenerated over eight million trees and restored over 250,000 hectares of degraded land. We will only be able to do this by sustaining and building the value of donations from individuals and businesses and increasingly from international development agencies.

In line with this Strategy, our objectives for 2019/20 were to:

- Improve income and nutrition for poor households;
- Protect and restore tree cover and improve resilience to climate change; and
- Influence decision-makers, policy and practice.

We have had significant success in the past year which we are proud and excited to lay out in this Annual Report: we continue to plant significant numbers of trees, reach many people and have had considerable success in attracting development funds as we are seen as a trusted partner who delivers for the poorest and most vulnerable.

A global crisis – TREE AID's contribution to the solution

There has never been a more critical time as our world is facing rapidly changing human and environmental challenges. Climate change, conflict, environmental degradation, migration and the impact of COVID 19, when taken together, present complex challenges and risks to the lives and wellbeing of millions of families. The good news is that there is a spirit of co-operation and a call to action set out in the Sustainable Development Goals¹. Trees and forests have a vital role to play in achieving these Development Goals; increasing the resilience of communities and landscapes in the face of climate change, encouraging bio-diversity, protecting against water and wind erosion and providing livelihoods and nutrition for some of the poorest people in Africa.

¹ Transforming our World: the 2030 Agenda for Sustainable Development. United Nations General Assembly, September 2015.

The people of the drylands of Africa rely heavily on natural resources through farming for their survival, which, when compounded by growing populations, poor access to technology and unsustainable production practices, contribute to land and environmental degradation and increasing levels of poverty. TREE AID empowers rural communities to make the most of the tree and forest resources available to them. We help them build the knowledge and skills necessary to manage trees and forests effectively in order to achieve higher incomes, deliver improvements in their environment, create additional sources of food, and become more resilient to unpredictable weather patterns.

We bridge the gap between policy and practice, and work with both government and communities to develop and implement good forest governance that secures access and rights to tree resources for rural communities. We work through local partners, who understand local challenges. Our expert staff offer practical knowledge and policy solutions that support the sustainable use and management of trees and forests.

TREE AID's work focuses on four interconnected themes that work together to bring about social, economic and environmental changes:

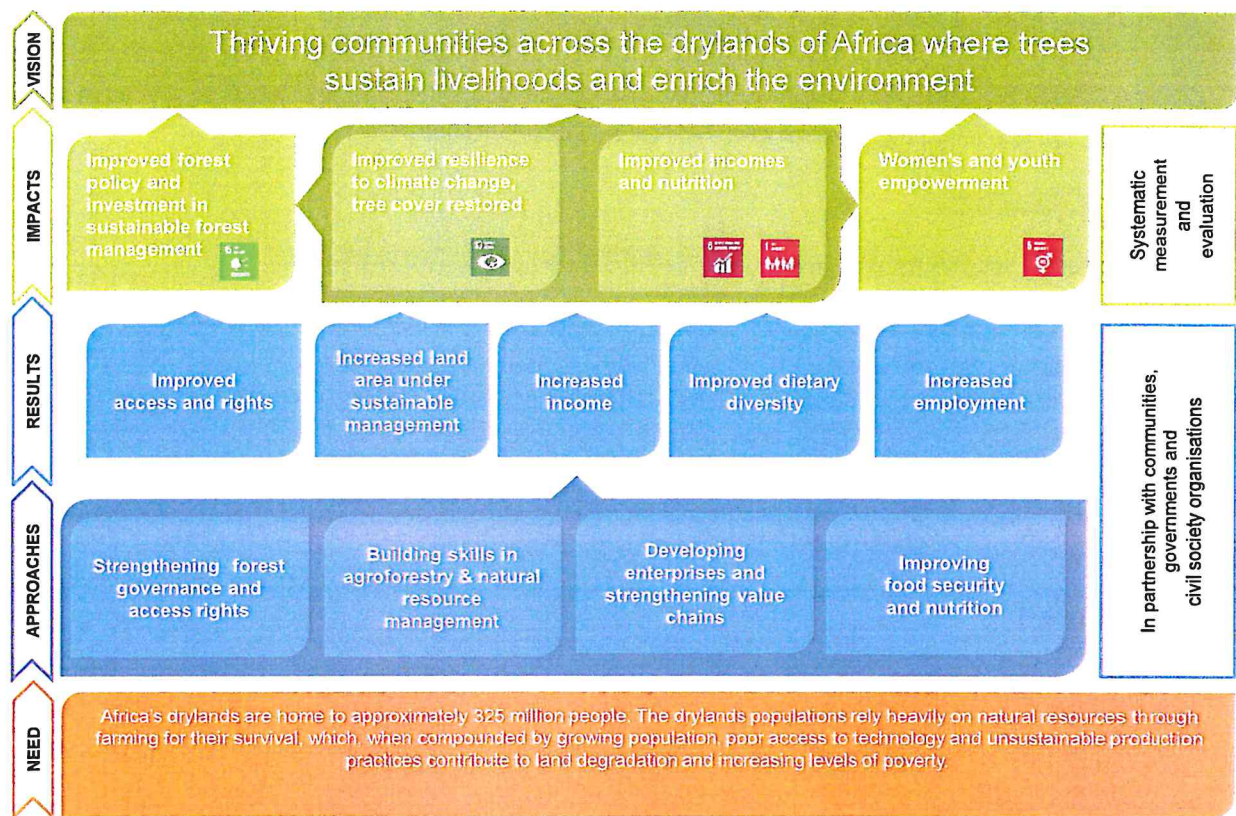
Enterprise development and trade – supporting communities to link with markets and achieve the best price for the tree products they sell.

Agroforestry and natural resource management – sustainably using resources such as trees, land and water to enable communities to develop while protecting the environment.

Forest governance – ensuring communities have access to and rights to use the trees that they rely on for their survival.

Food security and nutrition – using trees to improve resilience and, through education, changing behaviour to encourage dietary diversification by consumption of fruit, seeds, nuts and leaves as part of a healthy diet.

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



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

The governments of Burkina Faso, Ethiopia, Ghana, Mali and Niger are embracing the forest focus. As part of the African Union, they have made significant progress since the approval of the Great Green Wall Sahara and Sahel Initiative in 2005 and are some of the many countries currently signed up to it². The Great Green Wall initiative has grown in scope, trees have been planted and the wall of trees concept has become a vehicle for a wider goal; countries in the region working together to tackle climate change, food security, and economic growth.

TREE AID's 2017-22 Strategy builds on these developments, setting out clearly how TREE AID's programmes contribute to achieving core elements of these wider goals, reducing poverty, and protecting the environment within the communities where we work.

² <http://www.greatgreenwall.org/great-green-wall/>: Algeria, Burkina Faso, Benin, Chad, Cape Verde, Djibouti, Egypt, Eritrea, Ethiopia, Libya, Mali, Mauritania, Niger, Nigeria, Senegal, Somalia, Sudan, The Gambia and Tunisia.

Achievements and Performance

During 2019/20 TREE AID made strong progress against the objectives set out in our Strategy, Growing Hope and our Annual Operational Plan.

Growing Incomes

Objective 1: Improve income and nutrition for poor households.

Our strategic target is to reach 15,000 members of village tree enterprises. In 2019/20 274 new groups have been formed and overall we are well ahead of the five-year target with 18,000 members. Our work in Burkina Faso with over 550 village tree enterprises has shown that collectively they produce over 1,300 tonnes of a variety of non-timber forest products with an annual turnover just under \$1.7 million. In Ghana the results show that our 162 village tree enterprises are producing collectively 1,400 tonnes and are making over \$870,000 from sales.

Case Study 1

In Ghana we have been supporting over seventy village tree enterprises for the last three years with funding from Jersey Overseas Aid. We have been working hand-in-hand with these enterprises to improve their capacity to produce higher quantities and quality of Shea and Baobab products to grow their incomes sustainably. When we started the project, working as individuals, project participants were earning just over \$52 per year from their non-timber forest product sales. Now as we enter the final year of the project our work with the village tree enterprises shows that we have helped them grow their income to \$162 per member, more than tripling this vital source of income.

Growing Trees

Objective 2: Protect and restore tree cover and improve resilience to climate change.

Our strategic target is to plant or regenerate over eight million trees. In 2019/20 we planted or regenerated two million trees, bringing us to 64% of our five-year strategic target and we placed over 10,000 hectares of land under sustainable management.

Case study 2

In 2019/20 we had another strong year of tree planting, most notably on our two major programmes of work in Burkina Faso. Under our newly secured Forest Governance programme funded by the Swedish Agency for Development & Cooperation (Sida) we looked to utilise the strong governance and forest planning strategies developed with communities over the past three years to scale up the level of reforestation across eight communes – planting over 500,000 trees in the rainy season.

Case study 2 continued

We also worked with the communities involved in our Swiss-funded Non-Tree Forest Products (NTFP) project to develop their Forest Management Plans and plant over 550,000 trees across the four central regions of Burkina Faso.

Growing Influence**Objective 3: Influence decision-makers, policy and practice**

Our strategic intent is to work at the international, national and local levels to ensure policy makers and practitioners can learn from our work and implement approaches which enable communities in the dry lands of Africa to thrive. We are doing this through implementing high quality research projects and presenting our results at key international and national conferences. In 2019/20 we:

- Presented our work at the Global Landscapes Forum in Accra and the World Agroforestry Centre Conference in Montpellier;
- Continued to promote to the African Union the essential role of civil society in achieving the Great Green Wall Initiative, attending and presenting at the annual Steering Committee meeting in Senegal and joining up with the United Nations Convention to Combat Desertification (UNCCD) on the Great Green Wall Campaign; and
- Demonstrated the effectiveness of our monitoring & evaluation systems through publishing a co-written paper with International Livestock Research Institute (ILRI) in the journal, Nature³.

Case study 3

This year we had an exciting collaboration with the University of Edinburgh's School of Geosciences to assess the long-term impact of our forest governance and natural resource management work on the frequency of forest fires. The research has shown that despite forest fires being a common problem across Burkina Faso, the forests we work in have experienced a significant reduction in the occurrence and size of forest fire incidents over the past ten years. Fires occurred in six of the fifteen forest sites and the impact in those six was significantly reduced compared to other areas of the country. This shows the dramatic impact governance systems and community ownership and management on forest resources can have on a major factor of forest loss and degradation in dryland landscapes.

³ <https://www.nature.com/articles/s41597-020-0388-8>

People

During 2019/20 we continued to manage for high performance across all our teams, supporting staff to develop and grow in their roles. We engaged with all staff in carrying out a mid-term review of our Strategy and continued to strengthen cross-team working between our teams in Africa and the UK to support learning and continuous improvement. We have improved the human resource support we give to our teams with more accessible policies and procedures and all staff receive training in key areas such as safeguarding and data protection.

At the end of the financial year and since, we have been working hard to support our teams to work safely and effectively following the rapid transition from office-based to home-based working across the organisation as a result of the COVID 19 pandemic. All our staff teams have adapted well to these new ways of working, without international travel for the time-being and using different technologies to communicate. We are learning lessons from these enforced changes to ensure that positive aspects are retained as we move forward.

Systems and Processes

We made further progress in 2019/20 in developing our monitoring and evaluation capability, refining standardised systems running across our programmes. We have enhanced our capacity to use remote sensing technologies and, through a partnership with Edinburgh University School of Geosciences, have begun to estimate the long-term changes in biomass and tree growth across our areas of intervention which will help demonstrate the true level of impact of our interventions.

We continue to monitor closely our compliance with the EU General Data Protection Regulation and have made good progress in embedding our cloud-based financial management system across our operations in Africa. In 2019/20 we established a dedicated Compliance function in TREE AID, with staff in the United Kingdom and Burkina Faso and have made good initial progress in reviewing and improving our processes in areas such as risk management, training, internal audit and partner due diligence.

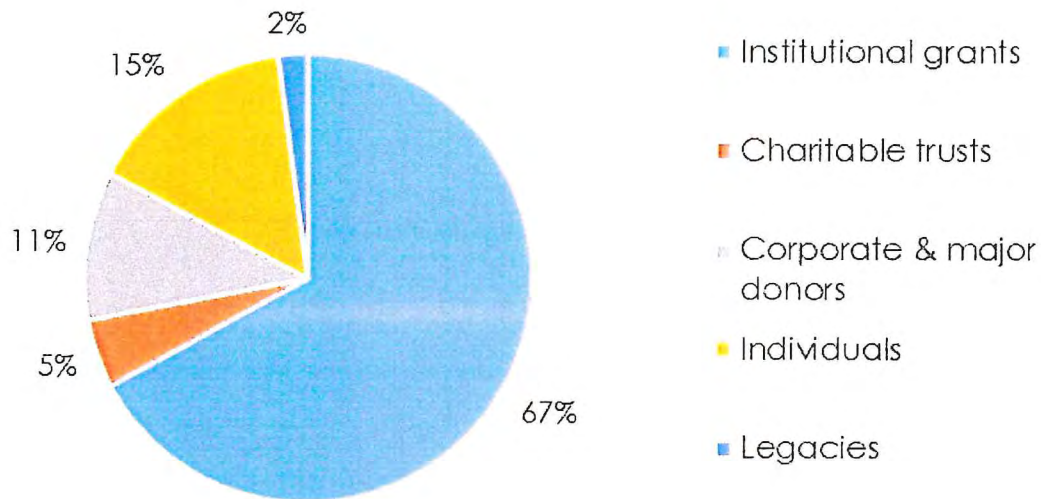
Funding

We continued to seek opportunities for long-term partnerships with grant-making institutions and trusts to expand our programmes and to work with our supporter-base to promote TREE AID's work among stakeholders in the United Kingdom.

In 2019/20 we secured funding for a major scale-up to our forest governance work in Burkina Faso with a new five-year funding contract with the Swedish International Development Cooperation (Sida) for £12.5 million. Leading a consortium with the UN Capital Development Fund (UNCDF) and SNV Netherlands Development Organisation (SNV), this will allow TREE AID to expand our work in forest governance with associated natural resource management and enterprise work across twenty-eight communes in Burkina Faso.

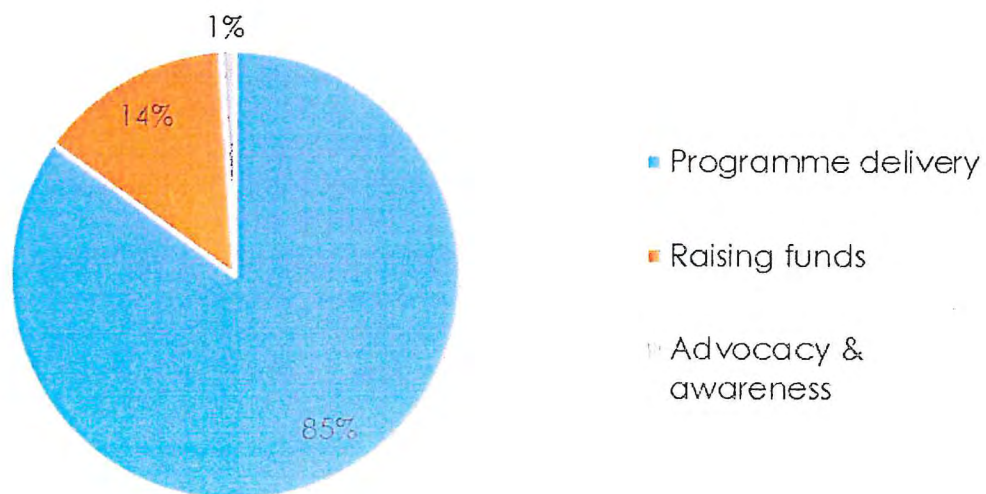
Income

In 2019/20 TREE AID's total income reduced to £5.5 million, compared to £5.7 million in the previous year. This was primarily as a result of the receipt of a one-off legacy of £0.3 million in 2018/19. Our sources of income are shown in the chart below:



Expenditure

Total expenditure rose slightly to £5.3 million, compared to £5.2 million in the previous year and our expenditure is shown in the chart below:



Structure, Governance and Management

TREE AID as a charity and a company has specific responsibilities that Trustees are required to scrutinise and report on annually. The Trustees are focused on good governance and in 2019/20 reviewed:

- Board effectiveness,
- The Charity Governance Code,
- Safeguarding Policy and Practice,
- Internal Financial Controls,
- The Code of Fundraising Practice.

On a quarterly basis Trustees review:

- Operational programmes,
- Financial performance,
- Compliance and risks.

Legal structure

TREE AID was established as a charity in 1987 and incorporated as a charitable company, limited by guarantee, in the United Kingdom, in April 2010. The Company was established under a Memorandum of Association which established the objects and powers of the charitable Company and it is governed under its Articles of Association. During the year the Board undertook a review of TREE AID's Articles of Association with the aim of bringing them up-to-date. This review has been completed and the revised Articles of Association were approved by the Charity Commission during the year.

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 United Kingdom, TREE AID Enterprises Limited, a company limited by shares, was the holding company for TREE AID Enterprises sa, a company incorporated in Burkina Faso. TREE AID Enterprises sa was struck off during the year and TREE AID Enterprises Limited is in the process of being made dormant.

Organisational structure

The **Board of Trustees** ensures that TREE AID is governed effectively and responsibly. The Board is collectively responsible for TREE AID delivering its charitable objectives and for ensuring that the organisation is governed in accordance with its Memorandum and Articles of Association. The Board meets quarterly and at 31

March 2020, there were nine Trustees. Each Trustee is also a director of the Company for the purposes of company law. A list of Trustees is given on page 59.

TREE AID recognises that a healthy board is one which identifies the mix of skills, knowledge and experience necessary for the efficient and effective governance of the Charity and ensures 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 the governance of the Charity. Trustees are recruited to ensure that the Board has the knowledge and skills required to achieve the organisation's mission and uphold its 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 each year reviews whether it has the appropriate skills and capacities going forward. The Board also evaluates its performance regularly.

In line with the Articles of Association, the Board delegates certain of its functions to sub-committees under terms of reference approved by the Board. 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 Finance and Audit Committee is chaired by the Treasurer and includes three other Trustees with finance, administrative and business experience.

The **Fundraising Standards Committee** reports to the Board on fundraising standards, compliance with regulation and risk in relation to fundraising standards. The Fundraising Standards Committee is chaired by a member of the Board with Fundraising expertise and includes two other Trustees with fundraising or marketing experience.

The **Nominations and Remuneration Committee** is responsible for making recommendations regarding Board composition and supporting the Chief Executive Officer in identifying and recruiting for Board and Senior Management Team vacancies. In addition, this sub-committee reviews remuneration for senior staff and ensures that safeguarding and human resource policies are reviewed and regularly updated. The Nominations and Remuneration Committee is chaired by the Chair of the Board and 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. The group is chaired by a Trustee, other external members are co-opted for their relevant skills and experience.

The **Chief Executive** is appointed by the Board to manage the day-to-day running of the Charity under powers delegated to the position by the Board and, working closely with the Chair of the Board, leads the Senior Management Team to ensure that 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 & Resources, and Director of Fundraising & Communications.

John Moffett, TREE AID's Chief Executive Officer since June 2015, left the organisation in March 2020. Following an open recruitment process a new Chief Executive Officer, Tom Skirrow, formerly TREE AID's Director of Operations, was appointed and commenced in his new role in July 2020. Georges Bazongo, formerly West Africa director of operations, was appointed Interim Director of Operations effective from July 2020. 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 the Charity. Any contractual relationship between a Trustee or senior manager of the Charity or its subsidiaries and a related party must be disclosed to the Board of Trustees. TREE AID has taken out trustee indemnity insurance which indemnifies Trustees and TREE AID up to £1 million. This cover is provided as part of a general charity insurance policy which cost £2,441 (2018/19: £2,559). 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 of the Charity responsible for directing, controlling, running and operating the Charity on a day-to-day basis. Details of Trustees' expenses and related party transactions are disclosed in notes 12 and 24 to the Accounts.

The remuneration of staff is reviewed annually by the Board of Trustees, benchmarking salaries using the NCVO-approved Voluntary Sector Salary Survey with the aim of offering salaries that are competitive when compared to those offered by similar voluntary-sector organisations.

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

Risk management

The Board identifies and reviews the strategic, business and operational risks to which the Charity is exposed and ensures that appropriate controls are in place to provide reasonable assurance against fraud and error. The Board and the Senior Management Team undertake a quarterly assessment of the risks facing the organisation. This assessment process is based on a risk register, which assigns

management of these risks to specific individuals and recommends actions to be taken to mitigate them.

During 2019/20 TREE AID increased the capacity of its compliance team, recruiting a dedicated Compliance Manager in the UK supported by a Compliance Officer in Burkina Faso. This new team monitors risks, trains our teams and our partners in our policies and controls and ensures that compliance with these is audited, focusing on areas of highest risk.

As an outcome from this work, the Board has identified the following key risks and has put in place mitigation plans which it monitors on a regular basis:

- Risks associated with the impact of the COVID 19 pandemic: these have been assessed by Trustees in a separate Risk Register and are described in more detail on page 15.
- Political unrest and insecurity in areas of operation: business continuity plans are in place for each country to ensure continuity of the programme where possible. Local knowledge is supplemented by Foreign & Commonwealth Office security alerts. A Regional Security Officer has been appointed. Travel protocols are regularly reviewed.
- Change in policy or priorities of major institutional donors: we work with a diverse mix of institutional donors to limit exposure to changes in priorities or policy.
- Safeguarding: staff are trained in safeguarding policy and procedures. Adherence to policy is mandatory in partner contracts and enhanced whistleblowing procedures have been established. The policy and approach have been reviewed by the Board of Trustees and additional measures implemented where appropriate.
- Risk of fraud: clear finance procedures are in place with segregation of duties. Internal and external audits are carried out regularly. Enhanced partner due diligence processes have been established and implemented.

TREE AID has reviewed its performance against the Charity Governance Code to assist Trustees in assessing the degree to which the Code is being applied and where further work is required. This review included a detailed assessment of Board effectiveness. This review concluded that actions should be taken in the following key areas:

- *The Board evaluates the charity's impact by measuring and assessing results, outputs and outcomes:* Include details of individual project impact as they come to a conclusion in quarterly Operations Updates.
- *The formal relationship between the parent charity and each of its subsidiaries is clearly recorded and the parent reviews at appropriate intervals whether these arrangements continue to best serve the organisation's charitable purposes:* The Board to revisit the structure of the TREE AID group through the Finance & Audit Committee.

- *The Board reviews its own performance and that of individual trustees, including the chair:* The Board reviews its own performance annually and has discussed carrying out an external evaluation every three years.
- *The Board periodically takes part in training and/or reflection about diversity and understands its responsibilities in this area:* Board Effectiveness Review recommendations to improve diversity objectives against which performance can be measured.

During 2019/20 Trustees also reviewed TREE AID's internal controls against the Charity Commission's Internal Financial Controls Checklist (CC8), and concluded that, where applicable, internal control processes were in place in line with the Checklist. The Board will continue to monitor performance against the Code and take action as appropriate.

COVID 19 pandemic-related risks

In March 2020 risks associated with the COVID 19 pandemic were assessed by a group of Trustees, including the Chair of the Board, in a separate risk register and the following areas were highlighted for further actions which are now being undertaken:

- *Impact of COVID 19 on TREE AID's operations:* Africa teams are working from home where possible. Travel and other restrictions are being monitored closely and adhered to on a country-by-country basis. Project workplans are being reviewed with donors and other stakeholders and activities are being substituted, delayed or scaled-back as appropriate. At the date of this report no projects have been suspended.
- *Impact of COVID 19 on UK support teams:* All UK staff have been working from home since 24 March 2020 and have been provided with equipment, systems and support to make sure that they continue to work safely and effectively.
- *Sickness in the TREE AID team:* The Senior Management Team is monitoring the health of the teams in the UK and Africa and has developed appropriate contingency plans to cover staff absence.
- *Financial risk to TREE AID:* Approved budget for 2020/21 has been reforecast and modelled under different scenarios. Cashflows have been reforecast and are being monitored closely. Reserves have been reviewed and re-designated where appropriate. A going concern review has been undertaken. The Financial Review on page 18 sets out the conclusions from this in further detail.

The Board set up a sub-group of Trustees, chaired by the Chair of the Board, to monitor TREE AID's response to the COVID 19 pandemic. From April to mid-June 2020 this group met every two weeks and considered the impact of COVID 19 on TREE AID through the COVID 19-specific Risk Register, revised Operational Plan and financial forecasts.

Fundraising

TREE AID would not be able to carry out its important work without the support of our donors. We therefore 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 2019/20. We are also registered with the Fundraising Preference Service and have had one donor opt out of communications via the Fundraising Preference Service (four 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 fundraising, including plans, performance and compliance. We produce annual plans and reviews, and monitor performance against targets monthly and performance indicators quarterly. Some fundraising activities are delivered 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 of our supplier contracts which ensure high standards in supporter care, data protection and working with vulnerable people.

Supporter experience is important to us and we take pride in providing excellent supporter care. During 2019/20 we received a total of five complaints relating to fundraising. These were responded to promptly and resolved in line with donors' preferences.

Focus to ensure that our activities achieve our charitable aims

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

1. Relieving the poverty of and promoting the welfare of poor persons overseas by promoting for the benefit of such persons the conservation and improvement of their natural environment especially through silviculture and job creation.
2. 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 reviews the aims, objectives and activities of the Charity regularly and summarises the Charity's achievements and outcomes in this Report. This review helps the Board ensure that the Charity's aims, objectives and activities remain focused on its 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, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

The legal and administrative information set out on page 59 forms part of this Report.

Income and expenditure

Income

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

	2019/20	2018/19
	£	£
Institutional grants	3,655,642	3,707,539
Charitable trusts	270,374	333,718
Corporate and major donors	586,481	596,886
Individuals	822,184	558,740
Legacies	115,109	504,926
Donations and legacies	5,449,790	5,701,809
Investment & other income	25,600	10,582
Total income	5,475,390	5,712,391

Income from individual donations, legacies, corporate donors and charitable trusts decreased to £1.8 million compared to £2.0 million in 2018/19, primarily due to a £0.3 million legacy being received in the prior year. Grants from institutions were £3.7 million, the same level as in the previous year. Institutional income came mainly from significant funding for three projects in Burkina Faso: the Swedish International Development Cooperation Agency funded the Forest Governance scale-up, the Swiss Agency for Development and Cooperation funded Enhancement of Non-Timber Forest Products project and the World Agroforestry Centre funded the Drylands Development project which ended in the year.

Expenditure

	2019/20	2018/19
	£	£
Raising funds	727,197	692,497
Programme delivery	4,460,724	4,466,465
Advocacy & awareness	57,047	47,531
Total resources expended	5,244,968	5,206,493

To achieve future income growth, we continued to invest in supporter fundraising. The Trustees and the Senior Management Team are actively monitoring levels of activity and the return on investment. Overall, our cost of 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 £4.5 million, the same level as in the previous year.

TREE AID ran twenty projects during the year (2018/19: eighteen) across the five countries of operation, including the three major projects in Burkina Faso referred to on page 17.

Review of the financial impact of the COVID 19 pandemic

As explained under the Risk section of this report on page 15, the financial impact of the COVID 19 pandemic has caused us to revisit our approved Budget, Operational Plans and Risk Register for 2020/21. In addition we have carried out a going concern review, using sensitivity analysis to assess future cashflows and the need to re-designate reserves to cover forecast future 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 2019/20 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 the financial impacts of the COVID 19 pandemic.

There is uncertainty as to how COVID 19 will impact the global economy and it is possible that individual countries' ability to fund international development may decline 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 its operations broadly as planned for the remainder of this strategic period (up to 2022), with a drop-off in activity levels during 2020/21 due to restrictions in public gatherings in our countries of operation which impact our ability to deliver community training and mass tree planting. We are working with our donors to develop revised workplans on a project-by-project basis.

We have made conservative assumptions in our financial scenario models on the levels of unrestricted funding likely to be raised based on our experience so far during 2020/21 and on our knowledge of and relationship to our committed supporters.

Detailed financial scenario models indicate that in all scenarios 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 in all scenarios 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 2020, the Board believes that the Charity's financial position at the year-end was satisfactory.

One of the early impacts of COVID 19 has been on currency exchange rates and to help manage exposure to currency fluctuations, we continued to carry a proportion of West Africa funding received in the United Kingdom in Euros and this will continue in the next financial year.

Another early impact was a decline in investment values: the effect of this on TREE AID's investment holdings is considered under Investment Performance on page 21 of this Report.

Based on detailed financial scenario planning the Board believes that it would be appropriate to designate a specific reserve to fund forecast additional costs to TREE AID arising from the COVID 19 pandemic. This is explained in the Reserves section of this report directly below.

Reserves

Total funds held by the Charity at the year-end were £2.3 million (Group: £2.7 million) of which £0.2 million (Group: £0.2 million) were restricted and not available for the general purposes of the Charity. TREE AID has identified the following primary reasons for holding unrestricted reserves 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 the Charity, ensuring that there are sufficient resources available to fulfil legal obligations in the unlikely event that TREE AID ceases to operate.

Reserves are monitored on a monthly basis and reported to the Board quarterly, with the target level of reserves reviewed annually as part of the budget process. Based on the 2020/21 budget, the Group target was £1.2 million which compared to actual general reserves of £1.3 million.

The Trustees decided to hold the following designated reserves against planned future expenditure as explained in Note 20 to the Accounts, in order to support strategic growth.

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

The designated reserve for **Growing Our Income** of £0.4 million represents our continued commitment to increasing our individual supporter base and fund supporter and institutional fundraising posts.

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

In addition, the Board believes that it would be appropriate to designate a specific reserve to fund the forecast additional costs to TREE AID of the COVID 19 pandemic. The additional cost in 2020/21 is forecast to be £0.3 million and this is the value of the **COVID 19 designated reserve** set aside.

There were two designated reserves which represent the carrying value of the **investment** in woodland, £0.3 million, and **fixed assets**, in order to recognise these separately from general reserves.

A deficit budget has been set for 2020/21 and investment from designated funds will be used to offset that deficit.

Net movement in funds

There was a £0.1 million net outflow of restricted funds in 2019/20, leaving closing restricted funds at £0.2 million at the end of the year.

Unrestricted funds showed a surplus for the year of £0.3 million. After other gains and the designation of a COVID 19 reserve, general reserves increased by £0.1 million. At 31 March 2020, TREE AID Group's general reserves stood at £1.3 million.

Subsidiary companies

The subsidiary companies, TREE AID Burkina Faso and TREE AID Ghana continued to operate as integral elements of the Group, sharing and contributing to the

achievements and performance within the financial parameters set by the Board of Trustees. Both were mainly grant funded by the parent Company.

TREE AID Enterprises Limited's accounts have not been prepared on a going concern basis as the company is in the process of being made dormant. TREE AID Enterprises was wound up during the previous year and was struck-off during the year.

Investment policy & objectives

TREE AID has adopted an ethical investment policy. This means that we seek to avoid investments that conflict with the aims of the Charity 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 the investment objectives for the Charity as follows:

- To produce the best financial return within an acceptable level of risk;
- To generate a return in excess of inflation 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, declined in value by 7.5% by the end of the year. This was primarily as a result of falling global investment values as a result of the COVID 19 pandemic. By the end of June 2020 the value of this investment had recovered significantly, beyond its opening value, though markets remain volatile.

The investment in the CCLA COIF Charities Ethical Investment Fund units fell back to its opening value of £0.5 million, with income being reinvested. This compared with a benchmark composite comparator for the year of -6.4% for global equities. The value of this investment had also recovered significantly by the end of June 2020. The valuation of the legacy gift of 25 hectares of woodland in Devon, which TREE AID received in 2018/19, remained unchanged at £0.3 million.

Our Future

TREE AID has ambitious plans for the future to help address the human and environmental challenges caused by climate change, conflict, population growth and migration, affecting the future prospects of millions of families. We see new and positive opportunities for livelihoods, reforestation and sustainable land management emerging and our Strategy, Growing Hope, aims to build on these.

To support delivery of our Strategy, each year we develop operational plans that break our strategic outcomes into specific and timebound objectives and set out the key actions for TREE AID in the next year to ensure we achieve our strategic goals. We developed our 2020/21 objectives by functional team (programmes, fundraising, finance and resources) aligned to the strategic outcomes they support and these are set out below:

Strategic Outcome	Annual Objectives 2020/21
Growing Incomes	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Plant and regenerate two million trees across our five country programmes. • Launch a new phase of programming on the Dakar River in Ghana.
Growing Influence	<ul style="list-style-type: none"> • Join the Global Shea Alliance Executive Committee, a cross-sectoral alliance aimed at improving the shea value chain. • Scale up and invest in our influencing work both in-country and internationally, deepening our work with national and donor governments and policy groups.
Supporting Functions	
Fundraising	<ul style="list-style-type: none"> • Run an appeal to support our programme in Ethiopia and significantly scale up our communications activity to support the appeal. • Continue to improve communication with our major donors, keeping them updated on projects that they have supported and on all TREE AID activity. • Recruit new corporate supporters to contribute to our growth in fundraising during the year: Continue to work with our current partners to ensure they are kept up-to-date with all activity and we help keep their staff and clients informed of their partnership with TREE AID. • Recruit new donors and regular givers by testing a variety of new approaches to communicating with the public, with a focus on digital fundraising.
Finance and Resources	<ul style="list-style-type: none"> • Develop the Compliance function within TREE AID, building on existing risk monitoring processes, internal audits and other legal, policy and contractual compliance.

	<ul style="list-style-type: none">• Continue to develop our cloud-based finance system, with improvements to purchase ordering and expenses management.• Continue to monitor closely the impact of the COVID 19 pandemic on TREE AID, providing timely and accurate information to enable appropriate decisions to be made.
--	--

The impact of the COVID 19 pandemic is discussed on pages 15 and 18 of this Report and there remains uncertainty as to the impact on TREE AID. We are currently monitoring impacts closely during 2020/21 with a background of some reduction in programme activity and the re-negotiation of workplans with donors. Our review of the financial impact of the COVID19 pandemic (page 18) gives the Board confidence that we are currently in a satisfactory financial position and though the global pandemic will affect our ability to achieve some elements of our Strategy in 2020/21, we believe that, with good management, the impact will be limited.

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;
- 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 taken, have each taken all steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

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 9 July 2020 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 for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the charitable Company's affairs as at 31 March 2020 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the charitable Company and their environment obtained in the course of the audit, we have not

identified material misstatements in the directors' report included within the Trustees' Report.

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

- the parent company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on pages 24 and 25, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of these financial statements.

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

Kerry Brown

Kerry Brown

Senior Statutory Auditor

For and on behalf of

Crowe UK LLP

Statutory Auditor

Black Country House

Rounds Green Road

Oldbury

B69 2DG

Date: *21 July 2020*

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 2020 £	Unrestricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
INCOME FROM					
Donations and legacies	2	4,062,796	1,386,994	5,449,790	5,701,809
Investment income	3	-	12,687	12,687	10,217
Other income	4	-	12,913	12,913	365
TOTAL		4,062,796	1,412,594	5,475,390	5,712,391
EXPENDITURE ON					
Raising funds	5	-	(727,197)	(727,197)	(692,497)
Charitable activities	6	(4,123,601)	(394,170)	(4,517,771)	(4,513,996)
TOTAL	7	(4,123,601)	(1,121,367)	(5,244,968)	(5,206,493)
Net (losses)/gains on investments		-	(14,524)	(14,524)	54,975
NET INCOME / (EXPENDITURE)		(60,805)	276,703	215,898	560,873
Transfer between funds	20	16,455	(16,455)	-	-
Other recognised (losses)/gains:					
Other (losses)/gains		-	(10,595)	(10,595)	645
NET MOVEMENT IN FUNDS	9	(44,350)	249,653	205,303	561,518
RECONCILIATION OF FUNDS					
Total funds brought forward	20	275,070	2,199,164	2,474,234	1,912,716
Total funds carried forward	20	230,720	2,448,817	2,679,537	2,474,234

The notes on pages 33 to 58 form part of these financial statements.

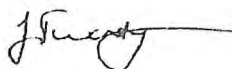
Company number: 03779545

Consolidated and Charity Balance Sheets

	Notes	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
FIXED ASSETS					
Tangible fixed assets	15	29,943	11,375	2,885	-
Investments	16	993,422	1,007,946	993,422	1,007,946
Investment in subsidiaries	16	-	-	2	2
		1,023,365	1,019,321	996,309	1,007,948
CURRENT ASSETS					
Debtors	17	958,550	320,137	244,776	100,807
Short-term investments	18	520,520	517,130	520,520	517,130
Cash at bank and in hand		3,953,182	1,211,343	3,692,288	1,062,194
		5,432,252	2,048,610	4,457,584	1,680,131
CURRENT LIABILITIES					
Creditors falling due within one year	19	(3,776,080)	(593,697)	(3,191,204)	(316,794)
NET CURRENT ASSETS		1,656,172	1,454,913	1,266,380	1,363,337
NET ASSETS	21/30	2,679,537	2,474,234	2,262,689	2,371,285
FUNDS					
Restricted funds	20	230,720	275,070	230,720	260,818
Unrestricted funds					
Designated reserves	20	1,109,456	1,021,776	1,109,456	1,021,776
General reserves	20	1,339,361	1,177,388	922,513	1,088,691
Total unrestricted funds		2,448,817	2,199,164	2,031,969	2,110,467
Total funds	20	2,679,537	2,474,234	2,262,689	2,371,285

The Charity-only net expenditure in the year was £108,596 (2019: net income £891,933). 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 9 July 2020 and signed on their behalf by:



Judith Twentyman

Treasurer

The notes on pages 33 to 58 form part of these financial statements.

Consolidated Statement of Cash Flows

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	22	2,768,592	(779,126)
Cash flows from investing activities			
Dividends and interest from investments		12,687	10,217
Purchase of property, plant and equipment		(25,455)	(3,837)
Purchase of investments		-	(200,000)
Net cash used in investing activities		(12,768)	(193,620)
Increase/(decrease) in cash and cash equivalents in the reporting period		2,755,824	(972,746)
Cash and cash equivalents at the beginning of the reporting period		1,728,473	2,700,574
(Decrease)/increase in cash and cash equivalents due to exchange rate movements		(10,595)	645
Cash and cash equivalents at the end of the reporting period		4,473,702	1,728,473

The notes on pages 33 to 58 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 24 and 25.

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 18, 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 the programme, particularly those staff based in Africa, and the value of grants that have been made to implementing partners working on TREE AID's projects, 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 & awareness** - This represents the costs incurred in raising awareness of institutions and members of the public on the issues being addressed by the Charity.
- iv **Governance costs** - These are the costs associated with the governance arrangements of the Charity. These costs are associated with the constitutional and statutory requirements and include any costs associated with the strategic management of the Charity's activities.
- v. **Support costs** - Expenditure is allocated to a particular activity where the cost relates directly to that activity. In addition, support costs 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.

Activity	Apportionment of support costs	
	2020	2019
Raising funds	31%	31%
Programme delivery	66%	67%
Advocacy & awareness	3%	2%

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

f. Fund accounting

The Charity maintains 3 main types of fund as follows:

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

g. Tangible fixed assets and depreciation

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

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 3 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 3 months, and petty cash balances held.

m. Creditors

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

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

n. Foreign currencies

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

o. Pensions

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

p. Leases

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

q. Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments, these being cash at bank, debtors and creditors (see note 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 2020	Total 2019
	£	£	£	£
Institutional grants	3,655,642	-	3,655,642	3,707,539
Charitable trusts	201,647	68,727	270,374	333,718
Corporate & major donors	204,257	382,224	586,481	596,886
Individuals	1,250	820,934	822,184	558,740
Legacies	-	115,109	115,109	504,926
Total	4,062,796	1,386,994	5,449,790	5,701,809

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 2020	Total 2019
		£	£
United Kingdom	Department for Environment, Food and Rural Affairs	210,709	157,416
	UK Aid: Department for International Development	160,728	-
Channel Islands	Jersey Overseas Aid	126,379	-
International	Swedish International Development Cooperation Agency	4,425,710	516,820
	Swiss Agency for Development & Co-operation	817,335	1,519,087
Total government grants		5,740,915	2,193,323

The amount of government grants recognised as income during the year was £3,088,890 (2018/19: £3,111,657). 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 (2019: £nil).

3. Investment income

	Restricted Funds	Unrestricted Funds	Total 2020	<i>Total 2019</i>
	£	£	£	£
Dividend income	-	658	658	789
Deposit account interest	-	12,029	12,029	9,428
Total	-	12,687	12,687	10,217

4. Other income

	Restricted Funds	Unrestricted Funds	Total 2020	<i>Total 2019</i>
	£	£	£	£
Sundry receipts	-	12,913	12,913	365
Total	-	12,913	12,913	365

5. Raising funds

	Delivery costs	Development costs	Support costs	Total 2020	<i>Total 2019</i>
	£	£	£	£	£
Supporter fundraising	414,577	7,456	207,500	629,533	609,141
Institutional fundraising	54,260	-	43,404	97,664	83,356
Total	468,837	7,456	250,904	727,197	692,497

6. Charitable activities

	Delivery costs	Development costs	Support costs	Total 2020	<i>Total 2019</i>
	£	£	£	£	£
Programme delivery	3,831,352	99,824	529,589	4,460,765	4,465,456
Social enterprise - trading	(41)	-	-	(41)	1,009
Advocacy & awareness	31,421	-	25,626	57,047	47,531
Total	3,862,732	99,824	555,215	4,517,771	4,513,996

7. Total expenditure

	Delivery costs £	Development costs £	Support costs £	Total 2020 £	Total 2019 £
Raising funds	468,837	7,456	250,904	727,197	692,497
Charitable activities	3,862,732	99,824	555,215	4,517,771	4,513,996
Total	4,331,569	107,280	806,119	5,244,968	5,206,493

The main components of support costs are:

	Total 2020 £	Total 2019 £
Office costs	545,318	451,990
Depreciation	6,887	15,352
Administration and support salaries	183,066	170,801
Governance costs	70,848	63,559
Total	806,119	701,702

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 2020 £	Group 2019 £
Burkina Faso:		
Forest Governance Phase 2	457,700	576,918
Enhancement of Non-Timber Forest Products	228,731	381,651
Drylands Development	-	15,269
West Africa Farm Interface	-	6,495
Shea Research	-	3,412
	686,431	983,745
Ethiopia:		
Wof Washa Forest Sustainable Management	-	7,189
Initiative for Sustainable Landscapes Programme	68,783	3,079
Sustainable Livelihoods and Ecosystems	59,667	103,020
	128,450	113,288

	Group 2020 £	Group 2019 £
Ghana:		
Ghana Rural Agriculture and Cashew Enterprises	35,116	-
Grow Hope	21,691	29,807
Ghana RHoMIS Survey	3,950	-
	60,757	29,807
Mali:		
Regreening Samine and Sakoiba	-	15,772
Mali Restoring Koulikoro	26,435	-
Strengthening Forest Management	42,650	54,231
	69,085	70,003
Niger:		
Rehabilitation of the ecosystem of National Park W Landscape	23,436	28,341
Village Tree Enterprise	-	(271)
	23,436	28,070
Total	968,159	1,224,913

Negative amounts (shown in brackets) represent grants repayable by partners to TREE AID.

9. Net movement in funds

This is stated after charging:

	Group 2020 £	Group 2019 £
Auditor's remuneration – audit	16,125	10,500
Auditor's remuneration - non-audit services	1,050	800
Depreciation of tangible fixed assets	6,887	15,352
Operating lease costs	17,789	27,267

10. Employee numbers and costs

The average monthly head count was 59 employees (2019: 55), the employment costs of which were:

	Group 2020 £	Group 2019 £
Wages and salaries	1,226,495	1,091,700
Social security costs	126,124	120,784
Pension costs	99,544	90,364
Total	1,452,163	1,302,848

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

	Group 2020 No	Group 2019 No
£60,000 to £69,999	1	-
£70,000 to £79,999	1	1

TREE AID operates a defined contribution workplace pension scheme in the UK. Pension costs charged in the Statement of Financial Activities represent the contributions payable by TREE AID in the year. The Charity has no pension obligations other than the contributions payable in the year.

11. Key management personnel

The key management personnel of the Charity and the Group comprise the Chief Executive, Director Operations, Director Finance & Resources and Director Fundraising & Communications. The total remuneration (including National Insurance and pension contributions) of the key management personnel was £281,559 (2019: £267,286).

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

	Group 2020 £	Group 2019 £
Chief Executive	84,655	83,180
Director Finance & Resources	66,078	64,465
Director Fundraising & Communications	65,060	59,244
Director Operations	65,766	60,397

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 (2019: £nil). No Trustee received payment for professional or other services supplied to the Charity (2019: £nil).

Directly incurred Trustee expenses borne by the Charity in the year totalled £5,623 (2019: £3,670), paid to 6 Trustees (2019: 6). Those expenses were for travel and subsistence. The total amount of donations received from Trustees without conditions was £1,480 (2019: £1,562).

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

	2020 £	2019 £
Income	4,235,590	3,872,431
Expenditure	(4,344,186)	(2,980,498)
Net (expenditure)/income	(108,596)	891,933

15. Tangible fixed assets - Group

	UK Fixtures & Fittings £	Africa Motor Vehicles £	Africa Fixtures & Fittings £	Total £
Cost				
At 1 April 2019	53,891	218,858	77,271	350,020
Additions	3,106	-	22,349	25,455
Disposals	-	-	(5,520)	(5,520)
Project assets	-	59,548	-	59,548
At 31 March 2020	56,997	278,406	94,100	429,503
Depreciation				
At 1 April 2019	53,891	217,064	67,690	338,645
Disposals	-	-	(5,520)	(5,520)
Charge for the year	221	1,523	5,143	6,887
Project assets	-	59,548	-	59,548
At 31 March 2020	54,112	278,135	67,313	399,560
Net book value				
At 31 March 2020	2,885	271	26,787	29,943
At 31 March 2019	-	1,794	9,581	11,375

Tangible fixed assets – Charity

	UK Fixtures & Fittings £	Total £
Cost		
At 1 April 2019	53,891	53,891
Additions	3,106	3,106
At 31 March 2020	56,997	56,997
Depreciation		
At 1 April 2019	53,891	53,891
Charge for the year	221	221
At 31 March 2020	54,112	54,112
Net book value		
At 31 March 2020	2,885	2,885
At 31 March 2019	-	-

16. Investments – market value

	COIF Charities Ethical Investment Fund £	Rathbone Greenbank Investments £	Investment in woodland £	Other unlisted investments £	Group & Charity Total 2020 £	Group & Charity Total 2019 £
Valuation						
At 1 April 2019	513,767	200,000	290,000	4,179	1,007,946	462,971
Additions at cost	-	-	-	-	-	490,000
Revaluation	464	(14,988)	-	-	(14,524)	54,975
At 31 March 2020	514,231	185,012	290,000	4,179	993,422	1,007,946

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 investment in woodland was received by TREE AID under a gift of estate in 2018/19. It was valued by Mr A Geddes of John Clegg & Co, Chartered Surveyors and Forestry Agents, on 30 November 2017 and has been retained at that valuation.

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

Investment in subsidiaries – Charity

	2020	2019
	£	£
Cost & net book value		
At 1 April 2019	2	2
At 31 March 2020	2	2

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%
	£	£	£
Balances at 31 March 2020			
Tangible Fixed Assets	-	24,572	2,486
Current Assets	2	944,127	93,107
Current Liabilities	(99,886)	(407,296)	(4,379)
Total funds	(99,884)	561,403	91,214
Results for the year to 31 March 2020			
Income	-	3,522,498	430,253
Expenditure	(97,026)	(3,111,753)	(363,451)
Net income/(expenditure)	(97,026)	410,745	66,802

*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

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year				
Trade debtors	509,968	98,740	6,898	17,980
Prepayments & accrued income	350,430	179,448	23,794	71,583
Other debtors	98,152	41,949	76,479	11,244
Amounts owed by group and associated undertakings	-	-	137,605	-
Total	958,550	320,137	244,776	100,807

18. Short-term investments

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Cash held on deposit	520,520	517,130	520,520	517,130

19. Creditors falling due within one year

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Project creditors	455,601	82,227	147,384	67,937
Other creditors	39,050	66,538	31,091	33,832
Accruals	67,222	26,824	37,956	16,307
Provisions for liabilities	73,862	56,471	30,792	8,619
Deferred income	3,098,287	311,684	2,913,178	161,563
Tax and social security	42,058	49,953	30,803	28,536
Total	3,776,080	593,697	3,191,204	316,794

Provision for liabilities

The provision for liabilities relates to dilapidations of the UK office, a legal provision regarding costs associated with the closure of TREE AID Enterprises sa 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		Charity	
	2020	2019	2020	2019
	£	£	£	£
At 1 April 2019	56,471	37,441	8,619	8,619
Increase in provision	17,391	19,030	22,173	-
At 31 March 2020	73,862	56,471	30,792	8,619

Deferred income comprises:

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Local Governance of Forest Resources	2,682,811	-	2,682,811	-
Forest Governance Phase 2	-	89,842	-	89,842
Enhancement of NTFPs in Burkina Faso	185,109	150,121	-	-
Mali Regreening	-	330	-	330
Sustainable Livelihoods & Ecosystems	-	63,300	-	63,300
Strengthening Forest Management	675	8,091	675	8,091
Rehabilitation of the ecosystem of the Park W landscape	15,212	-	15,212	-
Ghana RHoMIS Survey	4,682	-	4,682	-
Ghana Rural Agriculture & Cashew Enterprises	25,830	-	25,830	-
Park W: Dosso	27,906	-	27,906	-
Regreening Nonkon and Nossombougou	156,062	-	156,062	-
Total	3,098,287	311,684	2,913,178	161,563

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 £3,098,287 (2019: £311,684) arose in the year and £311,684 (2019: £1,378,864) brought forward from last year was utilised. In the Charity, deferred income of £2,913,178 (2019: £161,563) arose in the year and £161,563 (2019: £1,171,911) brought forward from last year was utilised.

20. Movements in funds - Group

	Opening balance	Income	Expenditure	Investment & other gains	Transfers	Closing Balance
	£	£	£	£	£	£
Restricted funds						
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 Initiative for Sustainable Landscapes	1,657	148,379	(152,580)	-	-	(2,544)
Regreening Samine and Sakoiba	-	115,316	(115,316)	-	-	-
Regreening Koulikoro	-	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 Improve 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
Total restricted funds	275,070	4,062,796	(4,123,601)	-	16,455	230,720

	Opening balance £	Income £	Expenditure £	Investment & other gains £	Transfers £	Closing Balance £
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 & Communication	109,351	-	(17,001)	-	-	92,350
Total designated funds	1,021,776	-	(233,710)	-	321,390	1,109,456
General reserves	1,177,388	1,412,594	(887,657)	(25,119)	(337,845)	1,339,361
Total unrestricted funds	2,199,164	1,412,594	(1,121,367)	(25,119)	(16,455)	2,448,817
Total funds	2,474,234	5,475,390	(5,244,968)	(25,119)	-	2,679,537

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:

Drylands Development

Farmer-led sustainable land management techniques to enhance water management, food security, and economic development in the drylands of Burkina Faso. The project was funded by ICRAF who are contracted and funded by the Government of the Netherlands. The project ended in July 2019.

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 Cooperation (SDC) and finishes in December 2020.

Forest Governance Phase 2

Decentralised forest governance through transferring rights and responsibilities for forest stewardship to community led forest management groups in eight communes. The project was funded by the Swedish International Development Cooperation Agency (Sida) and ended in April 2019.

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 started in June 2019.

West Africa Forest Farm Interface (Burkina Faso & Ghana)

Final conclusion of project focused on research to inform policy development that supports integrated smallholder forest farm management systems. This project is funded by the Centre for International Forestry Research (CIFOR).

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 1 & 2

Community led planting and regeneration of more than 430,000 trees along the Daka River in Northern Ghana. This project is funded by Ecosia and trusts and foundations with phase 2 finishing in January 2020. This project also included planting and geotagging of trees for a corporate partner, Treedom. A new Ecosia project will be starting early in 2020/21.

Ghana RHoMIS Survey

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 and were about to start working with.

Ghana Rural Agriculture & 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.

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.

Northern Ghana Integrated Development

Promoting opportunities for sustainable agriculture, social protection and decent work in the agrarian sector targeting CSOs. Led by Action Aid Ghana, the consortium is funded by the EU. TREE AID is responsible for delivery in four of the 15 target districts.

Ethiopia:

Sustainable Livelihoods & Ecosystems

Restoration of 300 hectares of degraded land, improved incomes and nutritional diversity of households in Meki district. This project is funded by RPS Group plc. And ends 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 & Ecosystems Project funded by the Sustainable Trading Initiative (IDH). The project ends in December 2020.

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 around Koulikoro, which is not far from Bamako and relatively secure. Timberland are funding this project.

Regreening Koulikoro

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

Regreening Samine and Sakoiba

Final conclusion of the project supporting communities to restore parkland trees and reverse land serious 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 ten 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.

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, and include designated funds where the Trustees have set aside monies for a specific purpose.

Designated funds are provided for the following purposes:

Woodland Investment Reserve represents the carrying value of a legacy gift of woodland donated in the year.

Fixed Assets Reserve represents the unamortised carrying value of unrestricted fund tangible fixed assets.

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

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

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

To fund the forecast additional costs to TREE AID associated with the **COVID 19 pandemic**.

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 funds transfers.

21. Analysis of net assets between funds - Group

	Restricted funds	Designated funds	Unrestricted funds	2020 Total
	£	£	£	£
Tangible fixed assets	-	29,943	-	29,943
Investments	-	290,000	703,422	993,422
Cash at bank & 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)
	230,720	1,109,456	1,339,361	2,679,537

Analysis of net assets between funds - Charity

	Restricted funds	Designated funds	Unrestricted funds	2020 Total
	£	£	£	£
Tangible fixed assets	-	2,885	-	2,885
Investments	-	290,000	703,424	993,424
Cash at bank & 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)
	230,720	1,109,456	922,513	2,262,689

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

	Group	
	2020	2019
	£	£
Net income for the reporting period	215,898	560,873
Adjustments for:		
Depreciation charges	6,887	15,352
Legacy gift of Woodland	-	(290,000)
Losses/(gains) on investments	14,524	(54,975)
Investment income	(12,687)	(10,217)
(Increase)/decrease in debtors	(638,413)	165,646
Increase/(decrease) in creditors	3,182,383	(1,165,805)
Net cash provided by/(used in) by operating activities	2,768,592	(779,126)

Analysis of cash and cash equivalents

	Group	
	2020	2019
	£	£
Cash in hand	3,953,182	1,211,343
Short-term investments (less than three months' notice)	520,520	517,130
	4,473,702	1,728,473

As TREE AID has no debt, the requirement to disclose a net debt reconciliation is covered in the presentation of the Consolidated Statement of Cash Flows.

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:

	2020	2019
	£	£
From TREE AID to TREE AID Burkina Faso	2,320,900	987,402
From TREE AID to TREE AID TREE AID Ghana	409,455	251,587

There were no balances outstanding at the year-end between the Charity and TREE AID Burkina Faso or TREE AID Ghana (2018/19: £nil).

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

	2020	2019
	£	£
Movement in loans during the year with TREE AID Enterprises Ltd	(99,888)	96,343
Movement in loans during the year with TREE AID Enterprises sa	-	44,698

25. Operating lease commitments

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

	Group			
	Land & buildings	Office Equipment	2020	2019
Expiring:	£	£	£	£
Within 1 year	15,918	1,569	17,487	17,802
2 – 5 years	-	302	302	2,595

	Charity			
	Land & buildings	Office Equipment	2020	2019
	£	£	£	£
Within 1 year	11,079	1,569	12,648	13,010
2 – 5 years	-	302	302	2,595

26. Capital commitments

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

27. Basic financial instruments

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost:				
Accrued Income on contracts	33,186	148,211	23,199	64,574
Trade debtors	509,968	98,740	6,898	17,980
Other debtors	98,152	41,949	76,479	11,244
Cash at bank and in hand	3,953,182	1,211,343	3,692,288	1,062,194
Short-term investments	520,520	517,130	520,520	517,130
Financial liabilities measured at amortised cost:				
Accruals	67,222	26,824	37,956	16,307
Other creditors	39,050	66,538	31,091	33,832

28. Prior Year: Consolidated Statement of Financial Activities

	Restricted Funds 2019 £	Unrestricted Funds 2019 £	Total Funds 2019 £
INCOME FROM			
Donations and legacies	4,367,274	1,334,535	5,701,809
Charitable activities	-	-	-
Investment income	-	10,217	10,217
Other income	-	365	365
TOTAL	4,367,274	1,345,117	5,712,391
EXPENDITURE ON			
Raising funds	-	692,497	692,497
Charitable activities	4,243,277	270,719	4,513,996
TOTAL	4,243,277	963,216	5,206,493
Net gains on investments	-	54,975	54,975
NET INCOME	123,997	436,876	560,873
Other recognised gains:			
Other gains	-	645	645
NET MOVEMENT IN FUNDS	123,997	437,521	561,518
RECONCILIATION OF FUNDS			
Total funds brought forward	151,073	1,761,643	1,912,716
Total funds carried forward	275,070	2,199,164	2,474,234

29. Prior Year: Movements in Funds - Group

	Opening balance	Income	Expenditure	Investment & other gains	Transfers	Closing Balance
	£	£	£	£	£	£
Restricted funds						
Building Biocarbon & Rural Development in West Africa	228	-	(228)	-	-	-
Bongo River Trees	15,548	-	(1,296)	-	-	14,252
West Africa Forest Farm Interface (Burkina Faso)	-	79,415	(45,673)	-	(33,742)	-
West Africa Forest Farm Interface (Ghana)	-	-	(33,742)	-	33,742	-
Daka River Restoration 1	-	211,056	(207,262)	-	-	3,794
Daka River Restoration 2	-	57,000	(3,923)	-	-	53,077
Drylands Development	-	494,345	(494,345)	-	-	-
Enhancement of NTFPs	-	1,382,718	(1,382,718)	-	-	-
Forest Governance Phase 2	-	1,410,958	(1,410,958)	-	-	-
Forest Trade Association	5	-	-	-	(5)	-
Ghana Non-Timber Forest Products Trade	(5,050)	-	663	-	4,387	-
Ghana Rural Agriculture and Cashew Enterprises	-	33,000	-	-	21,979	54,979
Ghana Village Tree Enterprise	8,360	-	-	-	(8,360)	-
Grow Hope	-	156,524	(154,867)	-	-	1,657
Initiative for Sustainable Landscapes Programme	-	5,596	(5,596)	-	-	-
Kandema Rural Regeneration Regreening Samine and Sakoiba	4,387	-	-	-	(4,387)	-
Niger BRACED	-	3,658	(3,658)	-	-	-
Niger Village Tree Enterprise	7,805	-	(7,805)	-	-	-
Regreening Koulikoro	-	55,331	(2,254)	-	-	53,077
Regreening Segou	725	-	(730)	-	5	-
Rehabilitation of the ecosystem of the Park W landscape	-	100,873	(100,873)	-	-	-
Shea Research	-	18,464	(18,464)	-	-	-
Strengthening Forest Management	-	130,521	(130,521)	-	-	-
Sustainable Livelihoods and Ecosystems	-	156,267	(156,267)	-	-	-
Tree Foods Phase 1	5,226	-	-	-	(5,226)	-
Tree Foods Phase 2	1,500	-	-	-	-	1,500
VTE Learning Study	8,393	-	-	-	(8,393)	-
Wof Washa Forest Sustainable Management	20,546	250	(17,604)	-	-	3,192
Project Fund	83,400	-	-	-	-	83,400
Development Fund	-	24,250	(18,108)	-	-	6,142
Total restricted funds	151,073	4,367,274	(4,243,277)	-	-	275,070

	Opening balance £	Income £	Expenditure £	Investment & other gains £	Transfers £	Closing Balance £
Unrestricted funds						
Designated funds						
Woodland Investment Reserve	-	290,000	-	-	-	290,000
Fixed Asset Reserve	22,890	-	(11,515)	-	-	11,375
Improving the Quality of Our Work	63,697	-	-	-	-	63,697
Growing Our Income	547,353	-	-	-	-	547,353
Improving Our Ability to Generate Data, Evidence & Communication	109,351	-	-	-	-	109,351
Total designated funds	743,291	290,000	(11,515)	-	-	1,021,776
General reserves	1,018,352	1,055,117	(951,701)	55,620	-	1,177,388
Total unrestricted funds	1,761,643	1,345,117	(963,216)	55,620	-	2,199,164
Total funds	1,912,716	5,712,391	(5,206,493)	55,620	-	2,474,234

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

	Restricted funds	Designated funds	Unrestricted funds	2019 Total
	£	£	£	£
Tangible fixed assets	-	11,375	-	11,375
Investments	-	290,000	717,946	1,007,946
Cash at bank & short-term investments	420,426	720,401	587,646	1,728,473
Debtors	248,555	-	71,582	320,137
Creditors falling due within one year	(393,911)	-	(199,786)	(593,697)
	275,070	1,021,776	1,177,388	2,474,234

Prior Year: Analysis of net assets between funds - Charity

	Restricted funds	Designated funds	Unrestricted funds	2019 Total
	£	£	£	£
Tangible fixed assets	-	-	-	-
Investments	-	290,000	717,948	1,007,948
Cash at bank & short-term investments	407,763	731,776	439,785	1,579,324
Debtors	82,555	-	18,252	100,807
Creditors falling due within one year	(229,500)	-	(87,294)	(316,794)
	260,818	1,021,776	1,088,691	2,371,285

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 ³	Chair
Terence Jagger ¹	Vice Chair
Judith Twentyman ¹	Treasurer
Trevor Reaney ³	
Alex Rees ²⁴	
Tom de Pass ²	
Elizabeth Davis ¹³	
Nick Pride ²	
Philip Songhurst-Thonet ¹	

¹ Member of the Finance and Audit Committee.

² Member of the Fundraising Standards Committee.

³ Member of the Nominations and Remuneration Committee.

⁴ 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 & Resources
Melanie Knight	Director of Fundraising & Communications (joined 24 October 2019)
Georges Bazongo	Interim Director of Operations (from 1 July 2020)
John Moffett	Chief Executive (left 27 March 2020)
Tina Antonio	Director of Fundraising & Communications (left 30 October 2019)

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...

...to 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 2019/20. We are totally dependent on your support. Without it our work would simply not be possible...

... to our Institutional funders, including:



AMBASSADE DE SUEDE



Swiss Agency for Development
and Cooperation

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

Aduna Ltd	Taronga Conservation Society Australia
Blue Diamond Ltd	The A G Leventis Foundation
Ecosia GmbH	The Headley Trust
Ernest Kleinwort Charitable Trust	The Patrick & Helena Frost Foundation
Gibbs Charitable Trust	The Paul Foundation
Henry C Hoare Charitable Trust	The Ray and Leslie Trust
Joseph Rochford Gardens Ltd	The Roughley Charitable Trust
Oak Philanthropy UK	The Triodos Foundation
Ohh Deer Ltd	Timberland
Pines & Needles	Treedom srl
RPS Group PLC	Turing Foundation
Swedish Postcode Foundation	Unicorn Grocery

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 in the field. We extend our gratitude to them all and acknowledge their energetic commitment to TREE AID's mission, values and programmes.

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