



TREE AID

Charity Reg. No.296708

ANNUAL REPORT AND ACCOUNTS

FOR THE PERIOD

1st APRIL 2007 TO 31st MARCH 2008

CONTENTS

	Page
Legal and administrative information.....	3
Trustee biographies.....	4
Report of the Trustees.....	5
Objectives of the charity.....	5
TREE AID's mission and vision.....	5
TREE AID's history.....	5
TREE AID's strategy.....	5
Review of activities (including Financial Review).....	5
Structure, governance and management.....	6
Staff and volunteers.....	9
Grants policy.....	10
Risk management.....	10
Trustees' responsibilities.....	11
Report of the Auditors.....	12
Statement of Financial Activities.....	14
Balance sheet.....	15
Notes to the accounts.....	16
Thank you!.....	24

LEGAL & ADMINISTRATIVE INFORMATION

LEGAL STATUS

An unincorporated trust established by Trust Deed.

PRESIDENT

Sir Crispin Tickell GCMG KCVO

TRUSTEES

Mike Turnbull (Chair) ¹	Paul Anticoni ²	Richard Puddephatt
John Wenger (Vice-Chair) ¹	Paulette Cohen	John Rhodes
Joe Morland (Treasurer) ¹	Sheila Large	

1. Member of the Finance and General Purposes Sub-Committee

2. Member of Programme Policy Group

SENIOR MANAGEMENT TEAM

Miranda Spitteler (Chief Executive & Secretary)	Yacouba Ouedraogo (West Africa Programme Co-ordinator)
Tony Hill (Programme Support Director)	Richard Carling (Finance & Resources Director)

ADVISORS

The Trustees retain the following advisors:

Programme Policy Group

Paul Anticoni	See Trustee Biography on page 4
Roger Busby CBE	Retired Regional Director, Forestry Commission
David Cutler	Deputy Keeper, Jodrell Laboratory, Kew Royal Botanical Gardens
Peter Woods	Chair of the Commonwealth Forestry Association.
Mike Arnold	Research Associate, the Overseas Development Institute and the Centre for International Forestry Research.
Dr Zewge Teklehaimanot	Lecturer in Agro-forestry, University of Wales, Bangor
Duncan MacQueen	Senior Researcher in Forestry, International Institute for Environment & Development
Katherine Homewood	Professor of Anthropology, University College London

Bankers

HSBC plc, 4 College Green, Bristol BS1 5TD

Auditors

Sayer Vincent, King's House, Orchard Street, Bristol BS1 5ER

REGISTERED OFFICE

Brunswick Court, Brunswick Square, Bristol BS2 8PE

FUNDRAISING STANDARDS BOARD

TREE AID is a member of the Fundraising Standards Board, the self-regulatory body for fundraising in the UK, members of which agree to adhere to the highest standard of good practice with their fundraising and to establish a Fundraising Promise incorporating a clear complaints procedure.



TRUSTEE BIOGRAPHIES

Sir Crispin Tickell GCMG KCVO (President)

Sir Crispin has been a TREE AID patron since 1993, and took over from John Fletcher as President in March 2007. He is the Director of the Policy Foresight Programme at the James Martin Institute for Science and Civilization at Oxford University. His main interests are in the field of the environment and international affairs and in 1977 he published a seminal text 'Climatic Change and World Affairs'. Most of his career was in the Diplomatic Service, including a spell as Permanent Secretary to the Overseas Development Agency (1984-87) at the height of the famine in Ethiopia. He has also been President of the Royal Geographical Society (1990-93); Chairman of the Board of the Climate Institute of Washington DC (1990-2002); Convenor of the Government Panel on Sustainable Development (1994-2000); and Inaugural Senior Visiting Fellow at the Harvard University Center for the Environment (2002-03).

Mike Turnbull (Trustee since 1999)

Mike started his career in central government, working in the fields of transport, housing, urban regeneration and international environmental protection. He then spent eight years at the Housing Corporation, initially as Director of Resources, then as Director of Information Services. More recently he was Executive Director of the National Association of Head Teachers before starting his own interim management service company. He has been Chair of TREE AID since 2003 and is currently Vice Chair of mental health charity Sussex Oakleaf.

John Wenger (Trustee since 2003)

John's career began at the Beecham Group where he progressed to become Finance Director of Beecham Pharmaceuticals Europe Division. Before retiring in 2004 he was Finance Director of Treloar Trust for six years. He is a past Chair of the Royal Association for Deaf people (RAD) and is currently Treasurer of the Refugee Council and a Lay Member of the Fundraising Standards Board.

Joseph Morland (Trustee since 2003)

Joseph left Cambridge University with a degree in Economics and Law and spent much of his career in financial management, including working for 16 years as Financial Manager of Wells Cathedral School and the National Osteoporosis Society before recently retiring.

Paul Anticoni (Trustee since 2003)

Paul is Chief Executive at World Jewish Relief, the leading humanitarian and development agency that represents the UK's Jewish community. Prior to this appointment he was with the British Red Cross in London for 12 years, moving from management of East Africa operations to Head of the International Aid Department, where he managed their international disaster response operations, long term programming and strategic relationships with institutional donors. Paul had previously worked with Concern Worldwide and Marie Stopes International in East Africa, South East Asia and the Balkans.

Paulette Cohen (Trustee since 2003)

Paulette has been responsible for communications and publicity teams within the not-for-profit sector for over 15 years. She was Head of Publicity for VSO and Communications Director for Save the Children in London and is currently Deputy Chief Executive of the Windsor Leadership Trust. She has also been Chair of the International Save the Children Alliance Global Communications Group.

Sheila Large (Trustee since 2003)

Sheila currently runs her own management and training consultancy. She has been marketing director of a further education college and chief executive of a community development trust. More recently Sheila spent seven years as the national director of social enterprise with Business in the Community, before going on to become director of neighbourhood enterprise with the Riverside Housing Group. Sheila is also a director of The Mersey Forest Trust and Groundwork Northwest.

Richard Puddephatt (Trustee since 1999)

Richard spent his whole career in sales and marketing in the consumer goods field for companies such as Cadbury Schweppes, Lyons Tetley and Allied Domecq from where he has recently retired. Within Allied, he was responsible for the international marketing of one of its major Scotch Whisky products and co-ordinated a worldwide strategy to deal with counterfeit products.

John Rhodes (Trustee since 2006)

John studied law at Jesus College, Cambridge before joining Macfarlanes, a City firm of solicitors, in 1968. He specialised in trust and estate planning for both UK and international families, serving as a partner from 1971 to 2006 (and Head of the Private Client Department from 2000 to 2005). He continues to practice law on a consultancy basis. Between school and university John was sent by VSO for a year to Nigeria. He has managed his own small woodland since 1977.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008

The Trustees present their report along with the financial statements of the charity for the year ended 31 March 2008. The financial statements have been prepared based on the accounting policies set out in note 1 to the financial statements and comply with the charity's trust deed, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

TREE AID'S OBJECTS

TREE AID is constituted as a charity under a Trust deed which defines the charity's object as being: "relieving the poverty of and promoting the welfare of persons overseas by promoting for the benefit of such persons the preservation and improvement of their agricultural environment and especially silviculture".

TREE AID'S VISION AND MISSION

TREE AID's **vision** is to see thriving, self-reliant communities in Africa's rural drylands.

TREE AID's **mission** is to alleviate poverty sustainably, while improving the environment.

WHERE TREE AID WORKS

TREE AID works in Africa's rural drylands, in some of the poorest regions of Burkina Faso, Ethiopia, Ghana and Mali, where forestry centred development interventions can alleviate poverty sustainably.

TREE AID'S HISTORY

TREE AID was established as a charity in 1987 by a group of foresters in response to the famine in Africa, brought to public attention by Band Aid and Live Aid, to provide a long term solution once the emergency relief efforts ended. They believed that community forestry could ensure that those same communities in rural Africa's drylands were less vulnerable to drought and famine in the future, by securing the resources they depended on for survival.

Between 1987 and March 2008, TREE AID has supported projects that have benefited more than 300,000 people, in particular through training and the receipt of trees, improved stoves and beehives. Over 6.5 million trees have been planted in over 2,000 woodlots and orchards, nearly 200,000 metres of shelterbelts, and around homes, fields and along roads. Many other trees have been protected in over 30,000 hectares of natural woodland.

Since 2005 TREE AID has been working on a Village Tree Enterprise initiative, with technical support from the UN's Food and Agricultural Organisation, to promote sustainable enterprises based on non-timber tree products. So far this has resulted in 369 business plans being developed in 145 villages across three countries.

TREE AID'S STRATEGY

After wide consultation, TREE AID's 2006-2011 strategy was agreed by the Trustees in March 2006. This represents the second phase of the Community Forestry Livelihoods programme, a 15-year programme running from 2003 to 2018.

The Strategy identifies three key aims for TREE AID's work over the five year period from 2006 to 2011:

- Enabling poor families, and especially women, to unlock the potential of trees and forests to meet basic needs and generate income;
- Raising awareness of the power of trees and forests to change lives; and
- Ensuring sufficient resources are secured to facilitate programme expansion, maintain core activities and achieve target reserve funds.

Progress against these aims and the associated objectives is reported in the 'Review of Activities' below.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008 continued

REVIEW OF ACTIVITIES**Enabling poor families, and especially women, to unlock the potential of trees and forests to meet basic needs and generate income**

Objective: Ensuring that poor families have better access to and control over the forest resources upon which they depend

In 2007/08 TREE AID was able to implement its plan to significantly expand its work on 'Trees for Change' projects which focus on rights to access and control of natural resources. We continued to support a project in Mali, which has expanded to work with 120 villages (up from 54 last year), helping them to develop their own woodland bylaws and management plans for sustainable use of trees.

We also started a large project in Burkina Faso, linked to their government's plans to decentralise forest management. Working at a local, regional and national level the project will ensure that poor forest users are effectively served and represented in local and national policy debates.

During the coming year, the project will pilot the establishment of community forest management plans and forest concession partnerships through which rights of access to and control over forest resources can be transferred from the forest service via local government institutions to community organizations.

There is a direct synergy between this project and our Village Tree Enterprise initiative (see below), with around 30 villages covered by both projects. Secure tenure of their forest resources will give communities the confidence to invest in tree management, securing in turn the future supplies of tree products to sustain the emerging village enterprises.

Objective: Ensuring that poor families are better able to manage trees and forests and apply agro-forestry techniques to meet subsistence needs and improve their livelihoods

Work on building local capacity in tree and forest management was ongoing, and during the year seven projects (2006-07: 14) in all four of our focus countries received funding and/or technical support and advice from our forestry team. A total of 168,847 trees were planted in over 160 villages (2006-07: 142), benefiting around 20,000 households. Training in forestry and related skills was given to 1,989 villagers, ensuring that they will be in a better position to manage and benefit from their trees.

We also completed planning for three Natural Resource Management projects to be launched in Burkina Faso in April '08. These aim to build the technical skills and knowledge of villagers who are participating in our Village Tree Enterprise project (see below). These new projects will deliver the technical skills these communities need to invest in tree management, including training on grafting techniques, planting and tending trees, harvesting selected tree products, establishing tree nurseries, orchards and plantations. Five further projects of this type are planned to start during 2008-09, as more villagers launch their Village Tree Enterprises.

Objective: Ensuring that poor families increase their capacity to generate reliable income from well-managed village tree enterprises

Our Village Tree Enterprise programme aims to alleviate poverty and ensure the long term, sustainable management of national forest resources by encouraging income-generation through small-scale, community-based enterprises to alleviate poverty. Our work on this programme continued to expand during 2007-08, and is now a cornerstone of our work in West Africa:

- 47 people have been trained to facilitate village workshops on developing business plans;
- 8,472 people from 145 villages in Burkina Faso, Mali and Ghana have received training in how to develop viable business plans selling non-timber tree products;
- Around 65% of those involved are women looking to supplement their household income; and

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008 continued

- To date 369 business plans have been developed by village groups with 300 more to be completed in the next 12 months.

During 2008-09, while supporting new enterprises to develop business plans, existing groups will be supported to make their plans a reality by:

- Supporting enterprises to access finance to set up and develop their businesses;
- Improving the enterprises' knowledge of and access to markets;
- Assisting enterprises' access to business development services, such as technical training for specific products; and
- Encouraging the creation of federations of enterprises to increase their market capacities and strength.

Cross Cutting Programme Activities

The programme areas above are mutually supportive and increasingly integrated within the communities with whom our local partners work and so key activities are also cross-cutting. The scale and breadth of programmes that we now run has enabled us to develop strong relationships with our key partners in the field, with whom we now have more structured one-to-one partner support through more frequent and proactive project development, monitoring, training and technical support.

The continuing expansion of our programme means TREE AID's support extended to 305 villages during 2007/08. This continues our trend of growth as figures for the previous two years were 199 and 277.

Raising awareness of the power of trees and forests to change lives

TREE AID has limited resources to apply to communications, however it is vital to raise our profile and improvement and increased awareness were achieved through the year.

Objective: Ensure a coherent brand and key messages and enable those who represent TREE AID to communicate these effectively, consistently and with confidence, internally and externally

The main focus in terms of communications during the year was to review and renew our website. The new site is intended to:

- Demonstrate how what we do is having a positive impact on the lives of some of the world's poorest communities
- Provide up to date information, in particular for media
- Be inspiring
- Provide conversation/viral pieces to help browsers spread the word
- Ensure easy navigation to arrive at the point you want to get to as quickly as possible.

The new website was launched in November and by the end of March there had been over 7,000 visits.

New publications were developed emphasising the importance of trees in Africa in alleviating poverty, including a published summary of our Annual Review setting out our strategy, and a poster to enable TREE AID to respond to interest from schools. In addition our leaflet and gift catalogue was refreshed and updated and new headed paper produced.

Key to awareness raising is the distribution of our publications, 326,000 leaflets, 15,000 Updates and over 5,000 Annual Reviews were distributed (all printed on paper from sustainable sources). The Sculptree event, attracting 25,000 visitors over a week remains an important window on TREE AID, offering a direct opportunity to talk about our work with the general public.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008 continued

In the coming year more will be done to draw new audiences to our website to learn about TREE AID, including adding a short film of our work in Africa. We will also add a page on how climate change is affecting the villagers with whom we work in Africa and what can be done. In addition we will increase the distribution of literature by at least 25% and produce a pack linked to the schools curriculum to respond to the increasing interest from schools.

Objective: Positioning TREE AID as the natural point of contact for the national media for our specialism to achieve quality, informative coverage that results in support for our work.

Though the long-term nature of TREE AID's work does not lend itself to generating headlines, we secured media coverage and mentions, including three of the national press, getting TREE AID's name out to over four million people. In addition TREE AID was included in coverage of our annual Sculptree event, valued at the equivalent of £100,000.

Much of this last year's coverage was gained through corporate donors and through TREE AID events, and more will be done in the coming year to maximise this.

In addition, journalists writing on Africa will be researched and regularly updated on our work. We will also use any emerging media 'hooks', such as the food crisis, to generate press releases.

Ensuring sufficient resources are secured to facilitate programme expansion, maintain core activities and achieve target reserve funds

Objective: Implementing the most cost effective fundraising strategies, in particular to ensure sufficient unrestricted funding is raised to cover core costs and to achieve target reserve levels

1. Financial review

2007-08 saw significant growth in TREE AID's activities with expenditure increasing to £1,078k, a 25% increase on the previous year. This reflects the increase in the level of activity we have delivered in Africa.

A large part of the growth has been through the Village Tree Enterprise programme which help village groups to set up businesses through selling non-timber tree-products. This programme is now operating in Mali, Burkina Faso and Ghana, supported by long-term funding from the European Commission, the Big Lottery Fund and the Ghanaian government. The large scale of the projects and the fact that income is received in advance from these funders means that we held large balances at the year end which will be spent during 2008-09. Total expenditure on Village Tree Enterprise programme was £346k for the year, and this is due to increase further during 2008-09.

Our expenditure on a range of other projects also increased compared to previous years, with total charitable expenditure reaching £868k for the year. This amounted to 81% of total expenditure (up on 78% last year).

Our income grew to £1.5m for the year, a 53% increase on 06-07. Major contributors to this were the large amounts received from the institutions mentioned above for Village Tree Enterprise, which will reduce slightly in future years, but it also includes growth in trust, legacy, corporate and community income streams. This reflects our aim to maintain a balance of diverse income streams to avoid becoming over-reliant on any one source.

TREE AID seeks to build lasting and committed support, based on communicating our messages passionately in an inspiring, engaging and sincere way. As well as reflecting TREE AID's core beliefs, this fundraising approach works financially – during 2007-08 we spent just 13p on fundraising to generate each £1 of voluntary income.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008 continued

2. Reserves

TREE AID's Reserves Policy outlines the following primary reasons for holding reserves:

- ensuring the continuity of TREE AID's activities in the event of any unexpected setback;
- allowing TREE AID to take advantage of any project or fundraising opportunities that arise; and
- providing funds to ensure that there are sufficient resources available to fulfil legal obligations in the (unlikely) event that TREE AID ceases to operate.

The Trustees currently consider it appropriate to maintain free reserves (those unrestricted funds which are not invested in fixed assets, designated for a specific purpose or otherwise committed) representing two to three months of unrestricted and restricted expenditure that isn't funded by secure long-term grants, plus one month of expenditure that is funded by secure long-term grants.

The current target level of reserves, based on the above formula, is £215,000 to £296,000, and at 31st March 2008 TREE AID's free reserves stood at £253,000, which means we are within our target level (the first year that this has been achieved).

Reserves are monitored on a monthly basis and reported to Trustees quarterly, with the target level of reserves reviewed annually as part of the cyclical budgeting process.

Objective: Maintaining a capable and well motivated team of staff, backed up by appropriate resources

During 2007-08 TREE AID increased its staff team in West Africa from 9 to 12, with further increases planned for 2008-09. This will ensure that we are able to provide the quality of support required on the ground to partners and projects to ensure their success. An integral part of this has been the establishment of an 'Enterprise Support' team who work with villagers to help them develop the contacts and entrepreneurial skills they will need to develop the fledgling businesses arising from the Village Tree Enterprise programme.

The fundraising team in the UK also expanded by one post during the year, to ensure that the growth planned over the coming years will be adequately funded. Further developments in this area are also planned for 2008-09 as our requirement for funds continues to grow.

STRUCTURE, GOVERNANCE AND MANAGEMENT

TREE AID is an unincorporated trust registered as a charity on 28 April 1987, overseen by a board of Trustees whose principal responsibilities are strategy, planning and significant operational decisions. The board of Trustees meets quarterly for strategic oversight. All new Trustees go through a recruitment and induction process and are selected with a view to ensuring that the board has an appropriate balance of experience relevant to TREE AID's strategic and operational requirements. A list of current Trustees is given on page 3 and brief biographies are set out on page 4.

The Finance and General Purposes Sub-Committee operates under the delegated authority of the Trustees, and deals with financial and administrative matters.

In addition, the Programme Policy Group, who donate their time and forestry and development expertise, makes recommendations to the Trustees and Senior Management Team on programme progress, funding policy and strategy. The members of the Programme Policy Group are listed on page 4.

The Trustees are supported by the Senior Management Team, who report to the Trustees on a regular basis. The members of the Senior Management Team are listed on page 4.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008 continued

STAFF AND VOLUNTEERS

Employees

The Trustees recognise the huge and ongoing contribution made by staff in our two offices in Bristol and Ouagadougou, and extend their gratitude to these staff. Their energy and commitment, combined with a strong team ethos, means that significant progress continues to be made in all areas of TREE AID's work.

Volunteers

The Trustees are extremely grateful for time donated by volunteers to TREE AID. It would not have been possible to achieve as much as we do without their help and support.

Equality & Diversity Policy

TREE AID believes that capitalising on what is unique about individuals and drawing on their different perspectives and experiences adds value to the way we work.

By accessing, recruiting and developing talented staff from the widest possible pool TREE AID can gain an insight into new approaches and techniques and generate greater creativity in working towards our objectives. We therefore constantly strive to create a productive environment, representative of, and responsive to, different cultures and groups, where everyone has an equal chance to succeed.

GRANTS POLICY

The majority of TREE AID's work in Africa is carried out by local partners financed through project grants. Funding proposals from local partners are subject to a formal three-stage process of screening and assessment, supported by in-country advisers, overseen by our Programme Policy Group. Final approval of new projects rests with the Senior Management Team and the Trustees, as set out in TREE AID's financial regulations. All projects are subject to a monitoring process during their life cycle, and the payment of grants is subject to satisfactory monitoring reports being received.

RISK MANAGEMENT

The Trustees have a duty to identify and review the strategic, business and operational risks that the charity is exposed to, and to ensure that appropriate controls are in place to provide reasonable assurance against fraud and error.

In order to achieve this, the Trustees and the Senior Management Team have established a Risk Policy, which requires an annual assessment of the risks that the organisation is exposed to. This risk assessment process produces a Risk Register, which assigns management of these risks to specific individuals and recommends actions to be taken, where necessary, in order to manage the likelihood or impact of these risks.

TRUSTEE RESPONSIBILITIES

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

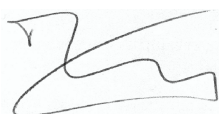
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008 continued

- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the charity to enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that to the best of their knowledge there is no information relevant to the audit of which the auditors are unaware. The trustees also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.



Signed on behalf of the Trustees on 28th July 2008

Mike Turnbull

Chair of the Trustees

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF TREE AID

We have audited the financial statements of TREE AID for the year ended 31 March 2008, which comprise the statement of financial activities, balance sheet and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005).

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005). The responsibilities of the trustees are set out in the statement of responsibilities of the trustees.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We report to you whether, in our opinion, the information given in the trustees' report is consistent with the financial statements. We also report to you if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

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

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

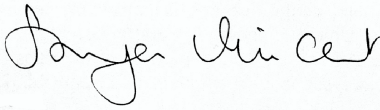
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF TREE AID continued

OPINION

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice as modified by the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005), of the charity's state of affairs as at 31 March 2008 and of its incoming resources and application of resources for the year then ended; and
- The financial statements have been properly prepared in accordance with the provisions of the Charities Act 1993.
- The information given in the Trustees' report is consistent with the financial statements



Sayer Vincent
Chartered Accountants &
Registered Auditors
King's House
Orchard Street
Bristol
BS1 5ER

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 March 2008

	Notes	2008 Restricted Funds £	2008 Unrestricted Funds £	2008 Total Funds £	2007 Total Funds £
Incoming resources					
Incoming resources from generated funds					
- Voluntary income		828,789	647,253	1,476,042	973,092
- Investment income		-	15,698	15,698	8,137
Other incoming resources		-	19,227	19,227	3,225
Total incoming resources	2	828,789	682,178	1,510,967	984,454
Resources expended					
Cost of generating voluntary income					
		14,836	182,764	197,600	175,895
Net resources available after costs of generating funds		813,953	499,414	1,313,367	808,559
Charitable activities					
- Funding partner projects		345,293	57,532	402,825	339,848
- Direct programme work		207,634	101,111	308,745	203,091
- Education & Awareness		24,359	131,844	156,203	134,072
Total Charitable activities		577,286	290,487	867,773	677,011
Governance costs		608	11,950	12,558	12,511
Total resources expended	3	592,730	485,201	1,077,931	865,417
Net incoming resources before transfers	5	236,059	196,977	433,036	119,037
Transfers	15	7,099	(7,099)	-	-
Net incoming resources after transfers		243,158	189,878	433,036	119,037
Reconciliation of funds					
Total funds brought forward		152,901	168,117	321,018	201,981
Total funds carried forward	15	396,059	357,995	754,054	321,018

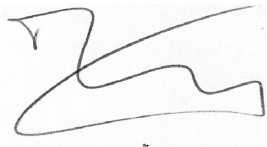
All of the above results are derived from continuing activities.

There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 15 to the financial statements.

BALANCE SHEET as at 31 March 2008

	Notes	2008 £	2007 £
Fixed assets	10	38,778	9,443
Current assets			
Stocks	11	-	226
Debtors	12	101,214	118,328
Current asset investments	13	51,578	110,000
Cash at bank and in hand	13	655,828	214,539
		808,620	443,093
Current liabilities			
Creditors: amounts due within one year	14	93,344	131,518
Net current assets		715,276	311,575
Net assets		754,054	321,018
Funds			
Restricted funds	15	396,059	152,901
Unrestricted funds			
- Designated – fixed assets	15	20,182	-
- Designated – other	15	85,000	15,000
- General reserves	15	252,813	153,117
Total Unrestricted funds		357,995	168,117
Total funds	16	754,054	321,018

Approved by the Trustees on 28th July 2008 and signed on their behalf



Mike Turnbull

Chair of the Trustees

NOTES TO THE ACCOUNTS for the year ended 31 March 2008

1. PRINCIPAL ACCOUNTING POLICIES**a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Charities Act 1993. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in March 2005).

b) Fund accounting

The charity maintains three main types of fund as follows:

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

c) 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. The value of time kindly contributed by volunteers is not included in the financial statements.

Legacy income is recognised in the accounts when it is received, unless there is sufficient evidence in advance to allow TREE AID to be sufficiently certain that the income will be received, and to be able to estimate the value of the legacy with reasonable certainty.

Revenue grants are credited to the statement of financial activities when received or receivable which ever is earlier, unless they relate to a specific future period, in which case they are deferred. Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation of fixed assets purchased with such grants is charged against the restricted fund.

d) Resources expended and basis of allocation of costs

Resources expended are recognised in the period in which they are incurred, and include attributable VAT which cannot be recovered.

Expenditure is analysed into the following activities:

- i) Fundraising costs - This includes the salaries, direct expenditure and overhead costs of staff engaged in fundraising activities. The cost of fundraising initiatives is recognised in the year in which it is incurred although income derived from the initiatives may arise in future years.
- ii) Project grants – These represent the value of grants that have been made to project partners. Costs of grant making are included in the statement of financial activities in the year they are payable.
- iii) Direct programme work - This includes the costs of TREE AID's own staff involved in the delivery of the programme, particularly those staff based in TREE AID's West Africa office in Burkina Faso. These staff provide specialist support, training and networking for partner organisations, as well as undertaking the research required to develop our programme.
- iv) Education and awareness – This represents the costs incurred in educating and informing institutions and members of the public on the issues being addressed by the charity.
- v) 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.

NOTES TO THE ACCOUNTS for the year ended 31 March 2008

In addition to costs incurred directly in the course of the activities above, support costs are incurred which are necessary to facilitate the above activities and are classified as follows:

- i) Project support includes the costs of staff both in the UK and in West Africa who work in support of partners and operational activities.
- ii) General support includes the costs of functions such as budgeting and accounting, information technology, human resources and payroll administration.

Resources expended are allocated to a particular activity where the cost relates directly to that activity. Shared costs, including central office costs, are apportioned to activities based on the proportion of staff time spent on each activity as shown in the table below. The table also shows the basis on which support costs are allocated to activities.

Activity	Allocation of support costs	Allocation of shared costs
Cost of Generating Funds	7%	25%
Project Grants	49%	0%
Direct Programme Work	38%	27%
Education and Awareness	5%	20%
Governance	1%	1%
Programme & General Support	n/a	27%

e) Donated Assets and Services

The value of donated goods and services recognised in the financial statements is the price the charity estimates it would pay in the open market for a service or facility of equivalent value to the charity.

f) Friends Groups

Friends Groups are not regarded as separate legal entities but as part of the administrative machinery of the main charity.

g) 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:

Motor Vehicles:	25%
Office Furniture and Equipment:	25%
West Africa Office Equipment:	25%

Items of equipment are capitalised where the purchase price exceeds £500. 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) 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 average rate of exchange for the year. Exchange differences are taken into account in arriving at the net movements in funds for the year.

NOTES TO THE ACCOUNTS for the year ended 31 March 2008**i) Stock**

Stock is valued at the lower of cost and net realisable value.

j) Pensions

The charity offers a defined contribution pension scheme to employees, to which it contributes 3% of salary if employees contribute 4%. The assets of the scheme are held in an independently administered fund. Pension costs charged in the Statement of Financial Activities represent the contributions payable by charity during the year.

k) 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.

2. Incoming resources

	2008	2008	2008	2007
	Restricted	Unrestricted	Total	Total
	£	£	£	£
Institutional funds	523,788	19,823	543,611	254,465
Charitable trusts	197,357	114,594	311,951	201,422
Corporate giving	37,906	44,226	82,132	47,459
Associated organisations	8,368	2,127	10,495	11,194
Individuals	45,783	319,403	365,186	381,902
Community support	15,546	47,840	63,386	65,140
Legacies	41	99,240	99,281	11,510
Other	-	34,925	34,925	11,362
Total	828,789	682,178	1,510,967	984,454

3. Analysis of activities and support costs

	2008	2008	2008	2008	2008	2007
	Grants	Activities undertaken directly	Programme Support Costs	General Support Costs	Total	Total
	£	£	£	£	£	£
Cost of generating funds	-	186,499	-	11,101	197,600	175,895
Charitable activities:						
- Funding partner projects	323,853	-	56,340	22,632	402,825	339,848
- Direct programme work	-	248,217	43,182	17,346	308,745	203,091
- Education & awareness	-	147,426	-	8,777	156,203	134,072
Total charitable activities	323,853	395,643	99,522	48,755	867,773	677,011
Governance	-	11,853	-	705	12,558	12,511
Total	323,853	593,995	99,522	60,561	1,077,931	865,417

NOTES TO THE ACCOUNTS for the year ended 31 March 2008**4. Grants analysed by country and project**

	2008	2007
	£	£
Burkina Faso:		
Land and Livelihoods	3,404	8,947
Money from Honey	21,952	10,670
Village Tree Enterprise	34,279	66,503
Trees for Change	27,644	-
Trees for Trade – Fada	6,817	-
Trees for Trade – Basalogho	4,440	-
Trees for Trade – Park de Po	1,487	-
	100,023	86,120
Ethiopia:		
Forests for Food	4,171	13,944
	4,171	13,944
Ghana:		
Village Tree Enterprise	29,402	44,093
Kandema Rural Regeneration	11,118	-
Tamale Tree and Land Use Project	14,416	6,100
	54,936	50,193
Mali:		
Trees for Change	35,771	32,108
Village Tree Enterprise	128,952	65,949
Other	-	(2,469)
	164,723	95,588
Total	323,853	245,845

5. Net incoming resources

This is stated after charging:

	2008	2007
	£	£
Audit fees		
- Statutory audit	5,000	5,000
- Overseas audit	5,875	-
Depreciation	10,479	3,934
Operating lease rentals:		
- Property	17,227	16,808
- Hire of equipment	1,866	1,829

NOTES TO THE ACCOUNTS for the year ended 31 March 2008**6. Employee and staff costs**

The average number of employees during the year, calculated on a full time equivalent basis, was:

	2008	2007
	No.	No.
UK contracted employees:	13	12
Staff based overseas on local contracts:	12	9
Total	25	21

The cost of employing these staff was:

	2008	2007
	£	£
Salaries and wages	416,469	351,181
Social Security Costs (National Insurance)	40,649	35,828
Pension costs	3,819	-
Total	460,937	387,009

No employees were paid more than £60,000.

7. Pension scheme

In October 2007 TREE AID started to offer a defined contribution pension scheme to employees, to which it contributes 3% of salary if employees contribute 4%. Cooperative Insurance Services have been appointed to administer the scheme.

Pension costs charged in the Statement of Financial Activities represent the contributions payable by TREE AID in the year.

8. Trustee remuneration

Trustees are not remunerated, but are reimbursed for their incidental expenses in carrying out their duties as Trustees.

Directly incurred Trustee expenses borne by the charity in 2007/08 totalled £1,093 (2006/07: £875) paid to 8 Trustees (2006/07: 9).

9. Taxation

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

NOTES TO THE ACCOUNTS for the year ended 31 March 2008**10. Fixed Assets**

	UK Fixtures and Fittings £	West Africa Motor Vehicles £	West Africa Fixtures and Fittings £	Total £
Cost				
At 1st April 2007	20,584	16,047	15,617	52,248
Additions	6,753	22,972	10,088	39,813
Disposals	(6,868)	-	(6,186)	(13,054)
At 31st March 2008	20,469	39,019	19,519	79,007
Depreciation				
At 1st April 2007	15,272	16,047	11,486	42,805
Charge for the year	3,202	4,377	2,899	10,478
Disposals	(6,868)	-	(6,186)	(13,054)
At 31st March 2008	11,606	20,424	8,199	40,229
Net Book Value				
At 31st March 2007	5,312	-	4,131	9,443
At 31st March 2008	8,863	18,595	11,320	38,778

11. Stocks

	2008 £	2007 £
Stock represented goods held for resale.	-	226

12. Debtors

	2008 £	2007 £
Tax recoverable (Gift Aid)	4,976	6,977
Grant and donation income debtors	8,196	12,302
Loans to staff under the Home Computing Initiative scheme	-	380
Prepayments & accrued income	88,042	98,669
Total	101,214	118,328

13. Short term investments

	2008 £	2007 £
Cash held on 3 month deposit	51,578	10,000
Cash held on 1 month deposit	-	100,000
Total short term investments	51,578	110,000

The high cash figure of £656k at the year end was unusual, due to a short term investment having just matured. By 2 April 2008 a further £380k had been re-invested in short term investments to maximise the interest earned.

NOTES TO THE ACCOUNTS for the year ended 31 March 2008**14. Creditors: amounts due within one year**

	2008	2007
	£	£
Project creditors	18,237	64,544
Trade creditors	19,423	13,236
Accruals & deferred income	46,845	44,449
Tax and social security	8,839	9,289
Total	93,344	131,518

15. Movements in funds

	Opening balance	Incoming resources	Outgoing resources	Transfers	Closing balance
	£	£	£	£	£
Restricted funds					
Community Forestry Livelihoods	4,664	87,312	(99,075)	7,099	-
Projects	88,016	186,444	(147,483)	-	126,977
Village Tree Enterprise - Ghana	4,879	146,442	(53,146)	-	98,175
Village Tree Enterprise - European Commission	44,862	276,038	(242,201)	-	78,699
Village Tree Enterprise - Big Lottery Fund	10,480	132,553	(50,825)	-	92,208
Total restricted funds	152,901	828,789	(592,730)	7,099	396,059
Unrestricted funds					
Fixed Asset Designated fund	-	-	-	20,182	20,182
Community Forestry Livelihoods designated fund	15,000	-	-	70,000	85,000
General Reserves	153,117	682,178	(485,201)	(97,281)	252,813
Total unrestricted funds	168,117	682,178	(485,201)	(7,099)	357,995
Total funds	321,018	1,510,967	(1,077,931)	-	754,054

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 are outlined below.

Community Forestry Livelihoods

This has been established to cover the costs of the following key themes of TREE AID's work which is undertaken by TREE AID's local staff on the ground in West Africa:

- alleviating poverty through the provision of forest resources, environmental improvement and income generation opportunities through sustainable woodland management;
- strengthening the local capacity of partners and villagers so that they can continue long after funding has ended; and
- closing the gap in information on income from non-wood forest products.

NOTES TO THE ACCOUNTS for the year ended 31 March 2008*Projects*

This represents donations that are restricted to specific projects on the ground in Africa. It excludes Village Tree Enterprise projects which are shown separately.

Village Tree Enterprise

The Village Tree Enterprise programme is a key part of our strategy to enable villagers in Africa to earn a sustainable income from trees. We are now operating this in Burkina Faso, Mali and northern Ghana, supporting village groups to set up businesses and maintain forests to make a living from them.

Ghana

The Village Tree Enterprise project in Ghana is funded from a variety of sources including the Ghanaian government. Last year this was included within the generic "Projects" fund, but it is now large enough to need to be shown separately.

European Commission

TREE AID started a five-year grant contract with the European Commission in January 2007, with funding to deliver the Village Tree Enterprise programme in Mali and Burkina Faso. There were large balances on this fund at the end of the year which will be spent in early 2008-09.

Big Lottery Fund

TREE AID has completed three years of a five-year funding agreement with the Big Lottery Fund, for TREE AID's Village Tree Enterprise programme in Burkina Faso and Mali. There were large balances on this fund at the end of the year which will be spent in early 2008-09.

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 includes designated funds where the Trustees have set aside moneys for a specific purpose.

Fixed Assets designated fund

The designated fund for fixed assets represents resources invested in the charity's tangible fixed assets. The fund is therefore not readily available for other purposes.

Community Forestry Livelihoods

The Trustees have decided to designate £85,000 to support the Community Forestry and Livelihoods Fund, which supports the important work of TREE AID's staff on the ground in West Africa. The designation represents the difference between forecast expenditure and forecast income for the restricted Community Forestry and Livelihoods Fund in the coming year. This should ensure that TREE AID is able to invest in the growth of the capacity of the office in West Africa, as set out in the Trustee report on page 9.

16. Analysis of net assets between funds

	Restricted	Unrestricted Designated	Unrestricted General	Total
	£	£	£	£
Fixed assets	18,595	20,182	-	38,777
Cash at bank and in hand	435,331	85,000	56,972	577,303
Other current assets	-	-	231,318	231,318
Current liabilities	(57,866)	-	(35,479)	(93,345)
Total net assets	396,060	105,182	252,811	754,053

NOTES TO THE ACCOUNTS for the year ended 31 March 2008

17. Operating lease commitments

The charity had annual commitments at the year end under operating leases expiring as follows:

	2008	2007
	Land & buildings	Land & buildings
	£	£
Less than 1 year	19,943	19,943
1 – 2 years	19,943	19,943
2 – 5 years	15,745	35,688
Over 5 years	-	-

THANK YOU!

TREE AID extends thanks to all of our donors for their generous support, which enables us to work towards our vision of seeing thriving, self-reliant communities in Africa's drylands. In particular, the support of the following donors who have generously contributed more than £1,000 during 2007/08 is acknowledged:

All Saints Church, Crondall & Ewshott	Marus Trust	The H B Allen Charitable Foundation
Ben & Kate Goldsmith	Mr D Peaty	The Henry C Hoare Charitable Trust
Bettys and Taylors of Harrogate	Mr Goodman	The John Ellerman Foundation
Bright Works	Mr J Ward	The Marmot Charitable Trust
Brownswood Trust	Mr P Rochford	The Morel Charitable Trust
Caldey Abbey	Mr R Pearce	The Mosse Charitable Settlement
Chris Marsh	Open Gate	The N Smith Charitable Settlement
Colney Woodland Burial Park	Ownwood Trust	The October Hill Foundation
David Dutton	Palmstead Nurseries	The Paget Trust
Dr & Mrs C J Gill	Randall Thorp	The Paul Foundation
Dr & Mrs Peter Newley	Rhodes Charity	The Phillip Henman Trust
Dr G Williams	Rob Bowden Graphic Design	The St Mary's Charity
Ecofurn	RPS Group Plc	The Susanna Peake Charitable Trust
Educational and General Charitable Trust	Severnprint	The Tanner Trust
Ferguson Benevolent Fund Ltd	Soho Pizzeria	The Valentine Charitable Trust
Greener Solutions	Space Man Limited	The Whitaker Charitable Trust
James Ogilvie	Stephen & Lorna Lloyd	UPM Kymmene (UK) Ltd
Joffe Charitable Trust	Stonewall Park Charitable Trust	UPM Tilhill
John & Elizabeth Gibbs	The Bryan Guinness Charitable Trust	WF Southall Trust
Lady de Clifford	The Christmas Forest	Whitley Neill Ltd
Langdale Trust	The Col. W W Pilkington Will Trusts	Zurich Community Trust
Living Willow	The Gibbs Charitable Trust	
Martin Doughty	The Greenwich Carbon Party Group	

TREE AID also acknowledges with thanks the ongoing support from:



The European Commission