



TREE AID

Charity Reg. No. 296708

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR

1 APRIL 2009 TO 31 MARCH 2010

CONTENTS

	Page
Legal and administrative information.....	3
Trustee biographies.....	4
Report of the Trustees.....	5
TREE AID's Objects.....	5
Public Benefit.....	5
TREE AID's vision and mission.....	5
Where TREE AID works & the people who benefit.....	5
TREE AID's history.....	5
TREE AID's strategy.....	6
Review of activities.....	6
Structure, governance and management.....	10
Staff and volunteers.....	10
Financial Review.....	11
Risk management.....	12
Grants policy.....	12
Trustees' responsibilities.....	13
Report of the Auditors.....	14
Statement of Financial Activities.....	16
Balance sheet.....	17
Notes to the accounts.....	18
Thank you!.....	27

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 (retired 19 July 2010)	

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

2. Member of Programme Policy Group

SENIOR MANAGEMENT TEAM

Dr Philip Goodwin - Chief Executive (appointed 17 June 2010)

Tony Hill - Programme Director

Geoff Nicks - Finance & Resources Director (appointed 23 November 2009)

Yacouba Ouedraogo - West Africa Programme Co-ordinator

Valerie Harland - Fundraising & Communications Manager (appointed 5 January 2010)

ADVISORS

The Trustees retain the following advisors:

Programme Policy Group

Paul Anticoni	See Trustee Biography on page 4
David Cutler	Deputy Keeper, Jodrell Laboratory, Kew Royal Botanical Gardens
Peter Woods	Former 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.

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.

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 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.

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 6 years. He is a past Chair of the Royal Association for Deaf people (RAD) and is currently a trustee of the Phyllis Tuckwell Hospice and a lay director of the Fundraising Standards Board.

Paulette Cohen (Trustee since 2003)

Paulette has worked in the not-for-profit sector for nearly 20 years, in the fields of communications and leadership. She was Head of Publicity for VSO, and Communications Director for Save the Children, when she also chaired the International Save the Children Alliance Global Communications Group. She is currently Deputy Chief Executive of the Windsor Leadership Trust, and will become Associate Director (Global Community Investment) at Barclays Bank in September 2010. She is a Non-Executive Board member of BTCV.

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 2010

The Trustees present their report along with the financial statements of the charity for the year ended 31 March 2010. 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 sylviculture".

PUBLIC BENEFIT

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and when planning future activities (see "TREE AID's Strategy" below).

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 & THE PEOPLE WHO BENEFIT

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. The beneficiaries of TREE AID's work are poor families, and especially women, who live in the villages in these rural drylands in Africa.

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.

Since its inception in 1987, TREE AID has supported projects that have benefited more than 450,000 people, in particular through training and the provision of trees, improved stoves and beehives. Over 6.8 million trees have been planted in over 2,500 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.

In addition, since 2005 TREE AID has been working on a Village Tree Enterprise initiative, to promote sustainable enterprises based on non-timber tree products. Since 2007 we have also been working on projects to ensure local people have access to and control over the natural resources on which they depend.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2010 continued

TREE AID'S STRATEGY

TREE AID is currently working to a 5-year strategy for 2006-2011. 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.

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

Work continued in Burkina Faso and Mali on two 'Trees for Change' projects focussed on rights to the access and control of natural resources. The governments' policies of decentralisation offer rural people an opportunity to claim a greater role in the management of their woodland resources and agricultural land. However, villagers often lack sufficient knowledge of the complex legal changes this has brought about and this could prevent them from benefitting in a way that could dramatically improve their lives.

Over the past year TREE AID has supported 8 elected local government communes in Burkina Faso to develop local policy and strategic plans for local forest resource management. These plans include the identification of forest zones, assessing the interests of different forest user groups and then defining key stakeholder roles and responsibilities. In three of the five pilot sites local forest communes have progressed to drafting local by-rules and conventions for forest management.

Alongside this initiative TREE AID has strengthened the knowledge and capacity of forest users to participate in local policy discussions and planning processes. Project stakeholders have received advocacy training and forest user committees are now in place in two of the project sites in Burkina Faso. Validation and adoption of additional local forest strategies is anticipated in 2010/11.

With a view to linking local voices into national debates TREE AID have facilitated discussions between the Government's Ministry for the Environment (MECV) and local Mayors regarding the development of Commune Forest Services.

At a national level the Burkina Forest Governance Learning Group (FGLG) continues to research and examine policy issues, linking these to local case study examples. A sub regional workshop was held in March 2010 to share and analyse local forest governance experiences across 3 countries (Mali, Niger, and Burkina).

The Mid term evaluation of the Burkina Trees for Change project was commissioned and completed in March 2010. Lessons and recommendations are feeding into a review of project plans early in 2010/11. This will include a diversification of local partnership arrangements and adoption of improved monitoring indicators.

In line with TREE AID's regional approach, fully costed plans for a similar forest governance project in Northern Ghana have been developed. These will be submitted for funding to appropriate donors in 2010-11.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2010 continued

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

Sustainable tree and forest management continues to play a core role in TREE AID's work. Ten such projects are being delivered across thirteen project sites in all four of TREE AID's target countries. These projects have received technical support & advice from our specialist forestry team, with field monitoring visits on a 6 monthly cycle.

Natural Resource Management projects linked to Village Tree Enterprises in Burkina Faso and Mali have benefited from training in nursery management, grafting, natural regeneration and bush fire management, delivered by our own specialist field trainers or carefully selected local consultants. Over 400 farmers have benefited from such training. Learning visits, to share experience and innovation in agroforestry, soil and water conservation between farmers/entrepreneurs in Burkina and Mali, were implemented. 24 farmers visited an experimental farm at Guiè in Burkina and 12 travelled to a TREE AID project in Bankass, Mali to learn of their experience in community forest governance.

Competitions were staged at a number of project sites to motivate entrepreneurs, interest groups and producers to establish further orchards and plantations.

Single partner projects in Burkina (Bu092) and Ghana (Gh094) have been completed and end of project assessments (EoPAs) conducted. These will be reviewed and inform future planning and implementation of projects as well as communication and fundraising strategies. Our Ethiopian project (Eth095) was re-launched under a revised partnership agreement and a consultant was commissioned to conduct an in-depth field monitoring visit in February 2010, which has informed the continued development of this project.

A total of 87,000 trees were planted in over 70 villages during the year.

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

The Village Tree Enterprise (VTE) sub-programme remains an integral part of TREE AID's work, aiming to alleviate poverty and ensure the sustainable management of forest resources by encouraging income-generation through small-scale, community-based enterprises.

With the Food & Agriculture Organisation (FAO) we jointly commissioned a consultant led review of the Market Analysis and Development (MA&D) methodology, which has been a key element in our VTE work to date. We then staged a sub-regional workshop in Ouagadougou to review our VTE work and promote the sharing of experiences and best practices across all partners and stakeholders.

VTE work in Burkina Faso and Mali was successfully reformulated to take into account the learning generated over the past 4 years of implementation as well as the outcomes of a Mid Term Project Evaluation of our EC funded VTE project. Ongoing EC funding and a 6 month extension to BLF funding was secured to launch a new phase of VTE work in Burkina and Mali. This has entailed;

- New partnership agreements and project inception workshops with all eight local partners, followed by negotiation of their 2010 activity plans & budgets.
- Recruitment, induction and training of new staff members; four within TREE AID's project management unit and forty four field staff employed by our partners (field managers, enterprise advisors and forestry field trainers)
- Establishment of a TREE AID branch office in Segou, Mali to better support our VTE partners in that country

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2010 continued

183 village tree enterprises are now up and running; in Burkina Faso (124) and Mali (59). Projected annual turn over for these enterprises is more than £150,000. A further 367 groups have developed Enterprise Development Plans (EDPs) which are now pending loan financing or awaiting the arrival of seasonal harvests for relevant products. To improve access to micro-finance we renewed our partnership with Caisse Populaire in Burkina Faso and scoped options for similar partnerships in Mali. Work with entrepreneurs at village level has been completed by activities of our FAO funded Forest Connect project, which included a study of information needs for Small & Medium Forest Enterprises (SMFEs), an inventory of service providers for SMFEs and a training workshop for SMFE representatives on Understanding Markets.

- A second phase of our VTE work in Ghana was launched at the beginning of the year. New partnership agreements were put in place with all six of our local implementing partner NGOs. The launch of the Ghana Enterprise Development Revolving Fund (EDRF) was delayed due to problems with our micro-finance partnership, which in turn led to delays in getting the enterprises up and running. The situation was reviewed and an alternative management arrangement agreed with one of our existing NGO partners. We plan to activate the EDRF early in 2010/11. TREE AID is in the process of consulting with existing partners and other stakeholders in Ghana on the possible development of a Ghana Trees for Trade Programme which would complement our VTE work there.

Cross Cutting Programme Activities

The number of villages in which TREE AID is running projects increased from 284 to 352 over the year. Programmes and objectives are mutually supportive and increasingly integrated. This facilitates continued development of strong partnerships with our local NGOs implementing the programme in the field. TREE AID has continued to provide structured, frequent and pro-active support, looking where ever possible to maximise on the learning generated by projects and the best practise being developed by partners.

In a new collaboration TREE AID is supporting the work of a research student from SOAS to undertake in depth field research. Such research is valuable to provide better understanding of local livelihoods and the socio-cultural factors which influence programme delivery and impact.

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

In all its communications, TREE AID takes pride in presenting a balanced picture of the problems and solutions involved in relieving poverty in the drylands of Africa through the potential of trees.

Through our donor newsletter *Update*, which is published three times a year, we strive to portray the empowering nature of our work through positive images that are always captioned with the subject's name and location. During 2009-10 we asked our donors what they liked about *Update* and why they support TREE AID. Many said they loved reading about the different types of trees and how TREE AID's work gives local African communities the skills and confidence they need to become self-reliant. During the coming year, seeking the views of our supporters will be crucial in developing a coherent brand and ensuring consistent messages about the power of trees to transform lives.

New supporters were recruited through inserts in national publications, such as Ethical Consumer, The Organic Way, and Resurgence, that reflect the interests of our current supporters and reinforce the values of TREE AID. Volunteers were also vital in helping to spread the word about TREE AID, by distributing leaflets through community centres and retailers such as garden centres.

The TREE AID Speakers' Network was established during 2009-10 with the aim of raising TREE AID's profile in local communities. Volunteer members give presentations to service clubs and community groups on a raft of topics such as Trees for Food and the Medicinal Value of Trees.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2010 continued

TREE AID's annual 'shop front' event, Sculptree which is part of the Festival of the Tree held at Westonbirt Arboretum, once again increased visitor numbers with over 35,000 people viewing the exhibition over the August Bank Holiday weekend, which was an increase of 5,000 over the previous year.

Conscious of the need to communicate with a broader audience, during the year we developed our social media presence, specifically through Twitter and Facebook. Skilled volunteers set up tree and cake blogs and the next step is to upload short films showing our project work onto YouTube and Vimeo websites.

The TREE AID website received 44,000 visits, doubling the number of the previous year. The site was gradually overhauled, to make it easier for visitors to find the pages of most interest to them.

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.

The main national media coverage during 2009-2010 came from the BBC, with a feature in 'The Green Room' in August 2009. There was also significant secondary media coverage from the corporate partners Whitley Neill Gin, Ecofurn and the Christmas Forest, which featured in the Guardian online Ethical Christmas guide.

Up and coming fundraising events have focused on local media coverage, and both the 2010 Cycle Challenge and Sculptree will be concentrated on further throughout 2010, along with the appointment of the new Chief Executive.

Social Media tools such as Twitter and Facebook are now being used, and will form the basis of much media coverage in 2010-2011. Online coverage in general is being looked at, and TREE AID now has a Wikipedia page.

Media coverage within specialist publications is expected to grow in the forthcoming year, starting with editorials in magazines within which the Fundraising team have inserts.

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

Our total income for the year was £1,361k. This is an increase on last year's £1,255k due to higher institutional income (£99k) and individuals (£29k).

Institutional income reflects increased activity on the EC funded project that occurred in the second half of the year.

Very encouragingly individual giving has remained buoyant despite the recession. We are very grateful to all those who continue to donate to TREE AID during these difficult times.

We were also pleased that our income from corporate giving increased by £10k to £77k.

TREE AID works to build lasting and committed support rather than one-off donations through our more personal approach to fundraising that we call 'friendraising'. As well as reflecting TREE AID's core beliefs, this works financially – during 2009-10 we spent just 16p (2008-09: 18p) on fundraising to generate each £1 of voluntary income.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2010 continued

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

During 2009-10 TREE AID has increased its staff team in West Africa slightly to 17 at the year end, which ensured that we were able to provide the quality of support required on the ground to partners and projects to ensure their success. The UK team has continued at a lower, average level of 13 during the year, but post year end will see some increase as plans are implemented to increase our fundraising capability and raise the charity profile.

The increased level of activity has meant that we are opening a small office in Mali for the remaining duration of the Village Tree Enterprise project.

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, whose members 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 3.

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 3.

During the year the Trustees decided to incorporate the charity. The change took effect from 1 April 2010 when the whole of the assets and undertaking were transferred to a company limited by guarantee (Company registration number 03779545), also named TREE AID, and a registered charity (Registered charity no: 1135156) by a deed of transfer.

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 our 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.

Miranda Spitteler left us during the year. Miranda led TREE AID with exceptional dedication, providing passionate, energetic and inspirational leadership throughout what has been a difficult but ultimately very successful period of growth. She will be greatly missed, and a hard act to follow.

Volunteers

The Trustees are extremely grateful for time donated by volunteers to TREE AID, which amounted to over 2,500 hours during the year. It would not have been possible to achieve as much as we do without their help and support.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2010 continued

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.

President, Patrons & Programme Policy Group

We would like to express our thanks to our President, our Patrons and the Programme Policy Group for the time and support that they have given throughout the year.

We are most grateful to Roger Busby, who has retired from the Programme Policy Group, for his long service to the Charity.

FINANCIAL REVIEW*1. Financial review of 2009-10*

TREE AID continued to grow during 2009-10 increasing both income and expenditure. Expenditure increased to £1,475k, 8.5% up on the previous year. This reflects growth in activity we have delivered in Africa, with the amount spent on individual projects being higher than previous years in many cases.

The number of projects aiming to improve forestry skills and knowledge continued at eleven. Primarily expenditure concentrated on the 'Village Tree Enterprise' with a total of £525k spent, including £196k through grants to partners, and 'Trees for Change projects' with a total of £144k spent, of which £126k was through grants to partners.

Our total charitable expenditure increased by £130k, reaching £1,250k for the year. This amounted to 85% of total expenditure (up on 82% last year). This also reflects the larger staff team in our West Africa office who are able to do more direct project work and provide greater support to the partners we work with. TREEAID took on more of the direct VTE project work, thereby increasing direct programme costs, and reducing funding paid to partners.

As discussed in the fundraising section above, our income for the year was £1,361k, up on last year's £1,255k, due mainly to increased supporter income and institutional income. The level of institutional income is heavily influenced by timing of receipts from our institutional donors.

This resulted in a net outgoing of resources from restricted funds before transfers of £121k during the year. This can be explained by EC funding being paid in arrears, resulting in a £137K deficit on this fund which will be cleared by the anticipated future receipts of income.

There were net incoming of resources in unrestricted funds before transfers of £7k.

There was a transfer of funds during the year of £13k from unrestricted to restricted funds in respect of the Trees for Change project where expenditure exceeded the grant received.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2010 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 or covered by restricted funds already held, 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 £108k to £135k, and at 31 March 2010 TREE AID's free reserves stood at £174k, which means we are above our target level. We believe that we are therefore in a reasonably strong position to face what is likely to be a further difficult year for many charities as the knock on effect from recession continues.

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.

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.

GRANTS POLICY

A significant part 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.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2010 continued

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;
- 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 19 July 2010

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 2010, 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 2010 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

19 October 2010

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 March 2010

	Notes	Restricted Funds £	Unrestricted Funds £	2010 Total Funds £	2009 Total Funds £
Incoming resources					
Incoming resources from generated funds					
- Voluntary income		830,848	529,427	1,360,275	1,228,379
- Investment income		-	298	298	19,830
Other incoming resources		-	713	713	6,452
Total incoming resources	2	830,848	530,438	1,361,286	1,254,661
Resources expended					
Cost of generating voluntary income					
		48,402	164,051	212,453	223,151
Net resources available after costs of generating funds		782,446	366,387	1,148,833	1,031,510
Charitable activities					
- Funding partner projects		437,248	40,428	477,676	517,733
- Direct programme work		418,464	178,195	596,659	414,834
- Education & Awareness		46,214	129,739	175,953	187,693
Total Charitable activities		901,926	348,362	1,250,288	1,120,260
Governance costs		1,958	10,687	12,645	15,569
Total resources expended	3	952,286	523,100	1,475,386	1,358,980
Net (outgoing)/incoming resources before transfers	5	(121,438)	7,338	(114,100)	(104,319)
Transfers	14	12,889	(12,889)	-	-
Net (outgoing)/incoming resources after transfers		(108,549)	(5,551)	(114,100)	(104,319)
Reconciliation of funds					
Total funds brought forward		445,389	204,346	649,735	754,054
Total funds carried forward	14	336,840	198,795	535,635	649,735

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 14 to the financial statements.

BALANCE SHEET as at 31 March 2010

	Notes	2010 £	2009 £
Fixed assets	10	31,881	49,872
Current assets			
Debtors	11	273,865	191,392
Current asset investments	12	-	200,000
Cash at bank and in hand		455,348	343,716
		729,213	735,108
Current liabilities			
Creditors: amounts due within one year	13	225,459	135,245
Net current assets		503,754	599,863
Net assets		535,635	649,735
Funds			
Restricted funds	14	336,840	445,389
Unrestricted funds			
- Designated – fixed assets	14	24,773	37,020
- General reserves	14	174,022	167,326
Total Unrestricted funds		198,795	204,346
Total funds	15	535,635	649,735

Approved by the Trustees on 19 July 2010 and signed on their behalf

Mike Turnbull

Chair of the Trustees

NOTES TO THE ACCOUNTS for the year ended 31 March 2010

I. 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.

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.

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) Cost of generating voluntary income - 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) Funding partner projects – This 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.

NOTES TO THE ACCOUNTS for the year ended 31 March 2010

- 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.

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 voluntary income	7%	23%
Project Grants	48%	0%
Direct Programme Work	40%	31%
Education and Awareness	5%	19%
Governance	0%	1%
Programme & General Support	n/a	26%

e) Gifts in Kind

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.

NOTES TO THE ACCOUNTS for the year ended 31 March 2010

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.

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

			2010	2009
	Restricted	Unrestricted	Total	Total
	£	£	£	£
Institutional funds	461,394	-	461,394	362,571
Charitable trusts	277,045	66,559	343,604	338,708
Corporate giving	49,817	27,636	77,453	67,355
Associated organisations	4,759	609	5,368	10,337
Individuals	33,692	379,921	413,613	385,183
Community support	4,131	52,750	56,881	55,114
Legacies	10	1,564	1,574	8,142
Gifts in Kind	-	388	388	969
Other	-	1,011	1,011	26,282
Total	830,848	530,438	1,361,286	1,254,661

NOTES TO THE ACCOUNTS for the year ended 31 March 2010**3. Analysis of activities and support costs**

	Grants	Activities undertaken directly	Programme Support Costs	General Support Costs	2010 Total	2009 Total
	£	£	£	£	£	£
Cost of generating voluntary income	-	205,089	-	7,364	212,453	223,151
Charitable activities:						
- Funding partner projects	411,498	-	49,621	16,557	477,676	517,733
- Direct programme work	-	513,998	61,981	20,680	596,659	414,834
- Education & awareness	-	169,854	-	6,099	175,953	187,693
Total charitable activities	411,498	683,852	111,602	43,336	1,250,288	1,120,260
Governance	-	12,209	-	436	12,645	15,569
Total	411,498	901,150	111,602	51,136	1,475,386	1,358,980

4. Grants analysed by country and project

	2010	2009
	£	£
Burkina Faso:		
Village Tree Enterprise	109,387	23,278
Trees for Change	84,679	59,836
Trees for Trade – Fada	1,398	27,207
Trees for Trade – Basalogho	985	21,189
Trees for Trade – Park de Po	8,425	17,752
Land and Livelihoods	8,047	17,502
Money from Honey	-	1,914
	212,921	168,678
Ethiopia:		
Forests for Food	6,126	4,300
	6,126	4,300
Ghana:		
Village Tree Enterprise	23,066	40,411
Kandema Rural Regeneration	10,124	994
Tamale Tree and Land Use Project	-	8,415
Community self-reliance project	20,186	24,961
	53,376	74,781
Mali:		
Village Tree Enterprise	63,276	117,740
Trees for Change	41,380	41,253
Trees for Trade – Tominion	34,419	22,814
	139,075	181,807
Total	411,498	429,566

NOTES TO THE ACCOUNTS for the year ended 31 March 2010

5. Net incoming resources

This is stated after charging:

	2010	2009
	£	£
Audit fees		
- Statutory audit	5,163	6,325
- Overseas audit	7,450	7,565
Depreciation	18,519	14,834
Operating lease rentals:		
- Property	23,894	21,062
- Hire of equipment	1,052	1,856

6. Employee and staff costs

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

	2010	2009
	No.	No.
UK contracted employees:	13	15
Staff based overseas on local contracts:	16	15
Total	29	30

The cost of employing these staff was:

	2010	2009
	£	£
Salaries and wages	515,569	506,858
Social Security Costs (National Insurance)	46,579	47,413
Pension costs	5,837	8,985
Total	567,985	563,256

No employees were paid more than £60,000.

7. Pension scheme

TREE AID offers a defined contribution pension scheme to UK employees, to which it contributes 3% of salary if employees contribute 4%.

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 2009-10 totalled £953 (2008-09: £1,292) paid to 3 Trustees (2008-09: 3).

NOTES TO THE ACCOUNTS for the year ended 31 March 2010

9. Taxation

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

10. Fixed Assets

	UK Fixtures and Fittings £	West Africa Motor Vehicles £	West Africa Fixtures and Fittings £	Total £
Cost				
At 1 April 2009	20,564	39,019	43,351	102,934
Additions	528	-	-	528
Disposals	-	-	-	-
At 31 March 2010	21,092	39,019	43,351	103,462
Depreciation				
At 1 April 2009	13,567	26,167	13,328	53,062
Charge for the year	3,411	5,743	9,365	18,519
Disposals	-	-	-	-
At 31 March 2010	16,978	31,910	22,693	71,581
Net Book Value				
At 31 March 2010	4,114	7,109	20,658	31,881
At 31 March 2009	6,997	12,852	30,023	49,872

11. Debtors

	2010 £	2009 £
Tax recoverable (Gift Aid)	11,689	9,518
Income debtors	2,736	9,479
Prepayments & accrued income	259,440	172,395
Total	273,865	191,392

NOTES TO THE ACCOUNTS for the year ended 31 March 2010**12. Short term investments**

	2010	2009
	£	£
Cash held on 3 month deposit	-	200,000

13. Creditors: amounts due within one year

	2010	2009
	£	£
Project creditors	95,781	110,590
Trade creditors	20,219	8,217
Accruals & deferred income	102,200	8,288
Tax and social security	7,259	8,150
Total	225,459	135,245

14. Movements in funds

	Opening balance	Incoming resources	Outgoing resources	Transfers	Closing balance
	£	£	£	£	£
Restricted funds					
Projects	274,304	278,589	(283,166)	-	269,727
Trees for Change – DfID	-	131,552	(144,441)	12,889	-
Village Tree Enterprise - Ghana	66,315	103,566	(51,725)	-	118,156
Village Tree Enterprise - European Commission	(19,143)	279,010	(340,423)	-	(80,556)
Village Tree Enterprise - Big Lottery Fund	123,913	38,131	(132,531)	-	29,513
Total restricted funds	445,389	830,848	(952,286)	12,889	336,840
Unrestricted funds					
Fixed Asset Designated fund	37,020	-	(12,776)	529	24,773
General Reserves	167,326	530,438	(510,324)	(13,418)	174,022
Total unrestricted funds	204,346	530,438	(523,100)	(12,889)	198,795
Total funds	649,735	1,361,286	(1,475,386)	-	535,635

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.

NOTES TO THE ACCOUNTS for the year ended 31 March 2010

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.

Trees for Change – DfID

The Trees for Change projects focus on rights to the access and control of natural resources. The project in Burkina Faso is fully funded by the Department for International Development (DfID).

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 was a deficit on this fund at the year end due to the timing of payments from the EC.

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 2010-11.

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.

NOTES TO THE ACCOUNTS for the year ended 31 March 2010

15. Analysis of net assets between funds

	Restricted	Unrestricted Designated	Unrestricted General	Total
	£	£	£	£
Fixed assets	7,108	24,773	-	31,881
Cash at bank and in hand	171,581	-	283,767	455,348
Other current assets	253,581	-	20,284	273,865
Current liabilities	(95,430)	-	(130,029)	(225,459)
Total net assets	336,840	24,773	174,022	535,635

16. Operating lease commitments

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

	2010	2009
	Land & buildings	Land & buildings
	£	£
Expiring within:		
1 – 2 years	24,546	18,289

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 are some of those that have generously contributed more than £1,000 during 2009-10, is acknowledged:

Mr S Gershon	The Bernard Sunley Charitable Foundation
Dr C Gill	The Dulverton Trust
Dr & Mrs Newley	The Eleanor Rathbone Charitable Trust
Mr J Pirrie	The Evan Cornish Foundation
Mr P Rochford	The Frays Charitable Trust
Ms M Spitteler	The Gibbs Charitable Trust
Dr G Williams	The H B Allen Charitable Foundation
Brightsource	The Harold Hyam Wingate Foundation
Ecofurn	The Henry C. Hoare Charitable Trust
RPS Group Plc	The JJ Charitable Trust
Spiral Product Design Ltd	The Kirby Laing Foundation
The Christmas Forest	The Marmot Charitable Trust
Unicorn Grocery Limited	The Morel Charitable Trust
Whitley Neill Ltd	The Mosse Charitable Settlement
Woodland Burial Park - Colney	The Paul Foundation
Woodland Burial Park - Epping Forest	The October Hill Foundation
Christadelphian Meal a Day Fund	The Rowan Charitable Trust
Educational and General Charitable Trust	The Rufford Maurice Laing Foundation
Generations Trust	The Spear Charitable Trust
Langdale Trust	The Susanna Peake Charitable Trust
Meetings Industry Meeting Needs	The Tanner Trust
Open Gate	The Valentine Charitable Trust
Schroder Charity Trust	W F Southall Trust
The Allan & Nesta Ferguson Charitable Trust	

TREE AID also acknowledges with thanks the ongoing support from:



LOTTERY FUNDED



UKaid
from the Department for
International Development



The European Commission