

# TREE AID

## ANNUAL REPORT AND ACCOUNTS 2015/16



**TREE AID - a company limited by guarantee**

Charity No. 1135156

Company No. 03779545

• Where trees mean life •

**Our vision:** Thriving, sustainable communities across the drylands of Africa

**Our mission:** To enable people living in the drylands of Africa to unlock the potential of trees to reduce poverty and protect the environment

## **What we do**

We are currently working directly with over 1,000 of some of the world's poorest communities, sharing our expertise in:

- agroforestry and natural resource management – using natural resources such as trees, land and water to protect the environment
- forest governance – ensuring communities have access to the trees on which they rely for survival
- enterprise development and trade – using tree products to generate income to cover basic needs such as clothing, food and education – and
- food security and nutrition – trees can help increase crop yields and provide additional food, making people less vulnerable to drought and famine

We also ensure our impact is felt more widely by supporting and advising national governments in these specialist areas.

## **Where we work**

TREE AID works in the drylands of Africa, in some of the harshest places to survive on our planet. This year we continued to work with some of the poorest communities in Burkina Faso, Ethiopia, Ghana, Mali and Niger. Life, already so hard, is becoming even tougher as the effects of climate change and environmental degradation strip the farm land of its fertility. It can then no longer be used to grow crops or trees, and families are forced to migrate to survive.

# Contents

Why is TREE AID needed? .....	1
Our Approach.....	2
Our Theory of Change .....	3
Achievements and Performance.....	4
OUR FUTURE .....	6
FINANCIAL REVIEW.....	8
STRUCTURE, GOVERNANCE AND MANAGEMENT.....	16
STATEMENT OF THE TRUSTEES' RESPONSIBILITIES .....	20
INDEPENDENT AUDITOR'S REPORT .....	22
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES.....	25
CONSOLIDATED BALANCE SHEET .....	26
CONSOLIDATED STATEMENT OF CASH FLOWS .....	27
NOTES TO THE ACCOUNTS .....	28
LEGAL AND ADMINISTRATIVE DETAILS .....	53
THANK YOU.....	55

## Why is TREE AID needed?

Africa's drylands make up 43% of the land area in Africa and are home to about 45% of its population, approximately 325 million people<sup>1</sup>. Relatively neglected by governments and starved of private sector investment, these areas have high rates of poverty. Agriculture is the dominant livelihood, with farmers coping with scarce and highly variable rainfall and eking out primarily subsistence-based livelihoods on largely infertile soils<sup>2</sup>.

Poverty and environmental decline are often inseparably linked<sup>3</sup>. Poverty limits the choices of vulnerable people and they are often forced to over-exploit their environment simply to survive. Over time, this leads to even greater hardship. But it doesn't need to be this way.

Smallholder farmers in the drylands face shocks and stresses linked to climate extremes and a progressive degradation of the natural resource base upon which their livelihoods depend. Recurrent food crises in the Sahel are just one headline manifestation, but there are important underlying factors and trends at work. Competition for natural resources has intensified, driven by population growth, sometimes by new commercial interests, but also by populations displaced by conflict and chronic environmental degradation in marginal areas<sup>4</sup>. As demand for land and wood fuel grows, deforestation often follows. But this is not inevitable. With the right approach and timely support, Africa's dryland forests can serve as a safety net of the poor<sup>5</sup> and a sustainable resource for building pathways out of poverty.

This is TREE AID's role. We work to break the vicious circle of environmental degradation and poverty for some of the most vulnerable rural communities in some of the poorest countries in the world, offering practical knowledge and policy solutions that support the sustainable use and management of natural resources.

---

<sup>1</sup> **United Nations Development Programme (UNDP)** (2015). <http://web.undp.org/drylands/a-where-africa.html>

<sup>2</sup> <http://drydev.org/about-drydev/>

<sup>3</sup> **United Nations** (2011). *2011 Human Development Report*.

<sup>4</sup> **Potts M, Zulu E, Wehner M, Castillo F, Henderson C** (2013). *Crisis in the Sahel: Possible Solutions and the Consequences of Inaction*: The University of California

<sup>5</sup> **United Nations** (2013). *The Millennium Development Goals Report 2013*

## Our Approach

In Africa, trees mean life. Trees provide a vital and sustainable source of income for poor people living in rural areas as well as playing an important part in preventing malnutrition and hunger. Trees are critical in improving soil and water quality, preventing land degradation and improving biodiversity. Trees are increasingly recognised as an essential asset for people building resilience to the impact of climate change.

For over 29 years we have worked with local, national and international partners to ensure that we can pool knowledge, deliver economies of scale and improve our effectiveness. We have learnt how to unlock the potential of trees to tackle poverty and improve the environment in dryland Africa, and by sharing our unique expertise, together we can deliver tangible impacts within households and communities.

Our programme of work focuses on four themes:

- agroforestry and natural resource management
- forest governance
- enterprise development and trade, and
- food security and nutrition

Each of these themes is interconnected and work together to deliver social, economic and environmental change.

We base success on supporting people to move out of poverty and to become less vulnerable. Our goal is to build capacity and create sustainable change so that communities are in a position to maintain and build on the results achieved by our work.

Therefore as part of our approach to delivering long-term sustainable impact, we work closely with policymakers, governments and local authorities to ensure they can support positive change through legislation, policies and resources that deliver improvements in the lives of rural smallholder farmers.

## Our Theory of Change

TREE AID achieves impact by investing its resources in three interconnected drivers of change. We transfer our **knowledge** of tree species, forest and natural resource management to demonstrate the value and benefits trees can deliver. We realise people need **motivation** as well as knowledge to maintain trees and forest through generating income from trees and integrating small-scale tree enterprises into markets. We know that people need **secure access** and user rights to land to encourage tree planting and regeneration, we work with communities and government to implement forest policy.

***knowledge + motivation + secure access***

**=**

***thriving & sustainable communities***

## Achievements and Performance

### The Year 2015/16

#### *Increasing our impact*

We continued to grow our tree enterprise, forest governance and natural resource management programmes in Ghana, Burkina Faso, Mali, Niger and Ethiopia, reaching almost **219,000** new people this year alone. With our partners we planted in excess of **1.2 million** trees.

We aim to improve women's access and control of forest resources. An evaluation of the 3 year Women's Forest Livelihood programme (2012-2015) showed that over 900 women organised in nine Forest Management Groups had attained tenure rights to 413 hectares of land on which they had either planted or regenerated trees and developed small scale enterprises. A follow on project is planned to expand the initiative to strengthen the women group's governance and business skills and expand the initiative to new communities.

A review of our Forest Governance programme in Burkina Faso, which has been running since 2007 in eight communes, has proved a strong link between green job creation and sustainable forest management. TREE AID supported the government's decentralisation strategy by providing training and tools to local authorities and communities so they could implement participatory forest management. The programme has delivered economic, social and environmental impact, including an aggregated income of 10 million FCFA (£12,000) per year from four tree value chains (African locust bean, tamarind, shea and balanites) to the eight communes, and creating the equivalent of 22,000 minimum wage jobs.

We were particularly pleased to join the Drylands Development Programme (DryDev), which will support over 227,000 smallholder farmers in Burkina Faso, Mali, Ethiopia and Kenya. This is a five year programme funded by the Ministry of Foreign Affairs of the Netherlands, with a substantial donation from World Vision Australia. The World Agroforestry Centre (ICRAF) is the overall implementing agency. TREE AID is leading work packages in Burkina Faso to strengthen local capacity for the management of natural resources and to inform policy analysis and development.

We completed a one year pilot operation of a social enterprise that provided a trading platform to women engaged in the shea production. We trained 436 women from 108 enterprises in three regions on quality control in production and storage of kernels and accumulated over 50 tons of shea kernels which were purchased by an international buyer. The lessons learned from the pilot are being documented for incorporation in the Charity's future projects. The pilot operation will be wound down in the subsequent year.

### ***Increasing our influence***

We aimed to develop a greater appreciation amongst our supporters and policy makers of the role of trees in poverty reduction in dryland Africa and to ensure that the successful approaches we've developed could achieve scale through sharing our learning with others. This year TREE AID presented case studies from our Village Tree Enterprise programme at the Global Shea Alliance conference in Accra to discuss our experience of inclusive shea management through village tree enterprises.

Furthermore, we have continued developing research collaborations with the world agroforestry centre (ICRAF) and the Centre for International Forestry Research (CIFOR) to build natural carbon in the soil through improved forestry management and agroforestry practices for improved food security, nutrition, income and health.

Our increased profile ensured we were accredited with full "observer status" for the UN Convention to Combat Desertification (UNCCD).

### ***Increasing our capacity***

We continued to invest in developing our team capacity to deliver on the commitments in our 2014/17 strategy with recruitments for key positions in our operations team. We have created a new impact and learning advisor post to ensure that we continue to improve evidence collection from our programmes to influence others to adopt our approaches. We submitted an application to the Ethiopian government to register TREE AID Ethiopia with the intention of scaling up our programme of work in Ethiopia.



## OUR FUTURE

While TREE AID is unlikely to completely achieve the goals set out in our 2014-2017 strategy, our performance to date provides a strong platform from which we can continue to innovate, making a leap forward in tackling the issues of poverty and environmental decline in dryland Africa. TREE AID's overall goals for 2014/17 are to:

- **Deliver a fivefold increase in the numbers of people** directly reached by our programmes, ensuring they are moving out of poverty and are less vulnerable to economic and environmental shocks;
- **Grow geographical coverage of our programme themes** in all our current five countries of operation (Burkina Faso, Ethiopia, Ghana, Mali and Niger) as well as exploring the potential to expand our programme to new countries;
- **Build our knowledge base and policy networks** ensuring that we continue to grow our reputation for generating policy insights that support positive policy change.

In 2016/17 we will refresh our strategy with a five year focus, taking account of our learning during 2014-2017. We will:

- Focus strongly on **sustainability and equality of opportunity**, in line with the global framework for human development provided in the Sustainable Development Goals<sup>6</sup>.
- Continue to **grow our programme of work**, delivering tangible changes to rural African families and their communities. To achieve this, we have invested in capacity to target government and institutional donors.
- Increase our impact and influence by inspiring others to adopt and support TREE AID's approaches to deliver real and lasting change in Africa and beyond. Continuous development of **a strong evidence base** is critical to achieving this. We will work on monitoring, evaluation, accountability and learning systems development and review our Key Performance Indicators to ensure we are tracking and analysing the right information to demonstrate the effectiveness of our work.
- Deliver maximum benefits for the small scale producers that we work with, and their families, as efficiently and economically as possible. We will develop our **systems** to ensure we maximise opportunities for efficiency in the ways we operate, and invest in our team to ensure high performance.

<sup>6</sup> as defined in *Transforming Our World - the 2030 Agenda for Sustainable Development*

We will continue to invest in each of these areas to build the infrastructure and acquire the resources to achieve our goals, benefiting from the sustainable platform provided by a major legacy received in 2013/14, and utilising designated funds set aside for this purpose. To this end we will run significant deficit budgets for the next two years.

To meet these objectives, in 2016/17 our main goals will be to:

***Increase our impact***

- Expand our work on forest governance and climate resilience
- Expand our Enterprise programme across Ethiopia, Burkina Faso, Ghana, Mali and Niger
- Increase our focus on natural resource management
- Increase our focus on nutrition

***Increase our influence***

- Continue to develop partnerships with targeted funders, collaborators and NGOs.
- Increase visibility and information sharing of our activities through publications, webinars and presentations.
- Build on brand awareness through further development of social media and communications.

***Increase our capacity***

- Refresh our strategy for 2017/22.
- Continue to develop our technical and operational capacity.
- Scale up our operations in Ethiopia.
- Improve our monitoring and finance systems.
- Review our partnership approach with national partners.
- Continue to increase the value of individual, corporate and trust fundraising.
- Diversify our funding sources in a rapidly changing funding environment.

## FINANCIAL REVIEW

The Trustees present their report and audited financial statements for the year ending 31 March 2016.

These are prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Legal and administrative information set out on pages 53 and 54 form part of this report.

### IN SUMMARY

Benefiting from the sustainable platform provided by a major legacy received in 2013/14, we continue to invest as planned to deliver sustainable growth in TREE AID programmes. Essentially we are investing to achieve a step change in TREE AID's scale and impact for the future. Specifically in 2015/16 we invested in improving the quality of our programme delivery and in growing future income, as well as funding a social enterprise pilot in Burkina Faso. The total investment for the year was £400k (2014/15: £181k).

Whilst supporter income was maintained at a similar level to the previous year, total income for the year decreased by 26%, with fewer institutional grants received during the year.

In line with the planned investment spend, total expenditure increased overall by 12%. Investment into fundraising saw spend up by £336k, 62%. This will achieve income growth in future years. Expenditure on programme delivery decreased by £157k, 10%.

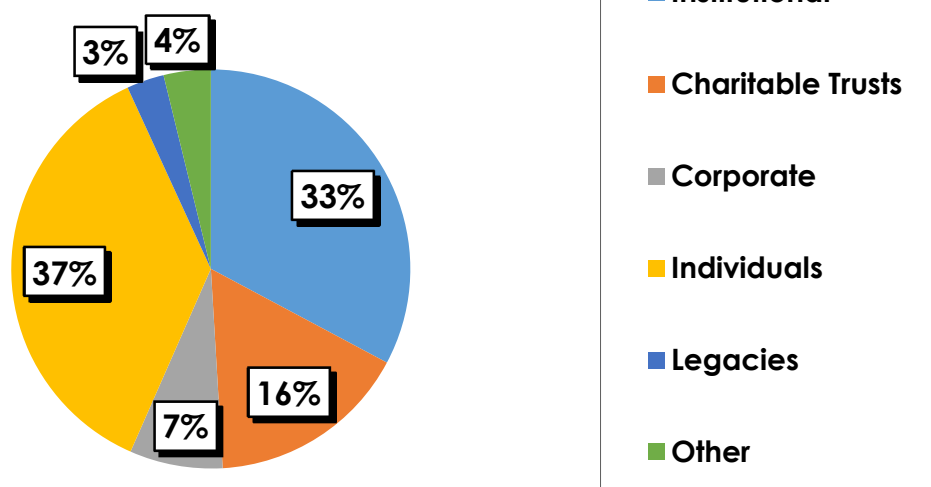
In view of the strength of the balance sheet the charity's financial position at the year-end is satisfactory.

There were no significant events during the year.

### INCOME

The principal funding sources of the charity in the reporting period were from institutional grants and supporter fundraising from charitable trusts, corporates and individuals. Restricted income from these sources is the primary source of funding for the projects carried out in Africa. Unrestricted income (primarily from individual supporters) is used where it is most needed to support TREE AID's objectives.

## Incoming resources



Income	2015/16 £	2014/15 £
Institutional Grants	604,171	1,139,113
Charitable Trusts	300,152	301,015
Corporate	139,024	183,757
Individuals	673,731	626,644
Legacies	55,968	168,213
<b>Donations and legacies</b>	<b>1,773,046</b>	<b>2,418,742</b>
Charitable activities	19,490	42,338
Other income	50,921	33,890
<b>Total income</b>	<b>1,843,457</b>	<b>2,494,970</b>

### Supporter Fundraising

Fundraising income is down £111k (-9%) compared to the prior year. This is attributable to a drop in legacy income, which is highly variable from one year to the next. Otherwise, growth in income from individuals was offset by falls in donations from corporates.

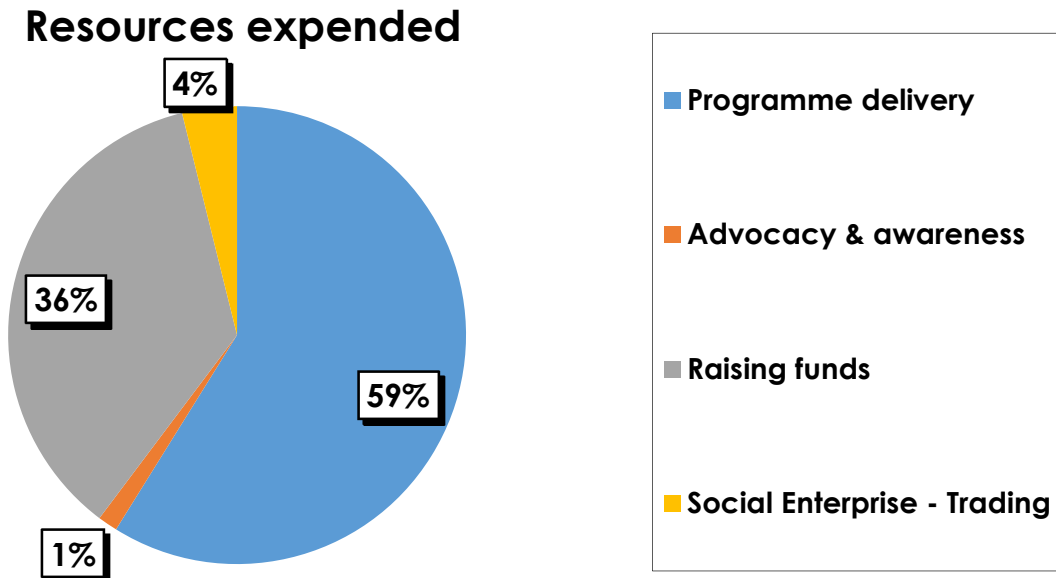
### Institutional Funding

Grants received from institutions showed a fall over the previous year of £535k (-47%). This is attributable to a number of the larger projects being in their final period in 2015/16, and limited funding opportunities within the financial year.

The major institutional grants funding for the year came from:

- Care UK (consortium income under the BRACED initiative)
- Darwin Initiative (combination of Department for Environment, Food & Rural Affairs, Department for International Development and Foreign & Commonwealth Office)
- Le Réseau pour le Développement et la Promotion des Méthodes Actives de Recherche et de Planification Participative au Burkina (an Association in Burkina Faso)

**EXPENDITURE**



Expenditure	2015/16	2014/15
	£	£
Raising funds	882,946	541,744
Programme delivery	1,449,034	1,605,871
Social Enterprise - Trading	95,237	-
Advocacy & awareness	34,114	55,284
<b>Total resources expended</b>	<b><u>2,461,331</u></b>	<b><u>2,202,900</u></b>

## **Costs of raising funds**

To achieve future income growth, we again increased our expenditure on supporter fundraising during the year, funded by the legacy gift. We have invested in bringing in new supporters, and made improvements to our donor database. We also created a new post to generate additional institutional grant income, recognising the challenges in this area, as reflected in this year's figure. Overall, investment in raising funds increased by £341k over the prior year to a total of £883k. The bulk of the return on that expenditure will be seen from 2016/17 onwards.

The board is actively monitoring levels of activity and the return on investment.

Most planned activities took place and were broadly on target. The exception was an appeal based on a UK Aid Match bid, which we were not successful in winning.

Of the £631k direct costs for raising funds, £237k was invested in the year into achieving future income (2015/16: £50k). The key investment for future income was in donor recruitment. This expenditure reduces the net return on fundraising income in the year it is incurred, but should increase it for future periods.

In the year we spent 29p for every pound of donations raised (excluding legacy income and institutional grants), compared to 28p in the previous year, (including direct supporter fundraising costs, but excluding investment for future years and support costs).

The cost attributable to raising institutional grant income in the year was £70k (excluding support costs). This represents the appointment to a new post, direct costs and the apportionment of other staff time to generate increased institutional grant income (2014/15: £nil). The benefit of this investment will be seen in future years.

The cost of raising funds is an unrestricted fund expense, but raises both restricted and unrestricted donations and legacies.

## **Charitable expenditure**

Total charitable expenditure, comprising programme delivery, social enterprise trading expenditure, and advocacy and awareness activities, was £83k lower compared to the prior year, down 5%.

Programme delivery was £1.45m against £1.61m in 2014/15, a drop of 10%.

We ran 23 projects during the year (2014/15: 20) across the five countries of operation, including three new projects:

- Burkina Faso - Shea Research
- Burkina Faso - Drylands Development
- Mali - Regreening Samine and Sakoiba Project

Expenditure of £95k on the social enterprise pilot comprised direct and overhead costs for trading in shea kernels purchased from village based producer groups for the pilot period comprising the season from June to February.

## RESERVES

Total funds held by the charity at the year-end were £2.65m (Group: £3.01m) of which £888k (Group: £888k) were restricted and not available for the general purposes of the charity.

TREE AID has identified the following primary reasons for holding unrestricted reserves at the appropriate levels to:

- Maintain free reserves (those unrestricted funds which are not invested in fixed assets, designated for a specific purpose or otherwise committed) at the higher of either the amount:
  - to ensure the continuity of TREE AID's activities in the event of unexpected setbacks, at a level to three months of unrestricted budgeted expenditure; or
  - required to close down the charity, ensuring that there are sufficient resources available to fulfil legal obligations in the unlikely event that TREE AID ceases to operate.
- Hold a **Project Development Designated Fund** equal to six months development expenditure for the development of new projects and institutional funding, to ensure the continuity of the implementation of TREE AID's programme at a viable level.
- Hold a **Fundraising Reserve Designated Fund** equal to 4% of unrestricted supporter income, against the unforeseen fluctuations in the levels of supporter fundraising streams year to year.
- Hold a **Fixed Assets Designated Fund** representing the unamortised carrying value of unrestricted fund tangible fixed assets.
- Hold other designated reserves as appropriate against planned future expenditure.

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

As a result of a major legacy gift left to the organisation in 2013/14, the Trustees had agreed to accelerate planned investment aimed at growing our ability to deliver our mission. The Trustees set aside designated funds as laid out in Note 24 in the accounts in order to support that strategic growth. The free reserves policy remains unaltered.

Movements on the Fixed Assets Designated Fund reflect the additions, disposals and depreciation of unrestricted fund tangible fixed assets during the year. At the year end the fund had a balance of £62k.

The Project Development fund balance of £74k represents six months of budgeted expenditure for 2016/17.

The Fundraising Reserve fund balance of £34k represents 4% of budgeted unrestricted supporter income for 2016/17.

The Working Capital for Trading Subsidiary designated reserve is £318k set aside to meet expected losses in the early years of establishing a viable trade in the social enterprise subsidiary, TREE AID Enterprises sa.

The designated reserve for Improving the Quality of our Work comprises planned expenditure of £139k on a new accounting system (for 2016/17) and funding an operational leadership post (2016/19).

The designated reserve for Growing Our Income of £711k represents the continuing commitment to increase our individual supporter base by direct costs and on supporter and institutional fundraising staff posts (2016/19).

Improving our Ability to Generate Data, Evidence & Communication is a designated fund, the balance of £164k is for committed spend on a communications post (2016/17) and a learning and impact post (2016/19).

A deficit budget has been set for 2016/17. The release of designated funds is planned to meet that deficit.

### **Net movement in funds**

There was a net outflow of restricted funds for the year with expenditure exceeding income by £455k, with expenditure on projects, particularly those in their final stages, utilising grant income recognised in earlier periods.

Unrestricted funds show a deficit for the year, as planned, of £180k. As explained above, the deficit arises from continuing investment funded from the major legacy received in 2013/14 with a reduction in designated funds amounting to £210k. Free reserves increased by £30k.

At 31 March 2016, TREE AID's free reserves stood at £621k, which is within the target range.



## **Subsidiary companies**

The subsidiary companies, TREE AID Burkina Faso and TREE AID Ghana have continued to operate as integral elements of the group, sharing in and contributing to the achievements and performance within the financial parameters set by the Board of Trustees, and are contributing to the strategy. Both are mainly grant funded by the parent charity, and hold modest reserves at the balance sheet date.

The subsidiaries TREE AID Enterprises Ltd and TREE AID Enterprises sa have both funded the set up costs and pilot period trading costs for the social enterprise initiative in Burkina Faso. As was budgeted, TREE AID Enterprises Ltd funded the set up costs and incurred a significant loss, relative to the scale of operations; and TREE AID Enterprises sa incurred a significant trading loss for the trading season of the pilot period, again relative to the scale of operations.

The parent charity, TREE AID, had previously set aside designated funds to pilot the social enterprise. This was justified as the initiative itself furthers the work of the charity's projects in the region, and had the potential to provide significant benefits, monetary and in training, to the local producer groups involved.

The deficiency of funds is provided for in the charity's own accounts, and charged to the respective designated fund.

## INVESTMENT POLICY & OBJECTIVES

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

Investment management is delegated to an authorised professional investment manager, regulated by the Financial Services Authority.

The Board has set the investment objectives for the charity as:

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

### **Ethical Investment Policy**

TREE AID has adopted an ethical investment policy. This means that we will seek to avoid investments that either conflict with the aims of the charity or that create reputational risk that means the charity might lose supporters and integrity with the people we target.

Our ethical investment policy emphasises the use of positive ethical criteria. We actively seek to invest in companies that are able to demonstrate:

- responsible employment practices
- best corporate governance practice
- conscientiousness with regard to human rights
- sustainable environmental practice
- sensitivity towards the communities in which business operates

### ***Investment performance***

The total return on the COIF Charities Ethical Investment Fund units held, before fees, for 2015/16 was -0.2% (2015: +14.1%) against a target return of 7.2% (capital growth of 3.2% and with dividend yield of 4.0%). This compares with a benchmark composite comparator of -1.5%.

The invested funds held on deposit achieved an average rate of 1.5% against the retail price index of 1.6% for the year.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Legal Structure

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

### Organisational Structure

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

At 31 March 2016, there were 7 trustees. A list of current trustees is given on page 53. Trustees are recruited to ensure that the Board has the knowledge and skills required to achieve the organisation's mission and uphold its values.

The Board follows good practice by planning for succession and ensures each year that it has the appropriate skills and capacities going forward.

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

Trustee recruitment is led by a **Nominations Committee** established as a sub-committee of the Board.

The **Finance and General Purposes Committee** operates under the delegated authority of the Board and deals primarily with financial and administrative matters. The Finance and General Purposes Committee is chaired by the Treasurer, Hugh Arthur and also comprises the Chair, Sophie Churchill and the Vice-Chair, Carol Mack and one other trustee with extensive business experience. This latter responsibility is currently held by John Collenette.

During the year a **Fundraising Standards Committee** was established to set up with delegated responsibility to review fundraising matters of compliance with regulation and policy, policy development and risk. The committee is chaired by the trustee leading on fundraising, Annie Moreton, and comprises two other trustees, Carol Mack and Simon Toomer.

Towards the end of the year an ad hoc committee has been convened to oversee the process of setting the strategy for the five years 2017/22. The **Strategy Development Working Group** comprises the Chair, Sophie Churchill, and two other trustees, Terence Jagger and Simon Toomer, and its remit is to support and advise the Board on the development of the 2017/22 TREE AID Strategy.

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

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

Voluntary **Programme Advisors** in our countries of operation provide national perspectives on our work and advise on programme delivery.

## Group Structure

TREE AID, the charity, has four wholly owned subsidiary organisations. Those five entities together comprise the group.

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

Also in Burkina Faso a social enterprise company, TREE AID Enterprises sa was incorporated and commenced trading on 4 August 2015. Its initial objective is to pilot a value chain, trading in shea kernels, linking producer groups to international buyers.

In the UK, TREE AID Enterprises Ltd is a company limited by shares, and acts as the trading subsidiary in the UK, and holding company for social enterprise entity in Burkina Faso. The company commenced operations on 1 April 2015.

## **Related parties and co-operation with other organisations**

All trustees give of their time freely and none receive remuneration or other benefit from their work with the charity.

Any contractual relationship between a trustee or senior manager of the charity and a related party must be disclosed to the full Board of Trustees. Please see note 28 for full details of related party transactions during the year.

The charity's wholly owned subsidiaries, TREE AID Enterprises Ltd and TREE AID Enterprises sa, received loans to enable the setup of a social enterprise initiative (see note 18 to the accounts).

## **Pay policy for senior staff**

The Board of Trustees, who are the company directors, and the Senior Management Team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. Details of trustees' expenses and related party transactions are disclosed in note 13 to the accounts.

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

## **Risk Management**

The Board identify and review the strategic, business and operational risks to which the charity is exposed, and ensure that appropriate controls are in place to provide reasonable assurance against fraud and error. The Board and the Senior Management Team undertake an annual assessment of the risks facing the organisation. This assessment process produces a risk register, which assigns management of these risks to specific individuals and recommends actions to be taken, where necessary, in order to manage their likelihood or impact.

Attention has been focussed on non-financial risks, and the Board's plans and strategies for managing those risks, arising from:

- Political unrest and insecurity in the areas of operation: business continuity plans for each country are being put in place to ensure continuity of the programme where possible. Local knowledge is supplemented by Foreign & Commonwealth Office security alerts.
- Key leadership and management of delivery of the programme: Performance management systems and pay structure benchmarking to attract and retain key staff; investment in staff capacity to plan, monitor and review projects effectively.

- The management of growth of the programme through project development: project management standards adopted to ensure effective project planning and implementation; investment in defining strategic programme objectives and project planning.

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

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

1. Relieving the poverty of and promoting the welfare of poor persons overseas by promoting for the benefit of such persons the preservation and improvement of their agricultural environment especially through silviculture and income generation projects.
2. Promoting, for the public benefit, research into methods of reclaiming or preventing degradation of current agricultural land into desert land for its continued use for agricultural, industrial or commercial purposes and publishing the results of such research.

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

The Trustees have complied with the duty in s17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirement under that Act.

## STATEMENT OF THE TRUSTEES' RESPONSIBILITIES

The charity trustees (who are also the directors of TREE AID for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Statement as to disclosure to our auditors

In so far as the Trustees are aware at the time of approving our Trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and

- the Trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Approved by the Board of Trustees on 11 July 2016 and signed on their behalf by

**Sophie Churchill OBE**  
Chair



## INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of TREE AID for the year ended 31 March 2016 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets and the related notes numbered 1 to 32.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the charitable company's trustees as a body in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report and any other surround information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.

Guy Biggin (Senior Statutory Auditor)

For and on behalf of

Crowe Clark Whitehill LLP  
Statutory Auditor  
Carrick House  
Lypiatt Road  
Cheltenham  
GL50 2QJ

Dated: 8 December 2016

# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

## (Incorporating an Income and Expenditure Account)

	Notes	Restricted Funds £	Unrestricted Funds £	2016 Total Funds £	2015 Total Funds £
<b>Income from:</b>					
Donations and legacies	2	980,005	793,041	<b>1,773,046</b>	2,418,743
Charitable activities	3	-	19,490	<b>19,490</b>	42,338
Investment income	4	-	48,097	<b>48,097</b>	29,281
Other income	5	-	2,824	<b>2,824</b>	4,609
<b>Total income</b>		980,005	863,452	<b>1,843,457</b>	2,494,971
<b>Expenditure on:</b>					
Raising funds	6	-	882,946	<b>882,946</b>	541,744
Charitable activities	7	1,432,995	145,390	<b>1,578,385</b>	1,661,156
<b>Total Expenditure</b>	8	1,432,995	1,028,336	<b>2,461,331</b>	2,202,900
Net losses on investments		(1,650)	(21,891)	<b>(23,541)</b>	(19,833)
<b>Net (expenditure)/income</b>		(454,640)	(186,775)	<b>(641,415)</b>	272,238
<b>Other recognised gains:</b>					
Other gains		-	7,079	<b>7,079</b>	8,310
<b>Net movement in funds</b>	10	(454,640)	(179,696)	<b>(634,336)</b>	280,548
<b>Reconciliation of funds</b>					
Total funds brought forward	24	1,342,356	2,302,294	<b>3,644,650</b>	3,364,102
<b>Total funds carried forward</b>	24	887,716	2,122,598	<b>3,010,314</b>	3,644,650

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 24 to the accounts.

The notes on pages 28 to 54 form part of these financial statements.

Company number: 03779545

## CONSOLIDATED BALANCE SHEET

	Notes	Group		Charity	
		2016	2015	2016	2015
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	16	<b>72,996</b>	89,044	<b>13,337</b>	23,560
Investments	17	<b>388,779</b>	159,400	<b>388,779</b>	159,400
Investment in subsidiaries	18	-	-	<b>2</b>	402
Programme related investments	19	-	1,650	-	1,650
		<b>461,775</b>	250,094	<b>402,118</b>	185,012
<b>Current assets</b>					
Debtors	20	<b>137,838</b>	155,933	<b>86,903</b>	152,868
Short term investments	21	<b>1,963,375</b>	2,267,987	<b>1,963,375</b>	2,267,987
Cash at bank and in hand		<b>601,530</b>	1,088,682	<b>288,988</b>	1,044,302
		<b>2,702,743</b>	3,512,602	<b>2,339,266</b>	3,465,157
<b>Current liabilities</b>					
Creditors falling due within one year	22	<b>(129,917)</b>	(98,962)	<b>(86,432)</b>	(46,299)
Provisions for liabilities	23	<b>(24,287)</b>	(19,084)	-	-
<b>Net current assets</b>		<b>2,548,539</b>	3,394,556	<b>2,252,834</b>	3,418,858
<b>Net assets</b>		<b>3,010,314</b>	3,644,650	<b>2,654,952</b>	3,603,870
<b>Funds</b>					
Restricted funds	24	<b>887,716</b>	1,342,356	<b>887,716</b>	1,342,356
Unrestricted funds					
Designated	24	<b>1,501,760</b>	1,711,533	<b>1,421,212</b>	1,711,533
General reserves	24	<b>620,838</b>	590,761	<b>346,024</b>	549,981
Total Unrestricted funds		<b>2,122,598</b>	2,302,294	<b>1,767,236</b>	2,261,514
<b>Total funds</b>	24	<b>3,010,314</b>	3,644,650	<b>2,654,952</b>	3,603,870

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

Approved and authorised for issue by the Board of Trustees on 11 July 2016 and signed on their behalf.

Hugh Arthur  
**Treasurer**

The notes on pages 28 to 54 form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Group 2016 £	2015 £	Charity 2016 £	2015 £
<b>Net cash provided (used in)/ by operating activities</b>	26	<b>(556,055)</b>	289,762	<b>(855,324)</b>	221,386
<b>Cash flows from investing activities</b>					
Interest income		<b>48,097</b>	29,281	<b>48,097</b>	29,281
Proceeds from the sale of property, plant and equipment		-	-	-	23,831
Proceeds from the sale of investments		<b>1,250</b>	-	<b>1,250</b>	-
Purchase of tangible fixed assets		<b>(41,525)</b>	(37,914)	-	(9,953)
Purchase of investments		<b>(252,520)</b>	(159,400)	<b>(252,520)</b>	(159,402)
<b>Net cash provided (used in) / by investing activities</b>		<b>(244,698)</b>	(168,033)	<b>(203,173)</b>	(116,243)
(Decrease) / increase in cash and cash equivalents in the year		<b>(800,753)</b>	121,729	<b>(1,058,497)</b>	105,143
Cash and cash equivalents at the beginning of the year		<b>3,356,669</b>	3,248,335	<b>3,312,289</b>	3,206,058
Change in cash and cash equivalents due to exchange rate movements		<b>8,989</b>	(13,395)	<b>(1,429)</b>	1,088
<b>Total cash and cash equivalents at the end of the year</b>	26	<b>2,564,905</b>	3,356,669	<b>2,252,363</b>	3,312,289

The notes on pages 28 to 54 form part of these financial statements.

# NOTES TO THE ACCOUNTS

## 1. PRINCIPAL ACCOUNTING POLICIES

### a. Basis of preparation

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

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

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulation 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

This is the first year in which the financial statements have been prepared under FRS 102 and the Charities SORP 2015. Refer to note 31 for an explanation of the transition.

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

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

### b. Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

In accordance with the requirement to reclassify governance costs as support costs, the comparative figures for expenditure on the Group Statement of Financial Activities have been restated.

No other restatements were required. Consequently no reconciliation of opening balances is required. Please see note 31.

**c. Company information**

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

**d. Basis of consolidation**

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

Transactions and balances between group companies are eliminated.

The charity has taken exemption from presenting its unconsolidated SOFA under Section 408 of the Companies Act 2006.

**e. 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.

**f. 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, whichever 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.

Investment income is accounted for on the accruals basis.

**g. 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.



## h. Expenditure and basis of allocation of costs

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

Expenditure is analysed into the following activities:

- i **Raising funds** - This includes the salaries, direct expenditure and support costs of staff engaged in fundraising activities. The cost of fundraising initiatives is recognised in the year in which it is incurred although income derived from the initiatives may arise in future years.
- ii **Programme delivery** – This comprises direct purchases, the cost of TREE AID's staff involved in the delivery of the programme, particularly those staff based in Africa, and the value of grants that have been made to implementing partners working on TREE AID's projects. TREE AID staff provide specialist support, training and networking for partner organisations, as well as undertaking the research required to develop our programme. The cost of grants is included in the statement of financial activities in the year they are payable.
- iii **Advocacy and awareness** – This represents the costs incurred in raising awareness of institutions and members of the public on the issues being addressed by the charity.
- iv **Governance costs** - These are the costs associated with the governance arrangements of the charity. These costs are associated with the constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

Resources expended are allocated to a particular activity where the cost relates directly to that activity. In addition, support costs are incurred which are necessary to facilitate the above activities. These are back office costs, including the costs of budgetary and financial control, information technology, human resources and payroll, and are apportioned to activities based on the proportion of staff time spent on each activity as shown in the table below.

Activity	Apportionment of support costs	
	2016	2015
Raising funds	53%	35%
Programme delivery	45%	61%
Advocacy and awareness	3%	4%

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

**i. Tangible fixed assets and depreciation**

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

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

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

**j. Fixed asset investments**

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

**k. Programme related investments**

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

**l. Debtors**

Debtors are stated at the lower of cost and net realisable value.

**m. Short term investments**

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

**n. Cash at bank and in hand**

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

**o. Creditors**

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

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

**p. Foreign currencies**

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

**q. Pensions**

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

**r. 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.

**s. Friends groups**

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

**t. Financial Instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments, these being cash at bank, debtors and creditors (see notes 20, 21 and 22). Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**2. Donations and legacies**

	Restricted	Unrestricted	<b>Total 2016</b>	Total 2015
	£	£	£	£
Institutional Grants	604,171	-	<b>604,171</b>	1,139,113
Charitable Trusts	238,017	62,135	<b>300,152</b>	301,015
Corporate	95,736	43,288	<b>139,024</b>	183,758
Individuals	42,081	631,650	<b>673,731</b>	626,644
Legacies	-	55,968	<b>55,968</b>	168,213
<b>Total</b>	<b>980,005</b>	<b>793,041</b>	<b>1,773,046</b>	<b>2,418,743</b>

Included in institutional grants are government grants that fund projects in Africa. Unspent balances are carried forward in restricted reserves to future periods:

	<b>Total 2016</b>	Total 2015
	£	£
UK	<b>94,734</b>	220,917
Channel Islands	<b>10,759</b>	163,630
International	<b>(19,811)</b>	346,408
<b>Total government grants</b>	<b>85,682</b>	<b>730,955</b>

An unspent balance of a grant of £19,811 was repayable in the year.

**3. Charitable activities**

	Restricted	Unrestricted	<b>Total 2016</b>	Total 2015
	£	£	£	£
Contract services	-	10,557	<b>10,557</b>	42,338
Social Enterprise - Trading	-	8,933	<b>8,933</b>	-
<b>Total</b>	-	19,490	<b>19,490</b>	42,338

**4. Investment income**

	Restricted	Unrestricted	<b>Total 2016</b>	Total 2015
	£	£	£	£
Dividend income	-	14,292	<b>14,292</b>	27,496
Deposit account interest	-	33,805	<b>33,805</b>	1,785
<b>Total</b>	-	48,097	<b>48,097</b>	29,281

**5. Other income**

	Restricted	Unrestricted	<b>Total 2016</b>	Total 2015
	£	£	£	£
Sundry receipts	-	2,824	<b>2,824</b>	4,609
<b>Total</b>	-	2,824	<b>2,824</b>	4,609

**6. Raising Funds**

	Delivery costs	Development costs	Support costs	<b>Total 2016</b>	Total 2015
	£	£	£	£	£
Supporter fundraising	561,845	-	216,542	<b>778,387</b>	541,744
Institutional funds	69,650	-	34,909	<b>104,559</b>	-
<b>Total</b>	631,495	-	251,451	<b>882,946</b>	541,744

The cost of raising institutional funds comprises the appointment to a new post, direct costs, and the apportionment of other staff time and support costs. No apportionment of staff time was made in the prior year.

## 7. Charitable activities

	Delivery costs	Development costs	Support costs	<b>Total 2016</b>	Total 2015
	£	£	£	£	£
Programme delivery	1,139,921	96,446	212,667	<b>1,449,034</b>	1,605,872
Social Enterprise - Trading	95,237	-	-	<b>95,237</b>	-
Advocacy & awareness	20,849	-	13,265	<b>34,114</b>	55,284
<b>Total</b>	<b>1,256,007</b>	<b>96,446</b>	<b>225,932</b>	<b>1,578,385</b>	<b>1,661,156</b>

## 8. Total Expenditure

	Direct costs	Development Costs	Support costs	<b>Total 2016</b>	Total 2015
	£	£	£	£	£
Raising Funds	631,495	-	251,451	<b>882,946</b>	541,744
Charitable activities	1,256,007	96,446	225,932	<b>1,578,385</b>	1,661,156
<b>Total</b>	<b>1,887,502</b>	<b>96,446</b>	<b>477,383</b>	<b>2,461,331</b>	<b>2,202,900</b>

No support costs are allocated to grant-making activities.

The main components of support costs are:

	<b>Total 2016</b>	Total 2015
	£	£
Office costs	<b>177,269</b>	253,248
Depreciation	<b>57,573</b>	40,731
Administration and support salaries	<b>197,577</b>	193,261
Governance costs	<b>44,964</b>	41,130
<b>Total</b>	<b>477,383</b>	<b>528,370</b>

## 9. Grants analysed by country and project

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

	2016	2015
	£	£
<b>Burkina Faso:</b>		
Forest Governance	<b>65,703</b>	167,309
Women's Forest Livelihoods	<b>(9,040)</b>	39,080
Natural Resource Management	<b>6,328</b>	14,425
Forest Trade Association	<b>2,497</b>	-
Shea Research	<b>11,009</b>	-
	<b>76,497</b>	220,814
<b>Ethiopia:</b>		
Forests for Food	-	3,221
Gurage Integrated Land Management	<b>30,929</b>	19,573
Ziway Integrated Land Management	<b>34,986</b>	49,840
Wof Washa Forest Sustainable Management	<b>102,815</b>	101,483
Strategic Climate Institutions Programme	<b>27,656</b>	27,820
	<b>196,386</b>	201,937
<b>Ghana:</b>		
Non Timber Forest Product Trade	<b>5,112</b>	27,976
Bongo River Trees	<b>9,737</b>	6,140
Village Tree Enterprise	<b>26,340</b>	40,575
	<b>41,189</b>	74,691
<b>Mali:</b>		
Regreening Segou	<b>22,559</b>	35,568
Regreening Mopti	<b>8,430</b>	-
	<b>30,989</b>	35,568
<b>Niger:</b>		
Village Tree Enterprise	<b>32,907</b>	-
	<b>32,907</b>	-
<b>Total</b>	<b>377,968</b>	533,010

Negative amounts represent grants repayable by partners to TREE AID.

**10. Net movement in funds**

This is stated after charging:

	<b>2016</b>	2015
	<b>£</b>	£
Audit fees - Statutory audit (net of VAT)	<b>9,650</b>	8,100
Depreciation	<b>57,574</b>	40,731
Operating lease rentals - Property	<b>33,197</b>	33,859

**11. Employee and staff costs**

The average monthly head count was 45 staff (2015: 35 staff) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were as follows:

	<b>2016</b>	2015
	<b>No.</b>	No.
UK contracted employees:	<b>17</b>	16
Staff based overseas on local contracts:	<b>26</b>	18
<b>Total</b>	<b>43</b>	34

The cost of employing these staff was:

	<b>2016</b>	2015
	<b>£</b>	£
Salaries and wages	<b>876,435</b>	752,783
Social security costs (National Insurance)	<b>83,727</b>	69,360
Pension costs	<b>41,510</b>	39,950
<b>Total</b>	<b>1,001,672</b>	862,093

No employees were paid in excess of £60,000 in the year.

In the prior year one employee was paid in excess of £70,000. Pension contributions to a money purchase scheme for that employee in the prior year were £9,564.

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

During the year termination payments for redundancy and termination of contracts totalling £18,411 were made (2014/15: £nil).

## 12. Key management personnel

The key management personnel of the parent charity and the group comprise the Chief Executive, Director Operations, Director Finance & Resources and Director Fundraising & Communications. The total employee benefits of the key management personnel were £200,957 (2015: £236,490).

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

Chief Executive	(from June 2015)	£56,245
Director Finance & Resources		£55,120
Director Fundraising & Communications and Interim Chief Executive (to June 2015)	(0.9 FTE)	£52,107
Director Global Operations	(to September 2015)	£37,485

## 13. Trustee remuneration, expenses and donations

The trustees were not paid or received any other benefits from employment with the charity or its subsidiaries in the year (2015: £nil). No trustee received payment for professional or other services supplied to the charity (2015: £nil).

Directly incurred trustee expenses borne by the charity in the year totalled £2,585 (2015: £1,351), paid to 4 (2015: 3) trustees. Those expenses were mainly for travel and subsistence.

The total amount of donations received from trustees without conditions was £1,306 (2015: £17,397)

## 14. Taxation

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

## 15. Gross income & results - Charity

	2016	2015	Attributable to UK	Attributable to rest of the World
	£	£	2016 (2015)	2016 (2015)
Gross income	1,834,192	2,487,043	81% (99%)	19% (1%)
Total resources expended	(2,783,110)	(2,204,456)		
<b>Net incoming resources</b>	<b>(948,918)</b>	282,587		



**16. Tangible fixed assets - Group**

	UK Fixtures and Fittings £	Africa Motor Vehicles £	Africa Fixtures and Fittings £	<b>Total 2016 £</b>
<b>Cost</b>				
At 1 April 2015	53,891	114,933	31,431	<b>200,255</b>
Additions	-	10,744	30,781	<b>41,525</b>
Disposals	-	-	-	-
<b>At 31 March 2016</b>	<b>53,891</b>	<b>125,677</b>	<b>62,212</b>	<b>241,780</b>
<b>Depreciation</b>				
At 1 April 2015	30,331	77,846	3,034	<b>111,211</b>
Charge for the year	10,223	25,992	21,358	<b>57,573</b>
Disposals	-	-	-	-
<b>At 31 March 2016</b>	<b>40,554</b>	<b>103,838</b>	<b>24,392</b>	<b>168,784</b>
<b>Net Book Value</b>				
<b>At 31 March 2016</b>	<b>13,337</b>	<b>21,839</b>	<b>37,820</b>	<b>72,996</b>
At 31 March 2015	23,560	37,087	28,397	89,044

**Tangible fixed assets – Charity**

	UK Fixtures and Fittings £	<b>Total 2016 £</b>
<b>Cost</b>		
At 1 April 2015	53,891	<b>53,891</b>
Additions	-	-
Disposals	-	-
<b>At 31 March 2016</b>	<b>53,891</b>	<b>53,891</b>
<b>Depreciation</b>		
At 1 April 2015	30,331	<b>30,331</b>
Charge for the year	10,223	<b>10,223</b>
Disposals	-	-
<b>At 31 March 2016</b>	<b>40,554</b>	<b>40,554</b>
<b>Net Book Value</b>		
<b>At 31 March 2016</b>	<b>13,337</b>	<b>13,337</b>
At 31 March 2015	23,560	23,560

**17. Investments – Group and Charity**

	COIF Charities Ethical Investment Fund	Other unlisted investments	<b>Total 2016</b>	Total 2015
	£	£	£	£
<b>Valuation</b>				
At 1 April 2015	150,000	9,400	<b>159,400</b>	-
Additions at cost/valuation	250,000	2,520	<b>252,520</b>	159,400
Revaluation	(22,899)	(242)	<b>(23,141)</b>	-
<b>At 31 March 2016</b>	<b>377,101</b>	<b>11,678</b>	<b>388,779</b>	159,400

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

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

**18. Investment in subsidiaries - Charity**

	<b>2016</b>	2015
	<b>£</b>	£
<b>Cost</b>		
At 1 April 2015	<b>402</b>	400
Additions	-	2
Write down	<b>(400)</b>	-
<b>At 31 March 2016</b>	<b>2</b>	402

There are four subsidiaries: TREE AID Burkina Faso (an Association under the Law of Freedom of Association (10/92/ADP of 15th December 1992) in Burkina Faso); TREE AID Ghana (a company limited by guarantee under the Ghanaian Companies Act 1963); TREE AID Enterprises Ltd (a registered company incorporated in England, company number: 9199430); and TREE AID Enterprises sa (a company incorporated in Burkina Faso and subject to the provisions of the OHADA Uniform Act relating to Commercial Company Law and the Economic Interest Group of 30 January 2014).

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

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

TREE AID Enterprises Ltd is limited by shares, and is the trading subsidiary in the UK and holding company for social enterprise entity in Burkina Faso. The company commenced operations on 1 April 2015.

TREE AID Enterprises sa was incorporated on 4 August 2015, is limited by shares, and is a wholly owned subsidiary of TREE AID Enterprises Ltd. It has a financial year ending 31 December. The purpose is to set up a value chain, trading in shea kernels, directly linking producer groups to international buyers. It commenced trading on 4 August 2015.

	<b>TREE AID Enterprises Ltd</b>	<b>TREE AID Burkina Faso</b>	<b>TREE AID Ghana</b>
<b>Charity's shareholdings in subsidiaries</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Balances at 31 March 2016</b>			
Tangible assets	11,268	32,550	15,840
Current assets	36,513	324,196	9,299
Current liabilities	(134,083)	(198,580)	(7,202)
<b>Total Funds</b>	<b>(86,302)</b>	<b>158,166</b>	<b>17,937</b>
<b>Results for the year to 31 March 2016</b>			
Gross income	8,933	830,413	350,785
Total expenditure	(95,237)	(700,297)	(339,010)
<b>Profit / (loss)</b>	<b>(86,304)</b>	<b>130,116</b>	<b>11,775</b>

**19. Programme related investments**

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
<b>Valuation</b>				
At 1 April 2015	<b>1,650</b>	21,483	<b>1,650</b>	21,483
Movement in the year	<b>(1,650)</b>	(19,833)	<b>(1,650)</b>	(19,833)
<b>At 31 March 2016</b>	-	1,650	-	1,650

The programme related investment is a fund that has been utilised to provide micro finance to the beneficiary groups under the Ghana Village Tree Enterprise programme by way of repayable loans. Following the end of the project the fund is being transferred to local organisations.

**20. Debtors**

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Tax recoverable (Gift Aid)	<b>12,204</b>	11,516	<b>12,204</b>	11,516
Trade debtors	<b>6,167</b>	18,649	<b>6,167</b>	18,246
Prepayments & accrued income	<b>112,965</b>	123,602	<b>48,236</b>	121,036
Other debtors	<b>6,502</b>	2,166	<b>3,890</b>	2,070
Amounts owed by group and associated undertakings	-	-	<b>16,406</b>	-
<b>Total</b>	<b>137,838</b>	155,933	<b>86,903</b>	152,868

**21. Short term investments**

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Cash held on deposit	<b>1,963,375</b>	2,267,987	<b>1,963,375</b>	2,267,987

**22. Creditors falling due within one year**

	<b>Group</b>		<b>Charity</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
	<b>£</b>	£	<b>£</b>	£
Project Creditors	<b>19,811</b>	-	<b>19,811</b>	-
Other creditors	<b>48,588</b>	40,078	<b>24,350</b>	15,082
Accruals	<b>31,560</b>	29,000	<b>14,061</b>	9,720
Tax and social security	<b>29,958</b>	29,884	<b>28,210</b>	21,497
<b>Total</b>	<b>129,917</b>	98,962	<b>86,432</b>	46,299

**23. Provision for liabilities**

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

	<b>Group</b>		<b>Charity</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
	<b>£</b>	£	<b>£</b>	£
<b>Provision</b>				
At 1 April 2015	<b>19,084</b>	-	-	-
Increase in provision	<b>5,203</b>	19,084	-	-
<b>At 31 March 2016</b>	<b>24,287</b>	19,084	-	-

**24. Movements in funds - Group**

	Opening balance £	Incoming resources £	Outgoing resources £	Transfers £	Closing balance £
<b>Restricted funds</b>					
Decentralisation for Pro-Poor Forest Governance	283,603	(19,810)	(263,793)	-	-
Women's Forest Livelihoods	36,015	43,750	(35,864)	-	43,901
Shea Research	-	55,845	(52,407)	-	3,438
Drylands Development	-	291,202	(51,710)	-	239,492
Gurage Integrated Land Management	26,088	25,000	(45,711)	-	5,377
Ziway Integrated Land Management	12,364	32,394	(43,691)	-	1,067
Wof Washa Forest Sustainable Management	10,173	129,344	(156,598)	-	(17,081)
Strategic Climate Institutions Programme	41,389	7,706	(49,831)	736	-
Bongo River Trees	172,415	64,107	(129,225)	-	107,297
Ghana NTFP Trade	61,873	37,081	(109,276)	31,500	21,178
Ghana Village Tree Enterprise	147,199	22,810	(124,641)	-	45,368
Regreening Segou	103,215	39,983	(77,612)	-	65,586
Mali Regreening Project	-	44,732	(20,239)	-	24,493
Niger Village Tree Enterprise	122,982	-	(50,804)	-	72,178
Niger Building Resilience and Adaptation to Climate Extremes and Disasters	15,452	126,956	(143,700)	-	(1,292)
Country Programmes	558	-	-	9,202	9,760
Project Fund	90,822	-	-	(736)	90,086
Other Project Funds	218,208	73,905	(74,543)	(40,702)	176,868
Development Fund	-	5,000	(5,000)	-	-
<b>Total restricted funds</b>	<b>1,342,356</b>	<b>980,005</b>	<b>(1,434,645)</b>	<b>-</b>	<b>887,716</b>
<b>Unrestricted funds</b>					
Fixed Asset Reserve	49,699	-	(38,416)	50,444	61,727
Project Development Fund	62,109	-	12,038	-	74,147
Fundraising Reserve	39,859	-	(6,033)	-	33,826
Working Capital for Trading Subsidiary	404,621	-	(86,305)	-	318,316
Improving the Quality of our Work	196,078	-	(57,230)	-	138,848
Growing Our Income	887,167	-	(175,987)	-	711,180
Improving our Ability to Generate Data, Evidence & Communication	72,000	-	91,716	-	163,716
<b>Total Designated</b>	<b>1,711,533</b>	<b>-</b>	<b>(260,217)</b>	<b>50,444</b>	<b>1,501,760</b>
General Reserves	590,761	870,531	(790,010)	(50,444)	620,838
<b>Total unrestricted funds</b>	<b>2,302,294</b>	<b>870,531</b>	<b>(1,050,227)</b>	<b>-</b>	<b>2,122,598</b>
<b>Total funds</b>	<b>3,644,650</b>	<b>1,850,536</b>	<b>(2,484,872)</b>	<b>-</b>	<b>3,010,314</b>

**Movements in funds - Charity**

	Opening balance £	Incoming resources £	Outgoing resources £	Transfers £	Closing balance £
<b>Restricted funds</b>					
Decentralisation for Pro-Poor Forest Governance	283,603	(19,810)	(263,793)	-	-
Women's Forest Livelihoods	36,015	43,750	(35,864)	-	43,901
Shea Research	-	55,845	(52,407)	-	3,438
Drylands Development	-	291,202	(51,710)	-	239,492
Gurage Integrated Land Management	26,088	25,000	(45,711)	-	5,377
Ziway Integrated Land Management	12,364	32,394	(43,691)	-	1,067
Wof Washa Forest Sustainable Management	10,173	129,344	(156,598)	-	(17,081)
Strategic Climate Institutions Programme	41,389	7,706	(49,831)	736	-
Bongo River Trees	172,415	64,107	(129,225)	-	107,297
Ghana NTFP Trade	61,873	37,081	(109,276)	31,500	21,178
Ghana Village Tree Enterprise	147,199	22,810	(124,641)	-	45,368
Regreening Segou	103,215	39,983	(77,612)	-	65,586
Mali Regreening Project	-	44,732	(20,239)	-	24,493
Niger Village Tree Enterprise	122,982	-	(50,804)	-	72,178
Niger Building Resilience and Adaptation to Climate Extremes and Disasters	15,452	126,956	(143,700)	-	(1,292)
Country Programmes	558	-	-	9,202	9,760
Project Fund	90,822	-	-	(736)	90,086
Other Project Funds	218,208	73,905	(74,543)	(40,702)	176,868
Development Fund	-	5,000	(5,000)	-	-
<b>Total restricted funds</b>	<b>1,342,356</b>	<b>980,005</b>	<b>(1,434,645)</b>	<b>-</b>	<b>887,716</b>
<b>Unrestricted funds</b>					
Fixed Asset Reserve	49,699	-	(10,224)	(26,139)	13,336
Project Development Fund	62,109	-	(20,119)	-	41,990
Fundraising Reserve	39,859	-	(6,033)	-	33,826
Working Capital for Trading Subsidiary	404,621	-	(86,305)	-	318,316
Improving the Quality of our Work	196,078	-	(57,230)	-	138,848
Growing Our Income	887,167	-	(175,987)	-	711,180
Improving our Ability to Generate Data, Evidence & Communication	72,000	-	91,716	-	163,716
<b>Total Designated</b>	<b>1,711,533</b>	<b>-</b>	<b>(264,182)</b>	<b>(26,139)</b>	<b>1,421,212</b>
General Reserves	549,981	854,187	(1,084,283)	26,139	346,024
<b>Total unrestricted funds</b>	<b>2,261,514</b>	<b>854,187</b>	<b>(1,348,465)</b>	<b>-</b>	<b>1,767,236</b>
<b>Total funds</b>	<b>3,603,870</b>	<b>1,834,192</b>	<b>(2,783,110)</b>	<b>-</b>	<b>2,654,952</b>

**Purpose of restricted funds**

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

***Decentralisation for Pro-Poor Forest Governance – Burkina Faso***

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

***Women's Forest Livelihoods – Burkina Faso***

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

***Shea Research***

A research project into restoring and improving productivity of shea stands in Burkina Faso.

***Drylands Development***

A Farmer-led Programme to Enhance Water Management, Food Security, and Rural Economic Development in the Drylands of Burkina Faso.

***Gurage Integrated Land Management and Ziway Integrated Land Management – Ethiopia***

These projects aim to work directly with villagers, including women and young people, on watershed management activities, sustainable natural resource management and income generation activities to improve the landscape and livelihoods.

***Wof Washa Forest Sustainable Management – Ethiopia***

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

***Strategic Climate Institutions Programme – Ethiopia***

With support from DFID, the project developed Joint Forest Enterprises operated by forest user cooperatives and the ANRSFE (Amhara National Regional State Forest Enterprise), living in the vicinity of the Wof Washa forest, with enforceable legal agreements securing transparent, accountable governance of these enterprises with equitable sharing of risks and benefits.

***Bongo River Trees – Ghana***

This project works to restore a degraded 50km<sup>2</sup> catchment area and eroded river bank in Northern Ghana. The project is fully funded by a corporate supporter, RPS Group plc.

***Ghana Non Timber Forest Product Trade***

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



**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 have operated this in Burkina Faso, Mali and Northern Ghana, adding Niger in the year. We support village groups to set up businesses and maintain forests to make a living from them, operating through multiple local partner NGOs on each project.

- **Ghana**

The Village Tree Enterprise project in Ghana is funded from a variety of sources, mainly charitable trusts and foundations.

- **Niger**

The Village Tree Enterprise project in Niger is funded from a variety of sources, mainly charitable trusts and foundations.

**Regreening projects in Mali**

Ségou & Mopti: These projects work with villagers to introduce changes that will restore the environment and improve their livelihoods. It is supporting communities to plant and regenerate tree cover, addressing the serious degradation that this Savannah region has experienced in recent decades.

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

In conjunction with CARE UK, TREE AID is providing technical assistance to the UK DFID's BRACED programme.

**Country Programmes**

Donations restricted to projects within the programmes of Burkina Faso, Ghana and Niger.

**Project Fund**

Donations restricted to unspecified projects or countries.

**Other Project Funds**

Eight smaller projects each with expenditure of less than £30k pa carried out in Burkina Faso, Ghana and Ethiopia.

**Development Fund**

Donations restricted to the development of new projects providing the opportunity for leverage to full project funding and other opportunities to expand the programme.

**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 monies for a specific purpose.

Our designated funds will enable TREE AID to grow, and provide for:

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

**Project Development Designated Fund** for the development of new projects and institutional funding to ensure the continuity of the implementation of TREE AID's programme at a viable level.

**Fundraising Reserve Designated Fund** against the unforeseen fluctuations in the levels of supporter fundraising streams year to year.

Funds to provide **working capital for a trading subsidiary** to further implement the work of the charity.

To fund future expenditure on **operational leadership, and improved financial systems**.

To provide investment into future expenditure to **increase our fundraising income**.

To provide investment into future expenditure to **increase our ability to generate data, evidence & communications**.

Movements on the Fixed Assets Designated Fund reflect the additions, disposals and depreciation of unrestricted fund tangible fixed assets during the year. At the year end the fund had a balance of £62k.

The Project Development fund balance of £74k represents six months of budgeted expenditure for 2016/17.

The Fundraising Reserve fund balance of £34k represents 4% of budgeted unrestricted supporter income for 2016/17.

The Working Capital for Trading Subsidiary designated reserve is £318k set aside to meet expected losses in the early years of establishing a viable trade in the social enterprise subsidiary, TREE AID Enterprises sa.

The designated reserve for Improving the Quality of our Work comprises planned expenditure of £138k on a new accounting system (for 2016/17) and funding an operational leadership post (2016/19).

The designated reserve for Growing Our Income of £711k represents the continuing commitment to increase our individual supporter base by direct costs and on supporter and institutional fundraising staff posts (2016/19).

Improving our Ability to Generate Data, Evidence & Communication is a designated fund, the balance of £164k is for committed spend on improving communications post (2016/17) and a learning and impact post (2016/19).

A deficit budget has been set for 2016/17. The release of designated funds is planned to meet that deficit.

**Transfers between funds**

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

Transfers between general reserves and designated funds represent the designation of unrestricted funds by the trustees to meet future planned expenditure and expansion, to reflect unrestricted capital expenditure and to provide for unforeseen movements in income.

**25. Analysis of net assets between funds - Group**

	Restricted	Unrestricted Designated	Unrestricted General	Total 2016
	£	£	£	£
Fixed assets	-	72,996	-	<b>72,996</b>
Investments	-	-	388,779	<b>388,779</b>
Cash at bank and in hand	168,494	208,142	224,894	<b>601,530</b>
Other current assets	745,475	1,220,622	135,116	<b>2,101,213</b>
Current liabilities	(26,253)	-	(127,951)	<b>(154,204)</b>
<b>Total net assets</b>	<b>887,716</b>	<b>1,501,760</b>	<b>620,838</b>	<b>3,010,314</b>

**Analysis of net assets between funds - Charity**

	Restricted	Unrestricted Designated	Unrestricted General	Total 2016
	£	£	£	£
Fixed assets	-	13,337	-	<b>13,337</b>
Investments	-	150,000	238,781	<b>388,781</b>
Cash at bank and in hand	100,000	100,000	88,988	<b>288,988</b>
Other current assets	813,968	1,157,875	78,435	<b>2,050,278</b>
Current liabilities	(26,252)	-	(60,180)	<b>(86,432)</b>
<b>Total net assets</b>	<b>887,716</b>	<b>1,421,212</b>	<b>346,024</b>	<b>2,654,952</b>

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

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Net (expenditure)/income for the reporting period	<b>(634,336)</b>	280,548	<b>(948,918)</b>	282,587
Depreciation charge	<b>57,573</b>	40,731	<b>10,223</b>	15,083
Losses on investments	<b>23,541</b>	19,833	<b>23,941</b>	19,833
(Gains)/losses on cash and cash equivalents due to exchange rate movements	<b>(8,989)</b>	13,395	<b>1,429</b>	(1,088)
Investment income	<b>(48,097)</b>	(29,281)	<b>(48,097)</b>	(29,281)
Decrease/(increase) in debtors	<b>18,095</b>	(47,066)	<b>65,965</b>	(49,946)
Increase/(decrease) in creditors	<b>36,158</b>	11,602	<b>40,133</b>	(15,802)
<b>Net cash (used in)/provided by operating activities</b>	<b>(556,055)</b>	289,762	<b>(855,324)</b>	221,386

**Analysis of cash and cash equivalents**

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Cash in hand	<b>601,530</b>	1,088,682	<b>288,988</b>	1,044,302
Notice deposits (less than 3 months)	<b>1,963,375</b>	2,267,987	<b>1,963,375</b>	2,267,987
<b>Total cash and cash equivalents</b>	<b>2,564,905</b>	3,356,669	<b>2,252,363</b>	3,312,289

**27. Legal status of the charity**

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

## 28. Related parties transactions

The Director of Fundraising & Communications, Marian Rose, was appointed as a trustee of Care UK International (CIUK) in September 2015.

With effect from 1 January 2015 TREE AID became a consortium partner in a project '*Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED)*', with CIUK under which TREE AID is a party to a sub-grant agreement.

Under this agreement, which runs from 1 January 2015 to 31 December 2017, TREE AID will receive a grant allocation of up to £661,706 (2015: £nil) for its implementation of the BRACED project.

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

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
From TREE AID to TREE AID Burkina Faso	<b>1,040,059</b>	746,059
From TREE AID to TREE AID TREE AID Ghana	<b>343,269</b>	266,460
From TREE AID Burkina Faso to TREE AID	<b>3,351</b>	15,695
From TREE AID Ghana to TREE AID	<b>2,238</b>	1,686

There were no balances outstanding at the year-end between the charity and TREE AID Burkina Faso or TREE AID Ghana (2015: no outstanding balances at the year-end).

Loans for working capital for the social enterprise initiative were made during the year. The loans are unsecured and interest free. The total of transactions and the balances at the year-end were:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Loans made during the year to TREE AID Enterprises Ltd	<b>66,122</b>	-
Loans made during the year to TREE AID Enterprises sa	<b>27,257</b>	-

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Provision against amounts due from TREE AID Enterprises Ltd	<b>62,343</b>	-
Provision against amounts due from TREE AID Enterprises sa	<b>14,630</b>	-

**29. Operating lease commitments - Group**

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

Land & buildings	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Expiring within:				
<1 year	<b>11,759</b>	11,239	<b>10,190</b>	9,131
1 – 5 years	<b>4,942</b>	5,575	-	-

**30. Capital commitments**

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

**31. Transition to FRS 102 and the Charities SORP 2015**

This is the first year that the charity has presented its results under FRS 102 and the Charities SORP 2015. The last financial statements under UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 and the Charities SORP 2015 was 1 April 2015. The surplus for the year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 has not changed as a result of changes in accounting policies due to the transition from UK GAAP to FRS 102 and the Charities SORP 2015.

**32. Consolidated statement of financial activities for 2015**

	Restricted Funds £	Unrestricted Funds £	2015 Total Funds £
<b>Income</b>			
Donations and legacies	1,611,070	807,673	<b>2,418,743</b>
Charitable activities	-	42,338	<b>42,338</b>
Investment income	-	29,281	<b>29,281</b>
Other income	-	4,609	<b>4,609</b>
<b>Total income</b>	<b>1,611,070</b>	<b>883,901</b>	<b>2,494,971</b>
<b>Expenditure</b>			
Raising funds	-	546,666	<b>546,666</b>
Charitable activities	1,304,172	352,062	<b>1,656,234</b>
<b>Total Expenditure</b>	<b>1,304,172</b>	<b>898,728</b>	<b>2,202,900</b>
Net losses on investments	-	(19,833)	<b>(19,833)</b>
<b>Net (expenditure) / income</b>	<b>306,898</b>	<b>(34,660)</b>	<b>272,238</b>
Transfers between funds	-	-	-
<b>Other recognised gains/(losses):</b>			
Other gains	-	8,310	<b>8,310</b>
<b>Net movement in funds</b>	<b>306,898</b>	<b>(26,350)</b>	<b>280,548</b>
<b>Reconciliation of funds</b>			
Total funds brought forward	1,035,458	2,328,644	<b>3,364,102</b>
<b>Total funds carried forward</b>	<b>1,342,356</b>	<b>2,302,294</b>	<b>3,644,650</b>

## LEGAL AND ADMINISTRATIVE DETAILS

### LEGAL STATUS

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

### TRUSTEES

Sophie Churchill OBE <sup>1</sup>	Chair	
Carol Mack <sup>1</sup>	Vice-Chair	
Hugh Arthur <sup>1</sup>	Treasurer	
Tamsin Ayliffe		(Resigned 29 June 2015)
Tricia Brennan		(Resigned 29 February 2016)
John Collenette <sup>1</sup>		
Terence Jagger		(Appointed 22 January 2016)
Annie Moreton		
Trevor Reaney		(Appointed 10 June 2016)
Alex Rees		(Appointed 10 June 2016)
Mikko Simula		(Appointed 10 June 2016)
Stephen Tindale		(Appointed 10 June 2016)
Simon Toomer		
Rianne ten Veen		(Resigned 29 June 2015)

<sup>1</sup>. Member of the Finance and General Purposes Committee

### SENIOR MANAGEMENT TEAM

John Moffett	Chief Executive (from June 2015)
Geoff Nicks FCA	Director Finance & Resources
Marian Rose	Director Fundraising & Communications; Interim Chief Executive (from March 2015 to June 2015)
Silvia Boschetto	Director Global Operations (to September 2015)
Tom Skirrow	Director Operations (from April 2016)

### REGISTERED OFFICE AND PRINCIPAL OFFICE ADDRESS

Brunswick Court, Brunswick Square, Bristol BS2 8PE

### ADVISORS

#### Bankers

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

#### Auditor

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



## FUNDRAISING STANDARDS BOARD

TREE AID is a member of the Fundraising Standards Board, the 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.



## THANK YOU...

...to the many individual and corporate supporters, trusts, foundations and institutions, who enabled us to give so many more people opportunities for a better future in 2016. We are totally dependent on your support. Without it our work would simply not be possible...

... to our Institutional funders, including:



AMBASSADE DE SUEDE

FUNDED BY

**COMIC  
RELIEF**

**JOAC**

Jersey Overseas Aid Commission



**UKaid**

from the Department for  
International Development



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

Christmas Forest

The Headley Trust

Oak Philanthropy UK

Roughley Trust

RPS

The Turing Foundation

### **President & Patrons**

The Trustees would like to express our thanks to our patrons, Joanna Lumley OBE, FRGS and Zoë Wanamaker CBE for the time and support that they have given during the year.

### **Staff and Volunteers**

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

The Trustees are extremely grateful for time donated by volunteers to TREE AID, during the year. Volunteers have assisted in office based administration and support roles.