

TREE AID

ANNUAL REPORT AND ACCOUNTS 2014/15



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 agricultural land becomes drier and eventually turns to desert. 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.....	14
STATEMENT OF THE TRUSTEES' RESPONSIBILITIES	17
INDEPENDENT AUDITOR'S REPORT	19
GROUP STATEMENT OF FINANCIAL ACTIVITIES.....	22
BALANCE SHEETS	23
NOTES TO THE ACCOUNTS	24
LEGAL AND ADMINISTRATIVE DETAILS	40
THANK YOU.....	41

Why is TREE AID needed?

Africa's drylands are home to 350 million people – almost half the size of Europe. 75% of these people live in rural areas, where their main source of livelihood is smallholder farming. This is a group that the United Nations Development Programme¹ describes as the '*the global epicentre of extreme poverty*'. More than 50% of this rural population are living in chronic hunger and on the constant edge of a food crisis². These are the people targeted by TREE AID's work.

Poverty and environmental decline are often inseparably linked³. 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 areas⁴. 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 poor⁵ 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.

¹ **United Nations Development Programme (UNDP)**. (2005). *Investing in development: a practical plan to achieve the Millennium Development Goals*. London: Earthscan.

² **United Nations Food and Agricultural Organization (FAO)**. (2011). *State of Food Insecurity in the World 2011*. Rome: FAO.

³ **United Nations**. (2011). 2011 Human Development Report.

⁴ **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

⁵ **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 poor people in building resilience to the impact of climate change.

For over 28 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

When TREE AID began in 1987 we **used our “know-how”** of species, techniques and places to show the amazing benefits that trees can deliver. But we realised that without understanding and connecting with **what motivates people** to take action, this knowledge could only be a part of the solution. And as time went by, we saw that without **secure access to and rights over** trees, people would not be willing to invest in the land and could not benefit from what trees produce. This is the insight we bring to our work.

know-how + motivation + secure access

=

thriving & sustainable communities

Achievements and Performance

The Year 2014/15

Increasing our impact

We increased our tree enterprise and forest governance programmes in Ghana, Burkina Faso and Niger, and as a result quadrupled the number of people TREE AID reached, helping 397,000 people this year alone. We also launched new projects in natural resource management that improved 58,000 hectares of degraded land, and major reforestation schemes in Ethiopia and Mali contributed significantly to our tree planting activities, with 2.3 million trees planted during the year.

We were particularly pleased to secure funding from the UK DFID's Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED) programme in partnership with Care UK. This 3 year funding will enable us to significantly scale up our Niger programme in 2015/16.

Also during the year we launched a social enterprise pilot that builds on our existing village tree enterprise expertise to connect small-scale shea and honey producers to national and international markets.

Increasing our influence

We want to develop a greater appreciation of the role of trees in poverty reduction in dryland Africa and ensure the successful approaches we've developed can achieve scale through sharing our learning with others. This year TREE AID presented case studies from the Bongo River Trees project at a national media event in Ghana, outcomes from our work in Amhara at conferences in Ethiopia, and an overview of our approach to tree enterprises at the 4th International Workshop of the Forest Connect Alliance in Vietnam.

Furthermore, we have continued developing research collaborations with the International Institute for Environment and Development (IIED) to conduct a rigorous assessment of TREE AID's Village Tree Enterprise approach in Burkina Faso, Mali and Ghana over the last ten years.

As a result of our rising profile and unique expertise we were accredited with provisional "observer status" for the UN Convention to Combat Desertification (UNCCD), which will lead to full accreditation in 2015.

Increasing our capacity

To increase our impact, we expanded our Operations team in the UK and Africa to deliver on our goal to reach 5 times more people in 2017. The start of our BRACED project partnership has enabled us to establish an office in Niger, which will enable us to grow our operations there.

To ensure we continue to develop as an organisation of influence we have increased our communications capacity through the appointment of a full-time Communications Manager. This role will focus on raising public awareness of our work and developing our networks, as a result of the appointment we increased web and social media activity. For example, web site visitors were up 17,000 (85%) and twitter followers 1,000 (56%) year on year. We also published our first insight guide, with an accompanying webinar.

We also appointed new staff members in trust and individual fundraising to help deliver our ambitious plans for income growth to support planned expansion of our programmes in Africa.

OUR FUTURE

Our performance to date gives TREE AID 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 5 fold 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 5 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 the next two years:

- We want to continue to grow our programme of work, delivering tangible changes to the lives of rural African families and their communities. To achieve this, we will need to **target key areas for income growth**. There is strong potential for growth in existing sources of funding, and to increase the sustainability of our funding we will also need to explore new approaches, for example, the social enterprise model.
- We want to increase our impact by inspiring others to adopt and support TREE AID's approaches to deliver real and lasting change in Africa and beyond. **Data, evidence and communications** will be critical to achieving this. We need to build the evidence base for our work, making greater use of data to demonstrate the value of our insights and experience, and ensuring that the results of our work are widely communicated and shared.
- We want to deliver greater benefits for the small scale producers that we work with and their families, and at the same time become even more effective as we grow. We need to **invest in the capacity of our people, our teams, and our systems** if we are to grow the leadership and have the strength in depth to successfully deliver an expanding programme. Learning is key to the successful delivery of our strategy.

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 the major legacy received in the previous year, 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 2015/16 our main goals will be to:

Increase our impact

- Expand our work on forest governance and climate resilience
- Launch the next phase of our Village Tree Enterprise programme across Burkina Faso, Ghana, Mali and Niger
- Secure funding for our work on watershed restoration in Burkina Faso
- Launch field projects in our tree foods programme
- Expand our work in Ethiopia
- Pilot and launch a social enterprise in West Africa

Increase our influence

- Increase our connections with key research institutions and institutional investors both inside and outside Africa.
- Increase visibility and information sharing of our activities through publications, webinars and presentations.
- Increase awareness via the launch of a major appeal.
- Refresh our website to increase functionality and engagement.

Increase our capacity

- Develop the Operations team to improve the technical and operational capacity available.
- Ensure the Ethiopian team is in place and fully operational.
- Develop new delivery partnerships in Ethiopia, Mali and Niger.
- Launch donor recruitment activities.
- Increase the value of individual, corporate and trust gifts via a major appeal.

FINANCIAL REVIEW

The Trustees present their report and the audited financial statements for the year ended 31 March 2015.

Legal and administrative information set out on pages 40 form part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, and the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005).

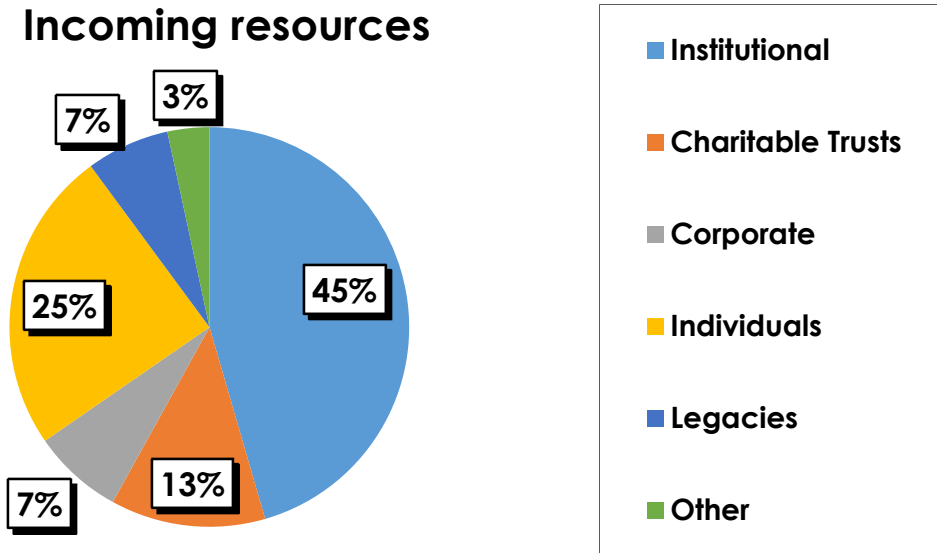
There were no related party transactions in the year.

IN SUMMARY

Income for the year decreased by 38% compared to the previous year due to the major legacy received in 2013/14.

Total expenditure, and particularly expenditure on programme delivery, increased compared to the prior year. Programme delivery was up overall by £93k, an increase of 6%.

INCOME



Incoming resources	2014/15	2013/14
	£	£
Institutional	1,139,113	743,243
Charitable Trusts	313,400	300,378
Corporate	183,758	197,268
Individuals	614,259	684,921
Legacies	168,213	2,071,684
Total Voluntary Income	2,418,743	3,997,494
Incoming resources from charitable activities	42,338	29,925
Other incoming resources	42,200	23,061
Total incoming resources	2,503,281	4,050,480

Supporter Fundraising

The fundraising environment continues to be challenging but despite this TREE AID fundraising income was £127k (11%) above budget. This is significantly below the previous year's income which was exceptional due to the receipt of a legacy of £2m. Excluding legacies, income is slightly down year on year. Across all areas of fundraising, we have aimed to hold current income levels whilst focusing on growth from 2015/16 onwards.

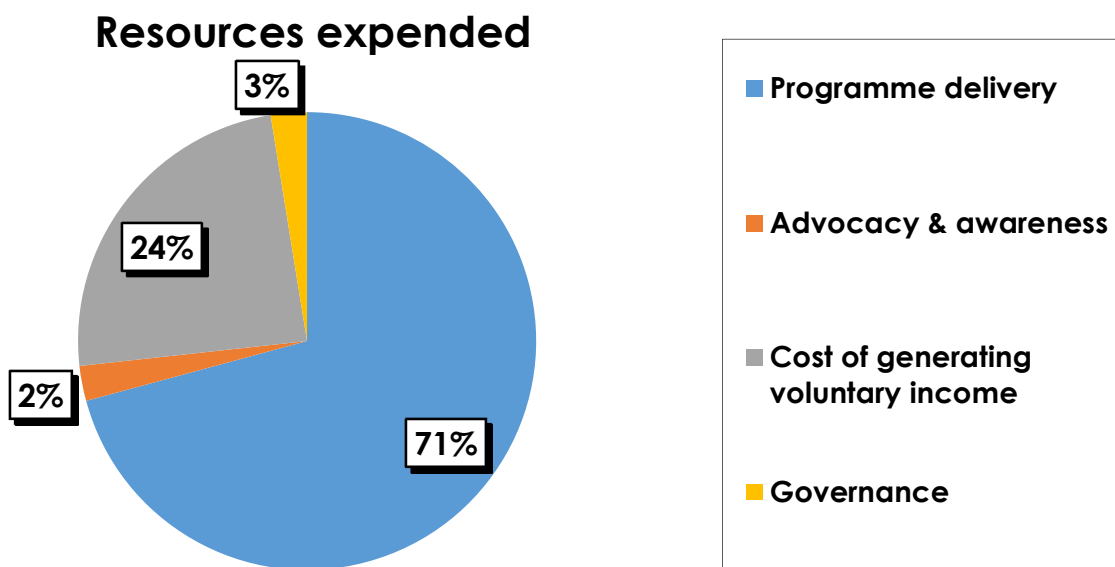
Institutional Funding

Institutional funding has increased from £743k to £1.139m over the last year.

The major in-year grants were received from:

- Swedish International Cooperation Development Agency
- Comic Relief
- Jersey Overseas Aid Committee
- Darwin Initiative (combination of Department for Environment, Food & Rural Affairs, Department for International Development and Foreign & Commonwealth Office)
- The Department for International Development (DFID)

EXPENDITURE



Resources expended	2014/15 £	2013/14 £
Cost of generating voluntary income	537,718	404,849
Programme delivery	1,573,379	1,480,002
Advocacy & awareness	54,873	44,672
Governance	56,763	53,705
Total resources expended	<u>2,222,733</u>	<u>1,983,228</u>

Benefiting from the sustainable platform provided by the major legacy received in 2013/14, we continue to invest to deliver sustainable growth in TREE AID programmes as planned. Essentially we are investing to achieve a step change in TREE AID's scale and impact in the future. Specifically in 2014/15 we invested in improving the quality of our programme delivery and in growing future income.

Costs of generating voluntary income

To achieve future income growth, we increased the expenditure on fundraising during the year, principally investing in the recruitment of new staff. Accordingly the cost of generating voluntary income increased by £133k over the previous year. The return on that expenditure will be seen from 2015/16 onwards.

In keeping with these investment decisions, we spent 24p for every pound of voluntary income raised (excluding legacy income), compared to 21p in the previous year.

The cost of generating voluntary income is an unrestricted fund expense, but raises both restricted and unrestricted voluntary income.

Charitable expenditure

Total charitable expenditure, comprising programme delivery and advocacy and awareness activities, was £104k higher compared to the prior year. Programme delivery at £1.57m against £1.48m, was 7% higher.

New programmes that began in 2014/15, included:

- Ghana - Village Tree Enterprise (New sites)
- Niger - Building Resilience and Adaptation to Climate Extremes and Disasters
- Burkina Faso - Building Biocarbon for Rural Development in West Africa

MOVEMENT IN FUNDS

Net movement in funds

Restricted funds increased by £307k. Unrestricted funds showed a deficit of £26k. Overall the net increase in funds was £281k.

INVESTMENT POLICY & OBJECTIVES

In July 2014 the Trustees approved an investment policy.

TREE AID's 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.

Trustees have set the investment objectives for the Charity as:

- To seek to produce the best financial return within an acceptable level of risk
- The investment objective for the long term reserves is to generate a return in excess of inflation whilst generating an income to support the on-going activities of TREE AID
- The investment objective for the short term reserves is to preserve the capital value with a minimum level of risk. 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 performance objectives set for the COIF Ethical Investment Fund are for a dividend yield on the fund of 3.97% and capital growth of 3.25%.

The in-year investment was made close to the period end, and hence it is too early to assess investment performance achieved against the investment objectives set.

RESERVES

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 **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 Trustees quarterly, with the target level of reserves reviewed annually as part of the cyclical budgeting process.

As a result of the major legacy gift left to the organisation in 2013/14, the Board had agreed to accelerate planned investment aimed at growing our ability to deliver our mission. The Board set aside designated funds as laid out in Note 18 in the accounts in order to support that strategic growth. The free reserves policy remains unaltered.

As of 31 March 2015, TREE AID's free reserves stood at £591k, which is above the target range. With deficit budgets set for 2015/16 and 2016/17 free reserves are planned to return to within the target range within two years.

Subsidiary companies

The subsidiary companies 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, and are contributing to the strategy.

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 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.

As at 31 March 2015, there were 9 trustees. A list of current Trustees is given on page 40. Trustees are recruited to ensure that the Board has the knowledge and skills required to achieve the organisation's mission and uphold its values. All new trustees go through a full recruitment and induction process.

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

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 responsibility is currently held by John Collenette.

This year we convened an additional ad hoc committee to provide detailed trustee oversight of the process of setting up social enterprise pilots in Burkina Faso and Mali. The **Social Enterprise Committee** comprised Carol Mack, Tricia Brennan, Hugh Arthur and John Collenette. The Social Enterprise Committee supported the executive in the development of the business plans for the two pilots and advised the Board on key issues arising from the process. Approval of the initiative was given by the full Board, after which the committee stood down, and a board of the new subsidiary company, TREE AID Enterprises Ltd, responsible for implementation was appointed, and chaired by Tricia Brennan.

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.

Philip Goodwin resigned as Chief Executive after four and a half years in post. We are enormously grateful for all he has contributed to the development and delivery of TREE AID's mission over that period.

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

The **Programme Policy Group** advises the TREE AID Programme Team, Senior Management and Board of Trustees on policy, programme and strategy development. Members have professional experience and expertise in issues of interest to TREE AID. Membership of the group is voluntary and by invitation.

We also have voluntary **Programme Advisors** in our countries of operation whose role is to provide national perspectives on our work and to advise on programme delivery.

Group Structure

TREE AID, the Charity, has three wholly owned subsidiary organisations. Those four entities together comprise the Group.

In the UK, TREE AID Enterprises Ltd was incorporated on 2 September 2014, is limited by shares, and is intended as the trading subsidiary in the UK, and holding company for social enterprise entities in Africa. The company commenced operations on 1 April 2015.

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.

Risk Management

The Trustees 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. Trustees 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.

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.

TREE AID's overall aim is to contribute to the eradication of poverty and protect the environment by unlocking the potential of trees. We work in the drylands of Africa, in some of the poorest regions of Burkina Faso, Ethiopia, Ghana, Mali and Niger, where forestry-centred development interventions can alleviate poverty sustainably. TREE AID works with poor families, and prioritises poor women.

Our performance against these objectives is explained above. The Board reviews the aims, objectives and activities of the charity each year. Overall, this report looks at what the charity has achieved and the outcomes of its work within the last twelve months. The Board of Trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. 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 Trustees (who are also directors of TREE AID for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

In so far as the Board of Trustees is aware at the date of approval of this report:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The report of the Trustees has been prepared in accordance with the special provisions relating to small companies, subject to the small companies regime within part 15 of the Companies Act 2006.

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.

Approved by the Trustees on 29 June 2015 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 2015 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets and the related notes numbered 1 to 22.

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 2015 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: 17 August 2015

GROUP STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an Income and Expenditure Account)

	Notes	Restricted Funds £	Unrestricted Funds £	2015 Total Funds £	2014 Total Funds £
Incoming resources					
Incoming resources from generated funds					
- Voluntary income	2	1,611,070	807,673	2,418,743	3,997,494
- Investment income		-	29,281	29,281	17,763
Incoming resources from charitable activities		-	42,338	42,338	29,925
Other incoming resources		-	12,919	12,919	5,298
Total incoming resources		1,611,070	892,211	2,503,281	4,050,480
Resources expended					
Cost of generating voluntary income	4	-	537,718	537,718	404,849
Net resources available after costs of generating funds		1,611,070	354,493	1,965,563	3,645,631
Charitable activities					
- Programme delivery		1,304,172	269,207	1,573,379	1,480,002
- Advocacy & awareness		-	54,873	54,873	44,672
Total charitable activities	3	1,304,172	324,080	1,628,252	1,524,674
Governance costs	4	-	56,763	56,763	53,705
Total resources expended	4	1,304,172	918,561	2,222,733	1,983,228
Net incoming/(outgoing) resources		306,898	(26,350)	280,548	2,067,252
Reconciliation of funds					
Total funds brought forward	18	1,035,458	2,328,644	3,364,102	1,296,850
Total funds carried forward	18	1,342,356	2,302,294	3,644,650	3,364,102

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 18 to the accounts.

The notes on pages 24 to 39 form part of these financial statements.

Company number: 03779545

BALANCE SHEETS

	Notes	Group		Charity	
		2015	2014	2015	2014
		£	£	£	£
Fixed assets					
Tangible fixed assets	11	89,044	91,861	23,560	52,521
Investments	12	159,400	-	159,400	-
Investment in subsidiaries	13	-	-	402	400
Programme related investments	14	1,650	21,483	1,650	21,483
		250,094	113,344	185,012	74,404
Current assets					
Debtors	15	155,933	108,867	152,868	102,922
Short term investments	16	2,267,987	892,925	2,267,987	892,925
Cash at bank and in hand		1,088,682	2,355,410	1,044,302	2,313,133
		3,512,602	3,357,202	3,465,157	3,308,980
Current liabilities					
Creditors: amounts due within one year	17	(118,046)	(106,444)	(46,299)	(62,101)
Net current assets		3,394,556	3,250,758	3,418,858	3,246,879
Net assets		3,644,650	3,364,102	3,603,870	3,321,283
Funds					
Restricted funds	18	1,342,356	1,035,458	1,342,356	1,035,458
Unrestricted funds					
Designated	18	1,711,533	1,921,792	1,711,533	1,921,792
General reserves	18	590,761	406,852	549,981	364,033
Total Unrestricted funds		2,302,294	2,328,644	2,261,514	2,285,825
Total funds	18	3,644,650	3,364,102	3,603,870	3,321,283

The financial statements have been prepared in accordance with the special provisions relating to small companies, subject to the small companies regime within part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved and authorised for issue by the Trustees on 29 June 2015 and signed on their behalf.

Hugh Arthur
Treasurer

The notes on pages 24 to 39 form part of these financial statements.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

a. Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Charities Act 2011. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in March 2005). These financial statements have been prepared in accordance with the special provisions relating to small companies subject to the small company regime within part 15 of the Companies Act 2006, with the Financial Reporting Standard for Smaller Entities (effective April 2008), and the Charities Act 2011. The entity has taken exemption from presenting its unconsolidated profit and loss account under section 408 of Companies Act 2006.

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 17.

b. 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.

Transactions and balances between group companies are eliminated.

c. 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.

d. Income recognition

Voluntary income is received by way of donations and gifts and is included in full in the statement of financial activities when receivable. 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.

d. Income recognition (continued)

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.

e. Resources expended and basis of allocation of costs

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

Expenditure is analysed into the following activities:

- i **Cost of generating voluntary income** - This includes the salaries, direct expenditure and overhead costs of staff engaged in fundraising activities. The cost of fundraising initiatives is recognised in the year in which it is incurred although income derived from the initiatives may arise in future years.
- ii **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 TREE AID's West Africa office in Burkina Faso, and the value of grants that have been made to project 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	
	2015	2014
Cost of generating voluntary income	24%	20%
Programme delivery	71%	75%
Advocacy and awareness	2%	2%
Governance	3%	3%

f. Recognition of liabilities

Liabilities are recognised where there is a legal or constructive obligation that commits the Charity to the obligation.

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. Friends groups

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

i. 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. 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. 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.

m. 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.

n. Leases

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

2. Voluntary income

	Restricted	Unrestricted	Total 2015	Total 2014
	£	£	£	£
Institutional	1,139,113	-	1,139,113	743,243
Charitable Trusts	263,465	49,935	313,400	300,378
Corporate	160,616	23,142	183,758	197,268
Individuals	47,876	566,383	614,259	684,921
Legacies	-	168,213	168,213	2,071,684
Total	1,611,070	807,673	2,418,743	3,997,494

3. Total charitable activities

	Delivery costs £	Development costs £	Support costs £	Total 2015 £	Total 2014 £
Charitable activities:					
- Programme delivery	1,260,340	224,770	88,269	1,573,379	1,480,002
- Advocacy & awareness	51,766	-	3,107	54,873	44,672
Total charitable activities	1,312,106	224,770	91,376	1,628,252	1,524,674

4. Total resources expended

	Direct costs £	Support costs £	Total 2015 £	Total 2014 £
Cost of generating voluntary income	507,270	30,448	537,718	404,849
Total charitable activities	1,536,876	91,376	1,628,252	1,524,674
Governance	53,549	3,214	56,763	53,705
Total	2,097,695	125,038	2,222,733	1,983,228

5. Grants analysed by country and project

Included within <i>Charitable activities</i> - programme delivery costs are grants made:	2015	2014
	£	£
Burkina Faso:		
Forest Governance	167,309	227,887
Women's Forest Livelihoods	39,080	23,825
Natural Resource Management	14,425	7,574
Forest Trade Association	-	11,792
	220,814	271,078
Ethiopia:		
Forests for Food	3,221	18,127
Gurage Integrated Land Management	19,573	7,395
Ziway Integrated Land Management	49,840	25,905
Wof Washa Forest Sustainable Management	101,483	32,953
Strategic Climate Institutions Programme	27,820	11,236
	201,937	95,616
Ghana:		
Non Timber Forest Product Trade	27,976	142,115
Village Tree Enterprise	2,830	17,000
Bongo River Trees	6,140	12,341
Village Tree Enterprise (New sites)	37,745	-
	74,691	171,456
Mali:		
Regreening Segou	35,568	25,921
Regreening Mopti	-	68,455
	35,568	94,376
Niger:		
Village Tree Enterprise	-	42,602
	-	42,602
Total	533,010	675,128

6. Net incoming resources

This is stated after charging:

	2015	2014
	£	£
Audit fees - Statutory audit (net of VAT)	8,100	7,950
Depreciation	40,731	35,391
Operating lease rentals - Property	33,859	29,113
Gain on disposal of assets	-	4,618

7. Employee and staff costs

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

	2015	2014
	No.	No.
UK contracted employees:	16	12
Staff based overseas on local contracts:	18	17
Total	34	29

The cost of employing these staff was:

	2015	2014
	£	£
Salaries and wages	752,783	653,566
Social Security Costs (National Insurance)	69,360	40,166
Pension costs	39,950	7,605
Total	862,093	701,337

Employee paid between:

	2015	2014
	No.	No.
£60,000 - £70,000	1	1

Pension contributions to a money purchase scheme for that employee in the year were £9,564 (2014: £7,585).

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

8. Trustee remuneration and expenses

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

Directly incurred trustee expenses borne by the charity in the year totalled £1,351 (2014: £2,002), paid to 3 (2014: 4) trustees.

9. Taxation

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

10. Gross income & results - Charity

	2015	2014	Attributable to UK	Attributable to rest of the World
	£	£	2015 (2014)	2015 (2014)
Gross income	2,487,043	4,006,712	99% (99%)	1% (1%)
Total resources expended	(2,204,456)	(1,950,451)		
Net incoming resources	282,587	2,056,261		

11. Tangible fixed assets - Group

	UK Fixtures and Fittings £	Africa Motor Vehicles £	Africa Fixtures and Fittings £	Total 2015 £	Total 2014 £
Cost					
At 1 April 2014	56,490	110,134	53,574	220,198	170,604
Additions	9,953	4,799	23,162	37,914	93,148
Disposals	(12,552)	-	(45,305)	(57,857)	(43,554)
At 31 March 2015	53,891	114,933	31,431	200,255	220,198
Depreciation					
At 1 April 2014	32,872	51,231	44,234	128,337	106,556
Charge for the year	10,011	26,615	4,105	40,731	35,392
Disposals	(12,552)	-	(45,305)	(57,857)	(13,611)
At 31 March 2015	30,331	77,846	3,034	111,211	128,337
Net Book Value					
At 31 March 2015	23,560	37,087	28,397	89,044	91,861
At 31 March 2014	23,618	58,903	9,340	91,861	64,048

Tangible fixed assets - Charity

	UK Fixtures and Fittings £	Africa Motor Vehicles £	Total 2015 £	Total 2014 £
Cost				
At 1 April 2014	56,490	77,386	133,876	149,671
Additions	9,953	-	9,953	10,550
Disposals	(12,552)	(77,386)	(89,938)	(26,345)
At 31 March 2015	53,891	-	53,891	133,876
Depreciation				
At 1 April 2014	32,872	48,483	81,355	85,623
Charge for the year	15,083	-	15,083	21,419
Disposals	(17,624)	(48,483)	(66,107)	(25,687)
At 31 March 2015	30,331	-	30,331	81,355
Net Book Value				
At 31 March 2015	23,560	-	23,560	52,521
At 31 March 2014	23,618	28,903	52,521	64,048

12. Investments

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Valuation				
COIF Charities Ethical Investment Fund	150,000	-	150,000	-
Other investments	9,400	-	9,400	-
At 31 March 2015	159,400	-	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.

13. Investment in subsidiaries - Charity

	2015	2014
	£	£
Cost		
At 1 April 2014	400	400
Additions	2	-
At 31 March 2015	402	400

There are three 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) and TREE AID Enterprises Ltd (a registered company incorporated in England, company number: 9199430).

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

TREE AID Enterprises Ltd was incorporated on 2 September 2014, is limited by shares, and is intended as the trading subsidiary in the UK and holding company for social enterprise entities in Africa. The company commenced operations on 1 April 2015.

TREE AID Burkina Faso and TREE AID Ghana started to operate from 1 February 2013. TREE AID Enterprises Ltd was dormant during the reporting period.

	TREE AID Enterprises Ltd	TREE AID Burkina Faso	TREE AID Ghana
Charity's shareholdings in subsidiaries	100%	100%	100%
Balances at 31 March 2015			
Tangible assets	-	58,617	6,868
Current assets	2	23,870	37,828
Current liabilities	-	(47,089)	(30,086)
Total Funds	2	35,398	14,610
Results for the year to 31 March 2015			
Gross income	-	490,458	198,679
Total resources expended	-	(502,789)	(199,018)

14. Programme related investments

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Valuation				
At 1 April 2014	21,483	32,633	21,483	32,633
Movement in the year	(19,833)	(11,150)	(19,833)	(11,150)
At 31 March 2015	1,650	21,483	1,650	21,483

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. The fund is managed independently by one of the TREE AID project partners.

TREE AID has reinvested the loans repaid and interest earned into further loans, either to new village entrepreneur groups or as further loans to existing groups.

15. Debtors

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Tax recoverable (Gift Aid)	11,516	6,133	11,516	6,133
Income debtors	20,815	7,911	20,316	7,911
Prepayments & accrued income	123,602	94,823	121,036	88,878
Total	155,933	108,867	152,868	102,922

16. Short term investments

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Cash held on deposit	2,267,987	892,925	2,267,987	892,925

17. Creditors: amounts due within one year

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Provision	19,084	-	-	-
Trade creditors	40,078	40,838	15,082	40,838
Accruals	29,000	54,620	9,720	10,277
Tax and social security	29,884	10,986	21,497	10,986
Total	118,046	106,444	46,299	62,101

18. Movements in funds - Group

	Opening balance £	Incoming resources £	Outgoing resources £	Transfers £	Closing balance £
Restricted funds					
Forest Governance	250,786	346,409	(313,592)	-	283,603
Women's Forest Livelihoods	56,199	86,984	(107,168)	-	36,015
Village Tree Enterprise Learning Study	(1,318)	26,741	(35,420)	16,416	6,419
Building Biocarbon for Rural Development in West Africa	-	10,084	(8,158)	-	1,926
Bongo River Trees	129,526	104,290	(61,401)	-	172,415
Ghana NTFP Trade	(86,036)	330,436	(182,527)	-	61,873
Revolving Credit Fund	21,483	-	(19,833)	-	1,650
Ghana Village Tree Enterprise (New sites)	-	168,854	(69,383)	47,728	147,199
Niger Village Tree Enterprise	144,391	15,500	(39,909)	3,000	122,982
Niger Building Resilience and Adaptation to Climate Extremes and Disasters	-	51,000	(35,548)	-	15,452
Regreening Segou	66,764	96,571	(60,120)	-	103,215
Wof Washa Forest Sustainable Management	(4,117)	141,365	(127,075)	-	10,173
Strategic Climate Institutions Programme	6,303	79,802	(44,716)	-	41,389
Ethiopia Integrated Land Management	84,340	48,000	(93,888)	-	38,452
Country Programmes	100,934	-	-	(100,684)	250
Project Fund	90,822	-	-	-	90,822
Other Project Funds	175,381	44,409	(44,809)	33,540	208,521
Development Fund	-	60,625	(60,625)	-	-
Total restricted funds	1,035,458	1,611,070	(1,304,172)	-	1,342,356
Unrestricted funds					
Fixed Asset Reserve	37,792	-	(26,007)	37,914	49,699
Development Fund	89,000	-	-	(26,891)	62,109
Fundraising Reserve	21,000	-	-	18,859	39,859
Underwriting Proposals	250,000	-	-	(250,000)	-
Payments by Results	100,000	-	-	(100,000)	-
Working Capital for Trading Subsidiary	100,000	-	-	304,621	404,621
Improving the Quality of our Work	204,000	-	-	(7,922)	196,078
Growing Our Income	1,013,000	-	-	(125,833)	887,167
Improving our Ability to Generate Data, Evidence & Communication	107,000	-	-	(35,000)	72,000
Total Designated	1,921,792	-	(26,007)	(184,252)	1,711,533
General Reserves	406,852	892,211	(892,554)	184,252	590,761
Total unrestricted funds	2,328,644	892,211	(918,561)	-	2,302,294
Total funds	3,364,102	2,503,281	(2,222,733)	-	3,644,650

Movements in funds - Charity

	Opening balance £	Incoming resources £	Outgoing resources £	Transfers £	Closing balance £
Restricted funds					
Forest Governance	250,786	346,409	(313,592)	-	283,603
Women's Forest Livelihoods	56,199	86,984	(107,168)	-	36,015
Village Tree Enterprise Learning Study	(1,318)	26,741	(35,420)	16,416	6,419
Building Biocarbon for Rural Development in West Africa	-	10,084	(8,158)	-	1,926
Bongo River Trees	129,526	104,290	(61,401)	-	172,415
Ghana NTFP Trade	(86,036)	330,436	(182,527)	-	61,873
Revolving Credit Fund	21,483	-	(19,833)	-	1,650
Ghana Village Tree Enterprise (New sites)	-	168,854	(69,383)	47,728	147,199
Niger Village Tree Enterprise	144,391	15,500	(39,909)	3,000	122,982
Niger Building Resilience and Adaptation to Climate Extremes and Disasters	-	51,000	(35,548)	-	15,452
Regreening Segou	66,764	96,571	(60,120)	-	103,215
Wof Washa Forest Sustainable Management	(4,117)	141,365	(127,075)	-	10,173
Strategic Climate Institutions Programme	6,303	79,802	(44,716)	-	41,389
Ethiopia Integrated Land Management	84,340	48,000	(93,888)	-	38,452
Country Programmes	100,934	-	-	(100,684)	250
Project Fund	90,822	-	-	-	90,822
Other Project Funds	175,381	44,409	(44,809)	33,540	208,521
Development Fund	-	60,625	(60,625)	-	-
Total restricted funds	1,035,458	1,611,070	(1,304,172)	-	1,342,356
Unrestricted funds					
Fixed Asset Reserve	37,792	-	(26,007)	37,914	49,699
Development Fund	89,000	-	-	(26,891)	62,109
Fundraising Reserve	21,000	-	-	18,859	39,859
Underwriting Proposals	250,000	-	-	(250,000)	-
Payments by Results	100,000	-	-	(100,000)	-
Working Capital for Trading Subsidiary	100,000	-	-	304,621	404,621
Improving the Quality of our Work	204,000	-	-	(7,922)	196,078
Growing Our Income	1,013,000	-	-	(125,833)	887,167
Improving our Ability to Generate Data, Evidence & Communication	107,000	-	-	(35,000)	72,000
Total Designated	1,921,792	-	(26,007)	(184,252)	1,711,533
General Reserves	364,033	875,973	(874,277)	184,252	549,981
Total unrestricted funds	2,285,825	875,973	(900,284)	-	2,261,514
Total funds	3,321,283	2,487,043	(2,204,456)	-	3,603,870

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 Cooperation Development 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, shea nut and butter groups, training women in improved agricultural techniques.

Village Tree Enterprise Learning Study

This study is part of a worldwide project for the compilation of a compendium on successful locally controlled forestry business models, and is funded by the International Institute for Environment and Development (IIED).

Building Biocarbon for Rural Development in West Africa

This project is to improve the understanding of natural resource governance by local communities and stakeholders in the area of intervention of BIODEV, targeting farmlands along the Cassou Forest in Burkina Faso. Funding is from the International Centre for Research in Agroforestry (ICRAF).

Bongo River Trees - Ghana

This project works to restore a degraded 50km² 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 poor producers of honey, shea nuts and shea butter in Northern Ghana to make the most of their small businesses. It is funded by Comic Relief's Trade Programme with a share of funds matched by TREE AID fundraising.

Revolving Credit Fund – Ghana

A fund set up to provide micro finance to the people we work with on the Ghana Village Tree Enterprise programme by way of repayable loans; originally funded through a Government of Ghana project, and managed independently of TREE AID by a project partner.

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.

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

Our collaborative project with CARE UK for the UK DFID's BRACED programme, where TREE AID is now acting as a key technical partner on the programme's steering team.

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.

Wof Washa Forest and Land Use Management – Ethiopia

The Wof Washa Forest and Land Use Management Project is supporting resilient, diversified livelihoods for 53 communities living in and around Wof Washa natural forest, helping them to secure sustainable supplies of forest products and environmental services through improved management and restored forest biodiversity.

Strategic Climate Institutions Programme – Ethiopia

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

Integrated Land Management - Ethiopia

This project aims 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 community livelihoods.

Country Programmes

Funds donated to be applied on projects within the programmes of Burkina Faso, Ghana and Niger.

Project Fund

This represents donations that are restricted to unspecified projects on the ground in Africa.

Other Project Funds

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

Development Fund

Set up to attract funding for 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.

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 for **underwriting proposals**.

Funds to provide cash flow to fund timing differences for grants received based on **Payments by results**.

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**.

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.

19. Analysis of net assets between funds - Group

	Restricted	Unrestricted Designated	Unrestricted General	Total 2015	Total 2014
	£	£	£	£	£
Fixed assets	40,995	49,699	159,400	250,094	113,344
Cash at bank and in hand	391,697	321,678	375,307	1,088,682	2,355,410
Other current assets	942,851	1,340,156	140,913	2,423,920	1,001,792
Current liabilities	(33,187)	-	(84,859)	(118,046)	(106,444)
Total net assets	1,342,356	1,711,533	590,761	3,644,650	3,364,102

Analysis of net assets between funds - Charity

	Restricted	Unrestricted Designated	Unrestricted General	Total 2015	Total 2014
	£	£	£	£	£
Fixed assets	1,650	23,560	159,802	185,012	74,404
Cash at bank and in hand	472,201	321,678	250,423	1,044,302	2,313,133
Other current assets	901,692	1,366,295	152,868	2,420,855	995,847
Current liabilities	(33,187)	-	(13,112)	(46,299)	(62,101)
Total net assets	1,342,356	1,711,533	549,981	3,603,870	3,321,283

20. Operating lease commitments - Group

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

	Group		Charity	
	2015	2014	2015	2014
Expiring within:	Land & buildings	Land & buildings	Land & buildings	Land & buildings
	£	£	£	£
1 – 2 years	32,268	24,346	21,961	17,313

21. Capital commitments

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

22. Related parties

There are no related party transactions in the current or prior year.

Under the provision of Financial Reporting Standard 8, related party transactions with other group companies are exempt from disclosure as all of the companies are included within these consolidated financial statements.

LEGAL AND ADMINISTRATIVE DETAILS

LEGAL STATUS

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

Trustees

Sophie Churchill OBE ¹	Chair	
Carol Mack ¹	Vice-Chair	
Hugh Arthur ¹	Treasurer	
Tamsin Ayliffe		(Retired 29 June 2015)
Tricia Brennan		(Appointed 23 February 2015)
John Collenette ¹		
Annie Moreton		
Simon Toomer		
Rianne ten Veen		(Retired 29 June 2015)

¹. Member of the Finance and General Purposes Committee

SENIOR MANAGEMENT TEAM

John Moffett	Chief Executive (from June 2015)
Philip Goodwin	Chief Executive (to March 2015)
Silvia Boschetto	Director Global Operations (from September 2014)
Tony Hill	Director Programmes (to October 2014)
Geoff Nicks FCA	Director Finance & Resources
Marian Rose	Director Fundraising & Communications; Interim Chief Executive (from March 2015 to June 2015)

REGISTERED OFFICE AND OPERATIONAL 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 self-regulatory body for fundraising in the UK, members of which agree to adhere to the highest standard of good practice with their fundraising and to establish a Fundraising Promise incorporating a clear complaints procedure.



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 2014/15. We are totally dependent on your support. Without it our work would simply not be possible...

... to our Institutional funders, including:



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

The Christmas Forest

The Generations Foundation

Guernsey Overseas Aid Commission

The Headley Trust

The Northwick Trust

Oak Philanthropy UK

Roughley Trust

RPS Group

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 throughout the year.

Particular thanks also go to our long-standing President, Sir Crispin Tickell GCMG KCVO, who retired during the year after many years of valuable service to TREE AID.

Staff and Volunteers

The Trustees recognise the huge and ongoing contribution made by staff in our offices in Addis Ababa, Bamako, Bristol, Ouagadougou and Tamale, as well as those staff working in the field. We extend our gratitude to them all. Their energy and commitment, combined with a strong team ethos, means that significant progress continues to be made in all areas of TREE AID's work.

The Trustees are extremely grateful for time donated by volunteers and interns to TREE AID, during the year.