

31 MAR 2017

# TREE AID

## ANNUAL REPORT AND CONSOLIDATED ACCOUNTS 2016/17



TREE AID - a company limited by guarantee  
Charity No. 1135156  
Company No. 03779545

• Where trees mean life •

**Our vision:** To create 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 in 488 villages in Burkina Faso, Ethiopia, Ghana, Mali and Niger with 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 they rely on for survival
- enterprise development and trade – using tree products to generate income to cover basic needs such as clothing, food and education
- 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 environments 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 farmland of its fertility. It can then no longer be used to grow crops or trees, and families are forced to migrate to survive.

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## 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 degradation 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 does not 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 as a result of conflict and chronic environmental degradation in marginal areas<sup>4</sup>. As demand for land and 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 cycle of environmental degradation and poverty for some of the most vulnerable rural communities 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 biodiversity, soil and water quality, and preventing land degradation. Trees are increasingly recognised as an essential asset for people building resilience to the impact of climate change.

As we enter our 30<sup>th</sup> year of operations, we continue to work 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. By sharing our unique expertise, together we can deliver tangible benefits 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 works 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 which deliver improvements to the lives of rural communities.

## 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 management 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 forests 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 2016/17

### *Increasing our impact*

We continued to grow our village tree enterprise, forest governance and natural resource management programmes in Ghana, Burkina Faso, Mali, Niger and Ethiopia, reaching over **392,000** people this year alone. With our partners we planted in excess of **1.1 million** trees.

We are particularly pleased to have initiated two new multi-year projects in Burkina Faso this year, securing contracts for over £5m for the next four years. Our Forest Governance programme, funded by the Swedish International Development Agency (SIDA), has been renewed for a further three years with a focus on obtaining land tenure rights, strengthening the capacity of our forest management committees and laying the groundwork for scale-up into a further 12 districts.

Additionally, we are delighted to have been contracted by the Swiss Agency for Development and Cooperation to deliver their Non-Timber Forest Product (NTFP) Businesses Programme. Over the next four years we will support over 27,000 women and men to set up tree enterprises and increase their income through business skills and sustainable forest management practices. This project will also work with families to promote tree foods as part of a diversified and nutritious diet.

During the year we completed the Northern Ghana, Non-Timber Forest Product Trade Programme funded by Comic Relief. This project developed viable Village Tree Enterprises capable of maximising profits from tree products. With a comprehensive evaluation and end-line survey completed, the programme has more than doubled incomes of participating households and tripled income from NTFPs. The project directly reached over 7,900 households.

In Niger, our Building Resilience Against Climate Extremes and Disasters programme, funded by the Department for International Development and delivered in partnership with CARE UK, has made good progress. Aimed at building resilience to the effects of climate change, our work has focused on using trees to diversify incomes. We will continue over the coming year to work to consolidate these gains to ensure that communities can sustainably rely on trees to increase their resilience.

### **TREE AID Enterprises Limited ("TAEI")**

TREE AID Enterprises Limited completed a second and final year of trading. As a result of poor performance in the first year of trading the Board of TAEI opted to wind down operations in year two. As a result TAEI focused its efforts in 2016/17 on strengthening a national co-operative, L'Association de Producteurs pour le Développement des Entreprises Forestières (APDEF), and facilitating business to business networking with an EU shea importer. TAEI successfully integrated nine women's

Village Tree Enterprises into the co-operative which aggregated and sold around 70 tons of shea kernels into the European market.

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

We continue to promote the importance of trees in poverty reduction in Africa's drylands and to ensure that the successful approaches we have developed could achieve scale through sharing our learning with others.

This year TREE AID joined the International Union for the Conservation of Nature (IUCN) and the African Union Great Green Wall Initiative.

We shared our experience of forest governance decentralisation in Burkina Faso with donors, academics and development agencies at the FLARE (Forest Livelihood: Assessment, Research and Engagement) annual conference. We published a policy paper on small-scale enterprise development for non-wood forest products, accepted in the peer reviewed journal 'Food Chain'.

Furthermore, we have continued to support scientific research through collaborations with leading research institutions. This year, we started a project with the Centre for International Forestry Research (CIFOR) that will explore dynamics between the forest and farm interface in West Africa. The project will apply social research methods to understand the community decision-making approach and conflicts in use of land for forest and/or farming and how an integrated system of management, which takes in both components of the landscape, can be effective.

We invested in our website to improve accessibility and increase our visibility in search engines which resulted in increased visits to the website.

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

We continued to invest in developing our team capacity, to deliver on the commitments in our 2014/17 strategy, with recruitment for key positions in our operations team. We recruited an Impact and Learning Advisor to ensure that we continue to improve evidence collection from our programmes. We have developed a collaboration with The Consultative Group for International Agricultural Research (CGIAR) and Bangor University to roll out a comprehensive and standardised Rural Household Multi-Indicator Survey (RHoMIS) across new projects for monitoring changes to household income, food security and wellbeing.

Our Lead Technical Advisor attended the University of Freiburg's, Germany, Institute of Forest Sciences course on Carbon Forestry. Building our expertise in carbon financing will allow us to develop interventions to add value to our participatory forest management and decentralised forest governance programming.

We continued to work with the Ethiopian government to ensure full registration of TREE AID Ethiopia with the intention of scaling up our programme of work there. We expect formal confirmation early in the 2017/18 financial year.

## OUR FUTURE

Thanks to the generosity of our donors and the dedication of our staff and partners in Africa, during the 2014/17 strategy period we have reached more people and planted more trees than ever before.

We have played a leading role in the development and decentralisation of forest governance in Burkina Faso, supporting the government to devolve responsibility for forest governance to eight local authorities. We have successfully linked those local authorities and communities to ensure people have access and rights to use and care for forests responsibly.

We have established subsidiaries in Burkina Faso and Ghana and expanded our programme into Niger, as well as continuing our programmes in Mali and Ethiopia.

In 2017, TREE AID will mark its 30<sup>th</sup> year of operations and we will launch our new five year strategy.

Our world is facing rapidly changing human and environmental challenges. Climate change, conflict, population growth, migration and the risk of recurrent climate-related crises present complex challenges and risks to the lives, wellbeing and future prospects of millions of people.

In the face of these challenges we are seeing new and positive opportunities for livelihoods and sustainable land management emerging. A spirit of co-operation and a call to action was launched in September 2015 at the United Nations General Assembly where heads of state adopted "Transforming our world: the 2030 agenda for sustainable development"<sup>6</sup>. This sets out 17 sustainable development goals (SDGs) as a plan of action to end poverty and hunger, protect the planet from degradation and ensure human development occurs in harmony with nature. The SDGs present a momentous chance to focus efforts to help the poorest people in the world.

Trees and forest resources have a vital role to play in achieving the SDGs. Trees and forests in drylands generate a wealth of benefits and they help to increase the resilience of communities and their environments in the face of global change.

TREE AID's 2017/22 strategy builds on these new development frameworks, setting out clearly TREE AID's role and contribution to achieving core elements within the wider SDGs, reducing poverty and protecting the environment.

Over the next five years we will focus on three objectives:

1. Improve incomes and nutrition for poor households
2. Protect and restore tree cover and improve resilience to climate change
3. Influence decision makers, policy and practice.

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<sup>6</sup> United Nations General Assembly (2015), Transforming our world: the 2030 Agenda for sustainable development (<https://sustainabledevelopment.un.org/post2015/transformingourworld>)

To meet these objectives, in 2017/18 our main focus will be to:

## **Programmes**

- Expand our forest governance work to new districts in Burkina Faso
- Scale-up our reforestation and natural resource management programmes in Mali and Ethiopia
- Scale-up our Village Tree Enterprise programmes in Burkina Faso and Ghana.
- Invest in research and learning with a particular emphasis on forest and farm interfaces to understand better the drivers of family and community decision-making in changing land use.

## **Culture and people**

- Embed a performance culture throughout the organisation based on the vision and values in our strategy. We will review our performance appraisal system to reflect our new strategy and values
- Continue to develop our technical expertise through up-skilling our staff in new technology and practice including carbon finance markets and digital technology
- Strengthen cross team working to support learning and continuous improvement amongst country programmes.

## **Processes**

- Implement a new finance system (PS Financials) to improve efficiency and timeliness of reporting
- Migrate our programmes Management Information System to a cloud based system on Salesforce to ensure all team members have easy access to programme plans and reports
- Continue to build our monitoring and evaluation system and integrate open source software to improve our ability to share learning and evidence with other development actors.

## **Funding**

- Invest to grow our unrestricted income by recruiting new donors
- Strengthen our engagement with corporate organisations through targeted approaches and increased visibility at events
- Increase our restricted income through researching and targeting institutional donors who have an interest in economic, social and environmental development in Sub Saharan Africa
- Seek efficiencies in overhead costs.

## **Communications**

- Refresh our branding guidelines to reflect our new strategy and values
- Present at three conferences during the year to share TREE AID's experience and learning, and promote the importance of trees and the environment in sustainable development.

## FINANCIAL REVIEW

The Trustees present their report and audited consolidated financial statements for the year ended 31 March 2017.

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).

The legal and administrative information set out on pages 60 and 61 forms part of this report.

### IN SUMMARY

Benefiting from 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 2016/17 we invested in improving the quality of our operational leadership and programme delivery, in growing future income, our ability to generate data and collect evidence to monitor our impact alongside improved communications as well as a final year of funding for a social enterprise pilot in Burkina Faso. The total investment for the year was £600k (2015/16: £400k).

Whilst supporter income from donations, legacies, and charitable trusts was down on the previous year, income from corporates rose by £166.5k. Total income for the year was marginally up on last year at £1.91million, with institutional grant income recognised during the year up by 36% or £217k.

In line with our planned investment spend, total expenditure increased overall by 11%. Fundraising spend was down in the year by £359k or 41%. This will rise in the current year as a new fundraising campaign is being implemented under the legacy investment plan to achieve income growth in future years. Expenditure on programme delivery increased by 46% on the previous year to £2.12m as project delivery of awarded institutional programmes accelerated.

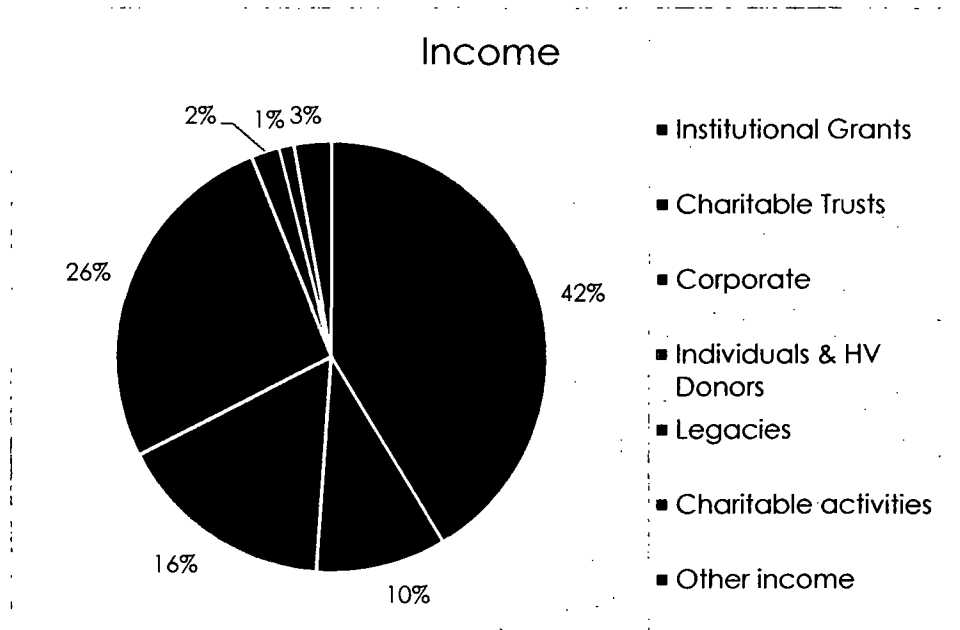
Following recent significant currency fluctuations, we have decided to carry a proportion of our West Africa operational running costs in Euro in the next financial year to help manage currency risks.

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, individuals, companies and charitable trusts.



### Income

Institutional grants  
Charitable trusts  
Corporate donors  
Individuals  
Legacies

**2016/17**  
**£**

821,025  
182,221  
305,524  
492,913  
39,551

**2015/16**  
**£**

604,171  
300,152  
139,024  
673,731  
55,968

### Donations and legacies

Charitable activities  
Other income

**1,841,234**

21,395  
52,244

**1,773,046**

19,490  
50,921

### Total income

**1,914,873**

**1,843,457**

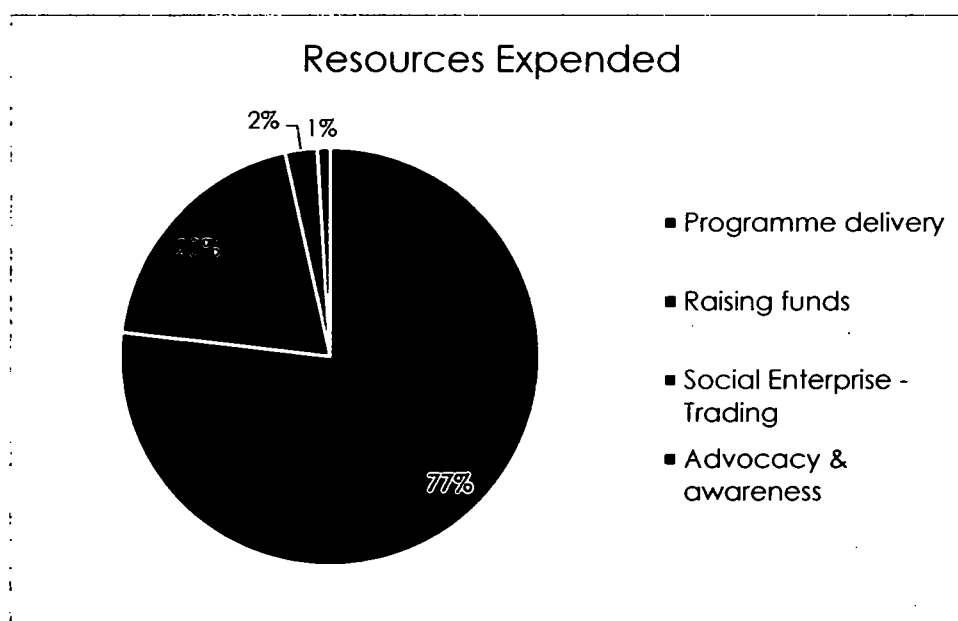
### Supporter fundraising

Trust income was down year on year with a corresponding increase in institutional income reflecting investment in growing our programme funding from government.

### Institutional funding

Grants received from institutions showed a rise over the previous year of £217k (36%). This is attributable to a number of grants that produced significant revenue in the year, in particular the Forest Governance SIDA grant that produced income in the year of £445.3k.

## EXPENDITURE



Expenditure	2016/17	2015/16
	£	£
Raising funds	523,901	882,946
Programme delivery	2,122,787	1,449,034
Social Enterprise - Trading	66,635	95,237
Advocacy & awareness	30,537	34,114
<b>Total resources expended</b>	<b>2,743,860</b>	<b>2,461,331</b>

### Costs of raising funds

To achieve future income growth, we continue to invest in supporter fundraising to bring in new supporters. We also created a new post to generate additional institutional grant income. Overall, our investment in raising funds decreased by 41% or £359k over the previous year to a total of £524k. The Trustees and senior management are actively monitoring levels of activity and the return on investment.

Of the £524k costs for raising funds, £115k was invested into achieving future income (2015/16: £191k) through 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 33p for every pound of donations received (excluding legacy income and institutional grants); the same level as 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 was £86k. This represents the appointment to a new post, direct costs and the apportionment of other staff time to generate increased institutional grant income (2015/16: £105k). 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, TAEI trading expenditure, and advocacy and awareness activities, was £283k higher compared to the prior year, up 11%. Spend on programme delivery increased by £674k or 46% to £2.12million.

We ran 28 projects during the year (2015/16: 23) across the five countries of operation, including three major new projects:

- Burkina Faso - Forest Governance
- Burkina Faso/Ghana - Strengthening smallholder food security, income, and gender equity within West Africa's forest-farm interface
- Burkina Faso - Enhancement of NTFPs.

Expenditure of £67k through TAEI (2015/16: £95k) 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 £2.06m (Group: £2.25m) of which £361k (Group: £361k) 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, which for 2017-18 is £545k; 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.

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.

During the year, the Trustees decided to move the residual balance of three designated funds back into unrestricted reserves, a total transfer value of £144k. These are:

- **Project Development Fund** which represents six months development expenditure for new projects and equated to a year end transfer balance to unrestricted funds of £74k.
- **Fundraising Reserve Fund** which was equal to 4% of the unrestricted supporter income and equated to a year end transfer balance to unrestricted funds of £34k.
- **Fixed Assets Reserve** which representing the unamortised carrying value of unrestricted fund tangible fixed assets and after transfers in the year of £25k equated to a year end transfer balance to unrestricted funds of £36k.

Other designated reserves will be held against planned future expenditure.

The Trustees set aside designated funds as laid out in Note 23 in the accounts in order to support our strategic growth. The free reserves policy remains unaltered.

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.

The designated reserve for Improving the Quality of our Work comprises planned expenditure of £139k on a new accounting system (for 2017/18) and funding an operational leadership post (2016/19).

The designated reserve for Growing Our Income of £775k represents the continuing commitment to increase our individual supporter base by direct costs and on supporter and institutional fundraising post (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 (2017/18) and a learning and impact post (2016/19).

A deficit budget has been set for 2017/18. 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 £657k, 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 £108k. After other gains and transfer between funds, free reserves decreased by £232k. At 31 March 2017, TREE AID's group free reserves stood at £495k, which is slightly below the target range of three months unrestricted budgeted expenditure for 2017/18.

## Subsidiary companies

The subsidiary companies, TREE AID Burkina Faso and TREE AID Ghana have continued to operate as integral elements of the group, sharing and contributing to the achievements and performance within the financial parameters set by the Board of Trustees, 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 boards of both companies have decided to wind up the operations and entities and therefore their accounts have not been prepared on a going concern basis.

## 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 follows:

- 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 or the trust of 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 the business operates.

### ***Investment performance***

The total return on the CCLA COIF Charities Ethical Investment Fund units held, before fees, for 2016/17 was 20.3% (2015/16: -0.2%). This compares with a benchmark composite comparator of 20.4%. During the year, the Trustees switched the COIF Charities Ethical Investment Fund from Income to accumulation units. The value of the CCLA investments held at the year end was £438k, up from the prior year by £61k. Total investments held at the year end were £452k.

The treasury funds held on deposit achieved an average rate of 1.1% against the retail price index of 3.1% or consumer price index of 2.3% for the same period.

# 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 2017, there were 11 Trustees. A list of current Trustees is given on page 60.

TREE AID's Trustee policy and procedures recognise that a healthy Board is one which identifies the mix of skills, knowledge and experience necessary for the efficient and effective administration of the charity and ensures that the recruitment and appointment of new Trustees provides adequate opportunities for reassessing and achieving that mix. TREE AID is fully committed to ensuring equality of opportunity and diversity in the governance of the charity. This commitment is set out in our policy on Equal Opportunity and Diversity. TREE AID is committed to ensuring that our Board reflects our commitment to that policy.

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.

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 each year reviews 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, the Vice-Chair, Carol Mack (resigned from post as Vice-Chair February 2017) and three other Trustees with extensive finance management and business experience, currently held by John Collenette, Terence Jagger (appointed as Vice-Chair February 2017) and Mikko Simula (appointed June 2016).

The **Fundraising Standards Committee** was established in 2015-16 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 three other Trustees, Carol Mack, Simon Toomer and Alex Rees (appointed June 2016).

The Board evaluates its performance regularly. The Vice-Chair leads this process and conducts a survey with each member against agreed criteria including skills, experience and knowledge. The vice chair presents findings to the board of Trustees and senior management for a focused discussion and agreement on recommended actions.

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 Resources, and Director Fundraising 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 Burkina Faso and Ghana provide national perspectives on our work and advice 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.

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 as detailed on page 15.

Also in Burkina Faso a social enterprise company, TREE AID Enterprises sa (TAESA) 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. TAESA operations will be wound down in 2017/18.

## **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 27 to the accounts 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 notes 13 and 27 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.

We publish the pay of senior staff in note 12 to the accounts.

## **Risk management**

The Board identifies and reviews the strategic, business and operational risks to which the charity is exposed, and ensures that appropriate controls are in place to provide reasonable assurance against fraud and error. The Board and the Senior Management Team undertake 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 focused on non-financial risks, and the Board's plans and strategies for managing those risks, arising from:

- The UK leaving the European Union and the impact of this on TREE AID's institutional funding from EU partners
- 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

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- 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 section 17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirement under that Act.

## STATEMENT OF THE TRUSTEES' RESPONSIBILITIES

The charity Trustees (who are also the directors of TREE AID for the purposes of company law) are responsible for preparing a Trustees' Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Charity law requires the charity Trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and the group as at the end of the year and of its and the group's financial activities during the year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- follow applicable UK Accounting Standards and the Charities SORP, disclosing and explaining any departures in the accounts;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue to operate.

The Trustees are responsible for ensuring that adequate accounting records are maintained that are sufficient to show and explain the charity and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group, and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and the group and ensuring their proper application in accordance with charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement as to disclosure to our auditor

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

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the Trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that 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.

We will put a resolution in the Annual General Meeting proposing that Crowe Clark Whitehill LLP will be reappointed as auditor.

Approved by the Board of Trustees on 7 July 2017 and signed on its behalf by



**Sophie Churchill OBE**  
**Chair**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF TREE AID**

We have audited the financial statements of TREE AID for the year ended 31 March 2017 which comprise the consolidated statement of financial activities, consolidated balance sheet, charity balance sheet, consolidated statement of cash flows and the related notes numbered 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and 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

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 surrounding 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 2017 and of the group's income and 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 matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' annual report.

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 returns adequate for our audit have not been received from branches not visited by us; 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

Date: 23 October 2017

# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an Income and Expenditure Account)

	Notes	Restricted Funds 2017 £	Unrestricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
<b>INCOME FROM</b>					
Donations and legacies	2	1,060,276	780,958	1,841,234	1,773,046
Charitable activities	3	-	21,395	21,395	19,490
Investment Income	4	-	45,699	45,699	48,097
Other income	5	-	6,545	6,545	2,824
<b>TOTAL</b>		1,060,276	854,597	1,914,873	1,843,457
<b>EXPENDITURE ON</b>					
Raising funds	6	-	523,901	523,901	882,946
Charitable activities	7	1,717,525	502,434	2,219,959	1,578,385
<b>TOTAL</b>	8	1,717,525	1,026,335	2,743,860	2,461,331
Net gains/(losses) on investments		-	63,913	63,913	(23,541)
<b>NET (EXPENDITURE)</b>		(657,249)	(107,825)	(765,074)	(641,415)
Transfer between funds	23	130,656	(130,656)	-	-
Other recognised gains:					
Other gains		-	6,495	6,495	7,079
<b>NET MOVEMENT IN FUNDS</b>	23	(526,593)	(231,986)	(758,579)	(634,336)
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward	23	887,716	2,122,598	3,010,314	3,644,650
<b>Total funds carried forward</b>	23	361,123	1,890,612	2,251,735	3,010,314

The notes on pages 29 to 59 form part of these financial statements.

Company number: 03779545

**CONSOLIDATED BALANCE SHEET**

	Notes	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	16	44,648	72,996	4,716	13,337
Investments	17	452,693	388,779	452,693	388,779
Investment in subsidiaries	18	-	-	2	2
		<b>497,341</b>	<b>461,775</b>	<b>457,411</b>	<b>402,118</b>
<b>CURRENT ASSETS</b>					
Debtors	20	187,021	137,838	246,292	86,903
Short term investments	21	1,487,687	1,963,375	1,487,687	1,963,375
Cash at bank and in hand		898,177	601,530	211,344	288,988
		<b>2,572,885</b>	<b>2,702,743</b>	<b>1,945,323</b>	<b>2,339,266</b>
<b>CURRENT LIABILITIES</b>					
Creditors falling due within one year	22	(818,491)	(154,204)	(339,042)	(86,432)
<b>NET CURRENT ASSETS</b>		<b>1,754,394</b>	<b>2,548,539</b>	<b>1,606,281</b>	<b>2,252,834</b>
<b>NET ASSETS</b>	24	<b>2,251,735</b>	<b>3,010,314</b>	<b>2,063,692</b>	<b>2,654,952</b>
<b>FUNDS</b>					
Restricted funds	23	361,123	887,716	360,889	887,716
Unrestricted funds					
Designated	23	1,395,973	1,501,760	1,395,973	1,421,212
General reserves	23	494,639	620,838	306,830	346,024
Total unrestricted funds		<b>1,890,612</b>	<b>2,122,598</b>	<b>1,702,803</b>	<b>1,767,236</b>
<b>Total Funds</b>	23	<b>2,251,735</b>	<b>3,010,314</b>	<b>2,063,692</b>	<b>2,654,952</b>

The charity only net expenditure in the year was £591,260 (2016: £948,918).

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 7<sup>th</sup> July 2017 and signed on their behalf by



Hugh Arthur

**Treasurer**

The notes on pages 29 to 59 form part of these financial statements.

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# CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
<b>Cash flows from operating activities:</b>					
<b>Net cash used in operating activities</b>	<b>25</b>	<b>(214,511)</b>	<b>(556,055)</b>	<b>(599,031)</b>	<b>(855,324)</b>
<b>Cash flows from investing activities</b>					
Dividends and interest from investments		45,699	48,097	45,699	48,097
Proceeds from sale of investments		434,142	1,250	434,142	1,250
Purchase of property, plant and equipment		(16,724)	(41,525)	-	-
Purchase of investments		(434,142)	(252,520)	(434,142)	(252,520)
<b>Net cash provided by/(used in) investing activities</b>		<b>28,975</b>	<b>(244,698)</b>	<b>45,699</b>	<b>(203,173)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(185,536)</b>	<b>(800,753)</b>	<b>(553,332)</b>	<b>(1,058,497)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>2,564,905</b>	<b>3,356,669</b>	<b>2,252,363</b>	<b>3,312,289</b>
<b>Change in cash and cash equivalents due to exchange rate movements</b>		<b>6,495</b>	<b>8,989</b>	<b>-</b>	<b>(1,429)</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>2,385,864</b>	<b>2,564,905</b>	<b>1,699,031</b>	<b>2,252,363</b>

The notes on pages 29 to 59 form part of these financial statements.

# NOTES TO THE ACCOUNTS

## 1. PRINCIPAL ACCOUNTING POLICIES

### a. Company information

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

### b. Basis of preparation

The consolidated financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the 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).

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 21.

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

### c. Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and all its subsidiaries. Entities over which the group has the ability to exercise control are accounted for as subsidiaries. The accounts of TREE AID subsidiaries are based on the accounting standards applicable in the country in which they reside. TREE AID Enterprise sa has a financial year ending 31 December 2016.

Transactions and balances between group companies are eliminated.

**d. Income recognition**

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. In line with the requirements of SORP (FRS102), 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 (receipt is more likely than not).

Income from grants is included in income when there is evidence of entitlement, the amount can be measured and the receipt is probable. When donors impose conditions which have to be fulfilled before the charity becomes entitled to such income or where the donor has specified that the income is to be expended in a future period, the receipt of income is not included in income until the pre-conditions for use have been met.

Grants for the purchase of fixed assets are credited to restricted income when receivable. Depreciation of fixed assets purchased with such grants is charged against the restricted fund.

Income from Gift Aid tax reclaims is recognised for all donations made prior to the year-end, where a valid Gift Aid declaration is held.

Investment income is accounted for on the accruals basis.

**e. Expenditure and basis of allocation of costs**

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

Expenditure is analysed into the following activities:

- i **Raising funds** - This includes the salaries, direct expenditure and support costs of staff engaged in fundraising activities. 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.
- v. **Support costs** - Expenditure is allocated to a particular activity where the cost relates directly to that activity. In addition, support costs are incurred which are

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necessary to facilitate the above activities. These are back office costs, including the costs of budgetary and financial control, information technology, depreciation, 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	
	2017	2016
Raising funds	38%	53%
Programme delivery	60%	45%
Advocacy and awareness	2%	3%

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

#### **f. 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.

#### **g. Tangible fixed assets and depreciation**

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

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.

#### **h. Fixed asset investments**

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

#### **i. Programme related investments**

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

**j. Debtors**

Short term debtors are initially measured at transaction price, less any impairment. Prepayments are measured at the amount prepaid.

**k. Short term investments**

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

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

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

**m. Creditors**

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

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

**n. Foreign currencies**

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

**o. Pensions**

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

**p. Leases**

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

**q. Financial Instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments, these being cash at bank, debtors and creditors (see note 30). Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**r. Judgements in applying accounting policies and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The items in the financial statements where these estimates and judgements have been made include the following:

**1. Accruals**

Included in accruals are liabilities where the amount and/or timing of its settlement is uncertain. An accrual is only recognised where:

- There is a present obligation at the reporting date as a result of a past event;
- It is probable that a transfer of economic benefit will be required in settlement; and
- The amount of the settlement can be estimated reliably

**2. Deferred Income**

Where terms and conditions have not been met, or, uncertainty exists as to whether TREE AID can meet the terms and conditions otherwise within its control, the income is not recognised but deferred as a liability until it is probable that the terms and conditions imposed can be met.

**2. Donations and legacies**

	Restricted Funds £	Unrestricted Funds £	<b>Total 2017 £</b>	Total 2016 £
Institutional grants	821,025	-	<b>821,025</b>	604,171
Charitable trusts	77,571	104,650	<b>182,221</b>	300,152
Corporate	161,055	144,469	<b>305,524</b>	139,024
Individuals	625	492,288	<b>492,913</b>	673,731
Legacies	-	39,551	<b>39,551</b>	55,968
<b>Total</b>	<b>1,060,276</b>	<b>780,958</b>	<b>1,841,234</b>	<b>1,773,046</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 2017 £</b>	Total 2016 £
UK	<b>18,950</b>	94,734
Channel Islands	-	10,759
International	<b>84,385</b>	(19,811)
<b>Total government grants</b>	<b>103,335</b>	<b>85,682</b>

There were no unspent grant balances repayable in the year (2016: £19,811).

**3. Charitable activities**

	Restricted Funds £	Unrestricted Funds £	<b>Total 2017 £</b>	Total 2016 £
Contract services	-	-	-	10,557
Social enterprise - Trading	-	21,395	<b>21,395</b>	8,933
<b>Total</b>	-	21,395	<b>21,395</b>	19,490

**4. Investment income**

	Restricted Funds £	Unrestricted Funds £	<b>Total 2017 £</b>	Total 2016 £
Dividend income	-	16,667	<b>16,667</b>	14,292
Deposit account interest	-	29,032	<b>29,032</b>	33,805
<b>Total</b>	-	45,699	<b>45,699</b>	48,097

**5. Other income**

	Restricted Funds £	Unrestricted Funds £	<b>Total 2017 £</b>	Total 2016 £
Sundry receipts	-	6,545	<b>6,545</b>	2,824
<b>Total</b>	-	6,545	<b>6,545</b>	2,824

**6. Raising funds**

	Delivery costs £	Development costs £	Support costs £	<b>Total 2017 £</b>	Total 2016 £
Supporter fundraising	285,689	1,760	150,599	<b>438,048</b>	778,387
Institutional funds	36,013	-	49,840	<b>85,853</b>	104,559
<b>Total</b>	321,702	1,760	200,439	<b>523,901</b>	882,946

## 7. Charitable activities

	Delivery costs £	Development costs £	Support costs £	Total 2017 £	Total 2016 £
Programme delivery	1,674,050	127,187	321,550	<b>2,122,787</b>	1,449,034
Social Enterprise - Trading	66,635	-	-	<b>66,635</b>	95,237
Advocacy & awareness	12,633	-	17,904	<b>30,537</b>	34,114
<b>Total</b>	<b>1,753,318</b>	<b>127,187</b>	<b>339,454</b>	<b>2,219,959</b>	<b>1,578,385</b>

## 8. Total expenditure

	Delivery costs £	Development costs £	Support costs £	Total 2017 £	Total 2016 £
Raising funds	321,702	1,760	200,439	<b>523,901</b>	882,946
Charitable activities	1,753,318	127,187	339,454	<b>2,219,959</b>	1,578,385
<b>Total</b>	<b>2,075,020</b>	<b>128,947</b>	<b>539,893</b>	<b>2,743,860</b>	<b>2,461,331</b>

The main components of support costs are:

	Total 2017 £	Total 2016 £
Office costs	<b>254,114</b>	177,269
Depreciation	<b>35,329</b>	57,573
Administration and support salaries	<b>199,620</b>	197,577
Governance costs	<b>50,830</b>	44,964
<b>Total</b>	<b>539,893</b>	<b>477,383</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:

	Group 2017 £	Group 2016 £
<b>Burkina Faso:</b>		
Forest Governance Phase 1	(674)	65,703
Forest Governance Phase 2	232,239	-
Women's Forest Livelihoods	7,541	(9,040)
Natural Resource Management	-	6,328
Forest Trade Association	-	2,497
Strengthening Smallholder Food Security	6,896	-
Shea Research	9,184	11,009
	<b>255,186</b>	<b>76,497</b>
<b>Ethiopia:</b>		
Gurage Integrated Land Management	-	30,929
Ziway Integrated Land Management	13,105	34,986
Wof Washa Forest Sustainable Management	75,929	102,815
Strategic Climate Institutions Programme	-	27,656
	<b>89,034</b>	<b>196,386</b>
<b>Ghana:</b>		
Non Timber Forest Product Trade	-	5,112
Bongo River Trees	(430)	9,737
Village Enterprise	3,028	26,340
Growing Tree Businesses	3,534	-
	<b>6,132</b>	<b>41,189</b>
<b>Mali:</b>		
Regreening Segou	31,252	22,559
Regreening Mopti	1,689	-
Regreening Samine and Sakoiba	26,149	8,430
	<b>59,090</b>	<b>30,989</b>
<b>Niger:</b>		
Village Tree Enterprise	45,970	32,907
	<b>45,970</b>	<b>32,907</b>
<b>Total</b>	<b>455,412</b>	<b>377,968</b>

Negative amounts represent grants repayable by partners to TREE AID.

**10. Net movement in funds**

This is stated after charging:

	<b>Group 2017 £</b>	<b>Group 2016 £</b>
Auditor's remuneration – audit	<b>8,500</b>	9,650
Auditor's remuneration - non-audit services	<b>2,250</b>	-
Depreciation of tangible fixed assets	<b>35,329</b>	57,574
<i>Operating lease costs</i>		
- Property	<b>23,712</b>	33,197

**11. Employee and staff costs**

The average monthly head count was 50 staff (2016: 45 staff) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were as follows:

	<b>Group 2017 No.</b>	<b>Group 2016 No.</b>
UK employees	<b>19</b>	17
Overseas employees	<b>29</b>	26
<b>Total</b>	<b>48</b>	43

The cost of employing these staff was:

	<b>Group 2017 £</b>	<b>Group 2016 £</b>
Wages and salaries	<b>1,049,638</b>	876,436
Social security costs	<b>81,917</b>	83,727
Pension costs	<b>54,502</b>	41,510
<b>Total</b>	<b>1,186,057</b>	1,001,673

**11. Employee and staff costs (continued)**

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

	<b>Group 2017</b>	<b>Group 2016</b>
	<b>No</b>	<b>No</b>
£60,000 to £69,999	<b>1</b>	-
£80,000 to £89,999	<b>1</b>	-

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 £13,561 were made (2016: £18,411). No payments were outstanding at the year end (2016: nil).

**12. Key management personnel**

The key management personnel of the parent charity and the group comprise the Chief Executive, Director Global Operations, Director Finance & Resources and Director Fundraising & Communications. The total employee benefits of the key management personnel were £250,821 (2016: £200,957).

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

	<b>Group 2017</b>	<b>Group 2016</b>
	<b>£</b>	<b>£</b>
Chief Executive	<b>81,556</b>	56,245
Director Finance & Resources	<b>61,604</b>	55,120
Director Fundraising & Communications (0.9 FTE)	<b>54,099</b>	52,107
Director Global Operations	<b>53,562</b>	37,485

**13. Trustee remuneration, expenses and donations**

The Trustees were not paid nor received any other benefits from employment with the charity or its subsidiaries in the year (2016: £nil). No Trustee received payment for professional or other services supplied to the charity (2016: £nil).

Directly incurred Trustee expenses borne by the charity in the year totalled £2,474 (2016: £2,585), paid to 7 (2016: 4) Trustees. Those expenses were mainly for travel and subsistence.

The total amount of donations received from Trustees without conditions was £12,254 (2016: £1,306).

**14. Taxation**

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

**15. Gross income and results – Charity only**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Income	<b>1,952,325</b>	1,834,192
Expenditure	<b>2,543,585</b>	2,783,110
Net Expenditure	<b>(591,260)</b>	(948,918)

**16. Tangible fixed assets - Group**

	<b>UK Fixtures and Fittings £</b>	<b>Africa Motor Vehicles £</b>	<b>Africa Fixtures &amp; Fittings £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 2016	53,891	125,677	62,212	241,780
Additions	-	12,071	4,653	16,724
Disposals	-	(33,077)	(21,229)	(54,306)
Exchange gain	-	22,902	6,918	29,820
<b>At 31 March 2017</b>	<b>53,891</b>	<b>127,573</b>	<b>52,554</b>	<b>234,018</b>
<b>Depreciation</b>				
At 1 April 2016	40,554	103,838	24,392	168,784
Charge for the year	8,621	13,027	13,681	35,329
Disposals	-	(23,114)	(13,074)	(36,188)
Exchange gain	-	18,832	2,613	21,445
<b>At 31 March 2017</b>	<b>49,175</b>	<b>112,583</b>	<b>27,612</b>	<b>189,370</b>
<b>Net book value</b>				
<b>At 31 March 2017</b>	<b>4,716</b>	<b>14,990</b>	<b>24,942</b>	<b>44,648</b>
At 31 March 2016	13,337	21,839	37,820	72,996

**Tangible fixed assets – Charity**

	<b>Fittings £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 April 2016	53,891	53,891
Additions	-	-
Disposals	-	-
<b>At 31 March 2017</b>	<b>53,891</b>	<b>53,891</b>
<b>Depreciation</b>		
At 1 April 2016	40,554	40,554
Charge for the year	8,621	8,621
Disposals	-	-
<b>At 31 March 2017</b>	<b>49,175</b>	<b>49,175</b>
<b>Net book value</b>		
<b>At 31 March 2017</b>	<b>4,716</b>	<b>4,716</b>
At 31 March 2016	13,337	13,337

**17. Investments – Group and Charity**

	COIF Charities Ethical Investment Fund £	Other unlisted investments £	Group Total 2017 £	Group Total 2016 £
Valuation				
At 1 April 2016	377,101	11,678	388,779	159,400
Additions at cost	434,142	-	434,142	252,520
Disposal proceeds	(434,142)	-	(434,142)	-
Revaluation	61,414	2,500	63,914	(23,141)
<b>At 31 March 2017</b>	<b>438,515</b>	<b>14,178</b>	<b>452,693</b>	<b>388,779</b>

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**

	2017 £	2016 £
Cost		
At 1 April 2016	2	402
Write down	-	(400)
<b>At 31 March 2017</b>	<b>2</b>	<b>2</b>

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.

**18. Investment in subsidiaries – Charity (continued)**

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>
Charity's shareholdings in subsidiaries	100%	100%	100%
	<b>Total</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balances at the 31 March 2017</b>			
Tangible Assets	-	22,614	10,461
Current Assets	19,256	638,846	38,058
Current Liabilities	(150,467)	(32,945)	(8,765)
<b>Total Funds</b>	<b>(131,211)</b>	<b>628,515</b>	<b>39,754</b>
<b>Results for the year to 31 March 2017</b>			
Income	-	1,574,512	181,144
Expenditure	(68,384)	(1,284,363)	(168,228)
<b>Profit/(loss)</b>	<b>(68,384)</b>	<b>290,149</b>	<b>12,916</b>

\*This includes the wholly owned subsidiary Tree Aid Enterprises SA which is registered in Burkina Faso.

Tree Aid Enterprises and Tree Aid Enterprises SA have both been prepared on the breakup basis as both entities are due to become dormant within the next 12 months.

**19. Programme related investments**

	<b>Group</b>		<b>Charity</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Valuation				
At 1 April 2016	-	1,650	-	1,650
Movement in the year	-	(1,650)	-	(1,650)
<b>At 31 March 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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 has been transferred to local organisations.

**20. Debtors**

	<b>Group</b>		<b>Charity</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due in one year</b>				
Tax recoverable (Gift Aid)	<b>17,199</b>	12,204	<b>17,199</b>	12,204
Trade debtors	<b>5,349</b>	6,167	<b>5,349</b>	6,167
Prepayments & accrued income	<b>153,532</b>	112,965	<b>127,537</b>	48,236
Other debtors	<b>10,941</b>	6,502	<b>10,759</b>	3,890
Amounts owed by group and associated undertakings	-	-	<b>85,448</b>	16,406
<b>Total</b>	<b>187,021</b>	137,838	<b>246,292</b>	86,903

**21. Short term investments**

	<b>Group</b>		<b>Charity</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash held on deposit	<b>1,487,687</b>	1,963,375	<b>1,487,687</b>	1,963,375

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

	<b>Group</b>		<b>Charity</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Project creditors	<b>19,811</b>	19,811	<b>19,811</b>	19,811
Other creditors	<b>32,797</b>	48,588	<b>18,807</b>	24,350
Accruals	<b>46,055</b>	31,560	<b>38,279</b>	14,061
Provisions for liabilities	<b>29,356</b>	24,287	<b>7,044</b>	-
Deferred Income	<b>651,588</b>	-	<b>219,188</b>	-
Tax and social security	<b>38,884</b>	29,958	<b>35,913</b>	28,210
<b>Total</b>	<b>818,491</b>	154,204	<b>339,042</b>	86,432

**22. b. Deferred income**

	<b>Group</b>		<b>Charity</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1 April 2016</b>	-	-	-	-
Amounts Deferred at 31 March 2017				
INERA	<b>8,190</b>	-	<b>8,190</b>	-
R MARP	<b>77,099</b>	-	<b>77,099</b>	-
SIDA	<b>80,732</b>	-	<b>80,732</b>	-
DFID BRACED (CARE)	<b>51,000</b>	-	<b>51,000</b>	-
CIFOR	<b>2,167</b>	-	<b>2,167</b>	-
SDC	<b>432,400</b>	-	-	-
<b>Balance at 31 March 2017</b>	<b>651,588</b>	-	<b>219,188</b>	-

**22. c. Provision for liabilities**

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

	<b>Group</b>		<b>Charity</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Provision</b>				
At 1 April 2016	<b>24,287</b>	19,084	-	-
(Decrease)/Increase in provision	<b>5,069</b>	5,203	<b>7,044</b>	-
<b>At 31 March 2017</b>	<b>29,356</b>	24,287	<b>7,044</b>	-

**23. Movements in funds - Group**

	Opening balance	Income	Expenditure	Investment gains	Transfers	Closing balance
	£	£	£	£	£	£
<b>Restricted funds</b>						
Agro-ecological Intensification of Sorghum and Pearl Millet- Based Production Systems	-	-	5,789	-	5,789	-
Bongo River Trees	107,297	-	77,973	-	-	29,324
CIFOR (Burkina Faso)	-	13,436	13,436	-	-	-
CIFOR (Ghana)	-	19,011	19,011	-	-	-
Community Self Reliance	-	-	9,605	-	9,605	-
Drylands Development	239,492	35,995	275,487	-	-	-
Enhancement of NTFPs in Burkina Faso	-	4,326	4,326	-	-	-
Forest for Foods	-	-	16,170	-	16,170	-
Forest Governance SIDA phase 2	-	445,384	445,384	-	-	-
Forest Trade Association	-	5	5	-	-	-
Ghana NTFP Trade	21,178	-	48,425	-	27,247	-
Ghana Village Tree Enterprise	45,368	-	31,716	-	-	13,652
Growing Tree Businesses	-	-	3,534	-	3,534	-
Gurage Integrated Land Management	5,377	-	5,377	-	-	-
Kandema Rural Regeneration	-	-	12,182	-	12,182	-
Mali Regreening Project	24,493	52,253	79,118	-	2,802	430
Natural Resource Management on ex-VTE sites	-	-	-	-	3,155	3,155
Niger Building Resilience and Adaptation to Climate Extremes and Disasters	(1,292)	239,854	239,851	-	1,289	-
Niger Village Tree Enterprise	72,178	-	64,330	-	-	7,848
Regreening Mopti	-	-	1,689	-	1,689	-
Regreening Segou	65,586	23,559	84,417	-	-	4,728
Shea Research	3,438	44,064	47,502	-	-	-
Tree Foods for Nutritional Security - General	-	1,500	-	-	-	1,500
Wof Washa Forest Sustainable Management	(17,081)	106,203	125,402	-	36,280	-

	Opening balance £	Income £	Expenditure £	Investment gains £	Transfers £	Closing balance £
<b>Restricted funds</b>						
Women's Forest Livelihoods Phase 1	43,901	-	12,608	-	(31,293)	-
Women's Forest Livelihoods Phase 2	-	2,001	-	-	31,293	33,294
Ziway Integrated Land Management	1,067	24,953	26,020	-	-	-
Country Programmes	9,760	-	6,957	-	(2,802)	1
Project Fund	90,086	-	-	-	-	90,086
Other Project Funds	176,868	-	-	-	-	176,868
Learning and Impact Fund	-	20,000	20,000	-	-	-
Development Fund	-	27,732	41,211	-	13,716	237
<b>Total restricted funds</b>	<b>887,716</b>	<b>1,060,276</b>	<b>1,717,525</b>	<b>-</b>	<b>130,656</b>	<b>361,123</b>
<b>Unrestricted funds</b>						
Fixed Asset Reserve	61,727	-	25,557	-	(36,170)	-
Project Development Fund	74,147	-	-	-	(74,147)	-
Fundraising Reserve	33,826	-	-	-	(33,826)	-
Working Capital for Trading Subsidiary	318,316	-	-	-	-	318,316
Improving the Quality of our Work	138,848	-	-	-	-	138,848
Growing Our Income	711,180	-	-	63,913	-	775,093
Improving our Ability to Generate Data, Evidence & Communication	163,716	-	-	-	-	163,716
<b>Total Designated</b>	<b>1,501,760</b>	<b>-</b>	<b>25,557</b>	<b>63,913</b>	<b>(144,143)</b>	<b>1,395,973</b>
General Reserves	620,838	861,092	1,000,778		13,487	494,639
<b>Total unrestricted funds</b>	<b>2,122,598</b>	<b>861,092</b>	<b>1,026,335</b>	<b>63,913</b>	<b>(130,656)</b>	<b>1,890,612</b>
<b>Total funds</b>	<b>3,010,314</b>	<b>1,921,368</b>	<b>2,743,860</b>	<b>63,913</b>	<b>-</b>	<b>2,251,735</b>

**Movements in funds - Charity**

	Opening balance	Income	Expenditure	Investment gains	Transfers	Closing balance
	£	£	£	£	£	£
<b>Restricted funds</b>						
Agro-ecological Intensification of Sorghum and Pearl Millet- Based Production Systems	-	-	5,789	-	5,789	-
Bongo River Trees	107,297	-	77,973	-	-	29,324
CIFOR (Burkina Faso)	-	13,436	13,436	-	-	-
CIFOR (Ghana)	-	19,011	19,011	-	-	-
Community Self Reliance	-	-	9,605	-	9,605	-
Drylands Development	239,492	35,995	275,487	-	-	-
Forest for Foods	-	-	16,170	-	16,170	-
Forest Governance SIDA phase 2	-	445,384	445,384	-	-	-
Forest Trade Association	-	5	5	-	-	-
Ghana NTFP Trade	21,178	-	48,425	-	27,247	-
Ghana Village Tree Enterprise	45,368	-	31,716	-	-	13,652
Growing Tree Businesses	-	-	3,534	-	3,534	-
Gurage Integrated Land Management	5,377	-	5,377	-	-	-
Kandema Rural Regeneration	-	-	12,182	-	12,182	-
Mali Regreening Project	24,493	52,253	79,118	-	2,802	430
Natural Resource Management on ex-VTE sites	-	-	-	-	3,155	3,155
Niger Building Resilience and Adaptation to Climate Extremes and Disasters	(1,292)	239,854	239,851	-	1,289	-
Niger Village Tree Enterprise	72,178	-	64,330	-	-	7,848
Regreening Mopti	-	-	1,689	-	1,689	-
Regreening Segou	65,586	23,559	84,417	-	-	4,728
Shea Research	3,438	44,064	47,502	-	-	-
Tree Foods for Nutritional Security - General	-	1,500	-	-	-	1,500
Wof Washa Forest Sustainable Management	(17,081)	106,203	125,402	-	36,280	-
Women's Forest Livelihoods Phase 1	43,901	-	12,608	-	(31,293)	-

	Opening balance £	Income £	Expenditure £	Investment gains £	Transfers £	Closing balance £
<b>Restricted funds</b>						
Women's Forest Livelihoods Phase 2	-	2,001	-	-	31,293	33,294
Ziway Integrated Land Management	1,067	24,953	26,020	-	-	-
Country Programmes	9,760	-	6,957	-	(2,802)	1
Project Fund	90,086	-	-	-	-	90,086
Other Project Funds	176,868	-	-	-	-	176,868
Learning and Impact Fund	-	20,000	20,000	-	-	-
Development Fund	-	27,498	41,211	-	13,716	3
<b>Total restricted funds</b>	<b>887,716</b>	<b>1,055,716</b>	<b>1,713,199</b>	<b>-</b>	<b>130,656</b>	<b>360,889</b>
<b>Unrestricted funds</b>						
Fixed Asset Reserve	13,336	-	-	-	(13,336)	-
Project Development Fund	41,990	-	-	-	(41,990)	-
Fundraising Reserve	33,826	-	-	-	(33,826)	-
Working Capital for Trading Subsidiary	318,316	-	-	-	-	318,316
Improving the Quality of our Work	138,848	-	-	-	-	138,848
Growing Our Income	711,180	-	-	63,913	-	775,093
Improving our Ability to Generate Data, Evidence & Communication	163,716	-	-	-	-	163,716
<b>Total designated funds</b>	<b>1,421,212</b>	<b>-</b>	<b>-</b>	<b>63,913</b>	<b>(89,152)</b>	<b>1,395,973</b>
General Reserves	346,024	832,696	830,386		(41,504)	306,830
<b>Total unrestricted funds</b>	<b>1,767,236</b>	<b>832,696</b>	<b>830,386</b>	<b>63,913</b>	<b>(130,656)</b>	<b>1,702,803</b>
<b>Total funds</b>	<b>2,654,952</b>	<b>1,888,412</b>	<b>2,543,585</b>	<b>63,913</b>	<b>-</b>	<b>2,063,692</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.

### ***Agro-ecological Intensification of Sorghum and Pearl Millet-Based Production Systems***

A McKnight funded project focusing on research into agroforestry and cereal production.

### ***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.

### ***CIFOR (Burkina Faso and Ghana)***

CIFOR-funded programme of work across Burkina and Ghana on West Africa Forest-farm interface.

### ***Community Self Reliance***

This is a completed project; funded by numerous smaller funders. The remaining funds were used for the evaluation of TREE AID enterprise work in northern Ghana to ascertain the post-project impact of our work there – highlighting the effectiveness of Village Savings and Loan groups to enable women to save money and invest.

### ***Drylands Development***

A Farmer-led Programme to Enhance Water Management, Food Security, and Rural Economic Development in the Drylands of Burkina Faso. The project is fully funded by RMARP.

### ***Enhancement of NTFPs in Burkina Faso***

This is a new project funded by the Swiss Embassy in Burkina Faso working with 14,500 households and focussing on improving NTFP value chains, creating market gardens and improving household nutrition.

### ***Forest for Foods***

This is a completed project funded by numerous smaller funders. The remaining funds were used for evaluation, which highlighted key successes in fuel saving stove adoption, developing alternative income-generating activities and suggestions as to further work on proliferation of indigenous trees, developing a sustainable seedling supply, and developing the Rhamnus value chain.

### ***Forest Governance SIDA Phase 2 – 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.

### ***Forest Trade Association***

Focuses on building a cooperative union out of enterprise groups.

### ***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.

### ***Growing Tree Businesses***

This is a completed project. Funded by numerous smaller funders. Remaining funds were used for evaluation of TREE AID enterprise work in northern Ghana to ascertain the post-project impact of our work there – highlighting the effectiveness of Village Savings and Loan groups to enable women to save money and invest.

### ***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. Both projects came to an end during the 2016/17 financial year.

### ***Kandema Rural Regeneration***

Completed project. Funded by numerous smaller funders. Remaining funds were used for evaluation of TREE AID enterprise work in northern Ghana to ascertain the post-project impact of our work there – highlighting the effectiveness of Village Savings and Loan groups to enable women to save money and invest.

### ***Mali Regreening Project***

This is a greening project in Saminé and Sakoiba communes – aiming to restore tree coverage through planting and regeneration of trees on farmers' land.

### ***Natural Resource Management on ex-VTE sites***

This is a completed Natural Resource Management project in Burkina Faso.

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

In conjunction with CARE UK (with whom TREE AID has a contract), TREE AID is providing technical assistance to the UK DFID's BRACED programme.

### ***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.

### ***Shea Research***

A research project into restoring and improving productivity of shea stands in Burkina Faso, fully funded by Inera.

### ***Tree Foods for Nutritional Security***

This is a completed project supporting the development phase for the Tree Foods programme. The remaining funds are to be utilised for the Tree Foods project.

**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.

**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.

**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 and shea processing enterprises, and training women in improved agricultural techniques.

**Ziway Integrated Land Management**

This is a livelihoods and greening project near lake Ziway in Ethiopia.

**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 fund are utilised for activities that strengthen and expand TREE AID's impact and influence through leveraging institutional funding, releasing unrestricted funding by funding core charitable activities, creating a sense of community within our donors and bringing donors closer to TREE AID by providing them with unique insights.

**Purpose of unrestricted funds**

Unrestricted funds are generated when there is no stipulation from the donor as to how the income may be spent, and 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:*

- **Where trees mean life** •

**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 £nil.

The Working Capital for Trading Subsidiary designated reserve is £318,316 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 £138,848 on a new accounting system (for 2017/18) and funding an operational leadership post (2016/19).

The designated reserve for Growing Our Income of £775,093 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 £163,716 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 2017/18. 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.

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

	<b>Restricted funds</b>	<b>Designated funds</b>	<b>Unrestricted funds</b>	<b>2017 Total</b>	<b>2016 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	-	39,932	4,716	44,648	72,996
Investments	-	452,693	-	452,693	388,779
Cash at bank & Short term Investments	913,634	903,348	568,882	2,385,864	2,564,905
Debtors	135,414	-	51,607	187,021	137,838
Creditors falling due within one year	(687,925)	-	(130,566)	(818,491)	(154,204)
	<b>361,123</b>	<b>1,395,973</b>	<b>494,639</b>	<b>2,251,735</b>	<b>3,010,314</b>

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

	<b>Restricted funds</b>	<b>Designated funds</b>	<b>Unrestricted funds</b>	<b>2017 Total</b>	<b>2016 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	-	-	4,716	4,716	13,337
Investments	-	452,695	-	452,695	388,781
Cash at bank & Short term Investments	387,843	943,278	367,910	1,699,031	2,252,363
Debtors	120,972	-	125,320	246,292	86,903
Creditors falling due within one year	(147,926)	-	(191,116)	(339,042)	(86,432)
	<b>360,889</b>	<b>1,395,973</b>	<b>306,830</b>	<b>2,063,692</b>	<b>2,654,952</b>

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

	<b>Group</b>		<b>Charity</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Net expenditure for the reporting period (as per the SOFA)</b>	<b>(765,074)</b>	<b>(634,336)</b>	<b>(591,262)</b>	<b>(948,918)</b>
<b>Adjustments for:</b>				
Depreciation charges	<b>35,329</b>	57,573	<b>8,621</b>	10,223
(Gain)/Losses on investments	<b>(63,913)</b>	23,541	<b>(63,913)</b>	23,941
Loss of sale of fixed assets	<b>18,118</b>	-	-	-
Exchange rate movements on fixed assets	<b>(8,375)</b>	(8,989)	-	1,429
Investment income	<b>(45,699)</b>	(48,097)	<b>(45,699)</b>	(48,097)
(Increase)/decrease in debtors	<b>(49,183)</b>	18,095	<b>(159,389)</b>	65,965
Increase in creditors	<b>664,286</b>	36,158	<b>252,611</b>	40,133
<b>Net cash (used in) operating activities</b>	<b>(214,511)</b>	<b>(556,055)</b>	<b>(599,031)</b>	<b>(855,324)</b>

**Analysis of cash and cash equivalents**

	<b>Group</b>		<b>Charity</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash in hand	<b>898,177</b>	601,530	<b>211,344</b>	288,988
Notice deposits (less than 3 months)	<b>1,487,687</b>	1,963,375	<b>1,487,687</b>	1,963,375
<b>Total</b>	<b>2,385,864</b>	<b>2,564,905</b>	<b>1,699,031</b>	<b>2,252,363</b>

**26. 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.

## 27. Related parties transactions

The Director of Fundraising & Communications, Marian Rose, was appointed as a trustee of Care International UK (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 £643,448 (2016: £661,706) 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:

	2017	2016
	£	£
From TREE AID to TREE AID Burkina Faso	<b>1,090,444</b>	1,040,059
From TREE AID to TREE AID TREE AID Ghana	<b>179,576</b>	343,269
From TREE AID Burkina Faso to TREE AID	-	3,351
From TREE AID Ghana to TREE AID	-	2,238

There were no balances outstanding at the year-end between the charity and TREE AID Burkina Faso or TREE AID Ghana (2016: 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:

	2017	2016
	£	£
Loans made during the year to TREE AID Enterprises Ltd	<b>22,115</b>	66,122
Loans made during the year to TREE AID Enterprises sa	<b>23,055</b>	27,257

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

	2017	2016
	£	£
Provision against amounts due from TREE AID Enterprises Ltd	<b>85,397</b>	62,343
Provision against amounts due from TREE AID Enterprises sa	<b>42,084</b>	14,630

## 28. Operating lease commitments - Group

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

Land & buildings	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Expiring within:				
<1 year	11,759	11,759	10,190	10,190
1 – 5 years	4,942	4,942	-	-

## 29. Capital commitments

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

## 30. Basic Financial Instruments

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
<b>Financial assets that are debt instruments measured at amortised cost:</b>				
Accrued Income on contracts	127,537	48,236	127,537	48,236
Trade Debtors	5,349	6,167	5,349	6,167
Other Debtors	10,941	18,706	10,759	60,440
Cash at bank and in hand	898,177	601,530	211,344	288,988
Short term investments	1,487,687	1,963,375	1,487,687	1,963,375
<b>Financial liabilities measured at amortised cost:</b>				
Accruals	46,055	31,560	38,279	14,061
Other creditors	32,797	48,588	18,807	24,350

**31. Consolidated Prior Year Statement of Financial Activities (2016)**

	Notes	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £
<b>INCOME FROM</b>				
Donations and legacies	2	980,005	793,041	1,773,046
Charitable activities	3	-	19,490	19,490
Investment Income	4	-	48,097	48,097
Other income	5	-	2,824	2,824
<b>TOTAL</b>		<b>980,005</b>	<b>863,452</b>	<b>1,843,457</b>
<b>EXPENDITURE ON</b>				
Raising funds	6	-	882,946	882,946
Charitable activities	7	1,432,995	145,390	1,578,385
<b>TOTAL</b>	8	<b>1,432,995</b>	<b>1,028,336</b>	<b>2,461,331</b>
Net gains/(losses) on investments		(1,650)	(21,891)	(23,541)
<b>NET INCOME/(EXPENDITURE)</b>		<b>(454,640)</b>	<b>(186,775)</b>	<b>(641,415)</b>
Other gains		-	7,079	7,079
<b>NET MOVEMENT IN FUNDS</b>	24	<b>(454,640)</b>	<b>(179,696)</b>	<b>(634,336)</b>
<b>RECONCILIATION OF FUNDS</b>				
Total funds brought forward	24	1,342,356	2,302,294	3,644,650
<b>Total funds carried forward</b>	24	<b>887,716</b>	<b>2,122,598</b>	<b>3,010,314</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	(Resigned as Vice-Chair - February 2017)
Hugh Arthur <sup>1</sup>	Treasurer
John Collenette <sup>1</sup>	
Terence Jagger <sup>1</sup>	(Appointed as Vice-Chair - February 2017)
Annie Moreton	
Trevor Reaney	(Appointed 10 June 2016)
Alex Rees	(Appointed 10 June 2016)
Mikko Simula <sup>1</sup>	(Appointed 10 June 2016)
Stephen Tindale	(Appointed 10 June 2016, resigned 1 July 2107)
Simon Toomer	

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

## SENIOR MANAGEMENT TEAM

John Moffett	Chief Executive
Geoff Nicks	Director Finance & Resources (until March 2017)
Ben Sheahan	Director Finance & Resources (from June 2017)
Marian Rose	Director Fundraising & Communications
Tom Skirrow	Director Global 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 and accounts

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 2017. We are totally dependent on your support. Without it our work would simply not be possible...

... to our Institutional funders, including:

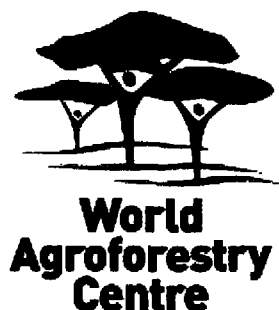


**AMBASSADE DE SUEDE**



**UKaid**  
from the Department for  
International Development

FUNDED BY  
**COMIC  
RELIEF**



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

Applegreen Trust  
 Delves Charitable Trust  
 C COM Foundation, JA COM Foundation, The Blue Sky Foundation  
 ISIS Forestry  
 The Lindeth Charitable Trust  
 Artists 4 Paris Climate  
 Pat Newman Trust  
 Joseph Rochford Gardens  
 Mitchell Trust  
 Oak Philanthropy UK  
 Pagan Aid

RPS  
 The Roughley Charitable Trust  
 The Christmas Forest  
 Allan & Nesta Ferguson Charitable Settlement  
 The Patrick & Helena Frost Foundation  
 The Rhododendron Trust  
 The Rolfe Charitable Trust  
 The Spear Charitable Trust  
 The Walter Guinness Charitable Trust  
 The Whitaker Charitable Trust  
 Turing Foundation  
 W F Southall Trust

### **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.