

THE ARBORICULTURAL ASSOCIATION

(A company limited by guarantee)

**ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

For the Year Ended 31 December 2019



Arboricultural
A S S O C I A T I O N

trees.org.uk

Company number: 04070377

Charity number: 1083845

THE ARBORICULTURAL ASSOCIATION CONTENTS

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THE ARBORICULTURAL ASSOCIATION CHARITY INFORMATION

Company registration number

04070377

Charity registration number

1083845

Trustees and Directors

Jaime Bray - Chairman

Ian Murat - Vice Chair (to Sept 2019)

Michelle Ryan - Vice Chair (from Sept 2019)

Alastair Durkin

Simon Holmes (resigned Sept 2019)

Jenny Long

Keith Sacre

Mike Sankus

Navin Sehmi

Alan Simson

Laurence Vine Chatterton – Co Opted Treasurer

Key Management

Stewart Wardrop – (CEO)

Hanif Bhula – (Finance Manager)

Simon Richmond – (Senior Technical Officer)

John Parker (Technical Director – appointed Aug 2019)

Registered Office

The Malthouse

Stroud Green

Standish

Stonehouse

GL10 3DL

Auditors

Hazlewoods LLP

Windsor House

Bayshill Road

Cheltenham

GL50 3AT

Bankers

Natwest Bank Plc

27 Market Place

Romsey

SO51 8ZH

Solicitors

Willans LLP

28 Imperial Square

Cheltenham

GL50 1RH

THE ARBORICULTURAL ASSOCIATION TRUSTEES' ANNUAL REPORT (INCORPORATING THE DIRECTORS' REPORT)

The Trustees submit their annual report and the audited financial statements of the Arboricultural Association for the year ended 31 December 2019.

The Trustees have adopted the provisions of the Statement of Recommended Practice for Charities (Charity SORP) in preparing the annual report and financial statements of the Association.

The Charity is grateful for the efforts of all the volunteers involved in so many areas of the Charity's work. These include all the Committee Members, Branch representatives, Trustees and others who organise events, attend meetings, contribute to the Association's aims and attend local shows etc. on our behalf to promote the Association and its overarching aim – 'to advance the science of arboriculture for the public benefit'.

Reference and Administrative Details

The Arboricultural Association is a registered charity (charity number 1083845), incorporated in the United Kingdom as a private company (company number 04070377). It is limited by guarantee and accordingly has no share capital. The registered office and principle place of business is The Malthouse, Stroud Green, Standish, Stonehouse, Gloucestershire, GL10 3DL.

The Trustees of the Association, who are also Directors as defined by the Company's Act 2006, who served during the year or who were in post at the date of signing these financial statements were:

Jaime Bray	Chairman
Ian Murat	Vice Chair (to Sept 2019)
Michelle Ryan	Vice Chair (from Sept 2019)
Alastair Durkin	Trustee
Simon Holmes	Trustee (resigned Sept 2019)
Jenny Long	Trustee
Keith Sacre	Trustee
Mike Sankus	Trustee
Navin Sehmi	Trustee
Alan Simson	Trustee (appointed Sept 2019)
Laurence Vine Chatterton	Trustee (Co-opted Treasurer)

Structure, Governance and Management

The Association is governed through its Articles and Memorandum of Association. These were updated in 2015 to ensure that they are in line with the revised strategy and objectives of the Association and the Charity Commission requirements.

The Trustees have overall responsibility for ensuring the Association has in place appropriate systems and controls, both financial and operational.

During 2019 the Trustees met 5 times (2018 – 5 times) on 14th February, 23rd May, 14th July, 9th September (AGM) and 28th November.

The Trustees are responsible for the strategic direction of the Association. Operational management during the year was overseen by the CEO. At each Trustee meeting the latest financial position is shared, together with progress against key strategic objectives, as captured in the annual Business Plan. Any risks are identified and discussed to ensure adequate risk mitigation is in place

In addition to formal Trustee meetings the CEO provides regular written operational updates to the trustees. These update documents cover all aspects of the key operational and business areas. In 2019 eight updates were provided to all Trustees.

The Business Review Group (BRG) continued to meet during 2019 and continues in 2020. Primarily to oversee financial and operational performance in addition to supporting the Chief Executive Officer the BRG is made up of the Chairman, Vice Chairman, Immediate Past Chairman and Treasurer.

**THE ARBORICULTURAL ASSOCIATION
TRUSTEES' ANNUAL REPORT
(INCORPORATING THE DIRECTORS' REPORT)**

The Business Review Group (BRG) continued to meet during 2019 and continues in 2020. Primarily to oversee financial and operational performance in addition to supporting the Chief Executive Officer the BRG is made up of the Chairman, Vice Chairman, Immediate Past Chairman and Treasurer.

At the AGM held on 9th September 2019 the members:

- Received the accounts of the Association for the preceding financial year to 31st December 2018;
- Received the report of the Board of Directors, September 2018 to September 2019;
- Selected members to be Trustees to fill the arising vacancies; and
- Appointed Hazlewoods LLP to be the auditors for the Association for the forthcoming year.

There were no EGM's called during the year 1st January 2019 to 31st December 2019.

Committees: The business of the Association is split amongst three standing committees (Education and Training, Media and Communications and Professional). A member of each standing committee must be a Trustee, that member is usually the committee's chairperson. The Board elects the Chair.

In addition to the Committees, there are a number of Working Groups; currently there are 4 namely; The Consultants' Working Group, (CWG), the Utility Arboriculture Group (UAG), Women in Arboriculture (WIA) and the Arborists' Working Group (AWG).

The terms of reference for the respective committees and working parties are regularly reviewed and updated with any changes agreed with the Trustees to ensure their remit and focus is aligned to the changing needs of the Association and any revisions to governance, the AA's Strategy and Business Plan.

Branches: There are 10 national branches. The Branches play a key role within the Association providing a geographic focal point for members and a range of educational and social activities. To ensure their role and the support they require is defined and agreed, and the controls in respect of their financial arrangements are in place, Branch Rules exist and these were last updated in 2019. All Members are allocated to a Regional Branch. Branch Committees typically organise regional events with a Branch AGM being held annually. The Association HQ provides administration resource in support of the Branch activities.

Business Plan and Budget (Forecast)

On an annual basis a Business Plan and Budget (Forecast) are drafted by the HQ team consisting of identified primary actions along with supporting budgets and resultant financial forecasts. The Business Plan is wholly aligned to and supports the delivery of the strategic plan. This plan is then approved by the Trustees.

Committees, Working Parties and Branches play a key role supporting with the implementation of the Business Plan.

The Business Plan and Forecast captures ongoing work streams in respect of themed areas namely:

- Financial, Governance and systems;
- Communication;
- Marketing and Promotion;
- Membership;
- Training and Events
- Careers;
- Publications;
- Schemes;
- Branches;
- Resources

THE ARBORICULTURAL ASSOCIATION TRUSTEES' ANNUAL REPORT (INCORPORATING THE DIRECTORS' REPORT)

In support of the Strategic Plan Committees and Working Groups agree those “projects/activities” on which they will focus each year. This ensures resources in respect of staff, membership and finance are focused, “managed” and co-ordinated to best effect.

The Directors of Arboricultural Association Trading Limited as defined by the Company’s Act 2006, who served during the year or who were in post at the date of signing the accounts were:

Jaime Bray - Chairman
Ian Murat - Vice Chair (to Sept 2019)
Michelle Ryan - Vice Chair (from Sept 2019)
Alistair Durkin
Simon Holmes (resigned Sept 2019)
Jenny Long
Keith Sacre
Mike Sankus
Alan Simson (appointed Sept 2019)
Laurence Vine Chatterton

AATL Directors - 2020 At the Trustee Board meeting held on the 27th February 2020 it was agreed that AATL Directors will be the Chair and Vice Chair, as trustees representative plus the CEO and Finance Manager, as staff representatives.

Objectives and Activities

The Association’s stated objective is to advance the science of arboriculture for the public benefit and in doing so promote excellence in tree care to consumers, fellow professionals in other disciplines, to government and to society.

Strategic objectives in support of this are included in the 3-year Strategy covering the period to 2018-2020; the Strategy was subsequently published on the Association’s website, shared with our partner organisations and disseminated to all Members via inclusion in the Arb Magazine to ensure it is shared with the widest possible audience. New strategic plans are developed and approved by the Trustees in conjunction with membership and staff.

An updated or replacement strategic plan will be published before the end of 2020.

Public Benefit

The Trustees have regard to Charity Commission guidance to ensure they meet their objectives on public benefit. To this effect, all newly appointed Trustees have attended an Induction Day with existing Trustees to discuss and ensure full understanding of their statutory responsibilities and how such can be best discharged.

The website, design and content, continues to develop and evolve in support of the charitable aims of the Association, namely providing public access to a vehicle to share information to all in respect of the latest arboriculture news, training courses (open to non-members) and any tree related alerts. The website also directs the public, via the directories, towards members of our Accreditation Schemes namely Registered Consultants and Approved Contractors.

The Association continues to play a key role in respect of the provision of free advice to arborists. In addition, the Association presents at various forums through its staff and volunteers on the value of trees, to build awareness and understanding through its Arb Show, Conference and Branch events.

Fundraising Activities

The Association has registered with the fundraising regulator. The aim of the regulator is to ensure that fundraising is respectful, honest, open and accountable to the public.

THE ARBORICULTURAL ASSOCIATION TRUSTEES' ANNUAL REPORT (INCORPORATING THE DIRECTORS' REPORT)

All fundraising activities are directly managed by Association staff. We do not engage third parties to raise funds on our behalf. We are mindful that no fundraising should be unreasonably persistent or apply undue pressure on anyone or intrude on anyone's privacy.

The Association raises the majority of its funding through its membership subscriptions and the provision of services to its members and the public, these activities typically include events, training, publications and accreditation schemes.

Achievements and Performance

The main activities of the Arboricultural Association in 2019 included:

- Revenue growth against pre-agreed financial targets, including the delivery of another surplus.
- Growth of paid membership numbers by 5.9%.
- Overall membership numbers growing by 3.7%.
- Student membership maintained at over 500 student members; delivery of two student conferences.
- Marketing resource being significantly strengthened with the emphasis moving to digital marketing and the wider use of social media; A Marketing Apprentice joined the Association.
- Social Media and General Media training activity was undertaken by the Trustees and AA staff members.
- Continued active participation within the "All Party Parliamentary Group on Horticulture and Gardening" (APPGHG) and the Ornamental Horticultural Roundtable Group (OHRG).
- Partial funding and sector input into the industry report entitled "Skills Survey Report" produced by Pye Tait, on behalf of the OHRG; this report has been used to brief and advise government whilst also helping shape the Associations training and event activities to meet industry needs.
- The Associations engagement with DEFRA which continues to grow; the Association produced and published "Ash Die Back" guidance in the year; the Association is represented on the steering group of the "Plant Health Alliance" and other DEFRA advisory panels.
- Delivery of a "Branching Out" event in April 2019 was well attended by branches. The growth of branch related activities has generated much wider engagement with partner groups, aligned industries and potential new members.
- The Association continued developing its overseas activities through hosting a range of meetings with partner groups and individuals including – India, USA, Holland, Italy, New Zealand, Australia. A renewed MOU was put in place with Arb New Zealand.
- The Association began planning for various overseas "study tour" events to take place in 2020.
- Delivery of another successful ARB Show at Westonbirt – the largest Arboricultural trade show in the UK. We achieved another year of growth of the number of exhibitors.
- Educational, training and event activity grew to new record levels; we also saw the substantial growth and development of low-cost branch activity supported by the AA HQ team.
- 5 New Technical Guides were at various stages of production along with an updated ICOP.
- VET cert development activity continues at pace in conjunction with the European steering group.
- Delivery of the 2019 Amenity Conference in September at Exeter University, with another record attendance.
- Continued the growth and development of the Approved Contractor scheme including a Utility arboriculture scheme variant; now over 300 participant companies are members.
- Introduced a QA process into the Registered Consultant Scheme; the 5-year quality assurance process is widely acknowledged as representing best practice for such schemes.
- The ongoing integration, expansion and use of the CRM system; we introduced "rolling" membership renewal in 2019.
- The AA staff handbook has been updated and we have also utilised a free digital "HR" resource called "Breathe" which has substantially reduced HR administration.
- Continued growth and development of the Associations Website content and functionality.
- Growth of new partnerships and networks to raise the profile of Arboriculture and public awareness of the Industry.

THE ARBORICULTURAL ASSOCIATION TRUSTEES' ANNUAL REPORT (INCORPORATING THE DIRECTORS' REPORT)

AA Research Grant

£5,000 donations were made to research in 2019 (2018 - £6,000).

Political expenditure - via membership of the All Party Parliamentary Group on Horticulture and Gardening (APPGHG) and the Ornamental Horticultural Roundtable Group (OHRG)

During the year the amount spent on direct political expenditure was £13,591 (2018 - £17,654).

Financial Review

During the year the Association's Business Review Group (BRG) met approximately every 10 weeks to provide support to the CEO with the Association's finance and operations.

The Consolidated Statement of Financial Activities for the year is set out within the financial statements: the overheads are not reported separately but have been allocated to each of the principal activities of the Association.

The financial results of the Association are set out within this Annual Report and financial statements and include an income and expenditure account, balance sheet and related notes.

The Association generated a surplus in 2019 thus ensuring it can repay its debt and increase its cash reserves.

Principal Operational Risks

Business activity in conjunction with the Association's Risk Register was reported upon at each Board and BRG meeting held during the year.

- Staffing
 - During 2019 there were several staffing changes; one technical officer left.
 - We recruited a New Technical Director, who joined in August 2019.
 - The Association also recruited its first Marketing Apprentice.
- We continue to strive for efficiency and output improvements through the adoption of new technology alongside appropriate staff training and development activities.
- CRM System
 - Performance during 2019 continues to improve, primarily as a result of the staff gaining experience of using the system.
 - The investment is undoubtedly now delivering efficiency benefit, albeit more slowly and later than originally anticipated.

Funding Sources

The key revenue streams of the Association are:

- Subscriptions
- Accreditation Scheme membership fees
- Training & Events
- Publications
- The Arb Show (May)
- The Conference (September)
- Advertising and sponsorship

THE ARBORICULTURAL ASSOCIATION TRUSTEES' ANNUAL REPORT (INCORPORATING THE DIRECTORS' REPORT)

Reserves

The Charity had the following reserves at 31 December 2019: the reserves policy is reviewed by Trustees annually.

Restricted income funds	£15,092	(2018 - £6,086)
Unrestricted income funds	£781,871	(2018 - £747,738)

The Association has a reserves policy which was reviewed in 2019 and was set to:

- Provide a buffer of £200,000 representing a sum to cover ongoing operating costs in the event, for example, of a failure in subscriptions income as a result of a major downturn in the economy; and
- Have funds available in the event of a major campaign or project, an additional sum of £50,000.

The Association had sufficient liquid reserves, in the form of cash and cash equivalents, at 31st December 2019 of £176,941 (2018 - £194,691).

Investments

The Association has no financial investments other than its bank deposit account and its shareholding in its trading subsidiary. Its reserves exist in the form of The Malthouse, an asset into which the Association moved in 2012 following extensive refurbishment.

Strategic Plan 2018 - 2020

The current strategic plan and objectives are widely published. A copy of the Strategic Plan 2018-2020 can be found on our website www.trees.org.uk in the "about us - policy and reports" area. An updated strategic plan is due to be published towards the end of 2020 to cover the next strategic cycle.

Impact of Covid on Operations – Going Concern

The impact of Covid 19 upon the Association has been significant and the following commentary summarises the key actions taken in addition to an outline of the plans to be implemented to ensure the Association continues to meet its charitable aims and objectives going forward, whilst remain a going concern.

The Association, through many of its risk management policies and procedures, was prepared for the requirement to rapidly introduce home working required under lockdown. A policy decision made some 2 years previously resulted in all staff having laptop technology instead of traditional desktop technology; additionally, office equipment including, monitors, ergonomic chairs, printers, and other aids have also been relocated to staff homes. The successful transition to homeworking was completed within one day. The Association has produced a detailed home working risk assessment which all staff have completed; the few remaining resulting actions are being addressed as restrictions allow.

Daily Zoom meetings became and remain the norm. In April the Association asked all staff to take 8 days annual leave. This action reduced forward holiday liability whilst enabling the whole staff to remain operational. This enabled planning and development of the Association's response to the crisis. In May we utilised the Government furlough scheme to furlough 9 staff; in June we asked all staff to return to work (from home) for one week before we then furloughed 7 staff; we anticipate continuing to utilise the furlough scheme going forward until more normal activity levels resume.

All non-digital training and event activities have been stopped; the Arb Show (May 2020) and Conference (September 2020) have been cancelled. All member and partners have been fully refunded. Due to the contracts in place, and support from our partners, the negative cost impact of cancelling activity has been small. The cessation of paid training and event activity will negatively impact our turnover by an estimated £500,000 in 2020. Whilst costs associated with the delivery of these activities will not be incurred a reduced contribution to Association overheads will occur.

**THE ARBORICULTURAL ASSOCIATION
TRUSTEES' ANNUAL REPORT
(INCORPORATING THE DIRECTORS' REPORT)**

Given the above reduction in income and contribution to overheads the management of the Association's Cash became and remains a primary objective.

An initial cash flow forecast showed that, despite building up reserves over the previous three years in line with the published reserves policy, the cash low point that occurs every November would require additional cash liquidity. This was briefed to trustees in April via Zoom meeting. The Association subsequently applied for an overdraft facility of £150,000, this was approved within 12 hours. Over the preceding weeks we continue to develop and refine our cashflow forecast, available cash is reported every day at the staff team meeting. We plan to take advantage of the Government's Business Interruption Loan Scheme as a lower cost alternative to the overdraft option. A sum of £200,000 has been approved in principle and will be utilised subject to Trustee approval. This loan will be repaid over a 6-year term with no repayments being required for the first year; it is intended that the existing small mortgage (less than £45,000 as of June 2020) will be repaid prior to the Business loan repayments commencing in 2021. The new business loan repayments will equate to approximately the same value as the existing mortgage repayments. Cashflow forecasts continue to be shared with the BRG, Trustees and staff on a regular basis. The Association has considerable equity via its ownership of the HQ Malthouse property. This could be utilised should further loan security provision be required, or the equity be released through a future sale of the building.

Activity, in certain areas, remains extremely resilient with individual and scheme membership continuing to grow via new applications. To ensure we deliver members benefit and activity we have adopted digital output as our new norm. The Association has been very responsive in providing member guidance, primarily through trying to make sense of the confused governmental messaging. This guidance has been widely welcomed and we have shared this information with various partners groups including internationally. Our digital output continues to grow and develop, we delivered a "virtual arb show", at no cost to our exhibitors and partners; this generated a record 19,000 website page views. Our investment in Nimble, an eLearning platform in 2019, has resulted in fast track course development with our first eLearning course coming to market in June. The overseas digital version of the Arb Magazine has recorded over 600 downloads as of June. Our free digital output is significant and increasing with the Associations reach continuing to develop internationally as a result. This international activity represents a significant opportunity in the medium and long term, something the Association is well placed to take advantage of.

Having now managed the initial challenges associated with the Covid 19 crisis the Association has been addressing the recovery plan which will be required for 2021 and beyond. Formulating this plan consists of two key stages, the first stage being the formation of a single year plan entitled "Business Recovery Plan 2021". Given the degree of uncertainty regarding the level of UK economic activity the plan will be based on a range of different business scenarios, with accompanying forecasts, depicting varying levels of activity and income. These forecasts and plans will be used to "stress test" the Association activities to ensure its fiscal resilience whilst describing the actions required under each. As a result, the Trustees and senior Association staff will prepare and plan for a range of potential actions that may need to be taken during Q1 & Q2 of 2021.

The second part of the recovery plan will be derived during Q2 and Q3 of 2021, namely the formation of the Association's strategic plan for the period 2022 to 2024. It is intended that the new strategic plan will be briefed out to members ahead of the 2021 AGM.

In summary, the Trustees and the Association staff are considering and taking all necessary actions to ensure that the Association continues to deliver its charitable aims and objectives, and meet member needs, whilst remaining a fiscally viable going concern.

**THE ARBORICULTURAL ASSOCIATION
TRUSTEES' ANNUAL REPORT
(INCORPORATING THE DIRECTORS' REPORT)**

Statement of Trustees' Responsibilities

The charity Trustees (who are also the Directors of the Association and the AATL for the purposes of company law) are responsible for preparing a Trustees' Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

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

Disclosure of information to the Auditors

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

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- The Trustees, having made enquiries of fellow Directors and the group's Auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Signed by order of the Board of Trustees on

.....
J Bray (Chairman)
Trustee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF THE ARBORICULTURAL ASSOCIATION

Opinion

We have audited the financial statements of The Arboricultural Association for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and the parent Charitable Company's affairs as at 31 December 2019, and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not qualified, we draw your attention to note 2 to the financial statements and the disclosures made in the going concern accounting policy which describes an uncertainty relating to the going concern of the Charity. The Charity is dependent on the renewal of memberships which are inherently uncertain and difficult to predict as the UK eases lockdown and enters the inevitable post lockdown recession. The financial statements do not include any adjustments that would result if the financial statements were not prepared on a going concern basis.

Otherwise, we have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- The Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF THE ARBORICULTURAL ASSOCIATION

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity 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 and the Charities Act 2011 requires us to report to you if, in our opinion:

- The parent Charitable Company has not kept adequate and sufficient 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 and the Trustees' Annual Report in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities set out in the Trustees' annual report, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF THE ARBORICULTURAL ASSOCIATION

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and (ISAs (UK). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and the parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Trustee's Annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Scott Lawrence FCA
(Senior Statutory Auditor)

.....
Date

For and on behalf of Hazlewoods LLP, Statutory Auditor
Cheltenham

**THE ARBORICULTURAL ASSOCIATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
INCOME					
Income from charitable activities:					
Subscriptions		437,368	-	437,368	407,684
Other charitable activities	5	675,280	-	675,280	648,894
		<u>1,112,648</u>	<u>-</u>	<u>1,112,648</u>	<u>1,056,578</u>
Income from trading activities:					
Consultants and contractors		318,825	-	318,825	292,109
Advertising		29,027	-	29,027	7,913
		<u>347,852</u>	<u>-</u>	<u>347,852</u>	<u>300,022</u>
Income from investments:					
Interest received		408	11	419	39
TOTAL INCOME		<u>1,460,908</u>	<u>11</u>	<u>1,460,919</u>	<u>1,356,639</u>
EXPENDITURE					
Cost of raising funds:					
Fundraising trading		253,350	-	253,350	242,167
Expenditure on charitable activities:					
Charitable activities – normal		1,164,431	-	1,164,431	1,069,998
TOTAL EXPENDITURE	6	<u>1,417,781</u>	<u>-</u>	<u>1,417,781</u>	<u>1,312,165</u>
NET MOVEMENT IN FUNDS					
Total funds brought forward		747,738	6,086	753,824	709,350
TOTAL FUNDS CARRIED FORWARD		<u>790,865</u>	<u>6,097</u>	<u>796,962</u>	<u>753,824</u>

The statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 17 - 29 form part of these financial statements.

**THE ARBORICULTURAL ASSOCIATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
INCOME					
Income from charitable activities:					
Subscriptions		407,684	-	407,684	370,712
Other charitable activities	5	648,894	-	648,894	691,906
		<u>1,056,578</u>	<u>-</u>	<u>1,056,578</u>	<u>1,062,618</u>
Income from trading activities:					
Consultants and contractors		292,109	-	292,109	281,101
Advertising		7,913	-	7,913	5,163
		<u>300,022</u>	<u>-</u>	<u>300,022</u>	<u>286,264</u>
Income from investments:					
Interest received		39	-	39	90
TOTAL INCOME		<u>1,356,639</u>	<u>-</u>	<u>1,356,639</u>	<u>1,348,972</u>
EXPENDITURE					
Cost of raising funds:					
Fundraising trading		242,167	-	242,167	266,393
Expenditure on charitable activities:					
Charitable activities – normal		1,069,998	-	1,069,998	1,035,923
TOTAL EXPENDITURE	6	<u>1,312,165</u>	<u>-</u>	<u>1,312,165</u>	<u>1,302,316</u>
NET MOVEMENT IN FUNDS					
Total funds brought forward		703,264	6,086	709,350	662,694
TOTAL FUNDS CARRIED FORWARD		<u>747,738</u>	<u>6,086</u>	<u>753,824</u>	<u>709,350</u>

The statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 17 - 29 form part of these financial statements.

**THE ARBORICULTURAL ASSOCIATION
CONSOLIDATED AND PARENT CHARITABLE COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019**

	Note	Group		Charity	
		2019 £	2018 £	2019 £	2018 £
Fixed assets					
Intangible assets	11	14,790	4,112	14,790	4,112
Tangible assets	12	813,278	820,419	813,278	820,419
Investments	13	-	-	1	1
		<u>828,068</u>	<u>824,531</u>	<u>828,069</u>	<u>824,532</u>
Current assets					
Stock	14	26,214	20,634	26,214	20,634
Debtors	15	136,929	119,403	185,272	174,705
Cash and cash equivalents		176,941	194,691	103,036	111,630
		<u>340,084</u>	<u>334,728</u>	<u>314,522</u>	<u>306,969</u>
Current liabilities					
Creditors due within one year	16	(349,146)	(340,719)	(328,494)	(317,870)
Net current liabilities		<u>(9,062)</u>	<u>(5,991)</u>	<u>(13,972)</u>	<u>(10,901)</u>
Total assets less current liabilities		819,006	818,540	814,097	813,631
Non-current liabilities					
Creditors due after one year	17	(22,043)	(64,716)	(22,043)	(64,716)
Net assets		<u>796,963</u>	<u>753,824</u>	<u>792,054</u>	<u>748,915</u>
Funds of the group					
Charity restricted income funds	19	6,097	6,086	6,097	6,086
Charity unrestricted income funds	18	785,957	742,829	785,957	742,829
Non-charitable reserves	13	4,909	4,909	-	-
Total funds		<u>796,963</u>	<u>753,824</u>	<u>792,054</u>	<u>748,915</u>

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

The financial statements were approved by the Trustees and authorised for issue on
and signed on its behalf by:

.....
J Bray (Chairman)

The notes on pages 17 - 29 form part of these financial statements.

**THE ARBORICULTURAL ASSOCIATION
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Total funds 2019 £	Total funds 2018 £
Cash flows from operating activities			
Net movement in funds		43,139	44,474
Finance income		(419)	(39)
Finance costs		6,684	8,596
Depreciation	12	40,044	35,428
Profit/loss on sale of fixed assets	12	604	-
		<hr/> 90,052	<hr/> 88,459
Increase in stocks		(5,580)	(2,513)
Increase in debtors		(17,526)	(6,677)
Increase in creditors		6,503	(197,732)
		<hr/>	<hr/>
Net cash provided by operating activities		73,449	(118,463)
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received		419	39
Purchase of Intangible assets	11	(10,678)	-
Purchase of tangible fixed assets	12	(33,508)	(20,993)
		<hr/>	<hr/>
Net cash used in investing activities		(43,767)	(20,954)
		<hr/>	<hr/>
Cash flows from financing activities			
Interest paid		(6,684)	(8,596)
Repayment of borrowings		(40,747)	(41,551)
		<hr/>	<hr/>
Net cash used in financing activities		(47,431)	(50,147)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(17,750)	(189,564)
Cash and cash equivalents at 1 January		194,691	384,255
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		176,941	194,691
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 17 - 29 form part of these financial statements.

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1 GENERAL INFORMATION

The Arboricultural Association a registered charity, incorporated in England & Wales as a private company. It is limited by guarantee and accordingly has no share capital. It is registered with Companies House under company number 04070377, and with the Charity Commission under reference number 1083845. The registered office and principle place of business is The Malthouse, Stroud Green, Standish, Stonehouse, Gloucestershire, GL10 3DL.

2 ACCOUNTING POLICIES

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' effective January 2016, the Charities SORP, and the Companies Act 2006, as applicable in the United Kingdom and Republic of Ireland.

The Arboricultural Association meets the definition of a public benefit entity under FRS 102.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value. The Arboricultural Association has adapted the Companies Act 2006 formats to reflect the special nature of its charitable activities.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the Charity and its subsidiary undertaking drawn up to 31 December.

A subsidiary is an entity controlled by the Charity. Control is achieved where the Charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. Inter-company transactions and balances, between the Charity and its subsidiaries, are eliminated in full. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 ACCOUNTING POLICIES (continued)

Going concern

As disclosed in the Trustee's Report, the Covid-19 pandemic has had a significant impact on the Charity. In assessing the going concern status of the Charity, the Trustees have given consideration to the cash on hand and available position of the Charity at the date of approving the financial statements, prepared detailed cash flow forecasts and projections and applied stress test scenarios to those forecasts. The Trustees have also taken into consideration how the Charity has adapted positively to the effect of Covid-19, including their adapted continued support of members.

After reviewing the Charity's forecasts and projections, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. There are inherent uncertainties regarding the forecasts, such as the extent of the impact of the UK recession on the Charity and the renewal of memberships in the coming year, although the Trustees have every expectation that members will renew further to the revised offering and continued support of members.

The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

No significant judgements have been made by the Trustees in preparing these financial statements.

Key sources of estimation uncertainty

Other than detailed below for expenditure, no key sources of estimation uncertainty have been identified by the Trustees in preparing these financial statements.

Income

Subscriptions income is included in the period in which it falls due. Income from charitable trading activities is included in the period to which the relevant activity or transaction relates. Resources from activities to generate funds, interest and other incoming resources are included on a receivable basis. Amounts received in advance are not included in income for the year but are disclosed as deferred income in creditors.

Grants receivable

Grants receivable are recognised in income on a systematic basis over the life of the grant as the conditions related to the grant are. The grants become repayable when the conditions of the grants are not met.

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2 ACCOUNTING POLICIES (continued)

Expenditure

All expenditure is included when it is incurred. Expenditure is allocated to the particular activity where the cost relates directly to that activity. The cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the basis of estimated staff time attributable to each activity. The nature of the organisation is such that all staff time can be attributed to activities which further the charitable objects. Governance costs are those costs incurred in meeting regulatory requirements and providing the strategic direction of The Arboricultural Association.

The basis of the allocation of by staff time has been reviewed and updated in 2019; this is a change in estimate rather than a change in policy and thus the 2018 comparatives have not been restated.

Grants payable

Grants payable are payments to third parties in the furtherance of the charitable objectives. Grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside the control of The Arboricultural Association.

Intangible fixed assets

Intangible fixed assets, which consist of a trademark, intellectual property and technical guides, are not depreciated as any amortisation is considered immaterial.

Tangible fixed assets

All assets costing more than £500 that are acquired for continuing use within The Arboricultural Association are capitalised at their cost to the organisation. Depreciation is provided on expenditure at rates calculated to write off each asset over its estimated remaining life. The rates applied to achieve this are:

Freehold property	100 years straight line
Computer equipment	25% / 12.5% of net book value
Fixtures and fittings	20% straight line

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Trade and other debtors

Trade debtors are amounts due from members for merchandise sold or services performed in the ordinary course of activity. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due.

Stock

Stock is stated at the lower of cost and estimated selling price less costs to sell. The cost of finished goods comprises direct material costs. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to sell; the impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2 ACCOUNTING POLICIES (continued)

Trade and other creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of activity from suppliers. Trade creditors are classified as current liabilities if the Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Funds accounting

Unrestricted funds are those funds which the Trustees are free to use in accordance with charitable objects. Restricted funds are funds which are given for particular purposes specified by their donors.

Non-charitable reserves are funds held on behalf of Arboricultural Association Trading Limited, a non-charitable company.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Receipts under operating leases are credited to the Statement of Financial Activities on a straight-line basis over the period of the lease.

Pensions

The Arboricultural Association makes contributions to individual personal pension schemes of eligible employees. These are defined contribution schemes. A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment. Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

Financial Instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2 ACCOUNTING POLICIES (continued)

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non-financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 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 £5 per member of the Charity.

4 FINANCIAL PERFORMANCE OF THE CHARITY

The consolidated statement of financial activities includes the results of the Charity's wholly owned subsidiary, The Arboricultural Association Trading Limited, which undertakes the assessment of Registered Consultants and Approved Contractors for inclusion in the Arboricultural Association's Directories.

As permitted by section 408 Companies Act 2006, the parent charitable company's statement of financial activities has not been included in these financial statements. Its surplus for the financial year was £32,956 (2018 - £44,474).

5 OTHER CHARITABLE ACTIVITIES

	2019	2018
	£	£
Publications	61,958	76,085
Conference	167,540	159,937
Workshops and seminars	246,995	193,547
Trade fair	127,197	117,757
Other income	71,590	101,568
	<hr/>	<hr/>
	675,280	648,894
	<hr/> <hr/>	<hr/> <hr/>

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6 TOTAL EXPENDITURE

	Direct costs £	Staff costs £	Support costs* £	Total 2019 £	Total 2018 £
Costs of raising funds					
Consultants and contractors	138,905	78,503	35,942	253,350	242,167
Expenditure on charitable activities					
Subscriptions	12,286	30,117	13,789	56,192	79,517
Publications	37,955	18,954	8,678	65,587	78,501
Conference	107,067	42,755	19,575	169,397	163,390
Workshops and seminars	142,838	36,889	16,889	196,616	221,541
Trade fair	80,854	35,403	16,209	132,466	149,406
Advertising and publicity	-	7,252	3,320	10,572	13,345
Promotion	22,074	34,480	15,786	72,340	94,690
Technical support	20,550	28,893	13,228	62,671	63,885
Meeting costs	33,863	23,554	10,784	68,201	76,155
Grant making	13,794	-	-	13,794	2,847
Newsletter / journal	75,333	16,239	7,434	99,006	96,632
Branch expenditure	-	15,662	7,171	22,833	-
Political expenditure	13,591	19,284	8,829	41,704	17,654
Audit fees	10,150	-	-	10,150	10,150
Finance and accounts	-	72,989	33,417	106,406	-
Committees and governance	-	21,360	9,778	31,138	-
Legal and professional fees	5,358	-	-	5,358	2,285
	<u>575,713</u>	<u>403,831</u>	<u>184,887</u>	<u>1,164,431</u>	<u>1,069,998</u>
Total 2019	<u>714,618</u>	<u>482,334</u>	<u>220,829</u>	<u>1,417,781</u>	<u>1,312,165</u>
Total 2018	<u>625,581</u>	<u>454,698</u>	<u>231,886</u>	<u>1,312,165</u>	

* Support costs of £220,829 (2018 - £231,886) include:

	2019 £	2018 £
Depreciation	40,044	35,428
Loss on disposal	605	-
Premises costs	16,316	16,874
Vehicle expenses	20,931	24,885
Other staff costs	14,666	-
Office running costs	102,993	150,684
Finance costs	21,160	-
Subscriptions and representation	<u>4,115</u>	<u>4,015</u>

All of the above expenditure was paid for via unrestricted funds. There was no expenditure incurred out of restricted funds.

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7 TRANSACTIONS WITH TRUSTEES

No Trustee received any remuneration from the Association during the year (2018 - £nil).

Travel expenses totalling £9,933 (2018 - £10,141) were reimbursed to eight (2018 - eight) Trustees during the year. At the year end £83 (2018 – £408) was outstanding and owed to Trustees.

8 STAFF COSTS

	2019	2018
	£	£
Salaries and wages	410,984	384,022
Social security	42,487	39,836
Pension contributions	26,513	26,412
	<hr/>	<hr/>
	479,984	450,270
	<hr/> <hr/>	<hr/> <hr/>

The key management personnel of the Charity are the Trustees, the Chief Executive Officer, The Senior Technical Officer and the Finance Manager. The total employee benefits of the key management personnel were £200,593 (2018 - £182,111).

One employee received employee benefits in excess of £60,000 during the year (2018 – one).

9 STAFF NUMBERS

The average monthly head count was 14 staff (2018 - 13 staff). The average number of full-time equivalent employees during the year was:

	2019	2018
	No.	No.
Management	3	3
Technical	4	4
Administration	5	4
	<hr/>	<hr/>
	12	11
	<hr/> <hr/>	<hr/> <hr/>

10 TAXATION

All income of the charitable company falls within the exemptions afforded to corporate charities and charitable trusts by Sections 478 and 479 Corporation Tax Act 2010 and Sections 524 and 525 Income Tax Act 2007 and there is no corporation tax payable by the charities trading and subsidiary.

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11 INTANGIBLE FIXED ASSETS

Group and Charity

	Trademark	Intellectual Property	Total
Cost and net book value	£	£	£
At 1 January 2019	3,112	1,000	4,112
Additions	-	10,678	10,678
At 31 December 2019	3,112	11,678	14,790

12 TANGIBLE FIXED ASSETS

Group and Charity

	Freehold property	Computer equipment	Fixtures & fittings	Total
	£	£	£	£
Cost				
At 1 January 2019	737,188	186,651	47,054	970,893
Additions	1,681	30,333	1,494	33,508
Disposals	-	(5,896)	(1,423)	(7,319)
At 31 December 2019	738,869	211,088	47,125	997,082
Depreciation				
At 1 January 2019	49,625	74,948	25,901	150,474
Charge for the year	7,372	24,105	8,567	40,044
Eliminated on disposals	-	(5,565)	(1,149)	(6,714)
At 31 December 2019	56,997	93,488	33,319	183,804
Net book value				
At 31 December 2019	681,872	117,600	13,806	813,278
At 31 December 2018	687,563	111,703	21,153	820,419

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12 TANGIBLE FIXED ASSETS (continued)

Freehold property is held for use by the Charity in furthering its objectives. Currently a proportion is let externally on short term rental agreements to fully utilise the asset to contribute towards costs. The Charity SORP would normally require the proportion of the property let externally to be classified as an investment property and carried at fair value; however, the Trustees are of the opinion that the investment property component cannot be measured reliably without undue cost or effort. As such they have accounted for the entire property as freehold property within tangible fixed assets.

13 INVESTMENTS

Company

The wholly owned subsidiary, Arboricultural Association Trading Limited, is a company registered in England and Wales. It is used to operate the non-charitable activities of The Arboricultural Association, which includes the Register of Consultants and Approved Contractors. All profits earned by the subsidiary are donated to The Arboricultural Association.

Arboricultural Association Trading Limited has only one share of £1 in issue, which is held by The Arboricultural Association.

The activities and results of Arboricultural Association Trading Limited were:

	2019	2018
	£	£
Turnover	318,825	292,109
Cost of sales	(138,905)	(101,612)
Administrative expenses	(169,737)	(161,154)
Donation to The Arboricultural Association	-	(29,343)
	<hr/>	<hr/>
Retained profit for year	10,183	-
	<hr/> <hr/>	<hr/> <hr/>

A Gift Aid Donation of £10,183 has been paid in respect of the 2019 retained profit post year end. In the current year Gift Aid donations have been recognised as distributions and presented in the Statement of Changes in Equity. In the prior year, Gift Aid donations were treated as an expense and recognised through the profit and loss account. The prior year has not been restated for this change in accounting treatment as there is no resulting impact or change in the opening capital and reserves of the company.

At 31 December 2019, Arboricultural Association Trading Limited had the following assets and liabilities:

	2019	2018
	£	£
Debtors	13,138	13,776
Cash at bank and in hand	73,905	83,061
Creditors: Amounts due within one year	(71,950)	(91,927)
	<hr/>	<hr/>
	15,093	4,910
	<hr/> <hr/>	<hr/> <hr/>
Share capital	1	1
Reserves	15,092	4,909
	<hr/>	<hr/>
	15,093	4,910
	<hr/> <hr/>	<hr/> <hr/>

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14 STOCKS

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Publications and other items for resale	26,214	20,634	26,214	20,634

15 DEBTORS

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	57,793	53,523	44,655	39,747
Other debtors and prepayments	79,136	65,880	79,136	65,880
Amounts owed from subsidiary	-	-	51,298	69,078
	<u>136,929</u>	<u>119,403</u>	<u>175,089</u>	<u>174,705</u>

16 CREDITORS

Creditors due within one year		Group		Charity	
	Note	2019	2018	2019	2018
		£	£	£	£
Bank loans	17	42,583	40,657	42,583	40,657
Trade creditors		60,994	56,293	54,805	51,284
Social security and other taxes		22,945	15,139	22,945	15,139
Other creditors and accruals		57,099	53,611	55,599	52,111
Deferred income		165,525	175,019	152,562	158,679
		<u>349,146</u>	<u>340,719</u>	<u>328,494</u>	<u>317,870</u>

Creditors due within one year		Group		Charity	
	Note	2019	2018	2019	2018
		£	£	£	£
Bank loans	17	22,043	64,716	22,043	64,716

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16 CREDITORS (continued)

Deferred income relates to membership subscriptions, training fees and contractor and consultant fees that are received in advance of the subscription year commencing 1 January. The balance of deferred income has moved in the year as follows:

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Balance at 1 January	175,019	177,714	158,679	164,495
Amount released in year	(175,019)	(177,714)	(158,679)	(164,495)
Amount deferred in year	165,515	175,019	152,552	158,679
	<u>165,515</u>	<u>175,019</u>	<u>152,552</u>	<u>158,679</u>
Balance at 31 December	165,515	175,019	152,552	158,679
	<u><u>165,515</u></u>	<u><u>175,019</u></u>	<u><u>152,552</u></u>	<u><u>158,679</u></u>

17 LOANS AND BORROWINGS

Creditors due within one year	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	42,583	40,657	42,583	40,657
	<u>42,583</u>	<u>40,657</u>	<u>42,583</u>	<u>40,657</u>

Creditors due within one year	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Bank loans (due between 2 and 5 years)	22,043	64,716	22,043	64,716
	<u>22,043</u>	<u>64,716</u>	<u>22,043</u>	<u>64,716</u>

The bank loans are secured by a fixed charge over the property owned by The Arboricultural Association and are repayable in monthly instalments. Fixed rate interest is charged on these loans.

18 ANALYSIS OF CHARITABLE

FUNDS Unrestricted funds

The Charitable Company has unrestricted funds that are free reserves for use in achieving the charities aims and objectives.

During the year, income of £1,460,908 (2018 - £1,356,639) was generated, and expenditure of £1,417,781 (2018 - £1,312,165) was incurred. At 31 December 2019 the unrestricted fund balance amounted to £790,866 (2018 - £747,738).

Restricted funds

The Charitable Company has one restricted fund, the Memorial Research Fund. This Fund is used to support research in the field of Arboriculture by the provision of grants.

During the year, income totalled £11 (2018 - £nil), and grants of £nil (2018 - £nil) were awarded. At 31 December 2019 the restricted fund balance amounted to £6,097 (2018 - £6,086).

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19 ANALYSIS OF ASSETS BETWEEN FUNDS

2019	Unrestricted funds £	Restricted funds £	Total funds £
Intangible fixed assets	14,790	-	14,790
Tangible fixed assets	813,278	-	813,278
Current assets	333,987	6,097	340,084
Current liabilities	(349,146)	-	(349,146)
Non-current liabilities	(22,043)	-	(22,043)
	<u>790,866</u>	<u>6,097</u>	<u>796,963</u>
	<u><u>790,866</u></u>	<u><u>6,097</u></u>	<u><u>796,963</u></u>

2018	Unrestricted funds £	Restricted funds £	Total funds £
Intangible fixed assets	4,112	-	4,112
Tangible fixed assets	820,419	-	820,419
Current assets	328,642	6,086	334,728
Current liabilities	(340,719)	-	(340,719)
Non-current liabilities	(64,716)	-	(64,716)
	<u>747,738</u>	<u>6,086</u>	<u>753,824</u>
	<u><u>747,738</u></u>	<u><u>6,086</u></u>	<u><u>753,824</u></u>

20 OPERATING LEASE COMMITMENTS

Group and charity

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	14,626	17,200
Later than one year and not later than five years	5,734	20,336
	<u>20,360</u>	<u>37,536</u>
Balance at 31 December	<u><u>20,360</u></u>	<u><u>37,536</u></u>

The amount of operating lease payments recognised as an expense during the year was £16,876 (2018 - £20,021).

The total of future minimum lease receivable is as follows:

	2019 £	2018 £
Not later than one year	15,650	15,183
Later than one year and not later than five years	6,815	18,498
	<u>22,465</u>	<u>33,681</u>
Balance at 31 December	<u><u>22,465</u></u>	<u><u>33,681</u></u>

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21 CAPITAL COMMITMENTS

At 31 December 2019 the Charity had a capital commitment of £Nil (2018: £Nil).

22 RELATED PARTY TRANSACTIONS

The charity has taken advantage of the exemption under FRS 102 from disclosing related party transactions with other members of the group.

Other related party transactions

During the year, there were no related party transactions that the charity entered into.

23 CONTROL

The Arboricultural Association is controlled by the Board of Trustees/Directors.