

THE ARBORICULTURAL ASSOCIATION

(A company limited by guarantee)

**ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

For the Year Ended 31 December 2015



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

J Keen – Chairman

K Sacre – Vice Chairman

L Vine Chatterton – Honorary Treasurer

J Cocking

G Collins

A Durkin

J Heuch

S Holmes

A Parker

E Quaife

M Sankus

L Sanderson

P Wharton

Key Management

K Martin – Chief Executive Officer

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 2015.

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:

J Keen – Chairman	
M Sankus – Vice Chairman	to 21 2015
K Sacre – Vice Chairman	from 21 2015
L Vine Chatterton – Honorary Treasurer	
N Beardmore	(resigned 21 2015)
J Bray	(resigned 21 2015)
J Cocking	(appointed 21 2015)
G Collins	(appointed 21 2015)
A Currell	(resigned 21 2015)
A Durkin	(appointed 21 2015)
M Hemming	(resigned 21 2015)
J Heuch	
S Holmes	
R Jackson	(re- appointed 21 2015)
A Parker	(appointed 25 February 2015)
E Quaife	
J Ryan	(resigned 21 2015)
L Sanderson	(appointed 21 2015)
P Wharton	

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 2015 the Trustees met 5 times (2014 – 5 times) in March, May, July, and November.

The Trustees are responsible for the strategic direction of the Association; operational management during the year was overseen by the CEO Karen Martin. At each Trustee meeting the latest financial position is shared, together with progress against key strategic objectives, as captured in the annual

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

business plan. Any risks are identified and discussed to ensure adequate risk mitigation is in place. In 2015 the Trustees met 5 times including the Annual General Meeting.

Throughout 2015 the Business Review Group (BRG) met on a regular basis to oversee financial performance and support the Chief Executive Officer. The BRG is made up of the Chairman, Vice Chairman, Treasurer and a Director who held the post of Chair during the previous year. During 2015 a Trustee with expertise in IT was invited to join part of the BRG meetings. The BRG will continue to meet during 2016.

At the AGM held on the 21 2015 the members:

- received the accounts of the Association for the preceding financial year to 31 December 2014;
- received the report of the Board of Directors, 2014 to 2015;
- 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.
- voted in the Changes to the Memorandum of Association

There were no EGM's called during the year 1 January 2015 to 31 December 2015.

Committees: The business of the Association is split amongst three standing committees (Education and Training, Media and Communications and Professional); their membership is elected by the whole membership of the Association for vacancies arising. 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 three Working Parties, The Consultants Working Group, (CWG), the Utility Arboriculture Group (UAG) and the Arborists Working Group (AWG).

The terms of reference for the respective committees and working parties, will be reviewed and any changes agreed with them and the Trustees during 2016/ 2017, to ensure their remit and focus is aligned to the changing needs of the Association and any revisions to governance, the AAs 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 activities, educational and social. 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. These rules were revised in 2014 with the input of representatives from each branch. All members are allocated to a regional branch. Their own committees manage branches and Branch AGMs held annually. A Technical Officer at HQ provides support and co-ordination of Branch activities.

The 2015 Business Plan was agreed by the Board in November 2014 and is aligned to the 2013 – 2017 rolling 5 year Strategy and the Objectives of the Association. With a focus on the procurement and implementation of a new Customer Relationship Management (CRM) IT system, and an overview of the Memorandum of Association it was agreed that in 2015 the Association consolidates its position and continues to build financial resilience. The plan captured on going work streams in respect of themed areas

- Financial, Governance and systems;
- Communication;
- Membership;
- Training;
- Careers;
- Publications;
- Schemes; and
- Profile.

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Each committee and working party agreed those “projects/ activities” on which they will focus during 2015. This ensured resources in respect of staff, membership and financial were focused, “managed” and co-ordinated to best effect.

Headquarters: Objectives were agreed for all staff in 2015 aligned to the aims of the Association as contained in the Strategy and the 2015 Business Plan. Performance against individual objectives was measured and managed, and reported to the Chair.

The Directors of AATL 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:

- J Cocking
- E J Quaife
- J Bray

Objectives and Activities

The Association’s stated object 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 rolling 5 year strategy. This strategy, agreed by the Trustees, was disseminated to members in 2013 and the Executive summary in respect of Aims, Purpose and Objectives to the widest possible audience to raise the profile of the Association and understanding as to our role.

The Association has identified the following key strategic objectives:

- The provision of relevant and up to date information in relation to the management of trees.
- To advance the study of arboriculture and raise the standards of its practice through the provision of training and workshops to all levels of the profession and to the general public.
- To raise governmental and public awareness of issues relating to arboriculture.
- To foster and promote an interest in trees through publications, exhibitions and the stimulation of research or experiments, and to grow society’s appreciation of trees and engagement with tree professionals.
- To be the voice of arboriculture to the public and other external organisations.

Business plan

On an annual basis a Business Plan is drafted with supporting budgets and financial forecasting and agreed with the Trustees. Committees and Working Parties play a key role supporting and advising on the implementation of the Business plan.

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 introduction of a revised website in December 2015 helps further support the Public to access Arboriculture Contractors and Consultants and provides 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 Association continues to play a key role in respect of the provision of free advice to arborists producing the ICOP , Code of Practice, in 2015 funded through sponsorship. 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 Show, the Conference and Branch events. The Association is working on a project team for careers in Arboriculture R2 and promoting the Development of apprenticeships.

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Grant making

£500 was donated to research in 2015.

Achievements and Performance

The main activities of the Association in 2015 as defined within the Business plan included:

- the achievement of growth to agreed financial targets;
- a review of and the introduction following a vote from the membership of revised Memorandum of Association;
- an increase in Approved Contractors;
- the growth of Trustmark for Approved Contractors;
- the successful implementation of a 2015 marketing and communications strategy to assist setting standards in arboriculture, increasing revenue and raising the profile of Arboriculture;
- input to the R2 career development for arboriculture and trailblazer apprenticeships in arboriculture;
- increased attendance at the ARB Show in June – the largest Arboricultural trade show in the UK;
- continued growth in education and training events;
- a successful Amenity Conference in with outstanding delegate feedback;
- publishing targeted and focussed information;
- new partnerships established with the media and external agencies to raise the profile of Arboriculture, standards and public awareness; and
- The procurement and implementation of a new CRM system and web taking into account members needs and feedback.

The Consolidated Statement of Financial Activities for the year is set out on page 10 of the financial statements: the overheads are not reported separately but have been allocated to each of the principal activities of the Association.

Financial Review

During the year the Association's Business Review Group (BRG) met approximately every 6 weeks to provide support to the CEO with the Association's financial and operations.

The financial results of the Association are set out on pages 10 to 23 of this annual report and financial statements and include an income and expenditure account, balance sheet and related notes.

Principal risks and significant investment

In 2015 after a rigorous evaluation of system capability and operational needs the AA undertook a procurement exercise to identify a CRM system able to meet the detailed system specification produced. From a shortlist of three providers the AA invested in a CRM system which would meet current and projected needs, produce accurate reporting and mitigate future operational and financial risks. Without such a change the AA was in danger of being unable to meet its long term charitable objectives, identify and address membership needs, run detailed accurate reporting and manage operational growth. Work commenced in 2015 and it is planned that the new system and its integrated web will be fully deployed during 2016 with additional functionality utilised over the coming years. This has been a major activity in 2015 for the Association requiring the input of all team members whilst managing to continue with business as usual without disrupting service delivery or rigorous financial management. New initiatives in 2015 were suspended enabling an appropriate focus on the system and its integration. The new web enables greater content, ease of navigation and more information, guidance and advice for members of the public.

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Funding sources

The key revenue streams of the Association are:

- Subscriptions;
- Accreditation scheme membership fees;
- Training;
- Publications;
- The Arb Show (June);
- The Conference (); and
- Advertising and sponsorship.

Reserves

The Charity had the following reserves at 31 December 2015:

Restricted income funds	£6,080	(2014 - £6,069)
Unrestricted income funds	£637,873	(2014 - £620,940)

As a policy objective, the Association aims to:

- provide a buffer of four months' base operating costs in the event, for example, of a substantial decrease in subscriptions; and
- have funds available in the event of a major campaign or project, a sum of one month's base operating costs.

By way of explanation, the Charity's sources of revenue and its expenditures are subject to significant seasonal variation with, for example, the income from subscriptions being highest in the first quarter and the Charity's outgoings greatest in the fourth quarter of the year. Taking this into account together with the significant investment in a new CRM system this year the year end cash position does not fully reflect the strength of the Charity's cashflows during the year.

The Association had liquid reserves of £ 190,557 as at December 31, 2015 which are adequate to meet its obligations as they fall due. In addition the Association has a bank overdraft facility of £50,000 which would cover any temporary seasonal fluctuation in the timing of cashflows. This facility has not needed to be called upon to date.

Nevertheless, the Charity's aim is to continue to improve its reserves position over the coming years.

Investments

The Association has no financial investments other than cash in hand and its shareholding in its trading subsidiary. Its principal non-cash reserves exist in the form of its freehold property, the Malthouse, and its investment in a CRM system.

Pay and Remuneration

The pay and remuneration of the key management personnel (the CEO) are determined by the Business Review Group taking into account projected RPI for the forthcoming year, comparative pay in the third sector, any pay /remuneration trends and geographic location. Any recommendation is put to the Board for approval. Where personal contribution has been outstanding the Board may consider payment of a bonus based on the financial performance of the Association. Annual pay increases or bonuses are not contractual.

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Plans for future periods

The future plans of the Association are aligned to the key strategic objectives identified above. Such future plans include:

- Financial – To build reserves and financial stability; maximisation of existing and new revenue streams;
- Systems to complete the implementation of a CRM system to meet current and future operational requirements with its web interface supporting self-service and to best represent the Association;
- To maximise the opportunities the above creates;
- Communications - to build upon existing communication vehicles and ensure we use these to best effect to share information, support and retain membership, maximise profile and develop relationships with third parties;
- To provide advice via cost effective publications and more web based information to the public;
- Membership - To build membership engagement;
- Training - To ensure training best meets arboriculture needs;
- Careers – to promote standards within the industry which support a clearly articulated and understood career framework. To support initiatives to broaden understanding of careers in Arboriculture at FE and HE level;
- Publications – maximise sales and revenue, ensure publications achieve the overall aims of the Association;
- Accreditation Schemes - continue to grow both the Approved Contractor and Registered Consultants schemes to agreed targets; and
- Profile - to continue to maximise the profile of Arboriculture and its value across the UK.

Statement of Trustees' Responsibilities

The charity trustees (who are also the directors of the Association 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

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(INCORPORATING THE DIRECTORS' REPORT)**

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 Keen (Chairman)
Trustee

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

We have audited the financial statements of The Arboricultural Association the year ended 31 December 2015, which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association'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 Charity's Members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and its Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the Directors of the Charitable Company for the purposes 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 auditor under the Companies Act 2006 and the Charities Act 2011 and report in accordance with 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. . In addition, we read all the financial and non-financial information in the Trustees' Annual Report 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 parent Charitable Company's affairs as at 31 December 2015, and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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.

.....
S M Lawrence
(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 2015**

	Note	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
INCOME					
Income from charitable activities:					
Subscriptions		331,724	-	331,724	317,822
Other charitable activities	5	563,446	-	563,446	543,201
		<u>895,170</u>	<u>-</u>	<u>895,170</u>	<u>861,023</u>
Income from trading activities:					
Consultants and contractors		284,199	-	284,199	239,191
Advertising		9,989	-	9,989	13,273
Raffle		-	-	-	398
		<u>294,188</u>	<u>-</u>	<u>294,188</u>	<u>252,862</u>
Income from investments:					
Interest received		185	11	196	321
		<u>1,189,543</u>	<u>11</u>	<u>1,189,554</u>	<u>1,114,206</u>
TOTAL INCOME					
EXPENDITURE					
Cost of raising funds:					
Fundraising trading		241,401	-	241,401	199,415
Expenditure on charitable activities:					
Charitable activities – normal		931,209	-	931,209	863,516
Charitable activities – exceptional		-	-	-	(57,000)
		<u>931,209</u>	<u>-</u>	<u>931,209</u>	<u>806,516</u>
	6	<u>1,172,610</u>	<u>-</u>	<u>1,172,610</u>	<u>1,005,931</u>
TOTAL EXPENDITURE					
NET MOVEMENT IN FUNDS					
		<u>16,933</u>	<u>11</u>	<u>16,944</u>	<u>108,275</u>
Total funds brought forward		620,940	6,069	627,009	518,734
		<u>637,873</u>	<u>6,080</u>	<u>643,953</u>	<u>627,009</u>
TOTAL FUNDS CARRIED FORWARD					

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

**THE ARBORICULTURAL ASSOCIATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
INCOME					
Income from charitable activities:					
Subscriptions		317,822	-	317,822	298,078
Other charitable activities	5	543,201	-	543,201	465,615
		<u>861,023</u>	<u>-</u>	<u>861,023</u>	<u>763,693</u>
Income from trading activities:					
Consultants and contractors		239,191	-	239,191	195,033
Advertising		13,273	-	13,273	10,600
Raffle		199	199	398	769
		<u>252,663</u>	<u>199</u>	<u>252,862</u>	<u>206,402</u>
Income from investments:					
Interest received		296	25	321	407
TOTAL INCOME		1,113,982	224	1,114,206	970,502
EXPENDITURE					
Cost of raising funds:					
Fundraising trading		199,415	-	199,415	177,200
Expenditure on charitable activities:					
Charitable activities – normal		861,016	2,500	863,516	772,028
Charitable activities – exceptional		(57,000)	-	(57,000)	-
		<u>806,516</u>	<u>-</u>	<u>806,516</u>	<u>772,028</u>
TOTAL EXPENDITURE	6	1,004,431	2,500	1,005,931	949,228
NET MOVEMENT IN FUNDS		110,551	(2,276)	108,275	21,274
Total funds brought forward		510,389	8,345	518,734	497,541
TOTAL FUNDS CARRIED FORWARD		620,940	6,069	627,009	518,734

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

**THE ARBORICULTURAL ASSOCIATION
CONSOLIDATED AND PARENT CHARITABLE COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2015**

	Note	Group		Charity	
		2015 £	2014 £	2015 £	2014 £
Fixed assets					
Intangible assets	11	675	675	675	675
Tangible assets	12	890,962	752,279	890,962	752,279
Investments	13	-	-	1	1
		<u>891,637</u>	<u>752,954</u>	<u>891,638</u>	<u>752,955</u>
Current assets					
Stock	14	7,000	8,172	7,000	8,172
Debtors	15	57,423	188,245	52,464	151,086
Cash and cash equivalents	16	190,557	287,799	128,910	164,285
		<u>254,980</u>	<u>484,216</u>	<u>188,374</u>	<u>323,543</u>
Current liabilities					
Creditors due within one year	17	(338,501)	(418,801)	(276,805)	(263,038)
Net current (liabilities) / assets		<u>(83,521)</u>	<u>65,415</u>	<u>(88,431)</u>	<u>60,505</u>
Total assets less current liabilities		808,116	818,369	803,207	813,460
Non-current liabilities					
Creditors due after one year	18	(164,163)	(191,360)	(164,163)	(191,360)
Net assets		<u>643,953</u>	<u>627,009</u>	<u>639,044</u>	<u>622,100</u>
Funds of the group					
Charity restricted income funds	19	6,080	6,069	6,080	6,069
Charity unrestricted income funds	19	632,964	616,031	632,964	616,031
Non-charitable reserves	13	4,909	4,909	-	-
Total funds		<u>643,953</u>	<u>627,009</u>	<u>639,044</u>	<u>622,100</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 Keen (Chairman)
Trustee

**THE ARBORICULTURAL ASSOCIATION
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	Total funds 2015 £	Total funds 2014 £
Cash flows from operating activities			
Net movement in funds		16,944	108,275
Finance income		(196)	(321)
Finance costs		9,192	10,881
Depreciation	12	8,732	9,488
(Profit) / loss on sale of fixed assets		-	734
		<u>34,672</u>	<u>129,057</u>
Decrease in stocks	14	1,172	8,617
Decrease / (increase) in debtors	15	130,822	(72,112)
(Decrease) / increase in creditors	17 18	(80,000)	72,861
Net cash provided by / (used in) operating activities		<u>86,666</u>	<u>138,423</u>
Cash flows from investing activities			
Interest received		196	321
Purchase of fixed assets	12	(147,415)	-
Net cash provided by / (used in) investing activities		<u>(147,219)</u>	<u>321</u>
Cash flows from financing activities			
Interest paid		(9,192)	(10,881)
Repayment of borrowings		(27,497)	(21,411)
Net cash provided by / (used in) financing activities		<u>(36,689)</u>	<u>(32,292)</u>
Change in cash and cash equivalents in the year		(97,242)	106,452
Cash and cash equivalents at 1 January	16	287,799	181,347
Cash and cash equivalents at 31 December	16	<u><u>190,557</u></u>	<u><u>287,799</u></u>

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1 GENERAL INFORMATION

The Arboricultural Association a registered charity, incorporated in the United Kingdom 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 Charities SORP, and the Companies Act 2006, as applicable in the United Kingdom and Republic of Ireland. The Arboricultural Association has adapted the Companies Act 2006 formats to reflect the special nature of its charitable activities.

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.

Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the Charity and its subsidiary undertakings 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.

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.

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 ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 trade mark, are not depreciated because annual payments made to protect their existence are charged to the Statement of Financial Activities.

Tangible fixed assets

All assets costing more than £1,000 which were 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% of net book value
Website	12.5% straight line
Fixtures and fittings	25% straight line

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Trade 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

Stocks are 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.

Trade 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.

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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.

Operating leases

Lease rental costs applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred.

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.

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 company's statement of financial activities has not been included in these financial statements. Its surplus for the financial year was £16,944 (2014 - £108,275)

5 OTHER CHARITABLE ACTIVITIES

	2015	2014
	£	£
Publications	63,553	94,735
Conference	145,503	139,815
Workshops and seminars	179,632	174,425
Trade fair	91,250	69,345
Sponsorship	23,660	-
Other income	59,848	64,881
	<hr/>	<hr/>
	563,446	543,201
	<hr/> <hr/>	<hr/> <hr/>

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

6 TOTAL EXPENDITURE

	Direct costs £	Staff costs * £	Support costs £	Total 2015 £	Total 2014 £
Costs of raising funds					
Consultants and contractors	116,295	83,536	41,570	241,401	199,415
Expenditure on charitable activities					
Subscriptions	8,371	46,751	9,700	64,822	55,900
Publications	43,640	18,085	8,314	70,039	74,931
Conference **	101,879	40,366	20,785	163,030	93,247
Workshops and seminars	80,104	67,493	34,642	182,239	180,184
Trade fair	57,918	40,366	23,557	121,841	100,104
Advertising & publicity	-	9,350	2,771	12,121	34,827
Promotion	12,779	45,213	23,557	81,549	63,250
Technical support	13,547	30,745	15,242	59,534	53,621
Meeting costs	44,092	18,085	9,700	71,877	57,005
Grant making	-	36	139	175	2,635
Newsletter / journal	58,797	20,730	8,314	87,841	78,348
Audit fees	8,000	-	-	8,000	8,000
Legal and professional fees	8,141	-	-	8,141	4,464
	437,268	337,220	156,721	931,209	806,516
Total 2015	553,563	420,756	198,291	1,172,610	1,005,931
Total 2014	516,513	337,876	151,542	1,005,931	

* Support costs of £198,291 (2014 - £151,542) include:

	2015 £	2014 £
Depreciation	8,733	9,488
Loss on disposals	-	733
Premises costs	17,737	21,794
Vehicle expenses	19,245	14,271
Professional indemnity insurance	-	6,737
Office running costs	115,497	59,575
Subscriptions and representation	2,408	1,011

** Included in conference costs in the prior year is the reversal of a £57,000 accrual which is no longer required.

7 TRANSACTIONS WITH TRUSTEES

No Trustee received any remuneration from the Association during the year (2014 - £nil).

Travel expenses totalling £8,942 (2014 - £8,085) were reimbursed to eight (2014 - eight) Trustees during the year.

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

8 STAFF COSTS

	2015	2014
	£	£
Salaries and wages	360,802	289,052
Social security	38,433	30,680
Pension contributions	21,522	18,144
	<u>420,757</u>	<u>337,876</u>

The key management personnel of the Charity are the Trustees and the Chief Executive Officer. The total employee benefits of the key management personnel were £65,382 (2014 - £63,433).

One employee received employee benefits in excess of £60,000 during the year (2014 – one).

9 STAFF NUMBERS

The average monthly head count was 12 staff (2014 - 10 staff). The average number of full-time equivalent employees during the year was:

	2015	2014
	No.	No.
Management	1	1
Technical	3	3
Administration	7	6
	<u>11</u>	<u>10</u>

10 TAXATION

All income of the charitable company falls within the exemptions afforded to charities by Section 505 of the Income and Corporation Taxes Act 1988.

11 INTANGIBLE FIXED ASSETS

Group and charity

	Trademark
	£
Cost and net book value	
At 1 January 2015 and at 31 December 2015	675
	<u>675</u>

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

12 TANGIBLE FIXED ASSETS

Group and charity

	Freehold property £	Computer equipment £	Fixtures & fittings £	Total £
Cost				
At 1 January 2015	768,904	33,942	4,840	807,686
Additions	-	147,415	-	147,415
Disposals	-	(14,970)	-	(14,970)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2015	768,904	166,387	4,840	940,131
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 January 2015	21,001	30,551	3,854	55,406
Charge for the year	7,689	848	196	8,733
Disposals	-	(14,970)	-	(14,970)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2015	28,690	16,429	4,050	49,169
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 December 2015	740,214	149,958	790	890,962
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2014	747,903	3,390	986	752,279
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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.

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

13 INVESTMENTS

Company

The wholly owned subsidiary, Arboricultural Association Trading Limited, is a company registered in the United Kingdom. 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 transferred to the Arboricultural Association.

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

The results of Arboricultural Association Trading Limited were:

	2015	2014
	£	£
Turnover	284,199	239,191
Cost of sales	(115,907)	(100,473)
Administrative expenses	(153,760)	(123,250)
Donation to the Arboricultural Association	(14,532)	(15,468)
	<u> </u>	<u> </u>
Retained profit for year	-	-
	<u> </u>	<u> </u>

At 31 December 2015, Arboricultural Association Trading Limited had the following assets and liabilities:

	2015	2014
	£	£
Debtors	56,357	87,820
Cash at bank and in hand	61,647	123,514
Creditors: Amounts due within one year	(113,094)	(206,424)
	<u> </u>	<u> </u>
	4,910	4,910
	<u> </u>	<u> </u>
Share capital	1	1
Reserves	4,909	4,909
	<u> </u>	<u> </u>
	4,910	4,910
	<u> </u>	<u> </u>

14 STOCKS

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Publications and other items for resale	7,000	8,172	7,000	8,172
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

15 DEBTORS

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	14,692	171,174	9,733	83,354
Other debtors and prepayments	42,731	17,071	42,731	17,071
Amounts owed from subsidiary	-	-	-	50,661
	<u>57,423</u>	<u>188,245</u>	<u>52,464</u>	<u>151,086</u>

16 CASH AND CASH EQUIVALENTS

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Cash at bank and in hand	190,557	287,799	128,910	164,285
	<u>190,557</u>	<u>287,799</u>	<u>128,910</u>	<u>164,285</u>

17 CREDITORS DUE WITHIN ONE YEAR

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	30,645	30,945	30,645	30,945
Trade creditors	68,446	40,302	46,003	31,757
Social security and other taxes	14,346	39,563	14,346	39,563
Amounts owed to subsidiary	-	-	51,398	-
Other creditors and accruals	90,017	67,132	87,517	64,632
Deferred income	135,047	240,859	46,896	96,141
	<u>338,501</u>	<u>418,801</u>	<u>276,805</u>	<u>263,038</u>

The bank loans are secured by a fixed charge over the property of the Arboricultural Association and are payable in monthly instalments.

Deferred income relates to membership subscriptions 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	
	2015	2014	2015	2014
	£	£	£	£
Balance at 1 January	240,859	154,589	96,141	26,597
Amount released in year	(240,859)	(154,589)	(96,141)	(26,597)
Amount deferred in year	135,047	240,859	46,896	96,141
	<u>135,047</u>	<u>240,859</u>	<u>46,896</u>	<u>96,141</u>
Balance at 31 December	135,047	240,859	46,896	96,141

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

18 CREDITORS DUE AFTER ONE YEAR

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Bank loans (due between 2 and 5 years)	124,080	123,779	124,080	123,779
Bank loans (due after 5 years)	40,083	67,581	40,083	67,581
	<u>164,163</u>	<u>191,360</u>	<u>164,163</u>	<u>191,360</u>

The bank loans are secured by a fixed charge over the property of the Arboricultural Association and are repayable in monthly instalments.

19 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 £1,189,543 (2014 - £1,114,206) was generated, and expenditure of £1,172,610 (2014 - £1,005,931) was incurred. At 31 December 2015 the unrestricted fund balance amounted to £637,873 (2014 - £620,940).

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 (2014 - £224), and grants of £nil (2014 - £2,500) were awarded. At 31 December 2015 the restricted fund balance amounted to £6,080 (2014 - £6,069).

20 ANALYSIS OF ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Intangible fixed assets	675	-	675
Tangible fixed assets	890,962	-	890,962
Current assets	248,900	6,080	254,980
Current liabilities	(338,501)	-	(338,501)
Non-current liabilities	(164,163)	-	(164,163)
	<u>637,873</u>	<u>6,080</u>	<u>643,953</u>

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

21 RELATED PARTY TRANSACTIONS

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

22 OPERATING LEASE COMMITMENTS

Group and charity

The total of future minimum lease payments is as follows:

	2014	2013
	£	£
Not later than one year	13,820	11,116
Later than one year and not later than five years	16,206	12,392
	<hr/>	<hr/>
	30,026	24,048
	<hr/> <hr/>	<hr/> <hr/>

The amount of operating lease payments recognised as an expense during the year was £11,604 (2014 - £2,986)

23 CONTROL

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

24 TRANSITION TO FRS 102

These are the group's first set of financial statements prepared under FRS 102. The group's date of transition was 1 January 2014. No adjustments are required to reflect the changes in accounting treatment between FRS 102 and previous UK GAAP.