

THE ARBORICULTURAL ASSOCIATION

(A company limited by guarantee)

**ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

For the Year Ended 31 December 2020



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

	Pages
CHARITY INFORMATION	1
TRUSTEES' ANNUAL REPORT (INCORPORATING THE DIRECTORS' REPORT)	2 - 9
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF THE ARBORICULTURAL ASSOCIATION	10 - 12
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)	13 - 14
CONSOLIDATED AND PARENT CHARITABLE COMPANY BALANCE SHEET	15
CONSOLIDATED STATEMENT OF CASHFLOWS	16
NOTES TO THE FINANCIAL STATEMENTS	17 - 30

**THE ARBORICULTURAL ASSOCIATION
CHARITY INFORMATION**

Company registration number

04070377

Charity registration number

1083845

Trustees and Directors

Michelle Ryan - Chair

Navin Semhi – Vice Chair

Paul Barton

Jaime Bray

Alastair Durkin

Ian Murat

Jenny Long

Keith Sacre

Mike Sankus

Alan Simson

Laurence Vine Chatterton – Co Opted Treasurer (resigned 15th June 2021)

Andrew Longland – Co Opted Treasurer (elected 15th June 2021)

Key Management

Stewart Wardrop – (CEO)

Hanif Bhula – (Finance Manager)

John Parker (Technical Director)

Registered Office

The Malthouse

Stroud Green

Standish

Stonehouse

GL10 3DL

Auditors

Hazlewoods LLP

Staverton Court

Staverton

Cheltenham

GL51 0UX

Bankers

Natwest Bank Plc

27 Market Place

Romsey

SO51 8ZH

Solicitors

HCR

Wellington Street

Cheltenham

GL50 1YD

**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 2020.

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:

Michelle Ryan - Chair
Navin Semhi – Vice Chair
Paul Barton
Jaime Bray
Alastair Durkin
Ian Murat
Jenny Long
Keith Sacre
Mike Sankus
Alan Simson
Laurence Vine Chatterton – Co Opted Treasurer (resigned 15th June 2021)
Andrew Longland – Co Opted Treasurer (elected 15th June 2021)

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. This includes setting the remuneration for the CEO position to ensure the Association can attract the necessary calibre of applicants for this position.

During 2020 the Trustees met 4 times (2019 – 5 times) on 27th February, 23rd June, 9th September (AGM) and 26th November.

The Trustees are responsible for the strategic direction of the Association. Potential new trustees are sought via the membership committee and branch structure of the Association in addition to the senior team's network of contacts.

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. 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 2020 seven updates were provided to all Trustees.

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

The Business Review Group (BRG) met throughout 2020 and continues to meet in 2021. The BRG purpose is primarily to oversee the financial and operational performance in addition to supporting the Chief Executive Officer. The BRG is made up of the Chair, Vice Chair, Past Chair and Treasurer.

At the AGM held on 9th September 2020 the members:

- Received the accounts of the Association for the preceding financial year to 31st December 2019;
- Received the report of the Board of Directors, September 2019 to September 2020;
- 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 2020 to 31st December 2020.

Volunteer resources: The Association relies heavily upon member volunteers to serve upon its committees, working groups and within its branch network. This resource considerably grows the impact, influence and range of association activities. Volunteers are not paid for attendance however travel expenses, via the published expenses policy, can be reclaimed.

Committees and Working Groups: 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 however the committee members elect the committee Chair.

In addition to the Committees, there are a number of Working Groups; currently there are four 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 (last updated in 2019) and 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.

Budget (Forecast)

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

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

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

- | | |
|-------------------------------------|----------------|
| • Financial, Governance and systems | • Careers |
| • Communication | • Publications |
| • Marketing and Promotion | • Schemes |
| • Membership | • Branches |
| • Training and Events | • 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:

AATL Directors - Chair and Vice Chair, as trustee representative plus the CEO and Finance Manager, as staff representatives.

Michelle Ryan – Chair
Navin Sehmi – Vice Chair
Hanif Bhula – Finance Manager
Stewart Wardrop - CEO

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. Regular updates, of performance against the key strategic directives, are given to members at the AGM, committee, working group and branch meetings. Updates are also provided via commentary on member facing social media and printed publications, primarily the Arb Magazine.

New strategic plans are developed and approved by the Trustees in conjunction with membership and staff. An updated or replacement strategic plan was due to be published before the end of 2020, however due to the Covid-19 crisis the Trustees agreed that 2021 would be a recovery year and that a new strategic plan would be agreed in the autumn of 2021 and briefed out to members at the AGM 2021. The new plan would cover 2022 to 2024 – another 3-year cycle.

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 HQ staff and external training provision 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.

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

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.

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. We received no complaints with regard to any of the associations activities that could be viewed or considered fundraising.

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 2020 included:

- Management of the Covid 19 impact upon all Association activities, which saw much of the associations activity either curtailed or cancelled.
- Revenue and cash flow management became the priority with cash position being measured and stated daily.
- All expense and costs were carefully controlled and managed; investment was made only when a clear opportunity arose or as a result of a statutory requirement.
- We strengthened our reserves by taking up £200,000 via the government business interruption loan scheme. This will begin repayment in autumn 2021 when the current mortgage will have been completed.
- We utilised the governments furlough scheme at various times and to various extents during the year however activity in administration levels dropped considerably resulting in two staff members being made redundant in October 2020.
- Both the Arb Show (May 2020) and conference (Sept 2020) were cancelled. The Arb Show was replaced with a virtual event which was well attended (over 19,000 visitors to the event).
- Our social media activity remained the key method of contact and engagement with our members and partners; the level of output and timely delivery helped keep the Association engaged with its membership and partners organisations.
- Membership numbers held up extremely well with 2020 numbers nearly matching the 2019 record levels.
- Both the approved contractor and registered consultant schemes performed extremely well with numbers reaching new record levels. Investment and support continued to be made into the QA process and potential applications in the Registered consultant scheme.
- Training activity, after a positive start in January and February, ceased in March and April with activity slowly recovering via the launching of online training. Despite reconfiguring HQ facilities to allow face to face training activities CV19 restrictions meant that it was only used sporadically. A focus therefore remained on the delivery of online training activity, something that has continued into 2021 with new content being developed.
- Through the use of digital webinar technology, we delivered a wide range of member focused activity, a successful part of this was the Wednesday webinar activity delivered by the Technical team. This gave not only national but increasingly international exposure for the association's activities.
- We produced and published regular member facing guidance; this was especially necessary in the early CV19 days as governmental messaging was not clear.
- We continued active participation within the "All Party Parliamentary Group on Horticulture and Gardening" (APPGHG) and the Ornamental Horticultural Roundtable Group (OHRG) and the Association continues to be represented on the steering group of the "Plant Health Alliance" and other DEFRA advisory panels.

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

Achievements and Performance (continued)

- The prior year investment into and introduction of “rolling” membership renewal undoubtedly helped with membership retention.
- We 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.

AA Research Grant

£695 donations were made to research in 2020 (2019 - £5,000).

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 £7,411 (2019 - £13,591).

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 operational activities.

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 deficit in 2020. Current forecasts show that, despite the current year deficit, the Association can, through careful management of its activities and resources, repay its debt and will over time increase its cash reserves.

Principal Operational Risks - 2020

Business activity in conjunction with the Association's Risk Register was reported upon at each Board and BRG meeting held during the year. The Key risk in 2020 was identified as:

- Effect of Covid upon operations, income generation, cash and association management.

Funding Sources

The key revenue streams of the Association are normally:

- 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 as at 31 December 2020:

Restricted income funds	£6,097	(2019 - £6,097)
Unrestricted income funds	£703,574	(2019 - £790,866)

The Association has a reserves policy which is reviewed by the Trustees annually and in 2020 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 due to 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, as at 31 December 2020 of £385,240 (2019 - £176,941).

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.

Impact of Covid 19 on Operations – Going Concern 2021

The impact of Covid 19 upon the Association has been significant. The following commentary summarises 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 CEO recommended to trustees that 2021 be a recovery year following the impact of Covid 19. As such cashflow management and budgetary control became the key business driver in 2020. Budgets, cashflow and forecasts were produced throughout the end of 2020 and shared with trustees and staff on a regular basis. It was agreed that a special trustee meeting would be convened in April 2021 where the latest forecast and budgets would be shared, along with an operational update. The meeting date was set in April so the effect of Covid 19 upon the Association's Q1/2021 activities could be more accurately measured.

The meeting, held virtually in April 2021, received a primarily positive set of messages namely:

Membership: we fully expect to exceed the record 2019 membership numbers by Q3/2021. Qualified grade membership is the primary growth area and is also the area with the lowest attrition rate.

Approved Contractor Schemes: we have a record number of members with a record number of applications; both amenity and utility sectors are growing rapidly. The scheme will need investment to ensure growth and future potential is delivered and maintained.

Registered Consultant Scheme: a new application process has been delivered and we are now actively promoting the scheme to prospective members. The Quality Assurance process is both industry and sector leading.

Training: we have seen a return to good levels of activity albeit primarily via on-line delivery. We do expect a slower return to traditional face to face delivery during 2021.

Publications: we have seen a significant, record level of publication activity in early 2021. This is based on the recent publication of two hardback fungi guides and four (soon to be five) technical guides. Whilst we will have enjoyed the peak of activity in Q1/21 we fully expect that publications will operate at or around historic levels for the remainder of 2021.

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

Arb Show: whilst the physical event has been cancelled for 2021, we have developed an expanded digital Arb Show for 2021. We expect this activity to be income generating, albeit at a relatively low level.

Conference: we are planning to hold our 2021 conference as a physical event at Loughborough University, although we do have contingency plans should Covid 19 impact upon the event and our budgets have been conservative to reflect this.

Events: A digital pay to access event "Fungi symposium" was very well attended generating income and further pay go access events are planned for 2021.

Marketing & Social Media: our activity and outputs continue to grow, both nationally and internationally; our website is gradually being updated and improved.

Staffing: Administrative workload has now returned, and the small residual amount of furlough was ceased as of the end of May 2021; with the forecast looking suitably optimistic we are looking to recruit two apprentices in 2021; we will utilise the government's fiscal incentive scheme where appropriate. Following planned retirement, the Association has appointed a new CEO, who starts in the role from July 2021; further investment in staffing will be required as the Association continues its recovery and growth.

Outlook: The Association's activities are continuing to grow or are clearly showing signs of an early return to normal levels of activity. Cashflow and forecasts at the start of 2021 indicated a small loss for 2021, however revised forecasts produced in March 2021 now indicate that, subject to no further adverse effect from Covid 19, The Association should deliver a surplus for the year ending 31 December 2021.

The current mortgage will be fully repaid as of August 2021, resulting in The Association being mortgage free. The Association holds £200,000 funding from the governments' Coronavirus Business Interruption Loan Scheme, which is held to provide cash reserves going forward.

Having now managed the initial challenges associated with the Covid 19 crisis The Association has been addressing the strategic plan which will be required for 2022 and beyond, with the formation of the Association's strategic plan for the period 2022 to 2024 during Q2 of 2021. Given the degree of uncertainty regarding the level of UK economic activity the plans 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's activities to ensure its fiscal resilience whilst describing the actions required under each. 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 24.06.2021



M Ryan – Chair of Trustees

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 2020 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 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 2020, 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 group 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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, based on the work undertaken in the course of the audit:

- The information given in the Trustees' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The directors' report included within 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 directors' report included within 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:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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' exemptions in preparing the Trustees' Report and 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 (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, 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 charity'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 the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company financial statements or that had a fundamental effect on the operations of the company. We determined that the most significant laws and regulations included UK GAAP, UK Companies Act 2006 and The Charities Act 2011;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included challenging assumptions and judgments made by management in its significant accounting estimates and identifying and testing journal entries, in particular any journal entries posted with unusual characteristics.

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

Use of our report

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

.....
29/06/2021
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 2020**

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
INCOME					
Income from charitable activities:					
Subscriptions		450,614	-	450,614	437,368
Other charitable activities	5	284,354	-	284,354	675,280
		<u>734,968</u>	<u>-</u>	<u>734,968</u>	<u>1,112,648</u>
Income from trading activities:					
Consultants and contractors		285,502	-	285,502	318,825
Advertising		17,515	-	17,515	29,027
		<u>303,017</u>	<u>-</u>	<u>303,017</u>	<u>347,852</u>
Income from investments:					
Interest received		222	-	222	419
TOTAL INCOME		<u>1,038,207</u>	<u>-</u>	<u>1,038,207</u>	<u>1,460,919</u>
EXPENDITURE					
Cost of raising funds:					
Fundraising trading		177,565	-	177,565	253,350
Expenditure on charitable activities:					
Charitable activities		947,758	-	947,758	1,164,431
TOTAL EXPENDITURE	6	<u>1,125,323</u>	<u>-</u>	<u>1,125,323</u>	<u>1,417,781</u>
NET MOVEMENT IN FUNDS					
Total funds brought forward		790,866	6,097	796,963	753,824
TOTAL FUNDS CARRIED FORWARD		<u>703,750</u>	<u>6,097</u>	<u>709,847</u>	<u>796,962</u>

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

The notes on pages 17 - 30 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 2020**

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
INCOME				
Income from charitable activities:				
Subscriptions	437,368	-	437,368	407,684
Other charitable activities	675,280	-	675,280	648,894
	1,112,648	-	1,112,648	1,056,578
Income from trading activities:				
Consultants and contractors	318,825	-	318,825	292,109
Advertising	29,027	-	29,027	7,913
	347,852	-	347,852	300,022
Income from investments:				
Interest received	408	11	419	39
TOTAL INCOME	1,460,908	11	1,460,919	1,356,639
EXPENDITURE				
Cost of raising funds:				
Fundraising trading	253,350	-	253,350	242,167
Expenditure on charitable activities:				
Charitable activities	1,164,431	-	1,164,431	1,069,998
TOTAL EXPENDITURE	1,417,781	-	1,417,781	1,312,165
NET MOVEMENT IN FUNDS	43,127	11	43,138	44,474
Total funds brought forward	747,738	6,086	753,824	709,350
TOTAL FUNDS CARRIED FORWARD	790,865	6,097	796,962	753,824

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

The notes on pages 17 - 30 form part of these financial statements.

**THE ARBORICULTURAL ASSOCIATION
CONSOLIDATED AND PARENT CHARITABLE COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020**

		Group		Charity	
	Note	2020 £	2019 (restated) £	2020 £	2019 (restated) £
Fixed assets					
Intangible assets	11	91,970	127,344	91,970	127,344
Tangible assets	12	682,735	700,724	682,735	700,724
Investments	13	-	-	1	1
		<u>774,705</u>	<u>828,068</u>	<u>774,706</u>	<u>828,069</u>
Current assets					
Stock	14	18,356	26,214	18,356	26,214
Debtors	15	103,144	136,929	92,079	185,272
Cash and cash equivalents		385,240	176,941	371,292	103,036
		<u>506,740</u>	<u>340,084</u>	<u>481,727</u>	<u>314,522</u>
Current liabilities					
Creditors due within one year	16	(388,265)	(349,146)	(368,162)	(328,494)
Net current assets /(liabilities)		<u>118,475</u>	<u>(9,062)</u>	<u>113,565</u>	<u>(13,972)</u>
Total assets less current liabilities		<u>893,180</u>	<u>819,006</u>	<u>888,271</u>	<u>814,097</u>
Non-current liabilities					
Creditors due after one year	16	(183,333)	(22,043)	(183,333)	(22,043)
Net assets		<u>709,847</u>	<u>796,963</u>	<u>704,938</u>	<u>792,054</u>
Funds of the group					
Charity restricted income funds	19	6,097	6,097	6,097	6,097
Charity unrestricted income funds	19	698,841	785,957	698,841	785,957
Non-charitable reserves	13	4,909	4,909	-	-
Total funds		<u>709,847</u>	<u>796,963</u>	<u>704,938</u>	<u>792,054</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 24.06.2021 and signed on its behalf by:



M Ryan (Chair)

The notes on pages 17 - 30 form part of these financial statements.

**THE ARBORICULTURAL ASSOCIATION
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	Total funds 2020 £	Total funds 2019 £
Cash flows from operating activities			
Net movement in funds		(87,116)	43,139
Finance income		(222)	(419)
Finance costs		4,831	6,684
Depreciation, amortisation and impairment	11, 12	51,860	40,044
Profit/loss on sale of fixed assets		1,503	604
		(29,144)	90,052
Decrease / (increase) in stocks		7,858	(5,580)
Decrease / (increase) in debtors		33,785	(17,526)
Increase in creditors		42,997	6,502
Net cash provided by operating activities		55,496	73,448
Cash flows from investing activities			
Interest received		222	419
Purchase of Intangible assets		-	(10,678)
Purchase of tangible fixed assets		-	(33,508)
Net cash used in investing activities		222	(43,767)
Cash flows from financing activities			
Interest paid		(4,831)	(6,684)
Draw down of borrowings		200,000	-
Repayment of borrowings		(42,588)	(40,747)
Net cash used in financing activities		152,581	(47,431)
Change in cash and cash equivalents in the year		208,299	(17,750)
Cash and cash equivalents at 1 January		176,941	194,691
Cash and cash equivalents at 31 December		385,240	176,941

See Note 24 for Analysis of Changes in Net Debt

The notes on pages 17 - 30 form part of these financial statements.

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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', the Charities SORP (FRS 102) (effective 1 January 2019), 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.

Prior period restatement

The comparative balances for intangible fixed assets and tangible fixed assets have been restated to recognise software as an intangible asset separately from computer costs. This has had no impact on the results for the prior period nor the brought forward net funds.

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 and consider that there are no material uncertainties. 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.

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.

2 ACCOUNTING POLICIES (continued)

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

Trademark, intellectual property and technical guides are initially recorded at cost. They are not depreciated as any amortisation is considered immaterial.

Software costs are initially recorded at cost and are written off over their estimated useful life. Software costs are amortised on cost at 12.5% on a straight line basis.

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% 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.

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.

2 ACCOUNTING POLICIES (continued)

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 2020**

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 deficit for the financial year was £87,116 (2020 – surplus of £43,138).

5 OTHER CHARITABLE ACTIVITIES

	2020	2019
	£	£
Publications	72,508	61,958
Conference	-	167,540
Workshops and seminars	92,178	246,995
Trade fair	-	127,197
Other income	56,467	71,590
Coronavirus Job Retention Scheme grant	63,201	-
	<u>284,354</u>	<u>675,280</u>

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5 OTHER CHARITABLE ACTIVITIES (continued)

Coronavirus Job Retention Scheme grant

The Coronavirus Job Retention Scheme is a government grant relating to a wage subsidiary programme introduced in the United Kingdom in response to the COVID-19 pandemic. The group and charitable company were entitled to the wage subsidy because it had reduced operations in the United Kingdom as a result of the pandemic. The accounting policy adopted is set out in Note 2 to the financial statements; the grant was recognised in the Statement of Financial Activity and the related wages and salaries for furloughed employees were recognised in administrative expenses.

6 TOTAL EXPENDITURE

	Direct costs £	Staff costs £	Support costs* £	Total 2020 £	Total 2019 £
Costs of raising funds					
Consultants and contractors	80,198	67,493	29,874	177,565	253,350
Expenditure on charitable activities					
Subscriptions	12,484	29,119	12,889	54,492	56,192
Publications	80,561	16,366	7,244	104,171	65,587
Conference	5,113	52,887	23,410	81,410	169,397
Workshops and seminars	44,655	50,424	22,318	117,397	196,616
Trade fair	8,105	39,135	17,322	64,562	132,466
Advertising and publicity	-	7,846	3,473	11,319	10,572
Promotion	26,253	39,968	17,691	83,912	72,340
Technical support	1,905	39,079	17,298	58,282	62,671
Meeting costs	14,091	26,761	11,845	52,697	68,201
Grant making	1,481	-	-	1,481	13,794
Newsletter / journal	62,452	20,877	9,241	92,570	99,006
Branch expenditure	-	19,560	8,658	28,218	22,833
Political expenditure	7,411	20,748	9,184	37,343	41,704
Audit fees	10,150	-	-	10,150	10,150
Finance and accounts	-	74,904	33,155	108,059	106,406
Committees and governance	-	26,066	11,538	37,604	31,138
Legal and professional fees	4,091	-	-	4,091	5,358
	278,752	463,740	205,266	947,758	1,164,431
Total 2020	358,950	531,233	235,140	1,125,323	1,417,781
Total 2019	714,618	482,334	220,829	1,417,781	

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6 TOTAL EXPENDITURE (continued)

* Support costs of £235,140 (2019 - £220,829) include:

	2020 £	2019 £
Depreciation / amortisation	41,182	40,044
Impairment of intangible assets	10,678	-
Loss on disposal of fixed assets	1,504	605
Premises costs	13,158	16,316
Vehicle expenses	17,561	20,931
Other staff costs	11,542	14,666
Office running costs	128,581	102,993
Finance costs	16,121	21,160
Subscriptions and representation	5,491	4,115

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

7 TRANSACTIONS WITH TRUSTEES

No Trustee received any remuneration from the Association during the year (2019 - £nil).

Travel expenses totalling £3,990 (2019 - £9,933) were reimbursed to five (2019 - eight) Trustees during the year. At the year end £nil (2019 - £83) was outstanding and owed to Trustees.

8 STAFF COSTS

	2020 £	2019 £
Salaries and wages	451,011	410,984
Social security	40,591	42,487
Pension contributions	28,838	26,513
Redundancy costs	3,893	-
	<u>524,333</u>	<u>479,984</u>

The key management personnel of the Charity are the Trustees, the Chief Executive Officer, The Technical Director and the Finance Manager. The total employee benefits of the key management personnel were £205,360 (2019 - £200,593).

1 employee received employee benefits in excess of £60,000 during the year (2019 - one).

9 STAFF NUMBERS

The average monthly head count was 15 staff (2019 - 14 staff).

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 charity's trading subsidiary.

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11 INTANGIBLE FIXED ASSETS

Group and Charity

	Trademark	Intellectual Property	Software	Total
Cost	£	£	£	£
At 1 January 2020 (restated)	3,112	11,678	191,267	206,057
Disposals	-	-	(2,100)	(2,100)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	3,112	11,678	189,167	203,957
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2020	-	-	78,713	78,713
Charge for the year	-	-	23,909	23,909
Impairment	-	10,768	-	10,678
Eliminated on disposals	-	-	(1,313)	(1,313)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	-	10,678	101,309	111,987
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2020	3,112	1,000	87,858	91,970
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019 (restated)	3,112	11,678	112,554	127,344
	<hr/>	<hr/>	<hr/>	<hr/>

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12 TANGIBLE FIXED ASSETS

Group and Charity

	Freehold property £	Computer equipment £	Fixtures & fittings £	Total £
Cost				
At 1 January 2020 (restated)	738,869	19,821	47,125	805,815
Additions	-	-	-	-
Disposals	-	(13,075)	(33,243)	(46,318)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	738,869	6,746	13,882	759,497
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2020 (restated)	56,997	14,775	33,319	105,091
Charge for the year	7,389	1,813	8,071	17,273
Eliminated on disposals	-	(12,695)	(32,907)	(45,602)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	64,386	3,893	8,483	76,762
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2020	674,483	2,853	5,399	682,735
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2019 (restated)	681,872	5,046	13,806	700,724
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 2020**

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:

	2020	2019
	£	£
Turnover	285,502	318,825
Cost of sales	(80,198)	(138,905)
Administrative expenses	(97,367)	(114,445)
	<u>107,937</u>	<u>65,475</u>
Retained profit for year	<u>107,937</u>	<u>65,475</u>

A Gift Aid Donation of £107,937 has been paid in respect of the 2020 retained profit post year end Gift Aid donations are recognised as distributions and presented in the Statement of Changes in Equity.

At 31 December 2020, Arboricultural Association Trading Limited had the following assets and liabilities:

	2020	2019
	£	£
Debtors	28,453	13,138
Cash at bank and in hand	13,948	73,905
Creditors: Amounts due within one year	(37,491)	(82,133)
	<u>4,910</u>	<u>4,910</u>
Share capital	1	1
Reserves	4,909	4,909
	<u>4,910</u>	<u>4,910</u>

14 STOCKS

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Publications and other items for resale	18,356	26,214	18,356	26,214
	<u>18,356</u>	<u>26,214</u>	<u>18,356</u>	<u>26,214</u>

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15 DEBTORS

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	53,308	57,793	24,855	44,655
Other debtors and prepayments	49,836	79,136	49,836	79,136
Amounts owed from subsidiary	-	-	17,388	61,481
	<u>103,144</u>	<u>136,929</u>	<u>92,079</u>	<u>185,272</u>

16 CREDITORS

Creditors due within one year		Group		Charity	
	Note	2020	2019	2020	2019
		£	£	£	£
Bank loans	17	38,705	42,583	38,705	42,583
Trade creditors		49,843	60,994	48,690	54,805
Social security and other taxes		56,396	22,945	56,396	22,945
Other creditors and accruals		69,524	57,099	68,024	55,599
Deferred income		173,797	165,525	156,347	152,562
		<u>388,265</u>	<u>349,146</u>	<u>368,162</u>	<u>328,494</u>

Creditors due after one year		Group		Charity	
	Note	2020	2019	2020	2019
		£	£	£	£
Bank loans	17	183,333	22,043	183,333	22,043
		<u>183,333</u>	<u>22,043</u>	<u>183,333</u>	<u>22,043</u>

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	
	2020	2019	2020	2019
	£	£	£	£
Balance at 1 January	165,525	175,019	152,562	158,679
Amount released in year	(165,525)	(175,019)	(152,562)	(158,679)
Amount deferred in year	173,797	165,525	156,347	152,562
Balance at 31 December	<u>173,797</u>	<u>165,525</u>	<u>156,347</u>	<u>152,562</u>

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17 LOANS AND BORROWINGS

Creditors due within one year	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	38,705	42,583	38,705	42,583

Creditors due after one year	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	183,333	22,043	183,333	22,043

The bank loans include a loan 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. Bank loans also include a loan drawn down in the year under the Coronavirus Business Interruption Loan Scheme. The loan is repayable by instalments over six years, with £23,333 (2019 - £nil) repayable by instalments after more than five years. The CBILS loan incurs interest after 12 months at 3.24% and is secured over the assets of the Charity.

18 DEFINED CONTRIBUTION PENSION SCHEME

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £28,838 (2019 - £26,513). Contributions totalling £3,302 (2019 - £3,346) were payable to the scheme at the end of the year and are included in creditors.

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 £1,038,207 (2019 - £1,460,908) was generated, and expenditure of £1,125,323 (2019 - £1,417,781) was incurred. As at 31 December 2020 the unrestricted fund balance amounted to £703,750 (2019 - £790,866).

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 £nil (2019 - £11), and grants of £nil (2019 - £nil) were awarded. As at 31 December 2020 the restricted fund balance amounted to £6,097 (2019 - £6,097).

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19 ANALYSIS OF ASSETS BETWEEN FUNDS

2020	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Intangible fixed assets	91,970	-	91,970
Tangible fixed assets	682,735	-	682,735
Current assets	500,643	6,097	506,740
Current liabilities	(388,265)	-	(388,265)
Non-current liabilities	(183,333)	-	(183,333)
	<u>703,750</u>	<u>6,097</u>	<u>709,847</u>
	<u><u>703,750</u></u>	<u><u>6,097</u></u>	<u><u>709,847</u></u>
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>

20 OPERATING LEASE COMMITMENTS

Group and charity

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	4,468	14,626
Later than one year and not later than five years	917	5,734
	<u>5,385</u>	<u>20,360</u>
	<u><u>5,385</u></u>	<u><u>20,360</u></u>

The amount of operating lease payments recognised as an expense during the year was £13,564 (2019 - £16,876).

The total of future minimum lease receivable is as follows:

	2020	2019
	£	£
Not later than one year	6,815	15,650
Later than one year and not later than five years	4,083	6,815
	<u>10,898</u>	<u>22,465</u>
	<u><u>10,898</u></u>	<u><u>22,465</u></u>

**THE ARBORICULTURAL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

21 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.

22 CONTROL

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

23 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2020 £	Cash flows £	Other non cash changes £	At 31 December 2020 £
Analysis of changes in net debt				
Cash and cash equivalents				
Cash	176,941	208,299	-	385,240
	176,941	208,299	-	385,240
Borrowings				
Due within 1 year	(42,583)	(157,412)	161,290	(38,705)
Due after 1 year	(22,043)	-	(161,290)	(183,333)
	(64,626)	(157,412)	-	(222,038)
Total net debt	112,315	50,887	-	163,202