

Charity Registration No. 1032154

Company Registration No. 02874642



TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

TREES FOR CITIES (A COMPANY LIMITED BY GUARANTEE)

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	I Bardswell (appointed 19 April 2022) J Capon (Chair) S Gray A MacGillivray B Miller J Thrift D Woodbine S Workman
Chief Executive	K Sheldon (appointed 1 February 2023) D Elliot (resigned 31 January 2023)
Charity number	1032154 (England and Wales)
Company number	02874642 (United Kingdom)
Principal address and Registered office	Prince Consort Lodge Kennington Park Place London SE11 4AS
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane London EC1Y 0TL
Bankers	The Co-operative Bank p.l.c. (main day to day bankers) P.O. Box 101 1 Balloon Street Manchester M60 4EP

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TREES FOR CITIES

TRUSTEES REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Trustees are pleased to present their report and accounts for the year ended 31 March 2023.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102

Our Mission

'To improve people's lives by planting trees in towns and cities'

We are the only UK charity working at a national and international scale to improve lives by planting trees in cities. We get stuck in with local communities to cultivate lasting change in their neighbourhoods – whether it's revitalizing forgotten spaces, creating healthier environments or getting people excited about growing, foraging and eating healthy food.

Objectives and Activities (including Achievements and Performance)

Our organisational goal is to create healthy, accessible, functional and resilient urban forests created for today and future generations.

Trees for Cities wants to enable and inspire a new generation of individuals and communities who are both resourced and motivated to plant, protect and promote urban trees. We do this by working closely with landowners, partners and funders to deliver transformational change in towns and cities – inspiring the next generation by greening schools, sharing ideas and knowledge and running inclusive community tree planting events across the UK.

Our objects, as set out in our governing document are:

"The Charity is established to advance the education of the public in the appreciation of trees and nature, particularly with regard to their social and environmental value by the planting, protection and promotion of trees and green spaces everywhere and in particular in towns and cities."

The public benefits that shape our annual activities continue to be environmental protection and improvement, education, and health.

In shaping our objectives for the year and planning our activities, the trustees have given consideration to the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

What we achieved in 2022-23:

- Planted 213,499 urban trees comprising:
 - 30,311 trees in London across 14 woodland, estate and park projects.
 - 182,344 trees, across 33 towns and cities across the UK, including in a number of 'forgotten places' enabled by Defra's Green Recovery Challenge Fund and the Forestry Commission's Urban Tree Challenge Fund programme.
 - 844 fruit trees in Nairobi, Kenya.
- In schools, we worked on 61 projects, carrying out build (30 projects) and/or engagement activities in Healthy Playgrounds, Edible Playgrounds, Planting Healthy Air, Trees for Schools, and Sustainable Drainage System (SuDS) projects. These were carried out in Bradford, Cardiff, Leicester and London.

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- Grew the Trees for Streets programme, increasing the number of Councils using the platform to 16. Growth was assisted by a grant from the Mayor of London. In total almost 1,600 trees were sponsored, including 822 through the Mayor of London grant.
- We engaged 8,716 people in London and the UK through our urban forests programme. We also engaged 24,558 pupils and 2,220 staff members in schools.

Plans for future periods

A selection of plans for 2023-24 include:

- Plant at least 153,000 urban trees comprising:
 - at least 30,000 trees across 15 community projects in London including estate greening projects, park projects and woodland creation projects.
 - at least 123,000 trees in 20 towns and cities across the UK comprising a planting mix of whips, standards and fruit trees. Further develop and expand the Coastal Urban Forest programme into towns and cities around the UK and secure a major national multi-year grant, building on the legacy of assets developed through the Green Recovery Challenge Fund.
- Develop, design and deliver at least 35 schools projects in 5 cities across the UK (London, Cardiff, Glasgow, Bradford, Portsmouth), comprising a mix of Healthy Playgrounds, Edible Playgrounds, Planting Healthy Air, Trees for Schools, and Sustainable Drainage System (SuDS) projects.
- Continue to on board new Councils for Trees for Streets to secure partnerships with 34 local authorities by the end of the year (18 new) to plant circa 2,875 street trees. Complete the delivery of the Mayor of London programme.

Financial Review

The Statement of financial activities (SoFA), Balance sheet and Statement of cash flows have been prepared in accordance with the Charities SORP FRS 102.

Trees for Cities has had a very successful year, delivering the largest income in our history and exceeding an ambitious planned budget. We have seen growth across all but one of our programmes, with the most substantial increases relating to our UK programme, which has been largely enabled by a multi year grant from Defra via the Green Recovery Challenge Fund administered by the National Lottery Heritage Fund for our Forgotten Places programme, the Urban Tree Challenge Fund and other large supporters such as the Queen's Green Canopy and Golden Acre Foods. In addition, the Trees for Streets programme continued to grow, more than doubling in size during the year.

Trees for Cities saw an increase in our total income of £2,732,916 (70%) to £6,648,035 (2021-22: £3,915,119). Due to the nature of some of our partnerships, differences arise between when income is recognised in the accounts and when those funds are spent, which can create a surplus or deficit in a given year. In 2021-22, we drew down on designated funds relating to our Schools Programme (£448,211), but we also received income in advance for our Trees for Streets and carbon offsetting programmes that we designated to use in future years (£162,246). In 2022-23, we received substantial amounts of restricted funding in advance, totalling £486,862, and reduced our designated funds slightly as these were drawn down. Therefore, whilst levels of activity increased in the year, they did not do so to the same extent as income.

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Donations increased in the year by £411,612 to £1,035,601 (2021-22: £623,989). This is split into individual donations, corporate donations and core grants. Individual donations reduced from £302,874 in 2021-22 to £203,404, a decrease of £99,470. This was mainly due to a large in memory donation and other one off donations in 2021-22 not being replicated in 2022-23, although the success of our Big Give campaigns, were replicated. We also saw increases of £497,136 in corporate donations, with two organisations donating restricted funds of £200,000 each, which related to schools projects, and other new corporate partners donating money to us.

Income for our **charitable activities** increased by £2,313,540 to £5,580,539 in year (2021-22: 3,266,999), with increases in almost every programme. The biggest increase in funding (£1,198,881) was in our **UK urban forest** work, mainly due to multi-year grant funding from DEFRA's Green Recovery Challenge Fund administered by the National Lottery Heritage Fund's and the Forestry Commission's Urban Tree Challenge Fund. **London urban forests**, increased by £273,946 to £905,266 (2021-22 £631,320), with increases across all types of income. **International urban forests** was unable to secure significant new grants in year, but we received corporate funding to enable us to carry out some work, resulting in a reduction from £95,020 in 2021-22 to £76,820 in 2022-23.

Trees for Streets, an online community street tree funding platform, continued to grow in the year, with income of £613,101 (2021-22 £268,334). We received grants from the Green Recovery Challenge Fund (£169,566) and the Mayor's Tree Programme (£240,024) and fees from sixteen councils (£147,930). We spent £722,031 in 2022-23 (2021-22: £324,171), using up designated funds from 2021-22.

In our **Trees for Schools** programme, income recognised in the year increased by £429,263 to £1,048,914 (2021-22: £619,651). Part of the reason for this is that designated funds (£448,211) were used up in 2021-22, which were included in income in 2020-21. Increased funding was also allocated to schools projects from restricted corporate donations (£401,481) (2021-22: £43,000).

Other trading activities have changed only slightly, increasing from £14,453 to £19,458.

Expenditure increased in year to £6,212,016 (2021-22: £4,041,686). This was driven mainly by increases in the UK Urban Forest programme, the Trees for Streets programme, charity wide increases to costs due to the increased size of the charity and inflation. The charity spent £458,814 on raising the charity's total income of £6,648,035. Therefore, for every £1 spent on fundraising, over £14 of revenues were generated.

Fundraising costs increased by £109,075 to £458,815 (2021-22: £349,740). This was mainly a result of investment in the individual giving team in order to boost future individual giving income, as set out in our individual giving strategic plan.

For Urban Forests in London, costs increased by £180,085 to £918,124 (2021-22 £738,039), due to three additional projects being delivered. For the UK programme, costs increased by £1,433,659 to £2,533,291 (2021-22: £1,099,632), this was largely driven by an increase of £731,930 in pass through of grant funds relating to the Green Recovery Challenge Fund and Urban Tree Challenge Fund. The remaining increases relate to increased internal and external costs relating to more internally delivered projects, as well as increased staff costs due to the expansion of the programme. The International programme expenditure reduced in year from £116,611 to £64,942, as we were unable to carry out as many grant funded activities in the year compared to 2021-22.

The Trees for Schools programme increased expenditure by £100,543, spending £1,514,036 (2021-22: £1,413,493). There has been a shift towards more external delivery of projects, reflected in reduced staff costs and increased contractor costs. Increases in costs are largely driven by increased overheads and inflation.

Support costs, as detailed in note 6a, increased by £76,540 to £346,136 (2021-22: £269,596) This was largely driven by increases in HR and IT costs as a result of organisation growth, to ensure delivery continues to be well supported, plus increases in organisation-wide events as COVID restrictions were fully lifted.

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Investment policy

Trees for Cities may invest funds at the discretion of the board (as per the Memorandum and Articles of Association). The trustees review the charity's cash levels and investment opportunities on an ongoing basis.

The investment objective for short-term investments (funds accessible within 12 months) is to allow funds to be readily available, and with the minimum risk.

In line with this objective, cash is held in bank accounts that allow instant access. During the year funds were held with The Co-operative Bank and CAF Bank. Cash was also held with Triodos Bank under a 33-day notice period, Shawbrook bank under a 60-day notice period, and with Shawbrook Bank and Triodos Bank under a 12 month fixed term. A new account was set up with the platform Flagstone, which enables organisations to place deposits on fixed and variable terms with a number of banks, without having to set up accounts with each bank individually. Funds were placed on deposit with six different banks with terms of up to 12 months.

Should the trustees consider that cash reserves sufficiently exceed the level required to finance the charity's forthcoming activities in a sustainable way, funds may be invested on a longer-term basis to generate further cash for the charity.

The investment objective for long-term investments (funds not accessible within 12 months) will be to generate a return in excess of inflation over the long-term, and to minimise risk by spreading investments across more than one asset class.

The trustees have set ethical criteria for long-term investments, primarily that Trees for Cities will not invest in companies whose actions run counter to the charity's own charitable objectives.

We hold a discretionary investment portfolio of 100% government backed bonds with Quilter Cheviot Limited Jersey, with a value of £339,463 at 31 March 2023. This investment is very low risk and the cash can be withdrawn with a few days notice.

Our investment risk appetite was reviewed by the trustees in 2022-23, as our bond investments were yielding insufficient funds to maintain real value, in light of the current high inflation environment. The trustees approved an increase in our risk appetite, and approved amounts to be invested over a period of at least five years, which should deliver capital growth even if some short term volatility is experienced. After a review of the market, taking into account risk and liquidity needs, the trustees authorised investing in a medium risk fund with Sarasin Investment Funds Limited from April 2023. Deposits with Quilter Cheviot Limited Jersey will be drawn down as they mature.

Reserves policy and going concern

Plans for 2023-24 and beyond anticipate further growth for Trees for Cities. We were able to secure over 50% of our planned income for 2023-24 by the end of August 2023 and expect to secure the balance over the remaining seven month period. Our current forecasts predict a surplus of unrestricted funds at the end of the year. We plan to hold reserves in the region of the ideal amount of £1,370,000 through the year and we will continue to monitor our financial performance and future reserves position.

Accordingly, we consider that the Charity has adequate resources to continue in operational existence for the foreseeable future and we believe that we continue to be a going concern.

Trees for Cities holds unrestricted reserves in order to:

- mitigate against unexpected reductions in income
- provide working capital
- allow for operational deficits when future planning
- assist with cash flow

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- purchase capital items
- allow for possible future expansion.

Our reserves policy is to hold no less than the cost of winding up the organisation in regards to meeting financial obligations such as redundancy, rent and contract payments.

The maximum level of unrestricted reserves that the organisation will hold will be the equivalent cost of six months of core operating expenditure (e.g. salaries, rent, contracts) plus the cost of winding up the organisation.

The planned level of unrestricted reserves that the organisation will hold will be the equivalent to the cost of three months of core operating expenditure (e.g. salaries, rent, contracts) plus the cost of winding up the organisation.

If the unrestricted reserves exceed the maximum level, the management team will put in place a plan to spend down the additional amount unless such an amount has been ring-fenced for future investment or expansion.

The amounts for 2023-24 of the above-mentioned reserve levels are:

- Minimum: £710,000
- Ideal: £1,370,000
- Maximum: £2,040,000

The management team and Trustees will monitor the unrestricted reserve level at quarterly intervals to ensure that it does not fall below the minimum level.

The amounts for each level will be recalculated at the start of each financial year.

The trustees' policy, after assessing the above requirements and calculating the costs of winding up, is to hold general unrestricted reserves of between £710,000 and £2,040,000. As at the end of 2022-23 unrestricted free reserves held by the charity were £1,207,370.

A designated fund of £128,511 has been set aside by the Trustees for verification and ongoing checks for our offsetting programme, funded by the fee paid by corporates for their offsetting. This will be spent over the first five years after the trees are planted.

At the end of 2022-23 total funds held by the charity were £1,837,890 (2021-22: £1,412,512). This consisted of restricted funds of £486,862 (2021-22: £203,488), designated funds of £128,511 (2021-22: £162,246) and general unrestricted funds of £1,222,517 (2021-22: £1,046,778). The charity's unrestricted free reserves were £1,207,370 (2021-22: £1,031,367). The difference between the unrestricted funds and the free reserves is due to our tangible assets which total £15,147 (2021-22: £15,411).

The Trustees are responsible for authorising the application of the charity's reserves. At all times they will have regard to restrictions placed on the application of these reserves and are responsible for ensuring that they are applied in accordance with the stated restrictions.

Principal risks and uncertainties

The trustees and senior management team identify and agree the key risks facing the charity at the start of each financial year and these are entered onto a risk register. Each risk is assessed according to its likelihood and potential impact, and appropriate actions and procedures are agreed.

At each board meeting the trustees review the risk register and agree future actions. Should any additional key risks be identified, the trustees will agree how they should be managed and if appropriate will be added to the risk register.

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Current principal risks in the risk register, once impact and likelihood have been considered, are as follows:

Risk	Mitigation
External Change of government or leadership of existing government	Maintain regular contact and strong relationships with government departments and officials. Maintain diverse funding portfolio
Financial Inappropriate use or loss of funds Loss of key donors	Ensure ongoing review of financial procedures and controls to ensure they meet the charity's needs Maintain a diverse funding base, build surpluses into budgets, avoid over-reliance on a single funder
Operational Loss of staff, particularly of key individuals Damage (and financial liability) to past projects due to weather, vandalism, lack of maintenance etc. Insufficient sites available to deliver projects Charity grows too quickly	Encourage sharing of information across the organisation, create succession plans for managers, review salary and benefits policy on a regular basis. Ensure reserves include sufficient funds to cover potential losses, ensure tree replacements requirements are clearly stipulated with partners for UK projects, monitor projects to pick up losses early, use climate resilient species where possible Broaden partnerships with landowners and local authorities and develop multi year arrangements. Regularly review structure, plans, resourcing and project delivery. Maintain open communications with funders

Fundraising

Trees for Cities' aim is to raise funds in a respectful way that is consistent with our values. The charity is a member of the Institute of Fundraising, and is registered with the Fundraising Regulator. In all of our fundraising we work diligently to comply with the Code of Fundraising Practice and to uphold the standards it promotes. We have received no complaints in the year.

Trees for Cities has a safeguarding policy in place which commits the charity to ensuring that all children and adults who use our services are not abused and that working practices minimise the risk of abuse. All Trees for Cities staff and volunteers have a duty to identify abuse and report it. All staff are given annual training on our safeguarding procedures by our safeguarding officer.

Trees for Cities does not contract out or outsource fundraising activities to third parties – all fundraising is undertaken in-house. Where a member of the public raises funds for the charity through a self-arranged event, Trees for Cities will ensure that any messaging and materials used are in line with organisational standards.

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Structure, governance and management

The charity was constituted as a company limited by guarantee, set up on 24 November 1993, and is governed by its Memorandum and Articles of Association.

In the year Trees for Cities continued the Trees for Streets programme jointly with Start With Local, a social enterprise that is a design led delivery agency working to help communities to thrive. We will continue to review the working arrangements for this programme as it evolves.

The board of trustees administers the charity. The trustees are directors for the purpose of company law. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 9 to the accounts.

The board of trustees may use sub committees to consider some areas in more detail. The board remains the decision maker and considers all areas as recommended by the Charities Commission. Trees for Cities operates a finance sub-committee, chaired by the treasurer which reviews and makes recommendations to the board of trustees in relation to annual budgets, salaries, cash, investments, reserves, accounting policies and controls.

The Chief Executive is appointed by the trustees to manage the day to day running of the charity and delegates as necessary to the senior management team. The board of trustees are responsible for governance, and assist with strategy and policy.

The Chair of the board of trustees is appointed by the trustees.

The charity's trustees are:

I Bardswell (appointed 19 April 2022)
J Capon (Chair)
S Gray
A MacGillivray
B Miller
J Thrift
D Woodbine (Treasurer)
S Workman

A Shah served during the year and resigned on 24 May 2023.

Trustee recruitment, induction and training

A Board Skills Audit is undertaken approximately every three years, in line with the development of the strategic plan. The audit is used to determine if any new skills and knowledge are required to deliver the new plan. The last audit was undertaken in May 2022.

Should any gaps in skills or knowledge be identified and a new trustee position is required, a recruitment process will be undertaken. Recruitment is open to all sections of the community, and candidates are interviewed by existing trustees and appointed on merit based on a majority decision.

New trustees are made aware of their legal obligations, the content of the Memorandum and Articles of Association, the Charity's history, culture and philosophical approach, the current year's business and financial plan. New trustees also receive a copy of the most recent Annual Report and statutory accounts, and appropriate leaflets published by the Charity Commission with the opportunity to discuss them.

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Remuneration policy for key management personnel

Trees for Cities is an equal opportunities employer and applies objective criteria to assess merit. The Board sets the terms and conditions for staff on an annual basis. A benchmarking process is undertaken periodically to assess each role in the external market, to ensure that the charity is paying all employees, including senior management, fairly and competitively for similar roles within the sector.

Data Protection – General Data Protection Regulations

The General Data Protection Regulations (GDPR) became law in May 2018. The regulations set out the responsibilities of all organisations in relation to the personal data that they collect and hold, and are designed to enhance the rights of individuals in controlling their own data.

Trees for Cities places great importance on the security of supporter data and personal information. The charity is registered with the Information Commissioners Office and has introduced a programme that will enable demonstration of compliance with the spirit and intention of GDPR, with the required management structures in place to manage data risks and integrate governance of these risks into daily management.

For information on how the charity uses and protect personal data, please see our Privacy Policy: <https://www.treesforcities.org/privacy-policy>.

Information Security

The confidentiality, integrity and availability of information, in all its forms, are critical to the charity's work. In 2018 the information security policy was updated to bring it in line with GDPR legislation.

Anti-Fraud, Bribery and Corruption Policy

Strong internal and financial controls and robust financial management are essential to protect the charity against growing threats from external fraudulent activities and from any internal risk of funding misappropriation. Trees for Cities' system of internal controls is based on an ongoing process designed to identify the principal risks, to evaluate the nature and extent of those risks, and to manage them effectively. The controls are undergoing a full review in 2023.

The charity's anti-fraud, bribery and corruption policy specifies the controls and procedures required to prevent and detect fraud and dishonesty, investigate any allegations that arise, and take appropriate action where necessary. It also stipulates procedures for due diligence and verifying the end use of charitable funds to minimise exposure to risk when passing charitable funds to external partners.

Statement of responsibilities of the trustees

The trustees (who are also directors of Trees for Cities for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

- Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:
- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent

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- State whether applicable UK Accounting Standards and statements of recommended practice 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 operation

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

In so far as the trustees are aware:

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

The 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.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2023 was 9 (2022: 8). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP continued as the charitable company's auditor during the year, as approved by the board of trustees.

The trustees' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The trustees' annual report has been approved by the trustees on date and signed on their behalf by

D Woodbine

Treasurer

Dated: 27 September 2023

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TREES FOR CITIES

Opinion

We have audited the financial statements of Trees for Cities (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, balance sheet, statement of cash flows and 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 FRS 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 charitable company's affairs as at 31 March 2023 and of its 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
- Have been prepared in accordance with the requirements of the Companies Act 2006

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 Trees for Cities' 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 other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TREES FOR CITIES

Opinions on other matters 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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate 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 directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 are set out below.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TREES FOR CITIES

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to;
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

TREES FOR CITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TREES FOR CITIES

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 charitable 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.

Fleur Holden (Senior statutory auditor)

9 October 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Trees for Cities

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2023

	Note	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Income from:							
Donations	2	345,251	690,350	1,035,601	377,263	246,726	623,989
Charitable activities	3						
Urban forests - London		389,202	633,223	1,022,425	404,294	227,026	631,320
Urban forests - Other UK cities		957,821	1,893,734	2,851,555	821,711	830,963	1,652,674
Urban forests - International		37,920	7,500	45,420	21,700	73,320	95,020
Trees for Streets		162,635	449,590	612,225	55,300	213,034	268,334
Trees for schools		638,500	410,414	1,048,914	519,751	99,900	619,651
Other trading activities	4	19,458	-	19,458	14,453	-	14,453
Investments	5	12,437	-	12,437	9,678	-	9,678
Total income		2,563,224	4,084,811	6,648,035	2,224,150	1,690,969	3,915,119
Expenditure on:							
Raising funds	6a	402,062	56,753	458,815	274,007	75,733	349,740
Charitable activities							
Urban forests - London		383,472	534,652	918,124	463,882	274,157	738,039
Urban forests - Other UK cities		412,852	2,120,439	2,533,291	268,772	830,860	1,099,632
Urban forests - International		49,942	15,000	64,942	30,993	85,618	116,611
Trees for Streets		262,391	459,640	722,031	31,352	292,819	324,171
Trees for Schools		899,860	614,953	1,514,813	1,260,513	152,980	1,413,493
Total expenditure		2,410,579	3,801,437	6,212,016	2,329,519	1,712,167	4,041,686
Net income / (expenditure) before net gains / (losses) on investments		152,645	283,374	436,019	(105,369)	(21,198)	(126,567)
Net losses on investments		(10,641)	-	(10,641)	(13,860)	-	(13,860)
Net movement in funds		142,004	283,374	425,378	(119,229)	(21,198)	(140,427)
Reconciliation of funds:							
Total funds brought forward		1,209,024	203,488	1,412,512	1,328,253	224,686	1,552,939
Total funds carried forward		1,351,028	486,862	1,837,890	1,209,024	203,488	1,412,512

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

Movements in funds are disclosed in Note 21a to the financial statements.

Balance sheet

As at 31 March 2023

	Note	£	2023 £	£	2022 £
Fixed assets:					
Tangible assets	13		15,147		15,411
Investments	14		339,462		487,709
			<u>354,609</u>		<u>503,120</u>
Current assets:					
Debtors	15	1,866,828		1,147,252	
Short term deposits		500,010		250,000	
Cash at bank and in hand		2,063,060		1,569,406	
		<u>4,429,898</u>		<u>2,966,658</u>	
Liabilities:					
Creditors: amounts falling due within one year	16	(2,946,617)		(2,057,266)	
Net current assets			<u>1,483,281</u>		<u>909,392</u>
Total net assets			<u><u>1,837,890</u></u>		<u><u>1,412,512</u></u>
The funds of the charity:	21a				
Restricted income funds			486,862		203,488
Unrestricted income funds:					
Designated funds		128,511		162,246	
General funds		1,222,517		1,046,778	
		<u></u>	<u>1,351,028</u>	<u></u>	<u>1,209,024</u>
Total unrestricted funds			<u>1,351,028</u>		<u>1,209,024</u>
Total charity funds			<u><u>1,837,890</u></u>		<u><u>1,412,512</u></u>

Approved by the trustees on 27 September 2023 and signed on their behalf by

D Woodbine
Treasurer

Trees for Cities

Statement of cash flows

For the year ended 31 March 2023

	2023 £	£	2022 £	£
Cash flows from operating activities				
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	425,378		(140,427)	
Depreciation charges	16,711		15,566	
Losses on investments	10,641		13,860	
Dividends and interest from investments	(12,437)		(9,678)	
Loss on the disposal of fixed assets	1,553		-	
Increase in debtors	(719,576)		(456,464)	
Increase in creditors	889,351		150,594	
Net cash provided by/(used in) operating activities	611,621		(426,549)	
Cash flows from investing activities:				
Dividends and interest from investments	12,437		9,678	
Proceeds from the sale of fixed assets	2,000		-	
Purchase of fixed assets	(20,000)		-	
Proceeds from sale of investments	137,606		135,000	
Purchase of investments	-		(184,831)	
Net cash provided by/(used in) investing activities	132,043		(40,153)	
Change in cash and cash equivalents in the year	743,664		(466,702)	
Cash and cash equivalents at the beginning of the year	1,819,406		2,286,108	
Cash and cash equivalents at the end of the year	2,563,070		1,819,406	

Analysis of cash and cash equivalents

	At 1 April 2022 £	Cash flows £	Other non-cash changes £	At 31 March 2023 £
Short term deposits	250,000	250,010	-	500,010
Cash at bank and in hand	1,569,406	493,654	-	2,063,060
Cash and cash equivalents	1,819,406	743,664	-	2,563,070

Trees for Cities

Notes to the financial statements

For the year ended 31 March 2023

1 Accounting policies

a) Statutory information

Trees for Cities is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address and principal place of business is Prince Consort Lodge, Kennington Park Place, London, SE11 4AS.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

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

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Please refer to the trustees' annual report, specifically the financial review and the reserves policy where it sets out how the charity is operating within its reserves policy target levels of reserves.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

When donors specify that incoming resources given to the charity must be used in future accounting periods, the income is deferred to those periods.

When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that incoming resources are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Trees for Cities

Notes to the financial statements

For the year ended 31 March 2023

1 Accounting policies (continued)

f) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.
- Expenditure on charitable activities comprises those costs incurred by the charity in the delivery of its activities. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support the activities of the charity.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year 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 that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

□	Raising Funds	14.89%
□	Urban forests - London	25.08%
□	Urban forests - Other UK cities	21.35%
□	Urban forests - International	1.76%
□	Trees for Streets	5.72%
□	Trees for schools	31.20%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

Trees for Cities

Notes to the financial statements

For the year ended 31 March 2023

1 Accounting policies (continued)

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

□	plant and machinery	3 years
□	fixtures, fittings and equipment	3-5 years
□	motor vehicles	3 years

l) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

m) Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

r) Pensions

The charity operates a defined contribution pension scheme. Contributions payable for the year are charged in the Statement of Financial Activities as they fall due.

s) Employee benefits

Termination benefits are recognised as an expense when the charity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the charity has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Trees for Cities

Notes to the financial statements

For the year ended 31 March 2023

2 Income from donations

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Donations - individuals	178,210	25,194	203,404	290,734	12,140	302,874
Donations - trusts & foundations	30,859	2,500	33,359	7,000	30,500	37,500
Donations - corporate partners	59,984	602,973	662,957	50,828	114,993	165,821
Donations - schools	-	2,000	2,000	-	-	-
Grants - furlough	-	-	-	6,701	-	6,701
Grants - other	76,198	57,683	133,881	22,000	89,093	111,093
	345,251	690,350	1,035,601	377,263	246,726	623,989

3 Income from charitable activities

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Corporate partners	186,983	280,749	467,732	234,794	-	234,794
Grants	-	304,846	304,846	-	227,026	227,026
Local government	202,219	47,628	249,847	169,500	-	169,500
Urban forests - London	389,202	633,223	1,022,425	404,294	227,026	631,320
Corporate partners	922,821	-	922,821	821,711	-	821,711
Grants	-	1,893,734	1,893,734	-	830,963	830,963
Local government	35,000	-	35,000	-	-	-
Urban forests - Other UK cities	957,821	1,893,734	2,851,555	821,711	830,963	1,652,674
Corporate partners	37,920	-	37,920	21,700	-	21,700
Grants	-	7,500	7,500	-	73,320	73,320
Urban forests - International	37,920	7,500	45,420	21,700	73,320	95,020
Corporate partners	14,705	-	14,705	-	-	-
Grants	-	449,590	449,590	-	213,034	213,034
Local government	147,930	-	147,930	55,300	-	55,300
Trees for Streets	162,635	449,590	612,225	55,300	213,034	268,334
Corporate Partners	86,600	-	86,600	230,251	-	230,251
Grants	-	410,414	410,414	-	63,700	63,700
Schools	208,900	-	208,900	92,250	36,200	128,450
Local government	343,000	-	343,000	197,250	-	197,250
Trees for Schools	638,500	410,414	1,048,914	519,751	99,900	619,651
Total income from charitable activities	2,186,078	3,394,461	5,580,539	1,822,756	1,444,243	3,266,999

Three government grants were claimed for from the Forestry Commission for three Urban Tree Challenge Funds for the planting and maintenance of trees in the UK. These were allocated to our London and UK Urban Forests programmes, and totalled £587,995 (2022: £281,298).

Trees for Cities

Notes to the financial statements

For the year ended 31 March 2023

4 Income from other trading activities

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Sponsorship of projects	19,458	-	19,458	14,453	-	14,453
	19,458	-	19,458	14,453	-	14,453

5 Income from investments

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Fixed interest securities	6,369	-	6,369	6,623	-	6,623
Bank interest	6,068	-	6,068	3,055	-	3,055
	12,437	-	12,437	9,678	-	9,678

Trees for Cities

Notes to the financial statements

For the year ended 31 March 2023

6a Analysis of expenditure (current year)

	Charitable activities									
	Raising funds £	Urban forests - London £	Urban forests - other cities £	Urban forests - international £	Trees for Streets £	Trees for Schools £	Governance costs £	Support costs £	2023 Total £	2022 Total £
Staff costs (Note 9)	328,311	552,992	470,749	38,806	126,121	687,933	39,502	-	2,244,414	1,862,636
Depreciation	-	7,805	-	-	-	7,806	-	1,100	16,711	15,566
Fundraising costs	69,353	-	-	-	-	-	-	-	69,353	41,279
Direct activity costs - grants	-	-	1,078,349	10,500	284,924	-	-	-	1,373,773	346,419
Direct activity costs - internal delivery of projects	-	234,050	213,260	-	70,615	183,207	-	-	701,132	418,065
Direct activity costs - external delivery of projects	-	22,748	685,355	8,581	217,443	510,808	-	-	1,444,935	1,076,454
Audit	-	-	-	-	-	-	11,275	-	11,275	8,200
Facilities	-	-	-	-	-	-	-	135,291	135,291	118,700
HR	-	-	-	-	-	-	-	81,792	81,792	34,368
Rent	-	-	-	-	-	-	-	54,343	54,343	57,375
Other costs	1,467	-	-	-	-	-	3,920	73,610	78,997	62,624
	399,131	817,595	2,447,713	57,887	699,103	1,389,754	54,697	346,136	6,212,016	4,041,686
Support costs	51,540	86,811	73,900	6,092	19,799	107,994	-	(346,136)	-	-
Governance costs	8,144	13,718	11,678	963	3,129	17,065	(54,697)	-	-	-
Total expenditure 2023	458,815	918,124	2,533,291	64,942	722,031	1,514,813	-	-	6,212,016	
Total expenditure 2022	349,740	738,039	1,099,632	116,611	324,171	1,413,493	-	-		4,041,686

Trees for Cities

Notes to the financial statements

For the year ended 31 March 2023

6b Analysis of expenditure (prior year)

	Charitable activities							2022 Total £	
	Raising funds £	Urban forests - London £	Urban forests - other cities £	Urban forests - international £	Trees for Streets £	Schools £	Governance costs £		Support costs £
Staff costs (Note 9)	261,928	479,409	201,019	58,166	113,405	715,182	33,527	-	1,862,636
Depreciation	-	7,233	-	-	-	7,233	-	1,100	15,566
Fundraising costs	41,279	-	-	-	-	-	-	-	41,279
Direct activity costs - grants	-	-	346,419	-	-	-	-	-	346,419
Direct activity costs - internal delivery of projects	-	149,938	20,928	58	44,833	202,308	-	-	418,065
Direct activity costs - external delivery of projects	-	19,060	496,715	48,390	146,441	365,848	-	-	1,076,454
Audit	-	-	-	-	-	-	8,200	-	8,200
Facilities	-	-	-	-	-	-	-	118,700	118,700
HR	-	-	-	-	-	-	-	34,368	34,368
Rent	-	-	-	-	-	-	-	57,375	57,375
Other costs	1,514	-	-	-	-	-	3,057	58,053	62,624
	304,721	655,640	1,065,081	106,614	304,679	1,290,571	44,784	269,596	4,041,686
Support costs	38,606	70,661	29,629	8,573	16,715	105,412	-	(269,596)	-
Governance costs	6,413	11,738	4,922	1,424	2,777	17,510	(44,784)	-	-
Total expenditure 2022	349,740	738,039	1,099,632	116,611	324,171	1,413,493	-	-	4,041,686

Trees for Cities

Notes to the financial statements

For the year ended 31 March 2023

7 Grant making

Cost	2023 £	2022 £
Urban Tree Challenge Fund - Round 1	42,039	74,939
Urban Tree Challenge Fund - Round 3	226,764	143,614
Urban Tree Challenge Fund - Round 4	175,745	-
Green Recovery Challenge Fund - Forgotten Places	633,801	127,866
Green Recovery Challenge Fund - Trees for Streets	86,000	-
Mayor's Tree programme	198,924	-
International grants	10,500	-
At the end of the year	1,373,773	346,419

The Urban Tree Challenge Fund is a multi year grant from the Forestry Commission and round one funding was passed to nine partners and round three to eight partners in both years for the planting and maintenance of trees in the UK. Round four was passed to nine partners for planting in 2022-23. The Green Recovery Challenge Fund was developed by Defra and its Arm's-Length Bodies. It is being delivered by The National Lottery Heritage Fund in partnership with Natural England, the Environment Agency and Forestry Commission. Funds were passed to nine partners in the year for the Forgotten Places grant and nine partners for the Trees for Streets grant. The Mayor's Tree programme is a Greater London Authority multi year grant and funds were passed to nine councils in order to boost street tree planting activity. The grants are part of our UK and Trees for Streets activities and support costs are allocated in note 6a and 6b. There was some overlap of partners between grants, with a total of 31 different council partners, and seven other institutional partners being passed grants.

The grants were split as follows between council partners and other institutional partners:

	Number of council partners No.	Number of other institutional partners No.	Paid to council partners £	Paid to other institutional partners £
Urban Tree Challenge Fund - Round 1	6	3	21,967	20,072
Urban Tree Challenge Fund - Round 3	6	2	202,694	24,070
Urban Tree Challenge Fund - Round 4	8	1	172,946	2,799
Green Recovery Challenge Fund - Forgotten Places	6	3	384,638	249,163
Green Recovery Challenge Fund - Trees for Streets	9	-	86,000	-
Mayor's Tree programme	9	-	198,924	-
International grants	-	1	-	10,500
Total	44	10	1,067,169	306,604

8 Net expenditure/(income) for the year

This is stated after charging / (crediting):

	2023 £	2022 £
Depreciation	16,711	15,566
Operating lease rentals payable:		
Property	41,781	40,518
Other	5,548	17,658
Auditor's remuneration (excluding VAT):		
Audit	11,275	8,200
Other services	831	4,486

Trees for Cities

Notes to the financial statements

For the year ended 31 March 2023

9 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2023 £	2022 £
Salaries and wages	1,949,663	1,609,828
Redundancy and termination costs	-	13,005
Social security costs	187,344	153,751
Employer's contribution to defined contribution pension schemes	107,407	86,052
	2,244,414	1,862,636

Redundancy payments made or committed during the year amounted to £nil (2022: £13,005).

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2023 No.	2022 No.
£60,000 - £69,999	2	1
£70,000 - £79,999	1	-
£80,000 - £89,999	1	1

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £390,408 (2022: £377,225).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £229 (2022: £nil) incurred by members relating to attendance at meetings of the trustees, and costs relating to board meetings and trustee gifts, totalling £3,912 (2022: £2,070)

10 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 58 (2022: 48).

Staff are split across the activities of the charity as follows (full time equivalent basis):

	2023 No.	2022 No.
Fundraising and public relations	8.0	7.0
Urban forests - London	14.0	12.0
Urban forests - UK Cities	11.5	5.0
Urban forests - International	0.5	1.0
Trees for Streets	3.0	3.0
Trees for Schools	17.0	18.0
	54.0	46.0

Trees for Cities

Notes to the financial statements

For the year ended 31 March 2023

11 Related party transactions

There are no related party transactions to disclose for this financial year (2022: none).

12 Taxation

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

13 Tangible fixed assets

Cost	Motor vehicles £	Plant & machinery £	Fixtures, fittings & equipment £	Total £
At the start of the year	43,396	18,022	6,348	67,766
Additions in year	20,000	-	-	20,000
Disposals in year	(7,995)	-	-	(7,995)
At the end of the year	55,401	18,022	6,348	79,771
Depreciation				
At the start of the year	29,788	16,219	6,348	52,355
Charge for the year	15,611	1,100	-	16,711
Eliminated on disposal	(4,442)	-	-	(4,442)
At the end of the year	40,957	17,319	6,348	64,624
Net book value				
At the end of the year	14,444	703	-	15,147
At the start of the year	13,608	1,803	-	15,411

All of the above assets are used for charitable purposes.

14 Listed investments

	2023 £	2022 £
Fair value at the start of the year	487,709	451,738
Additions at cost	-	184,831
Disposal proceeds	(137,606)	(135,000)
Revaluation during the year	(10,641)	(13,860)
	339,462	487,709
Cash held by investment broker pending reinvestment	2,870	6,696
Fair value at the end of the year	342,332	494,405
Investments comprise:		
	2023 £	2022 £
UK fixed interest bonds	339,462	487,709
Cash	2,870	6,696
	342,332	494,405

Trees for Cities

Notes to the financial statements

For the year ended 31 March 2023

15 Debtors

	2023 £	2022 £
Trade debtors	1,180,289	743,978
Prepayments and accrued income	686,539	403,274
	1,866,828	1,147,252

16 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	122,565	77,688
Taxation and social security	198,782	81,979
Grant accruals	952,018	327,756
Other accruals	815,074	560,672
Deferred income (note 18)	649,244	890,538
Council sponsorship holdings	196,560	106,745
Other creditors	12,374	11,889
	2,946,617	2,057,266

Council sponsorship holdings is money received for our Trees for Streets programme from sponsors that will be passed to councils, less an administration fee, once the trees they relate to have been planted. This is done on an annual basis.

17 Deferred income

Deferred income comprises funding for projects being delivered in 2023-24, including urban forest projects £134,300 (2022: £226,483), environmental offsetting £196,494 (2022: £466,959), schools £291,051 (2022: £133,133), and other income £7,399 (2022: £96,461)

	2023 £	2022 £
Balance at the beginning of the year	890,538	1,248,638
Amount released to income in the year	(817,346)	(1,005,416)
Amount deferred in the year	576,052	647,316
Balance at the end of the year	649,244	890,538

18 Contingent liability

The charity has recognised the replanting of trees due to unforeseen events, such as extreme weather or vandalism, as a contingent liability. It is taken into account when planning our unrestricted reserves levels. As the amount cannot be estimated reliably and as the charity may not be liable for the costs, depending on the original planting delivery method, we have not included it as a provision.

Trees for Cities

Notes to the financial statements

For the year ended 31 March 2023

19 Pension scheme

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund as detailed below. Contributions of £15,606 (2022: £24,117) were outstanding at 31 March 2023.

	2023 £	2022 £
Contributions payable by the charity for the year	107,407	86,052

20a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	15,147	-	-	15,147
Investments	339,462	-	-	339,462
Net current assets	3,814,525	128,511	486,862	4,429,898
Creditors: amounts falling due within one year	(2,946,617)	-	-	(2,946,617)
Net assets at 31 March 2023	1,222,517	128,511	486,862	1,837,890

20b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	15,411	-	-	15,411
Investments	487,709	-	-	487,709
Net current assets	2,600,924	162,246	203,488	2,966,658
Creditors: amounts falling due within one year	(2,057,266)	-	-	(2,057,266)
Net assets at 31 March 2022	1,046,778	162,246	203,488	1,412,512

Trees for Cities

Notes to the financial statements

For the year ended 31 March 2023

21a Movements in funds (current year)

	At 1 April 2022 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2023 £
Restricted funds:					
Urban forests - London	-	633,223	(438,436)	-	194,787
Urban forests - UK Cities	121,960	1,893,734	(2,011,351)	-	4,343
Urban forests - International	-	7,500	(7,500)	-	-
Trees for Streets	10,000	449,590	(449,590)	-	10,000
Trees for Schools	-	410,414	(204,210)	-	206,204
Donations and legacies	71,528	690,350	(690,350)	-	71,528
Total restricted funds	203,488	4,084,811	(3,801,437)	-	486,862
Unrestricted funds:					
Designated funds:					
Trees for Streets	55,300	-	(55,300)	-	-
Environmental offsetting	106,946	52,885	(31,320)	-	128,511
Total designated funds	162,246	52,885	(86,620)	-	128,511
General funds	1,046,778	2,510,339	(2,334,600)	-	1,222,517
Total unrestricted funds	1,209,024	2,563,224	(2,421,220)	-	1,351,028
Total funds	1,412,512	6,648,035	(6,222,657)	-	1,837,890

The narrative to explain the purpose of each fund is given at the foot of the note below.

21b Movements in funds (prior year)

	At 31 March 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2022 £
Restricted funds:					
Urban forests - London	10,000	227,026	(237,026)	-	-
Urban forests - UK Cities	72,500	830,963	(781,503)	-	121,960
Urban forests - International	-	73,320	(73,320)	-	-
Trees for Streets	79,785	213,034	(282,819)	-	10,000
Trees for Schools	-	99,900	(99,900)	-	-
Donations and legacies	62,401	246,726	(237,599)	-	71,528
Total restricted funds	224,686	1,690,969	(1,712,167)	-	203,488
Unrestricted funds:					
Designated funds:					
Schools - Edible playgrounds	448,211	-	(448,211)	-	-
Trees for Streets	-	55,300	-	-	55,300
Environmental offsetting	-	106,946	-	-	106,946
Total designated funds	448,211	162,246	(448,211)	-	162,246
General funds	880,042	2,061,904	(1,895,168)	-	1,046,778
Total unrestricted funds	1,328,253	2,224,150	(2,343,379)	-	1,209,024
Total funds	1,552,939	3,915,119	(4,055,546)	-	1,412,512

Trees for Cities

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For the year ended 31 March 2023

21 Movements in funds (continued)

Purposes of restricted funds

Restricted funds for all Urban Forests programmes relate to funding that has been received in advance for projects that have either been planned for 2023-24, or been delayed to from 2022-23 and will be delivered in 2023-24.

The Trees for Streets restricted fund relate to unspent funds in the year for a donation towards the project. The funds will be spent in 2023-24

Restricted funds for Trees for Schools relate to funding that has been received in advance for projects that have either been planned for 2023-24, or been delayed to from 2022-23 and will be delivered in 2023-24.

Donations and legacy restricted funds comprise a donation in 2021-22 from UPS (£21,528). This is restricted to an electric vehicle purchase, and is planned to be spent in 2023-24. It also includes £50,000 (2022: £50,000) for money from the Postcode Green Trust which was awarded for the calendar year 2023 that will be allocated to core projects.

Purposes of designated funds

The designated fund relates to our offsetting work, setting aside money for future costs over five years relating to verification and monitoring for trees planted in 2021-22 and 2022-23.

22 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Land and buildings		Other	
	2023	2022	2023	2022
	£	£	£	£
Less than one year	41,775	41,775	-	7,416
One to five years	39,517	81,291	-	-
	81,292	123,066	-	7,416

23 Legal status of the charity

The charity is a company limited by guarantee and is under the control of the board of Trustees. The liability of each member in the event of winding up is limited to £1.