

**Company Number: 2677068**  
**Charity Number: 1011102**

**FAUNA & FLORA INTERNATIONAL**

**(A company limited by guarantee and not having a share capital)**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

# Fauna & Flora International

## Company Information

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<b>Patron</b>	Her Majesty, Queen Elizabeth II
<b>President</b>	Lindsay Bury
<b>Vice Presidents</b>	Baroness Amos Sir David Attenborough OM FRS Professor David Bellamy OBE The Lord Browne of Madingley FR Eng Field Marshal Sir John Chapple GCB CBE DL Dame Judi Dench Dr Lee Durrell Stephen Fry Edward Hoare Professor Frederick Kayanja Professor Jonathan Kingdon Her Royal Highness Princess Laurentien of the Netherlands Rove McManus Sir Mark Moody-Stuart Dr Lisbet Rausing Jon L Stryker Dr Charlotte Uhlenbroek The Rt Hon Baroness Young of Old Scone
<b>Council Officers</b>	
<b>Chairman</b>	Andrew Sykes
<b>Vice Chairman</b>	Professor Paul Racey FRSE
<b>Treasurer</b>	Philip Prettejohn
<b>Ordinary Council Members</b>	Professor William Adams Virginia Drabbe-Seemann Stephen Georgiadis Dr Sandra Knapp Professor Nigel Leader-Williams Philip Merricks MBE DL Professor E. J. Milner-Gulland Professor Callum Roberts Diana van de Kamp Charles Whitbread John Wotton
<b>Company Secretary</b>	Mark Blake
<b>Chief Executive Officer</b>	Mark Rose

# Fauna & Flora International

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# **Fauna & Flora International**

## **Board of Trustees' Report**

### **For the year ended 31 December 2010**

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The Board of Trustees presents its report and audited financial statements for the year ended 31 December 2010.

#### **Statement of trustees' responsibilities**

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 charity and the incoming resources and application of resources, including the net income and expenditure, of the charity for the year. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company. This information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006 and the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for 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 charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Provision of information to the auditors**

So far as each of the trustees is aware at the time the report is approved:

- There is no relevant audit information of which the company's auditors are unaware; and
- 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 auditors are aware of that information.

#### **Reference and Administrative Details**

##### **Status**

Fauna & Flora International (FFI) is a company limited by guarantee, incorporated in January 1992, Registered Company Number 2677068. It was originally established in 1903 and is registered with the Charity Commission, Registered Charity Number 1011102.

##### **Registered Office**

FFI's registered and principal office is at 4<sup>th</sup> Floor, Jupiter House, Station Road, Cambridge CB1 2JD.

##### **Board of Trustees**

Members of the Board of Trustees (known as The Council) are directors for the purpose of company law and trustees for the purpose of charity law. The company is limited by guarantee; therefore no member of the Board of Trustees has any beneficial interest in the company. The Trustees who were in office on the date of this report are included under Company Information.

## **Fauna & Flora International**

### **Board of Trustees' Report**

#### **For the year ended 31 December 2010**

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The Trustees who served during the year were as follows:-

Andrew Sykes	<b>Chairman</b>
Professor Paul Racey	<b>Vice Chairman</b>
Philip Prettejohn	<b>Treasurer</b>

Professor William Adams  
Melanie Brown (stood down 1<sup>st</sup> July 2010)  
Virginia Drabbe-Seemann  
Stephen Georgiadis (appointed 11<sup>th</sup> November 2010)  
Dr Sandra Knapp  
Professor Nigel Leader-Williams  
Philip Merricks  
Professor E. J. Milner-Gulland (appointed 11<sup>th</sup> November 2010)  
Professor Callum Roberts  
Diana van de Kamp  
Charles Whitbread  
John Wotton

#### **Chief Executive Officer**

Mark Rose

#### **Company Secretary**

Mark Blake

#### **Auditors:**

Peters Elworthy & Moore, Salisbury House, Station Road, Cambridge CB1 2LA

#### **Solicitors:**

Hewitsons, Shakespeare House, 42 Newmarket Road, Cambridge CB5 8EP  
Eversheds, Kett House, Station Rd, Cambridge, CB1 2JY

#### **Investment Managers:**

Brewin Dolphin Limited, 12 Smithfield Street, London, EC1A 9BD

#### **Principal Bankers:**

Barclays Bank, Mortlock House, Vision Park, Histon, Cambridge CB24 9DE

### **Structure, Governance and Management**

FFI was established under a Memorandum of Association, which sets out its objects and powers, and is governed under its Articles of Association. The Board of Trustees, or 'Council', is the governing body of the organisation and has legal, financial and managerial responsibility for the charity.

Members of Council are ordinarily elected to serve a four year term and can be re-elected for a further term. The Council has adopted formal procedures for the recruitment, selection and induction of new trustees and has constituted a Nominations Committee to support Council in the implementation of these procedures, as well as for the consideration of other honorary appointments. There are also provisions under the Articles of Association for members to nominate any Member for election or re-election as a trustee.

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The Council regularly reviews the scope of experience and expertise of its members in order to identify any gaps and in so doing considers the particular skills and characteristics it must seek in new recruits. All nominations for membership of Council are then reviewed against these criteria.

The induction procedure aims to provide new Council members with the information and tools that they need to become effective within the governing body. The Council is responsible for establishing the strategy, policy and control framework of the organisation, which is achieved via twice yearly meetings and via formal delegations to sub-committees and to the Senior Management Team of the organisation.

The Board of Trustees have established an Executive Committee, comprising the officers of the Charity, to which regular supervision of FFI's management and operations has been delegated. These duties are exercised through monthly meetings with the Senior Management Team and through delegations to the Chief Executive Officer and other staff, as agreed. The day-to-day operations of the Charity are the responsibility of the Chief Executive Officer and his staff.

Council has constituted a Remuneration Committee, responsible for agreeing the remuneration of senior staff within the organisation, as well as agreeing, on behalf of the Trustees, the remuneration policy of the Charity. Council has also constituted an Audit Committee, responsible for engaging the external audit provision, participating in the planning of the nature and scope of the audit and receiving and reviewing the annual report and accounts along with any associated management letter. The Audit Committee's remit also includes review of risk management policies and processes and receiving reports on such from the management of the organisation.

All acts and proceedings of these sub committees are fully and promptly reported to the full Council.

#### **Related Party Statement**

FFI has sister organisations in the United States of America and Australia:

Fauna & Flora International Inc., was established in 1981 and is registered as a Not for Profit Organisation in the State of Massachusetts. It is tax exempt (EIN #04-2730954) and has 501(c) (3) status.

Fauna & Flora International Australia (Ltd) was established in 2008 and is a company limited by guarantee, registered in Victoria under the Corporations Act 2001, and recognised as a Charitable Institution (ABN 75 132 715 783, ACN 132715783). Fauna & Flora International Australia operates a Public Fund with deductible gift recipient (DGR) status which appears on the Australian Government's Register of Environmental Organisations.

The related party transactions are disclosed in notes 9 and 16 below.

#### **Risk Management**

The Trustees have established a framework for the identification and control of the major risks to which the Charity is exposed.

The Trustees have a risk management strategy which comprises:

- An annual review of the risks the Charity might face, complemented by regular reviews by the Executive Committee and the Audit Committee.
- The establishment of systems and procedures to mitigate those risks identified from operational review and as part of the Business Plan.

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## **Board of Trustees' Report**

### **For the year ended 31 December 2010**

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- The implementation of procedures designed to minimise any potential impact should those risks materialise.

Risk management, together with the steps being taken by the Charity to mitigate the risks, are reviewed on a periodic basis by the Trustees and actions taken accordingly.

## **Report on Public Benefit**

### **Public Benefit Statement**

In exercising their powers and duties in furtherance of the Charity's Objects, Council have complied with their duty, under Section 4 of the Charities Act 2006, to show due regard for the Charity Commission's general guidance on public benefit. In addition, whilst setting the organisation's annual objectives and planning its activities, the Trustees have also demonstrated due regard for the Commission's specific guidance relating to the conservation of the environment for the public benefit.

The following is the report of the activities undertaken by FFI in 2010 in furtherance of its charitable purposes for the public benefit.

### **Objectives and Activities**

FFI is established to achieve the following objectives:

- To promote the conservation of the environment by the protection of biodiversity for the benefit of the public by designing and implementing globally applicable solutions that are effective locally
- To advance the awareness and education of all sectors of society worldwide in the conservation and protection of biodiversity

### **Vision and Mission**

FFI's vision is of a sustainable future for the planet, where biodiversity is effectively conserved by the people who live closest to it, supported by the global community. FFI's mission is to act to conserve threatened species and ecosystems worldwide, choosing solutions that are sustainable, based on sound science, and take account of human needs.

### **Aims and Objectives**

FFI operates primarily in developing countries where there are significant natural resources, but the means to conserve them may be limited. FFI has always been a groundbreaker in wildlife conservation; it is renowned for its innovative, landmark programmes, many of which have come to be regarded as classic examples of good conservation practice. An emphasis on local partnerships remains the hallmark of FFI's approach and the organisation is currently supporting or developing over 125 projects in more than 40 countries.

A current five-year business plan was launched with effect from January 2009. In this business plan our three key organisational aims have been retained, but the focus of the targets within them has been updated in relation to changing external pressures on the natural world. We have adopted three headline targets relating to each of our key organisational aims. For the period 2009-2013 our specific targets are:

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### Board of Trustees' Report

#### For the year ended 31 December 2010

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- **Safeguard havens of biological diversity** To increase the area of terrestrial and aquatic ecosystems in our portfolio that is under robust conservation management by 50% by 2013.
- **Reduce the impact of climate change on biodiversity** Recognising the scale of threat to biological diversity from a rapidly changing climate, we will ensure that our work on natural habitats contributes to global efforts to reduce the speed of change and level of impact.
- **Build conservation capacity** To increase the effectiveness and impact of local level conservation action.

These targets fit within the organisation's three overarching organisational aims:

- *To secure the future of key threatened habitats and the species they harbour;*
- *To address the root causes of biodiversity loss; and*
- *To help others deliver successful conservation.*

#### Strategies

The business plan outlines our overall strategy in terms of approach and focus, and this is then articulated by the operational teams in relation to their specific region or focal work area.

- Regional strategies in Eurasia, Africa, Asia Pacific, the Americas & Caribbean address long-term conservation priorities tailored to the specific threats and opportunities of each region, and in line with priorities identified through collaborations with locally-based partners;
- Cross-cutting strategies developed by our Conservation Partnerships team ensure we continue to capture and disseminate conservation knowledge and help programmes to identify, fund and achieve their conservation targets. Additionally, we work help to influence corporate behaviour and increase environmental responsibility of business, and bringing influence to bear on international conservation policy.

#### How we work

FFI achieves its goals by forging close working relationships across sectors, across regions and across public and private entities. We aim to support local partners to achieve mutually agreed conservation mandates; through both technical and financial assistance and active collaboration. We have an internal structure which mirrors our conservation priorities, with a series of four regional teams supported by a Conservation Partnerships team which aims to support learning and practice on key thematic approaches across the regions.

#### Activities in 2010

Across our projects in 2010 we worked collaboratively with local governmental and non-governmental organisations to protect habitats and species on the ground and to empower others (typically local organisations or students) to engage in conservation. We maintained our focus on the interactions of climate change with biodiversity, developing new initiatives which demonstrate the opportunities to protect carbon stored within forest systems, and hence help inform the wider global policy debate. In addition, we initiated a new programme focusing on marine conservation.

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Our regional teams have worked with their local partners in a number of ways in 2010, including:

- Managing land for conservation, and securing additional land under conservation management;
- Actively protecting threatened species and averting human wildlife conflict;
- Generating the knowledge to inform site and species management, through research and monitoring;
- Raising awareness of conservation within target communities;
- Developing incentives and alternatives to take pressure off natural resource use;
- Engaging local communities directly in conservation management;
- Demonstrating potential financial returns from markets based around environmental services;
- Training local conservationists and supporting local conservation institutions.

All these activities have also been actively supported through our Conservation Partnerships division. In addition, this year their activities have focused on:

- Developing projects which will help mitigate climate change or will promote adaptation to climate change;
- Influencing wider policy debates on climate and ecosystem services, and on the relationships between environment and development;
- Developing a cross-regional platform for engaging in marine conservation, and developing an operational marine programme;
- Engaging with the corporate sector to improve companies' "biodiversity footprints";
- Informing and influencing wider economic drivers of biodiversity loss, with a specific focus on biodiversity issues for investment banking and agricultural businesses.

#### **Grant-making Policies**

We disbursed through our conservation grants programmes (Halcyon Land & Sea, Flagship Species Fund, Rapid Response Facility, Conservation Leadership Programme and Global Trees Campaign, and in-country grants programmes) some £4.7 million to field-based projects this year. Our grant funds are run with clear criteria and application processes, and use formal review and clearly defined decision making. They also incorporate strong policies on reporting and financial oversight for grants. Staff also reviewed over 450 grant applications for external grants funds, and through this influenced the allocation of an additional £1.4 million of conservation grant funds.

#### **Volunteers**

FFI does not have many opportunities for volunteers, but has developed some opportunities for short-term internships, where young conservationists can gain experience of the sector whilst undertaking research or administrative tasks over a defined period.

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### Achievements and Performance

In 2010 we continued to implement our internal project monitoring and assessment process. This is now integrated into our reporting process and data is collated on both the extent of our activities and also the outcomes and impacts of our work. Across our portfolio, projects demonstrate outcomes in relation to our three central aims (see below).

However, we continue to take account of the fact that conservation is a long term process, and whilst we can see results in terms of specific project level change within a single year, our wider success in terms of protecting species and maintaining habitats only becomes apparent over the course of several years or even decades. Thus many of our conservation results come from years of hard work and dedicated effort, and cannot be specifically apportioned to 2010. The following achievements are derived from project managers' reports for 2010 to provide a snapshot of our achievements in this last year.

#### **Aim 1: To secure the future of key threatened habitats and the species they harbour**

- In 2010 we directly contributed to the conservation of some 9.9 million hectares of important habitat, and influenced conservation across a total of nearly 42 million hectares.
- We supported the management of 85 sites important for conservation - 76 protected areas (61 national protected areas, 11 private reserves and four community areas), as well as at nine sites which are not yet protected.
- On-the-ground protection activities (ranger patrols and enforcement) were supported at 51 sites, and our projects employed or supported over 330 rangers or scouts.
- We recorded direct impacts from our management support at 26 sites – through evidence of reduced threats (11 sites), habitat recovery (nine sites) or enhanced management effectiveness and capacity (eight sites).
- In 2010 we worked to support populations of 33 threatened species or sub-species, of which 20 species were protected through on-the-ground protection (rangers etc).
- Our projects grew over 205,000 seedlings of endangered trees and helped over 407,000 turtle hatchlings reach the sea.
- We have evidence of improved conservation status for 24 species in 2010 - with either a reduction in key threats (13 species) or else recovery in populations being reported (11 species).

For example:

- *In Kenya, the Ol Pejeta Conservancy now supports the largest population of black rhinos in Kenya, with 87 animals. It is now home to the last remaining known group of northern white rhinos in Africa, which are currently being reintroduced into natural conditions to encourage breeding.*
- *In Nicaragua, Ometepe Island was declared as a Biosphere Reserve by UNESCO after work by FFI and its local partners for more than 5 years. In addition, a new protected area was declared on the island - the Peña Inculca la Cabuya Wildlife Refuge.*
- *In Myanmar, our teams have identified a new species of monkey – the Burmese snub-nosed monkey – and are now working to secure the forests in which this threatened species lives.*

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#### For the year ended 31 December 2010

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- *In Kyrgyzstan, 750 saplings of the globally Endangered Niedzwetzky apple tree have been planted into the forests, with a further 1,200 to be planted out in spring 2011. This is significantly boosting the wild population of this species in the country (currently only 117 individual trees are recorded).*
- *In January 2010, the Portuguese State Conservation Agency announced that an Iberian lynx had been officially recorded in Portugal for the first time in 10 years. This record came precisely in the region where FFI and our local partner have been working to secure natural habitat to enable the natural spread and reintroduction of lynx.*

Our mission statement tasks us to “take account of human needs” within our conservation work. Of the projects this year where it was feasible and relevant, 92% did indeed include efforts to address human needs – either through developing new livelihoods to offset the costs of conservation, reducing impacts of wildlife on crops, promoting other development priorities or engaging and empowering local people directly in conservation management.

- We consulted and/or engaged with over 122 communities in relation to our projects; this included involving over 1,800 people in village-level meetings or project activities.
- We helped to establish or support 73 local committees or Community Based Organisations to aid local environmental governance.
- Over 69 different livelihood projects were developed across 63 villages or sites. These benefited over 11,750 people.
- Awareness raising activities have reached over 27,000 people directly in the countries where we work (including over 23,000 schoolchildren).

For example:

- *In Ecuador, production and revenue from cacao production has increased, with around 2,000 kg produced in 2010. The market price of cacao has been consistently good, resulting in increased interest and requests from local communities to engage in the cacao scheme.*
- *In Cambodia, our work is estimated to have improved the livelihoods of over 4,000 people living close to wild elephants and their habitat and resulted in an average 20% increase in cash income overall.*
- *In the Philippines, as a result of the project and an orientation on Reduced Emissions from Deforestation and Degradation (REDD), the elders and leaders of the Agta-Dumagat tribe in General Nakar are now willing to work on REDD in their forests - as they recognise not only the revenue potential through carbon financing but also the need to conserve and protect their forests.*

#### **Aim 2: To address the root causes of biodiversity loss**

FFI recognises climate change as one of the greatest threats facing biodiversity. This year FFI's work on climate change has grown further. In addition, we work constructively with governments and the private sector to help them to shape and improve a range of policies that will benefit biodiversity and maintain ecosystem functions.

- We are contributing to the development of ten Reduced Emissions from Deforestation and Degradation (REDD) projects, which are designed to demonstrate how such initiatives can operate effectively to protect not only carbon, but also to benefit biodiversity and local communities.

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#### For the year ended 31 December 2010

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- We are directly engaged in shaping national REDD policy in two countries (Indonesia and Liberia).
- Global partnerships with four multi-national businesses are enabling us to significantly influence their behaviour, by embedding effective biodiversity strategies within their global operations. In addition, engagement with two other multi-nationals has opened the door to future partnerships.

For example:

- *In Liberia, FFI plays a key role in the REDD Technical Working Group which is a think tank for REDD development and best practice in Liberia, feeding directly into policy decisions. Policy and legal reviews for REDD have been completed to inform the developments in climate change and low carbon economy policy. FFI has been selected to represent International NGO's in the newly formed National Committee for Climate Change, chaired by the presidential advisor on climate change.*
- *In Indonesia, FFI contributed to new Aceh government conservation policy across the entire province and its 3 million ha of rainforest, and specifically our work has led to the forests of Ulu Masen being designated a 'special area' for conservation.*

#### **Aim 3: To help others deliver successful conservation**

A distinctive feature of FFI is that we work in direct collaboration with local partners, and the improved capacity we have helped these local organisations to develop is part of the reason for many of our conservation successes.

- In 2010 we directly supported the work of 182 local partner institutions, and collaborated with an additional 207 local, national or international organisations.
- This year we provided institutional support or training to at least 182 organisations, and helped to develop conservation or environmental management skills within at least 13,950 individuals - both within and outside these organisations.
- We also provided extensive training within local communities - helping at least 2,750 individuals to adapt or improve local livelihoods, or to develop new income generation skills.
- Beneficiaries across 37 projects have demonstrated how they are applying the skills and resources provided by FFI to conserve biodiversity, and six groups reported how they used their skills to train others.

For example:

- *In the Democratic Republic of Congo, members of the Community Conservation Committees created in Kahuzi-Biega, Maiko and Garamba National Parks are using their improved skills to identify and prioritise the needs of the local communities, develop alternative livelihood projects and implement those projects.*
- *In Belize, on-going training has enabled our partner the Ya'axché Conservation Trust to build the capacity of its protected areas staff to achieve a much stronger overall enforcement and monitoring programme which is regularly commended at national level meetings and workshops as being an example for other protected areas in Belize. Ya'axché rangers are now some of the best trained and highly skilled in the country, particularly in terms of habitat monitoring and as parabiologists.*

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### **Board of Trustees' Report**

#### **For the year ended 31 December 2010**

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- *In Guangxi, China the awareness among government sectors on biodiversity conservation has been greatly improved. Biodiversity considerations are now integrated in local policy, planning and large programmes like Guangxi Ecological Civilization Demonstration Area development.*
- *In Kyrgyzstan, a review of a NGO support programme showed that 77% of respondents felt it had made their Community-Based Organisation more effective, 91% felt it had benefited their communities more widely and 93% said they now did things differently as a result of the training they had received.*

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## Board of Trustees' Report

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### Financial Review

2010 built upon the success of 2009 with another strong performance, with revenues remaining consistent with 2009, at £12.8m, generating an unrestricted surplus of £90k in the year, giving a cumulative unrestricted reserves position of £218k. Restricted reserves have reduced in the year as conservation programmes have rolled out, and, at £4.1m, now represent about four months activity, which we judge as being reasonable in the light of the portfolio of activity that we deliver.

We have seen growth in restricted income, increasing by over 4% over 2009, driven strongly by growth in support from Trusts and Foundations. Notable within this was the grant received from the Arcadia Fund for development of our marine programme, enabling us to engage with a number of different parties at the policy level whilst also developing complimentary projects to support our land-based portfolio. This emerging area for conservation has seen continued support into 2011 and is increasingly recognised as a key threat that needs to be addressed, and that we will therefore pursue. We continue to generate support across a broad range of income streams, with Government and Bilateral funding holding up well despite global economic pressures on development funds. We have been able to maintain growth in funding from our corporate partners, continuing work on REDD activities, as well as more widely across our portfolio, on activities ranging from environmental risk assessments to direct support for our Flagship Species activities.

Unrestricted income has seen some decline in 2010, with income proving challenging to generate, particularly with regard to individual giving. An element of this reduction is attributable to some changes in the way some key donors made their gifts to us, meaning we were unable to secure Gift Aid on their donation. We have also seen some reduction in the relatively modest consultancy-type income generated by the field teams that helps to off-set their central management costs. We have been able to maintain our general level of support from individual supporters contributing to our unrestricted income, and see this as a key area for development to strengthen our unrestricted fundraising ability in order to increase the resilience of our unrestricted income stream.

Low investment returns have continued to impact the income generation available through permanent endowments held, which helps to support our work on Gorilla conservation, in accordance with the individual endowment agreements. Improved investment values have given rise to capital appreciation of these assets of 16% in 2010.

The following table summarises our key sources of restricted and unrestricted income for 2010.

	£	£	£	£
<b>Income Source</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Endowment</b>	<b>Total</b>
Government and Multilateral	4,157,086	0	-	<b>4,157,086</b>
Trusts and Foundations	3,781,083	107,734	-	<b>3,888,797</b>
Corporate	3,120,783	6,614	-	<b>3,127,397</b>
Individuals	779,174	663,666	-	<b>1,442,840</b>
Membership	-	161,080	-	<b>161,080</b>
Investment	3,737	11,094	19,239	<b>34,070</b>
<b>Total</b>	<b>11,841,843</b>	<b>950,188</b>	<b>19,239</b>	<b>12,811,270</b>

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## **Board of Trustees' Report**

### **For the year ended 31 December 2010**

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Despite the challenging economic conditions encountered by all in the sector, we are pleased that we have managed to maintain total income in 2010 though, in line with our expectations, unrestricted income has been harder to generate. We have continued to maintain close vigilance on cost recovery of directly attributable costs to projects as well as continuing tight control over indirect costs in order to maintain a surplus on unrestricted funds for the year.

We continue to operate across a wide range of projects worldwide, with a diverse portfolio of income streams and project approaches. These enable us to respond to need and to extend our influence in key areas of conservation management and governance, working as we do with governments, local partners and communities, corporate partners and key individuals and trusts and foundations that recognise the contribution that we can make.

In 2010 our initial work on scoping and developing a number of marine conservation initiatives was rewarded with an award of £1m from the Arcadia Fund to further pursue a variety of marine initiatives, from developing complementary programmes to our terrestrial portfolio to working with key policy makers and advisors on one of the largest marine protected areas yet to be established, around the Chagos Islands in the Indian Ocean. We see attention to marine issues becoming increasingly important as the threat to the World's oceans becomes more apparent.

We have maintained active engagement with the corporate sector, increasing our income from business partnerships via further development of existing relationships, working on biodiversity assessments and restoration projects. We maintained our interest in REDD+ initiatives, working with a number of different partners, including Macquarie, to develop projects that meet VCS and CCBA validation criteria, seeking to establish long-term sustainable financing for habitat preservation and community development. We continue to champion benchmarking tools, such as the Natural Value Initiative, and there are signs that such an approach is gaining some traction, with new investors coming on board and interest from a number of parties on the development of this approach.

In Africa the continuation of the NORAD funding for Liberia, as well as the concluding elements of the EU funded project, and continued FFEM and GEF activity, has ensured a strong presence in this still difficult area in which to work. We see this as a good test bed for the feasibility of REDD+ projects in Africa, and the level of funds invested is indicative of the investment required to make this work.

We continue to see significant income flow into the Asia Pacific region, ranging from species focussed activities, such as a number of ape protection programmes, to landscape-level development, such as in the Cardamom Mountains in Cambodia and in Indonesia. The Asia Pacific region does consistently represent a significant element of our portfolio, attracting approximately 32% of our income in 2010, and therefore poses its own risks in terms of programme management and effective portfolio management. We have often found it more difficult to identify suitable local partners in this region, and therefore employ more staff directly, but this does present its own risk in terms of project exit, therefore it is important to maintain a divergent portfolio, and, to this end, we have recently begun work in both Laos and Myanmar.

This activity has resulted in an 18% increase in expenditure against charitable activities over 2009, which in itself showed a 25% increase over the previous year, further indicating strong development and donor support for our programmes. This increase in project expenditure has led to some reduction in overall restricted reserves, now standing at £4,071k, representing a little under 4 months expenditure which, given the funding patterns and lead times experienced across our range of projects, we believe is reasonable.

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## **Board of Trustees' Report**

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We have expensed losses on foreign exchange as they have occurred throughout the year on transactions, though a revaluation of project balances at year end has given rise to an unrealised gain, which will be held against project balances and released once transactions are unwound.

Project balances and project commitments remain constantly under review in order to ensure that there are no anticipated revenues that may be deemed irrecoverable or that there are project expenditures being incurred against which future income is unlikely to be generated. Internal monitoring processes have been developed to support this and, although not an exact science due to the differing funding processes adopted by our portfolio of funding partners, we have accrued costs against our unrestricted funds where necessary. Negative balances shown against Programme balances in note 18 relate to programmes funded in arrears, where the timing or the level of income due is uncertain but where we have a sufficient degree of confidence that there is income forthcoming. If there is reasonable doubt as to the likelihood of this income materialising, an appropriate cost accrual has been made in unrestricted funds. It is believed that potential project liabilities that may impact on the unrestricted fund are fully provided for in these accounts.

Unrestricted income has seen some decline in 2010, with some decline in individual support, partially reflecting the change in basis of some of the support that we received in the year. We have managed to contain the impact of this through more effective cost recovery and continued cost control to enable us to deliver a surplus on unrestricted funds. We have begun to develop our supporter base, seeking a wider range of individual support, conscious that this support is critical as we seek to extend the scope and influence of our work.

There has been some improvement in investment income generated, though returns, at just over 4%, have only been able to fund part of our investment in Gorilla conservation. The improvement in the stock market over the course of the year has, however, contributed to strong capital appreciation, with the endowment portfolio growing by £67k or 16% over the course of the year. The endowment portfolio investments are maintained as separate charities, with FFI as the trustee, in accordance with the requirements of the Charities Act 1993.

Total expenditure on staff costs has risen, attributable to a growth in staff numbers across our portfolio as programmes have developed; the average cost per employee remains in line with 2009. The staff costs analysed under note 6 (a) also includes direct project personnel locally retained, and therefore exceeds that analysed under note 5, being the analysis of staff contracted from the UK.

Our associated operations in the United States and Australia continue to provide valuable support to our programme delivery areas, helping to raise funds and to increase our profile in these two very important hubs for our future development. In 2010 both entities experienced strong growth, providing programme funds across the regions and sharing costs where appropriate. We are confident that this progress can be maintained, with an expansion of the team in the US and the appointment of our first Executive Director in Australia.

Debtors have reduced due to a general reduction in income due at year end, partially off-set by accrued income against the EU Liberia grant, due at year end but not yet paid. We have also seen some reduction in funds due from our associated organisations in the US and Australia. We have reviewed the portfolio of debtors held at year end in association with any provision for doubtful debt and are comfortable that we have adequately provided for any diminution of these asset values, taking into account the circumstances at the balance sheet date and subsequently.

## **Fauna & Flora International**

### **Board of Trustees' Report**

#### **For the year ended 31 December 2010**

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Creditors have also increased, largely attributable to deferred income relating both to Halcyon funds received and significant EU project funding received for our Asia Pacific region at the end of 2010, for activity commencing in 2011.

#### **Overall Position**

The net movement in unrestricted funds for the period is £90k, resulting in an accumulated surplus on unrestricted funds of £218k. We are pleased with this progress in strengthening our underlying unrestricted position, conscious that this level of reserves still leaves us somewhat vulnerable and there is still some way to go to improve the resilience and decrease the sensitivity of the level of unrestricted reserves held as a ratio of our cost base, but we do believe that we are making tangible progress towards a more healthy position

Restricted reserves have been utilised throughout the year against our project portfolio and, in the light of increases in these balances in the past three years, we anticipated utilisation of project funds as we progressed with major projects and programmes. All restricted reserves held relate to current, active projects and are anticipated to be utilised over the course of the next 1 to 2 years.

#### **Reserves Policy**

The Trustees remain committed to building up a reserves base that will help insulate the organisation from some of the volatility in funding that is inevitable in an organisation with such a high ratio of restricted to unrestricted funds. Although operations tend to be funded via multi-year awards, the lack of unrestricted reserves makes the transition in and out of new projects more difficult and also limits our ability to invest in the internal capacity of the organisation. The objective at present remains to establish a minimum reserve of £500k, with a view to further expand this to cover at least three months underlying operational expenditure. This will be kept under review and revised as necessary by the Trustees.

#### **Investment Policy and Objectives**

The investment policy of the organisation is designed to protect, as far as possible, the value of the assets held in the designated permanent endowment funds and not to speculate in individual investments with the moderate funds currently held for general purposes. Accordingly, the endowment funds are invested in UK government bonds and a range of UK investment trusts in order to achieve portfolio diversification

#### **Post Balance Sheet events**

There are no significant post balance sheet events to report.

#### **Plans for Future Periods**

We will continue to develop our project base via a diverse set of income streams, recognising that a portfolio approach to project income support is often the most effective way to secure long-lasting intervention and really allow us to make an impact. We have secured significant funding from the EU for a range of projects across the Asia Pacific region, ranging from a multi-country REDD+ project to support for local ranger provision to secure a threatened landscape. We have been fortunate to secure an extension of funding from Arcadia for our marine work, allowing us to develop this portfolio, and we are also working closely with a number of investment partners to establish a global REDD+ mechanism.

We have been notified of two significant legacies, which should crystallise in 2011, and should enable us to pursue our strategies of strengthening our unrestricted reserves position, developing our supporter base and providing greater scope and capacity internally to improve systems, governance and oversight.

# **Fauna & Flora International**

## **Board of Trustees' Report**

**For the year ended 31 December 2010**

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### **Auditors**

A resolution to re-appoint Peters Elworthy & Moore as auditors of the Company will be proposed at the Annual General Meeting on 10<sup>th</sup> November 2011.

Our thanks are extended to all staff and Trustees for the time and effort they have contributed during the year. We are also grateful to the volunteers who have given freely of their time to assist our work.

**Approved and authorised for issue by the Board of Trustees on 28 September 2011 and signed on its behalf by**

A handwritten signature in black ink that reads "Andrew Sykes". The signature is written in a cursive style with a horizontal line underneath the name.

**Andrew Sykes  
Chairman**

# **Fauna & Flora International**

## **Independent Auditors' Report to the Trustees**

### **On the Financial Statements for the year ended 31 December 2010**

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We have audited the financial statements of Fauna & Flora International for the year ended 31 December 2010 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Trustees' Responsibilities Statement set out on page 1, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's [(APB's)] Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2010 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Fauna & Flora International

### Independent Auditors' Report to the Trustees

#### On the Financial Statements for the year ended 31 December 2010

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#### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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



Paul Chapman

for and on behalf of

**PETERS ELWORTHY & MOORE**

Chartered Accountants and Statutory Auditor

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

Date: 29<sup>th</sup> September 2011

# Fauna & Flora International

## Statement of Financial Activities (including Income and Expenditure Account)

For the year ended 31 December 2010

	Note	Unrestricted £	Restricted £	Endowment Funds £	2010 Total £	2009 Total £
<b>Incoming Resources:</b>						
<b><i>Incoming resources from generated funds:</i></b>						
Voluntary income	3	740,606	4,951,704	-	5,692,310	4,795,692
Legacies		140,381	-	-	140,381	144,916
<b>Sub-total voluntary income</b>		<b>880,987</b>	<b>4,951,704</b>	<b>-</b>	<b>5,832,691</b>	<b>4,940,608</b>
Investment income		8,092	3,737	19,239	31,068	23,994
Charitable trading income		17,175	4,277	-	21,452	51,236
		<b>25,267</b>	<b>8,014</b>	<b>19,239</b>	<b>52,520</b>	<b>75,230</b>
<b>Incoming resources from generated funds</b>		<b>906,254</b>	<b>4,959,718</b>	<b>19,239</b>	<b>5,885,211</b>	<b>5,015,838</b>
<b>Incoming resources from charitable activities:</b>						
Grants for operational programmes		39,934	3,640,554	-	3,680,488	5,737,505
Contracts for operational programmes		4,000	3,241,571	-	3,245,571	2,043,632
<b>Total incoming resources</b>		<b>950,188</b>	<b>11,841,843</b>	<b>19,239</b>	<b>12,811,270</b>	<b>12,796,975</b>
<b>Resource Expended</b>						
<b><i>Costs of generating funds:</i></b>						
Costs of generating voluntary income		527,429	-	2,996	530,425	399,361
Fundraising trading costs		74,027	-	-	74,027	97,353
		<b>601,456</b>	<b>-</b>	<b>2,996</b>	<b>604,452</b>	<b>496,714</b>
<b><i>Charitable activities:</i></b>						
Conservation projects and biodiversity awareness		190,993	13,283,555	-	13,474,548	11,434,999
		<b>190,993</b>	<b>13,283,555</b>	<b>-</b>	<b>13,474,548</b>	<b>11,434,999</b>
<b>Governance costs</b>	<b>6a</b>	<b>74,660</b>	<b>-</b>	<b>-</b>	<b>74,660</b>	<b>68,726</b>
<b>Total resources expended</b>	<b>6a</b>	<b>867,109</b>	<b>13,283,555</b>	<b>2,996</b>	<b>14,153,660</b>	<b>12,000,439</b>
<b>Net incoming resources before gains and losses – c/fwd</b>		<b>83,079</b>	<b>(1,441,712)</b>	<b>16,243</b>	<b>(1,342,390)</b>	<b>796,536</b>

## Fauna & Flora International

### Statement of Financial Activities (including Income and Expenditure Account)

For the year ended 31 December 2010

	Note	Unrestricted £	Restricted £	Endowment Funds £	2010 Total £	2009 Total £
<b>Net incoming resources before gains and losses – b/fwd</b>		83,079	(1,441,712)	16,243	(1,342,390)	796,536
<b>Other Recognised Gains and Losses</b>						
Unrealised gains/losses on investments	8	-	-	66,930	66,930	55,209
Realised gains/losses on investments		-	-	995	995	-
Realised foreign exchange gains/losses	4	22,536	(50,897)	-	(28,361)	22,377
Unrealised foreign exchange gains/losses	4	-	193,274	-	193,274	(523,412)
Profit on disposal		-	-	-	-	33,296
<b>Net movement in Funds</b>		<u>105,615</u>	<u>(1,299,335)</u>	<u>84,168</u>	<u>(1,109,552)</u>	<u>384,006</u>
Transfers between funds		<u>(15,892)</u>	<u>34,777</u>	<u>(18,885)</u>	<u>-</u>	<u>-</u>
<b>Net movement in Funds</b>		89,723	(1,264,558)	65,283	(1,109,552)	384,006
Balance brought forward		128,373	5,336,040	425,009	5,889,422	5,505,416
<b>Balance carried forward</b>		<u>218,096</u>	<u>4,071,482</u>	<u>490,292</u>	<u>4,779,870</u>	<u>5,889,422</u>

All gains and losses recognised in the year are included above. All the activities of the charity are classed as continuing.

# Fauna & Flora International

## Balance Sheet

For the year ended 31 December 2010

	Note	2010 £	£	2009 £	£
<b>Fixed Assets</b>					
Tangible fixed assets	7		84,596		24,544
Investments	8		488,968		421,595
			<u>573,564</u>		<u>446,139</u>
<b>Current Assets</b>					
Debtors	9	2,417,304		3,292,885	
Cash at bank and in hand		4,731,276		4,264,225	
		<u>7,148,580</u>		<u>7,557,110</u>	
<b>Creditors: amounts falling due within one year</b>	10	(2,942,274)		(2,113,827)	
<b>Net Current Assets</b>			<u>4,206,306</u>		<u>5,443,283</u>
<b>Creditors: amount falling due after one year</b>			-		-
<b>Net assets</b>			<u>4,779,870</u>		<u>5,889,422</u>
<b>Reserves</b>					
<b>Income Funds</b>					
Unrestricted funds			218,096		128,373
Restricted funds	11,18		4,071,482		5,336,040
			<u>4,289,578</u>		<u>5,464,413</u>
<b>Capital Funds</b>					
Permanent endowment funds	12		490,292		425,009
			<u>4,779,870</u>		<u>5,889,422</u>

Approved by the Board of Trustees and authorised for issue on 28 September 2011 and signed on its behalf by:



Chairman: Andrew Sykes



Treasurer: Philip Prettejohn

# Fauna & Flora International

## Cash Flow Statement

For the year ended 31 December 2010

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	Notes	2010 £	2009 £
Net cash inflow from operating activities	17	520,179	470,303
Returns on investments and servicing of finance	17	31,068	23,994
Capital expenditure and financial investment	17	<u>(84,196)</u>	<u>(42,974)</u>
Increase in cash and cash equivalents		<u>467,051</u>	<u>451,323</u>

### Reconciliation of Net Cash Flow to Movements in Net Funds

Increase in cash in the year		467,051	451,323
Net cash resources at 1 January 2010		<u>4,214,225</u>	<u>3,762,902</u>
Net cash resources at 31 December 2010		<u>4,681,276</u>	<u>4,214,225</u>

### Analysis of changes in net debt

	As at 01.01.10 £	Cash Movement £	As at 31.12.10 £
Cash at bank and in hand	4,264,225	467,051	4,731,276
Loan balance	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
	<u>4,214,225</u>	<u>467,051</u>	<u>4,681,276</u>

The attached notes form part of these financial statements.

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2010

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### 1 Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the charity's financial statements.

#### a) Accounting Convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investments, and are in accordance with applicable accounting standards, and the Statement of Recommended Practice by Charities (SORP 2005), "Accounting and Reporting by Charities" published in March 2005.

#### b) Incoming Resources

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Income is recognised when it is due under terms of funding agreements. In respect of restricted income grants, where the donor has specifically stated a percentage is to be used for management and administration, then this amount is accounted for as unrestricted income. Where no percentage is stated, and the terms of the grant enable it to do so, the charity accounts for 15% as relating to management and administration and this amount is accounted for as unrestricted income. For legacies, entitlement to income is the earlier of the charity being notified of an impending distribution or the legacy being received.

#### c) Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Project activity costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management and oversight delivered from UK contracted staff. Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support & administration costs are indirect costs related to the overall management and facilities of the organisation and Governance costs are those incurred in connection with Trustee administration of the charity and compliance with constitutional and statutory requirements.

#### d) Tangible Fixed Assets

Tangible fixed assets are shown at cost less depreciation. Assets in use in the organisation are capitalised where the value of an individual item is greater than £1,000 and the asset has a long-term useful life. When items of portable equipment are acquired, such items that fall below this threshold may be capitalised. Where items are acquired from funding from restricted grants, these items will be treated in accordance with the grant requirements and therefore may well be fully expensed in the year of acquisition, rather than capitalised.

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

Fixtures and fittings	- 20 - 25% straight line
Project equipment	- 25% straight line
Computer equipment	- 33% straight line

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2010

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e) **Listed Investments**

Listed investments are included at the mid-market price as shown in the Stock Exchange Daily Official List as at close of business at the year end. The SOFA includes the net unrealised gains and losses arising on revaluations and realised gains and losses on disposals throughout the year.

f) **Leased Assets**

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount accounted for is the present value of the minimum lease payments payable during the lease term. All other leases are treated as operating leases and their annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

g) **Funds**

Resources are allocated to Restricted Funds according to the limitations on their use specified by the donors or other providers. Funds received in the direct operation of the charity are treated as unrestricted income funds. Other resources received without external restriction are designated by the trustees for particular purposes as deemed appropriate.

h) **Foreign Exchange**

Assets and liabilities denominated in foreign currencies are translated into sterling on the balance sheet at the rates of exchange ruling at the year-end. Unrealised gains and losses on re-translation are dealt with as part of the deficit or surplus on ordinary activities for the financial year. Gains and losses related to restricted projects cannot be allocated to specific projects. Therefore, these are accumulated in a foreign exchange revaluation fund and grouped with restricted reserves, as shown in note 18. These are then allocated to the relevant projects as they are completed.

i) **Pension Contributions**

The charitable company contributes to individual personal pensions for staff; contributions are charged to the profit and loss account as they become payable.

j) **Finance and operating leases**

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred. Assets purchased under finance lease are capitalised as fixed assets. Obligations under such agreements are included in creditors. The difference between the capitalised cost and the total obligation under the lease represents the finance charges. Finance charges are written off to the SOFA over the period of the lease so as to produce a constant periodic rate of charge.

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2010

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### 2 Company Status

The company is limited by guarantee, not having a share capital, and is also a registered charity; it is not liable to corporation tax. In the event of the charity being wound up, the liability in respect of guarantee is limited to £1 per member of the limited liability company.

<b>3 Voluntary Income</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Individuals	1,676,047	2,031,519
Charitable Foundations	3,879,137	2,751,809
Corporate Donations	137,126	12,324
	<u>5,692,310</u>	<u>4,795,652</u>

<b>4 Expenditure</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Direct and other expenditure includes:-		
Auditor's remuneration	22,500	18,000
Auditor's other fees	9,133	12,048
Depreciation	24,696	17,436
Operating leases: land and buildings	86,132	105,526
Foreign exchange (gains)/losses	(164,913)	501,035

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2010

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### 5 Employee information

5a Staff costs:	2010	2009
	£	£
Wages and salaries	2,776,989	2,527,813
Social security costs	202,850	184,138
Pension costs	147,816	131,082
	<u>3,127,655</u>	<u>2,843,033</u>

5b	2010	2009
The average number of persons, analysed by function, employed during the year was:-		
Project management, fundraising and administration	<u>91</u>	<u>83</u>

The above numbers do not include Trustees who are not permitted to receive remuneration for their duties unless formal approval has been received from the Charity Commission. Expenses of £478 (2009: £534) were reimbursed to Trustees in respect of travel and subsistence during the year.

5c	2010	2009
Employees whose emoluments for the year were £60,000 or more are shown in the following bands:-		
£60,001-£70,000	1	1
£70,001-£80,000	1	1
£80,001-£90,000	-	2
£90,001-£100,000	2	1
£100,001-£110,000	-	-
£110,001-£120,000	-	1
£120,001-£130,000	1	-

The pension contributions to pension schemes for higher paid staff were £25,343 (2009: £35,516) and for other staff were £122,473 (2009: £104,667).

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2010

### 6a Analysis of Total Resources Expended

	Staff costs £	Other costs £	Support costs £	2010 £	2009 £
<b>Projects</b>					
Halcyon	52,510	137,936	80	190,256	129,173
Africa	621,378	2,148,006	44,482	2,813,866	2,041,611
Asia Pacific	2,046,652	2,705,316	476,546	5,228,514	4,705,353
Americas	271,695	975,878	46,499	1,294,072	1,241,773
Eurasia	290,267	348,924	51,254	690,445	401,408
Conservation Partnerships	918,919	909,462	78,598	1,906,979	1,489,002
Other	-	2,996	-	2,996	1,065
Project Activities	<u>4,201,421</u>	<u>7,228,518</u>	<u>697,459</u>	<u>12,127,398</u>	<u>10,009,385</u>
Fundraising & communications	394,630	122,449	148,509	665,588	536,394
Support & administration costs	572,942	300,777	412,295	1,286,014	1,385,934
Governance costs	32,706	5,661	36,293	74,660	68,726
	<u>5,201,699</u>	<u>7,657,405</u>	<u>1,294,556</u>	<u>14,153,660</u>	<u>12,000,439</u>

### 6b Analysis of Support Costs

	Project activities £	Fundraising & communications £	Support & administration £	Governance £	Total 2010 £	Total 2009 £
Premises	323,989	468	205,020	-	529,477	457,635
Equipment	1,258	1,402	3,959	-	6,619	19,037
Grants	-	4,000	-	-	4,000	10,000
Conferences & events	16,095	10,790	2,247	4,642	33,774	18,777
Financial costs	(2,364)	2,888	8,516	10	9,050	22,579
Depreciation	610	532	23,554	-	24,696	17,436
Communications, IT & office supplies	225,534	99,568	62,306	2,036	389,444	422,848
Travel & subsistence	94,318	36,672	80,552	5,597	217,140	222,288
Audit costs	22,193	-	-	22,500	44,693	19,340
Other costs	15,826	(7,811)	26,141	1,508	35,730	121,979
	<u>697,459</u>	<u>148,509</u>	<u>412,295</u>	<u>36,293</u>	<u>1,294,556</u>	<u>1,331,919</u>

Note: we have reviewed closely the analysis of other costs in relation to support costs, as required under the Charity SORP, and have reassessed the categorisation of certain costs, resulting in a different analysis to that presented previously. The prior year comparatives also reflect this reclassification

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2010

### 7 Tangible Fixed Assets

	<b>Fixtures &amp; Fittings £</b>	<b>Total £</b>
Cost:		
At 1 January 2010	144,713	144,713
Additions	84,748	84,748
Disposals	(87,297)	(87,297)
At 31 December 2010	<u>142,164</u>	<u>142,164</u>
Depreciation:		
At 1 January 2010	120,169	120,169
Charge for year	24,696	24,696
On disposals	(87,297)	(87,297)
At 31 December 2010	<u>57,568</u>	<u>57,568</u>
Net book value:		
At 31 December 2010	<u>84,596</u>	<u>84,596</u>
At 31 December 2009	<u>24,544</u>	<u>24,544</u>

### 8 Fixed Asset Investments

	<b>2010 £</b>	<b>2009 £</b>
Market valuation as at 1 January 2010	421,595	335,999
Acquisitions at cost	50,077	366,256
Disposals at market value	(50,629)	(335,999)
Net surplus/(deficit) on revaluation	67,925	55,339
Market valuation as at 31 December 2010	<u>488,968</u>	<u>421,595</u>
Historical cost as at 31 December 2010	<u>365,834</u>	<u>366,386</u>
Disposals at market value	50,629	335,999
Disposals at cost	(49,634)	(336,869)
Realised gains/(losses)	995	(870)
Unrealised gains/(losses)	66,930	56,209
Total gains/(losses) on revaluation	<u>67,925</u>	<u>55,339</u>
Fixed asset investments comprised of:		
Equities	353,748	295,809
Gilts	135,220	125,786
	<u>488,968</u>	<u>421,595</u>

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2010

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### 9 Debtors

	<b>2010</b>	2009
	<b>£</b>	£
Other debtors	1,479,182	2,441,048
Amounts due from FFI Inc.	91,710	554,377
Amounts due from FFI Australia	36,860	91,781
Prepayments and accrued income	809,552	205,679
	<u>2,417,304</u>	<u>3,292,885</u>

All the above amounts fall due within one year.

### 10 Creditors: falling due within one year

	<b>2010</b>	2009
	<b>£</b>	£
Loans	50,000	50,000
Trade creditors	154,248	178,819
Tax and social security	66,708	58,016
Accruals and deferred income	2,609,404	1,815,474
Other creditors	61,914	11,518
	<u>2,942,274</u>	<u>2,113,827</u>

The bridging loan in respect of the Sera Project is an interest-free loan repayable in full during the year ended 31 December 2011.

### 11 Restricted Funds

	<b>Balance bought forward £</b>	<b>Net surplus (deficit) for year £</b>	<b>Balance carried forward £</b>
Conservation projects	<u>5,336,040</u>	<u>(1,264,558)</u>	<u>4,071,482</u>

The restricted funds of the charity comprise unexpended balances on income given for specific purposes. Details of individual funds are disclosed in note 18.

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2010

12 Permanent Endowment	Balance brought forward	Net surplus for year	Investment gains/ (losses)	Transfer to restricted funds	Balance carried forward
	£	£	£	£	£
Rothiemurchus Bequest Fund	21,748	424	3,161	(892)	24,441
M.G.P Funds	403,261	15,819	64,764	(17,993)	465,851
	<u>425,009</u>	<u>16,243</u>	<u>67,925</u>	<u>(18,885)</u>	<u>490,292</u>

The Rothiemurchus bequest stipulates that the Charity should:

- i. Hold the bequest and pay or apply part of the income thereof each year in assisting not more than one conservation project consistent with the aims of the Charity:
- ii. Accumulate for as long as possible at least one quarter of the income, which should be added to the capital of the bequest.

The Whitley Animal Protection Trust M.G.P Fund represents a capital donation from the Whitley Animal Protection Trust, which stipulated that the capital should be invested and the income used for the protection of the mountain gorilla. Provision is made to maintain the relative value of the capital and to provide regular guaranteed income for the IGCP.

### 13 Analysis of Net Assets between Funds

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total
	£	£	£	£
Tangible fixed assets	84,596	-	-	84,596
Investments	-	-	488,968	488,968
Net current assets	133,500	4,071,482	1,324	4,206,306
	<u>218,096</u>	<u>4,071,482</u>	<u>490,292</u>	<u>4,779,870</u>

### 14 Operating Lease Commitments

Annual commitments are as follows:	2010	2009
	£	£
Land and buildings:		
In less than two years	-	105,526
In two to five years	153,255	-
	<u>153,255</u>	<u>105,526</u>
Other operating leases:		
In less than two years	1,355	23,696
In two to five years	56,728	7,692
	<u>58,083</u>	<u>31,388</u>

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2010

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### 15 APB Ethical Standards

In common with many other entities of our size and nature, we use our auditors to assist with the preparation of the statutory financial statements.

### 16 Related Party Transactions and Ultimate Controlling Party

The company is under the control of the Board of Trustees. There is no ultimate controlling party.

Fauna & Flora International shares common charitable objectives with two sister charitable organisations, these being disclosed below:

Fauna & Flora International Inc. operates in the USA to provide both technical and financial support to FFI's flagship species projects, generating support through its committed Board from a wide range of individuals, US based trusts and foundations as well as government agencies.

Fauna & Flora International Australia has recently been established to further conservation and livelihood issues in Australia and in neighbouring countries throughout Asia and the Pacific, and to contribute to the overall objectives of Fauna & Flora International in the UK.

As at 31 December 2010, FFI was due a balance of £91,710 (2009: £554,377) from Fauna & Flora International Inc. This is disclosed in Debtors in note 9 to the financial statements.

As at 31 December 2010, FFI was due a balance of £36,860 (2009: £91,781) from Fauna & Flora International Australia. This is disclosed in Debtors in note 9 to the financial statements.

### 17 Cash Flow Information

	2010	2009
	£	£
a) Reconciliations of changes in resources to net inflow from operating activities		
Net incoming resources	(1,109,552)	384,006
Depreciation charge	24,696	17,436
Gain on disposals of investment assets	(995)	870
Investment income (shown separately in (b) below)	(31,068)	(23,994)
Decrease in current asset investment	-	70,000
(Increase)/decrease in debtors	875,581	(523,851)
Increase/(decrease) in creditors	828,447	602,045
Change in investment valuation	(66,930)	(56,209)
Net cash inflow/(outflow) from operating activities	<u>520,179</u>	<u>470,303</u>
b) Gross cash flows		
<i>Returns on investment and servicing of finance:</i>		
Investment income received	<u>31,068</u>	<u>23,994</u>
<i>Capital expenditure and financial investment:</i>		
Payments to acquire tangible fixed assets	(84,748)	(12,717)
Receipts from sales of investments	50,629	335,999
Payments to acquire investments	<u>(50,077)</u>	<u>(366,256)</u>
	<u>(84,196)</u>	<u>(42,974)</u>

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2010

### 18 Statement of Restricted Reserves

	Programmes	B/Fwd £	Income £	Expenditure £	C/Fwd £
Halcyon	Halcyon	1,260,527	2,206,428	1,541,462	1,925,493
Conservation Partnerships	Policy	21,013	-	30,187	(9,174)
	Corporate	383,827	1,499,518	1,585,829	297,516
	Livelihoods	243,477	136,997	239,019	141,455
	Land & Species	122,420	455,177	460,658	116,939
	Environmental Markets	(32,797)	587,602	422,490	132,315
	Capacity	-	916	916	-
Africa	Africa Pan Regional	42,424	77,812	9,872	110,364
	Nimba	38,341	46,510	80,624	4,227
	Liberia	171,985	1,134,697	1,348,768	(42,086)
	Central Africa Primates	(29,619)	134,195	336,829	(232,253)
	OI Pejeta	81,720	47,475	173,479	(44,284)
	East Africa	153,085	224,214	359,441	17,858
	Niassa Reserve	168,991	10,979	108,931	71,039
	South Africa	(1,347)	30,503	24,903	4,253
Eurasia	Other Eurasia	337,530	498,881	583,053	253,358
	Kyrgyzstan	46,914	7,500	37,006	17,408
	Western Europe	8,580	2,812	(24,160)	35,552
Americas	Americas Pan Regional	34,286	48,644	68,228	14,702
	Caribbean	13,730	(4,390)	14,594	(5,254)
	Belize	18,516	93,063	105,654	5,925
	Nicaragua	125,982	243,713	295,395	74,300
	Brazil & Argentina	142,402	(14,444)	35,198	92,760
	Ecuador	135,508	487,767	434,567	188,708
Asia Pacific	Asia Pacific Pan Regional	9,476	85,959	69,085	26,350
	Vietnam	343,180	373,722	713,033	3,869
	Cambodia	383,030	500,303	552,354	330,979
	Indonesia	722,700	2,387,562	3,033,258	77,004
	Philippines	(8,446)	115,512	96,796	10,270
	China	190,074	414,385	378,131	226,328
	Myanmar	-	7,831	11,943	(4,112)
Other	Foreign Exchange Revaluation Fund	208,531	-	(21,142)	229,673
		<u>5,336,040</u>	<u>11,841,843</u>	<u>13,106,401</u>	<u>4,071,482</u>

Included in the above are amounts for grants received from the following organisations:

<b>BBC Wildlife Trust</b>	£60,000
<b>Big Lottery Fund</b>	£58,694