

Company Number: 2677068
Charity Number: 1011102

FAUNA & FLORA INTERNATIONAL

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

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Fauna & Flora International

Company Information

Patron	Her Majesty, Queen Elizabeth II
President	HRH Princess Laurentien of the Netherlands
Vice Presidents	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 Lord John De Ramsey Dr Lee Durrell Dorette Fleischmann Stephen Fry Rupert Goodman Edward Hoare Professor Frederick Kayanja The Lady Emma Kitchener LVO Rove McManus Sir Mark Moody-Stuart Blaine T. Phillips Dr Lisbet Rausing Dr Claudio Segré Hugh Sloane Jon L Stryker Dr Charlotte Uhlenbroek The Rt Hon Baroness Young of Old Scone
Council Officers	
Chair	Andrew Sykes
Vice Chairs	Professor Nigel Leader-Williams Charles Whitbread
Treasurer	Philip Prettejohn
Ordinary Members of Council	Melanie Brown Stephen Georgiadis Professor Brendan Godley Dr Charlotte Grezo Andrew Joy Tony Juniper Dr Sandra Knapp Professor E. J. Milner-Gulland Sir Gareth Rhys-Williams Professor Callum Roberts Edward van Cutsem Dr Bhaskar Vira John Wotton
Chief Executive Officer	Mark Rose

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Fauna & Flora International

Board of Trustees' Report

For the year ended 31 December 2013

The Board of Trustees presents its report and audited financial statements for the year ended 31 December 2013.

Statement of trustees' responsibilities

The trustees are responsible for preparing their annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the Group and the incoming resources and application of resources, including the net income and expenditure, of the Group for the year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and Group 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 charity and Group 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 reasonable 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 was registered with the Charity Commission in June 1992, Registered Charity Number 1011102.

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Board of Trustees' Report

For the year ended 31 December 2013

Registered Office

FFI's registered and principal office is at 4th 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.

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

Andrew Sykes	Chair
Professor Nigel Leader-Williams	Vice Chair
Charles Whitbread	Vice Chair
Philip Prettejohn	Treasurer

Melanie Brown (appointed 15th October 2013)
Virginia Drabbe-Seemann (stood down 15th October 2013)
Stephen Georgiadis
Professor Brendan Godley
Dr Charlotte Grezo
Andrew Joy (appointed 15th October 2013)
Tony Juniper (appointed 15th October 2013)
Dr Sandra Knapp (appointed 15th October 2013)
Professor E. J. Milner-Gulland
Sir Gareth Rhys-Williams
Professor Callum Roberts
Edward van Cutsem
Diana van de Kamp (stood down 15th October 2013)
Dr Bhaskar Vira
John Wotton

Chief Executive Officer

Mark Rose

Company Secretary

Mark Blake

Principal Professional Advisers:

Auditors

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

Solicitors

Mills & Reeve, Botanic House, 100 Hills Road, Cambridge CB2 1PH

Investment Managers

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

Bankers

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

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Board of Trustees' Report

For the year ended 31 December 2013

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 elected by the membership of the organisation at the Annual General Meeting and ordinarily serve a four year term but can be re-elected for a further term. The Articles of Association provide for any five members in writing, or for the existing trustees by resolution, to nominate any member for election or re-election as a trustee.

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. The Nominations Committee has clearly defined Terms of Reference (ToR) which include reviewing the structure, size, effectiveness and composition (including the skills, knowledge, experience and diversity) of Council and making recommendations to the trustees with regard to any changes.

The Committee reviews all nominations and applications for officers and ordinary members of Council and puts forward recommendations to Council for suitable nominees. In doing so the Committee takes into account the role and responsibilities of these positions, all of which have clearly defined ToR, with those for the Council officers (Chair, Vice-Chair, Treasurer and Company Secretary) having been revised and updated during 2013. Following the appointment of new trustees an induction procedure, including the provision of relevant reading materials and the opportunity to visit the offices of the organisation and to spend time with staff, aims to give new Council members the information and tools they need to fulfil their legal obligations and to play an effective role within the governing body.

Council is responsible for establishing the strategy, policy and control framework of the organisation, which is achieved via twice yearly full-day meetings and via formal delegations to its sub-committees, the officers of Council and to the Senior Management Team (SMT) of the organisation. To this end Council 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 also exercised via clearly defined ToR, including monthly meetings with the SMT and agreed delegations to the Chief Executive Officer, SMT members and other staff. 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, the ToR for which include agreeing the remuneration and benefits of senior staff, including the CEO, as well as agreeing, on behalf of the trustees, the remuneration and benefits of other employees within the organisation, giving due regard to external economic conditions and budget availability. The Committee is also charged with agreeing any significant changes to the Charity's external advisors or to the providers of employee benefits. In order to perform its duties the Remuneration Committee can seek any information it requires from any employee and is authorised to obtain comparative information on remuneration, benefits and terms and conditions of employment in comparable organisations, or to commission any reports or surveys that it deems necessary to help it to fulfil its obligations.

Council has also constituted an Audit Committee, responsible for engaging with 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 the associated Key Issues Memorandum. The Audit Committee's ToR also includes the review of internal control and risk management systems 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.

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Board of Trustees' Report

For the year ended 31 December 2013

Related Party Statement

FFI has related organisations in the United States of America, Australia and Singapore:

Fauna & Flora International Inc., (FFI 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. It has a separate Board of Directors, over which FFI does not have the power to exercise control. The financial results of FFI Inc. have not therefore been consolidated.

Fauna & Flora International Australia (Ltd), (FFI Australia) was established in 2008 and is a public 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). FFI Australia operates a Public Fund with deductible gift recipient (DGR) status which appears on the Australian Government's Register of Environmental Organisations. FFI Australia also has a separate Board of Directors, but FFI currently does not have the power in the Constitution to exercise control over the undertaking, although this control has not been exercised to date. However we are of the view that the existence of this power requires FFI Australia's financial results to be consolidated.

Fauna & Flora International (Singapore) was established as a public company limited by guarantee in November 2011, Registration Number 201133836K. It also became a registered Singapore charity in November 2012. This entity is wholly owned by FFI and therefore the financial results of FFI Singapore are consolidated.

The related party transactions are disclosed in notes 10, 11 and 16 below.

Public Benefit

FFI promotes the conservation of the environment and the education of all sectors of society in the protection of biodiversity. We strive for a sustainable future for the planet in the public benefit and act to conserve threatened species and ecosystems whilst taking account of human needs. We promote or conduct training programmes and research and publish knowledge acquired as a result of such research, as well as undertaking other informative activities including exhibitions, lectures, conferences and seminars.

In exercising their powers and duties in furtherance of the Charity's Objects, the Board of Trustees have complied with their duty, under Section 17 of the Charities Act 2011, 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, both in the short and the longer term, 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 section of the Trustees' Report which follows on pages 5 – 12 demonstrates the scope of the activities undertaken by FFI in 2013 in furtherance of its charitable purposes for the public benefit.

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Board of Trustees' Report

For the year ended 31 December 2013

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.

Targets and Aims

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 ground-breaker 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 130 projects in more than 40 countries.

2013 is the final year in our current five-year business plan period of 2009-13. In this business plan we adopted three headline targets relating to our three key organisational aims. These have been:

- **Safeguard havens of biological diversity** To increase the area of terrestrial and aquatic ecosystems in our portfolio that is under robust conservation management.
- **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.*

During 2013 we undertook widespread external and internal consultation to feed into the preparation of the new FFI five-year business plan for the period 2014-18 which is now being finalised.

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For the year ended 31 December 2013

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 and 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 to influence corporate behaviour and increase environmental responsibility of business, and bring 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.

Grant-making Policies

Through our conservation grants programmes (Halcyon Land & Sea, Flagship Species Fund, Rapid Response Facility, Conservation Leadership Programme, Global Trees Campaign, and in-country grants programmes) we disbursed some £1.35 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 440 grant applications for external grants funds and, through this, influenced the allocation of an additional £2.2 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.

Strategic Report for 2013

Activities in 2013

Across our projects in 2013 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 that demonstrate the opportunities to protect carbon stored within forest systems, and hence help inform the wider global policy debate. In addition, we have consolidated our new programme focusing on marine conservation.

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Board of Trustees' Report

For the year ended 31 December 2013

Our regional teams have worked with their local partners in a number of ways in 2013, 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 alleviate pressure on natural resources;
- 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 that 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;
- Delivering a cross-regional 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 the finance sector and agricultural businesses.

Achievements and Performance

In 2013 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 2013. The following achievements provide a snapshot of our achievements in this last year. These are summarised and selected from 100 reports collected from operations across 48 countries.

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For the year ended 31 December 2013

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

- In 2013 we directly contributed to the conservation of some 14.8 million hectares of important habitat and influenced conservation across a total of over 26.8 million hectares.
- We supported 188 protected areas (including 86 national protected areas, four private reserves and 94 community areas) and helped to protect 81 sites that are not yet formally designated.
- On-the-ground protection activities (ranger patrols and enforcement) were supported at 79 sites and our projects employed or supported over 1,100 rangers or scouts.
- We recorded direct impacts from our management support at 106 sites – through evidence of enhanced management or enforcement, reduced threats, or habitat maintenance or recovery.
- In 2013 we focused on recovering populations of 67 threatened species or sub-species, additional to our work in protected areas which aided the conservation of a further 43 important species.
- Our projects grew over 777,900 tree seedlings (including over 45,500 seedlings of endangered trees) and helped over 970,000 turtle hatchlings reach the sea.
- We have evidence of improved conservation status for 42 species in 2013 - with evidence of populations responding (either stabilising or increasing) for 15 species and indications of reduced threats facing another 27.

For example:

- *There is good evidence that our Vietnam Primate Programme has reversed declines of primates in two sites where we work. The population of cao vit gibbons has increased from 110 individuals in 2007 to a current estimate of 129 individuals at Trung Khanh Species and Habitat Conservation Area (in contrast other populations of this species elsewhere which have been failing). Likewise, the population of Tonkin snub-nosed monkeys in Species and Habitat Conservation Area has increased from approximately 90 individuals to at least 113 in recent years. FFI was instrumental in discovering these populations, protecting them and getting these protected areas designated. We have been involved in the designation of 23,974 ha of Species Habitat Conservation Areas to protect Vietnam's primates and this may be seen to have been instrumental in preventing the extinction of two of the rarest primates on earth.*
- *At Ol Pejeta Conservancy, the black rhino population reached 100 animals in 2013, thus making it a Key 1 population – the highest priority for conservation support. In response to poaching threats, a tracker dog unit was established and the security base was strengthened. As a result 2013 only saw a single poaching incident (a rhino was injured but subsequently recovered) with no rhinos lost to poaching in 2013.*
- *At Lamlash Bay in Scotland we have supported direct research into/on the effects of a no take zone established in 2008. These have demonstrated increased abundance of juvenile scallops, improved nursery habitats, and higher densities of lobsters.*
- *In Madagascar we have seen the successful transfer of the management rights for 6,453 ha of forest hosting 400 adult Grandidier's baobab to the community at Bepeha.*

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- *In Indonesia we have confirmed increased protection status of the Siawan-Belida ecosystem (45,000ha) as a direct result of a FFI/BioCarbon initiative which changed the status of the project area from production forest to a combination of limited production forest and protection forest under the West Kalimantan spatial plan. We have clear evidence that no conversion of the site to oil palm or other use has since occurred.*
- *In Kazakhstan we worked with the government to modify the recently constructed barbed wire fence along the border of Kazakhstan and Uzbekistan to a design that allows safer passage for saiga antelope. Modifications will take place from the western edge of the Aral Sea and will extend 138 km west. Data obtained by the project from collared saiga have been invaluable in advocating for this modification of border fencing, as it has shown that saiga do indeed cross the border.*

Our mission statement tasks us to “take account of human needs” within our conservation work, where this is relevant. This year the question of the needs of local human populations was found to be a critical one in 92% of FFI projects and all of them included efforts to address this – 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, engaged and/or supported over 234 communities in relation to our projects.
- We helped to establish or support some 49 local committees or Community Based Organisations to aid local environmental governance.
- Over 30 of our projects directly contributed to the development of sustainable livelihood projects; these benefited some 20,150 people directly and a further 26,500 indirectly. Sustainable livelihood activities generated income of over £930,000 within target communities, and in addition over £45,000 of micro-credit loans were made available through our projects.
- Awareness raising activities have reached over 94,000 people in the countries where we work (including over 2,940 schoolchildren).

For example:

- *In Nicaragua we worked with 10 farming families on Ometepe Island in 2013 as part of our Climate Change Adaptation Planning process to promote biodiversity friendly and climate resilient farming practices. These included improving soil management as well as areas of forest restoration and plantation, with the aim of increasing connectivity of habitats. This resulted in the production of ten farm-level climate adaptation plans which identify a series of specific adaptation strategies for individual farms. These include use of rainwater harvesting irrigation systems, crop rotation, use of mulches, vermiculture, use of organic products and practices. Irrigation systems and water harvesting systems have since been built. To support crop diversification the project has helped farmers to plant 17,442 seedlings of tomato, sweet pepper and other vegetables, whilst 12,500 native tree seedlings were grown in the nursery, in order to strengthen forest corridors.*
- *In Cambodia, about 40-50% of local communities supported through our Elephant project have improved their livelihoods as a result of our previous support. Crops have been diversified; vegetables are grown all year round and sold in Phnom Penh. The resulting income enables local people to support their children to study in better schools in Phnom Penh. Project staff report families led by women who are now knowledgeable to farming techniques and have higher general education.*

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For the year ended 31 December 2013

- *In the East African community marine conservation and fisheries project in Kenya there was evidence of a clear understanding of the importance of sustainable fisheries management and a clear sense of ownership over areas managed by local communities. An independent study undertaken for the World Bank within the project areas highlighted an appreciation for co-management and a sense of enhanced rights over resources. Community empowerment and improved stewardship (plus control) of their sites has played a key role in reducing threats. More of the resource users, especially those in the fish value chain, appreciate the presence of the local community management structures and fisheries regulation, which is enforced on the ground by the community members. The members are compelling fellow fisher folks to abide to their by-laws and national fisheries regulations. In some of the landing sites the community has instructed brokers and dealers not to buy undersize fish hence driving the demand down. This eventually translates to a sense of ownership and diminishing threats.*
- *In Myanmar, the Eastern hoolock gibbon project distributed over 600 improved stoves, which significantly reduce smoke and the risk of accidental fire or accident, and which also reduce fuelwood consumption and therefore the burden on household labour (predominantly female) and also reduce demands on household income by c. US\$20 a year. In addition we have established the first community-based ecotourism group at the site and equipped them with kayaks and bicycles, and helped develop trekking and tour packages and management procedures. The length of visitor stays has already increased, as has the income to the group. Profits are returned to the community via a small grants mechanism operated by the group.*
- *In Kenya, communities at ten Northern Rangeland Trust (NRT) conservancies now have access to microcredit facilities. In addition, our support to handicrafts initiatives has seen 900 women across the NRT network benefit for the sale of local beadwork, generating Kshs 20,062,000 (US\$225,000) in 2013. NRT communities also benefited from income from ecotourism and cattle ranching totalling some Kshs 82.5 million in 2013 (c. US\$931,000).*

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 13 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.
- We also work with our local partners to develop capacity for climate change adaptation; this is underway in eight projects, which are together developing some 12 climate adaptation plans.
- We also work to affect broader governmental policies – and this year 16 projects directly affected national or provincial government policies.
- Our work with the private sector has resulted in nine national or multi-national businesses showing increased recognition of the need to consider biodiversity in their operations, and/or developing new procedures to manage risks associated with biodiversity and ecosystem services.

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Board of Trustees' Report

For the year ended 31 December 2013

For example:

- *As a result of the Good Scrub Guide - which we launched in 2013 - we are currently in discussions with a number of leading UK brands about ending their use of plastic microbeads in personal care products and are charting the phase out of microbeads where relevant. As a result, FFI has secured a public pledge from one major multinational corporation confirming the intended phase out of microbeads across its global product portfolio by 2017, and is close to public announcements from others.*
- *2013 saw the historic signing of the "framework agreement on the tri-national and sustainable conservation of the Nimba Mountains" between the Governments of the Republic of Cote d'Ivoire, the Republic of Guinea and the Republic of Liberia as an outcome of FFI's trans-boundary Nimba initiative.*
- *In Aceh Province, Indonesia FFI has contributed to Fisheries Resources Strategic Documents and spatial plan for the western Aceh coastal area. The Locally Managed Marine Area approach we have developed with surrounding communities has been accepted by the district government as a best practice model in Aceh Jaya, Simeulue, Aceh Jaya and Aceh Besar. These district governments have since agreed to adopt fishing gear restrictions and fishing time restrictions. All proposed Locally Managed Marine Areas developed with communities by the project have now been included into the Aceh spatial plan and which has been codified within government policy.*
- *Work with a key oil company in Ecuador has resulted in an agreement to take up our recommended impact mitigation actions regarding road construction, including employing an environmental scientist to accompany the construction team and limit damage in real time, and working with local communities to limit access to new roads and therefore limit the 'opening up' of new areas of forest – one of the key side effects of oil exploration and development work.*
- *Work with an international mining company to undertake Peer Reviews of their operations with regard to biodiversity impacts means we now have enough data to demonstrate that there has been a gradual improvement overall within the company with regards to biodiversity and ecosystem services management.*
- *In 2013 we collaborated in developing and trialling an entirely new tool that supports financial institutions make informed decisions over their investments portfolio with regard to fisheries companies - the Sustainable Seafood Finance tool. A beta version of the tool was launched, tested by, and demonstrated to financial institutions and seafood companies and was very well received and was recognised as enabling financial institutions to better understand the issues and manage their seafood portfolios.*

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Board of Trustees' Report

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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 2013 we worked directly with around 295 local partner institutions and collaborated with an additional 250 local, national or international organisations.
- This year we provided institutional support or training to at least 91 organisations and technical support to an additional 76 organisations; we also helped to develop conservation or environmental management skills in over 7,100 individuals - both within and outside these organisations.
- We also provided focused training within local communities - helping at least 6,900 individuals to adapt or improve local livelihoods, or to develop new income generation skills.

For example:

- *In Brazil, techniques widely disseminated by our threatened tree planting project last year were adopted by other NGOs, protected areas and universities in 2013. These organisations are now changing the way they carry out restoration, using a high diversity of species, and beginning to contribute to the recovery of highly threatened and rare species at the same time.*
- *FFI has been a key member of collaboration which launched a new website in 2013, which aims to provide access to organisational capacity support to local conservation organisations worldwide (see www.capacityforconservation.org).*
- *In Indonesia the establishment of a new Aceh Ranger Federation was a major milestone for the 18 Community Ranger teams in 2013. It represents the first such institution for Aceh and illustrates the steady progression of FFI's work with community rangers since 2009.*
- *In Liberia, the Sapu Conservation Centre was completed and residential field courses commenced in 2013. The establishment of a Centre of Excellence for field training and partnerships created with international institutions has created a fantastic opportunity for Liberian forestry professionals and students to gain practical experience in conservation and ecological research and for trainers to develop their skills/knowledge in the teaching of conservation issues.*
- *In South Sudan we provided both training and practical resourcing to assist the re-establishment of Southern National Park. We continued to support the development of a basic road network of 135km for the western sector of the park and helped to rebuild and/or renovate of seven bridges and to develop of ranger outposts, as well as providing equipment.*

Fauna & Flora International

Board of Trustees' Report

For the year ended 31 December 2013

Financial Review

This report and the consolidated Financial Statements incorporate the results of the UK operation, its associated permanent endowment funds and the results of FFI Australia and FFI Singapore.

We have continued to deliver strongly across our conservation portfolio, increasing our expenditure on charitable activities by over £1,000k; the expenditure of £16,714k representing just over 95% of our total expenditure.

Income generation in 2013 has been maintained for restricted conservation projects, increasing by £217k (1%) to £14,732k. We have experienced growth in support from Trusts and Foundations, up in the year by 30%, off-set in part by reductions in support from Government and Multilateral sources, as well as corporate support. This does represent some real growth, as we have introduced new support, as well as representing some shifts in giving from corporate support directly to funding being sourced through their own charitable foundations.

Unrestricted income is significantly lower than 2012. Unrestricted income in 2012 included a single legacy of £1,454k, as well as a significant gift of SG\$1,000k (£501k) received by FFI Singapore. Unrestricted income generation remains a key challenge for the organisation, ensuring that there is a suitably resilient and sustainable income stream to support future plans and to ensure that adequate investment is maintained in project oversight, good governance and control. 2013 saw underlying income in the UK being largely maintained, primarily through support from individuals, and this continuing, essential support is hugely appreciated in supporting our overall delivery of our charitable objectives. Australia and Singapore markets have been a little more difficult in 2013. In Australia recessionary impacts have reduced our unrestricted income by 27% (AU\$67k - £32k), whilst in Singapore, the generous individual gift received in 2012 has not been similarly matched in 2013, therefore unrestricted income here has been restricted in the main to the incentive grant provided by the Economic Development Board as a start-up incentive.

Endowment income, generated through an invested portfolio designed to produce an income stream to support gorilla conservation work, remains consistent, with the investments designed to secure the capital base whilst also producing a steady income yield. This portfolio is reviewed from time-to-time by our investment managers, in conjunction with the Trustees.

The following table summarises our key sources of restricted, unrestricted and permanent endowment income for 2013.

	£	£	£	£
Income Source	Restricted	Unrestricted	Endowment	Total
Government and Multilateral	5,453,183	54,399	-	5,507,582
Trusts and Foundations	5,274,837	166,906	-	5,441,743
Corporate	3,812,126	82,297	-	3,894,423
Individuals	191,115	1,155,067	-	1,346,182
Membership	-	183,088	-	183,088
Investment	729	14,822	21,442	36,993
Total	14,731,990	1,656,579	21,442	16,410,011

Fauna & Flora International

Board of Trustees' Report

For the year ended 31 December 2013

With more than 130 active projects in over 40 countries at year end, we continue to manage a diverse programme of activity, which presents its own challenges, but is also evidence of our far-reaching impact in delivering tangible biodiversity conservation. Large projects continue, such as the NORAD-supported work for Liberia forests, and the World Bank supported protection work in Aceh, and we have also secured new funding for work in Romania from the EU and seen a renewal of support from Franklina Foundation for our work on the Global Trees programme. Within this diversity of project activity, there remains a significant concentration in some of our larger projects, with the largest 10 accounting for just over 25% of our annual expenditure. We have continued to invest in programme management support and capacity in order to be able to deliver effectively.

The Trustees have further deployed elements of designated funds in the period, principally to meet costs on restricted programmes in Asia Pacific, and continue to hold the balance of these funds to support the development of improved programme management delivery.

There continues to be an asset held under current assets as an investment which we anticipate being able to liquidate in 2014. Efforts continue to secure the optimal value for this asset, the Trustees being of the view that liquidating this is in the best interests of the Charity, therefore we have continued to report it under current assets. This asset has been revalued in the 2013 accounts to £1,900k (2012: £1,454k).

Current assets remain in line with 2012, though with some shift from debtors to cash and creditors, reflecting the timing of funds receipts around year end. We have reviewed the portfolio of debtors held at year end in association with any provision for doubtful debt, as well as accruals for costs known or anticipated at the balance sheet date, and are comfortable that we have adequately provided for any diminution of these asset values and any potential liabilities, taking into account the circumstances at the balance sheet date and subsequently. Creditors includes two substantial amounts of accrued income, being donations received in late 2013 which related to 2014.

Project balances and project commitments remain constantly under review in order to ensure that project expenditure is not being incurred where anticipated revenues are unlikely to materialise. We have provided for any such 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 adequate income forthcoming. If there is reasonable doubt as to the likelihood of this income materialising, an appropriate provision 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.

The policy of FFI is, where possible, to match the currency in which project cash balances are held with the currency of future expenditure on the respective projects, thereby mitigating any transactional foreign exchange exposure. Any losses on foreign exchange transactions that have arisen have been expensed as they have occurred during the year. A revaluation of foreign currency denominated balances at the year-end date has given rise to an element of write down when translated into sterling, the FFI reporting currency. This write-down has been made against the fund established previously to absorb such volatility. Further reference is made in the accounting policies note 1.i)

The endowment portfolio investments are maintained as separate charities or charitable funds, with FFI as the trustee, in accordance with the requirements of the Charities Act 2011, and are consolidated into the financial results presented here.

Fauna & Flora International

Board of Trustees' Report

For the year ended 31 December 2013

Overall Position

The net movement in total funds for the period is a decrease of £626k. This reflects some utilisation of restricted funds balances held to deliver activities in future periods, appreciation of the investment assets held under the permanent endowment funds, and a reduction in unrestricted funds, reflecting the current environment faced in the voluntary income sector. Unrestricted funds are £1,238k at the end of 2013, and the challenge remains to achieve a more consistent record of unrestricted surplus generation in order to provide greater funding stability, in line with our reserves policy.

Restricted reserves (£5,053k at end of 2013) represent around 4 months expenditure, indicative of major programmes coming to a close in 2014, therefore reducing future month's holdings. 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 to date has made the transition in and out of new projects more difficult and also limits our ability to invest in the internal capacity of the organisation. Once we have liquidated the current asset investment we will develop a strategic investment plan with a more risk-based approach to assess the level of general unrestricted reserves required.

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 permanent endowment funds and not to speculate in individual investments with the modest 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. It has been agreed that any investments to be held for general purposes will follow a similar investment policy, with asset protection and capital growth being the primary requirements above income yield.

Post Balance Sheet events

There are no significant post balance sheet events to report.

Plans for Future Periods

We are currently finalising our future strategic plan, covering the period 2014 to 2018, which will help focus and orientate our efforts towards the strategic priorities identified that we can address as an international conservation organisation. We are working across FFI globally to achieve this, with our sister organisations in the USA, Australia and Singapore, as well as within our regional and cross-cutting teams.

Our plan centres around four major aims, three regarding conservation of species and habitats and the different tools and alliances we will need to deliver them. Our fourth aim is to invest in developing our own capacity, strengthening the organisation along with continued, planned growth. This will involve continued development of systems and processes, capturing learning to inform programme design, retaining a diverse, skilled and engaged global staff and securing resilient, diverse income streams.

Fauna & Flora International

Board of Trustees' Report

For the year ended 31 December 2013

We consider that our healthy balance between public and private sources of support is critical to our continued success, allowing us to work on our own priorities and at a scale to have impact. As we envisage some overall growth, we will invest in maintaining both sources, and in securing a more resilient pipeline to allow choice and proactivity as our plan develops. We will capitalise on our investment to date in developing a global, partnership-based infrastructure with different 'nodes' of development.

We have retained the objective to seek to re-balance our income, providing a more stable, sustainable base for the organisation, and are also tracking carefully global political, environmental and socio-economic trends, and market developments, in order to maximise our impact. At the same time we see a strong continuation of our partnerships with Government and bi-lateral and multi-lateral agencies, delivering significant, landscape level initiatives in many of the regions within which we work. We will continue to develop corporate partnerships globally, maintaining our influence and seeking to embed best environmental management practice into operational activities, and we will continue to explore innovative financing mechanisms to provide long-term sustainable financing for conservation management.

Principal Risks and Uncertainties

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.
- 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.

The most significant risks faced by the Charity, along with the steps taken to mitigate these risks, have been identified as follows:

- Challenges to raise matched funding on large-scale EU grants – these require significant elements of matched funds, typically 25% of the project total, to be raised either via other donors or from own funds. Strategies put in place to track these throughout the life of the project and mechanisms established to adjust commitments, if necessary
- Financial viability of in-country partners – this is a constant risk, particularly where funding from FFI represents a significant element of their funding portfolio and the organisation has little access or exposure to international fundraising markets. We have increased our due diligence activities, and use partner monitoring health checks, as well as investing in local capacity building, to support this
- Significant on-going projects in key strategic areas supported by short-term funding – this risk is one that needs careful funding portfolio management, and has been assisted historically by significant individual funding from key philanthropists who see the long-term need in critical areas. Establishing effective transitions for these programmes, and ensuring better alignment of income and expenditure, is a key management responsibility.

Fauna & Flora International

Board of Trustees' Report

For the year ended 31 December 2013

Auditors

A resolution to re-appoint Peters Elworthy & Moore as auditors of the Company will be proposed at the Annual General Meeting on 14th October 2014.

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 22nd September 2014 and signed on its behalf by

A handwritten signature in blue ink that reads "Andrew Sykes". The signature is written in a cursive style and is underlined.

Andrew Sykes
Chairman

Fauna & Flora International

Independent Auditors' Report to the Members of Fauna & Flora International

On the Financial Statements for the year ended 31 December 2013

We have audited the financial statements of Fauna & Flora International for the year ended 31 December 2013 set out on pages 20 to 36. 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, 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 Practices Board'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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Fauna & Flora International

Independent Auditors' Report to the Members of Fauna & Flora International

On the Financial Statements for the year ended 31 December 2013

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Group strategic 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:

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Paul Chapman (Senior statutory auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants

Statutory Auditors

Salisbury House

Station Road

Cambridge

CB1 2LA

26th September 2014

Fauna & Flora International

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

For the year ended 31 December 2013

	Note	Unrestricted £	Restricted £	Endowment Funds £	2013 Total £	2012 Total £
Incoming Resources:						
<i>Incoming resources from generated funds:</i>						
Voluntary income	3	1,227,041	1,401,460	-	2,628,501	2,970,024
Legacies		262,444	-	-	262,444	1,891,807
Sub-total voluntary income		1,489,485	1,401,460	-	2,890,945	4,861,831
Investment income		14,822	729	21,442	36,993	48,742
Charitable trading income		40,475	243	-	40,718	65,428
		55,297	972	21,442	77,711	114,170
Incoming resources from generated funds		1,544,782	1,402,432	21,442	2,968,656	4,976,001
Incoming resources from charitable activities:						
Grants for operational programmes		111,797	10,896,456	-	11,008,253	10,016,436
Contracts for operational programmes		-	2,433,102	-	2,433,102	3,293,171
Total incoming resources		1,656,579	14,731,990	21,442	16,410,011	18,285,608
Resource Expended						
<i>Costs of generating funds:</i>						
Costs of generating voluntary income		611,183	-	4,702	615,885	1,454,347
Fundraising trading costs		83,429	-	-	83,429	70,940
		694,612	-	4,702	699,314	1,525,287
<i>Charitable activities:</i>		2,078,216	14,636,176	-	16,714,392	15,689,562
Conservation projects and biodiversity awareness						
Governance costs	6a	105,894	-	-	105,894	95,523
Total resources expended	6a	2,878,722	14,636,176	4,702	17,519,600	17,310,372
Net (outgoing)/incoming resources before transfers – c/fwd to page 21		(1,222,143)	95,814	16,740	(1,109,589)	975,236

Fauna & Flora International

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

For the year ended 31 December 2013

	Note	Unrestricted £	Restricted £	Endowment Funds £	2013 Total £	2012 Total £
Net (outgoing)/incoming resources before transfers – b/fwd from page 20		(1,222,143)	95,814	16,740	(1,109,589)	975,236
Transfers between funds		(184,814)	218,658	(33,844)	-	-
Net (outgoing)/incoming resources before gains and losses		(1,406,957)	314,472	(17,104)	(1,109,589)	975,236
Other Recognised Gains and Losses						
Unrealised gains/losses on fixed assets investments	8	-	-	74,090	74,090	42,319
Realised gains/losses on fixed assets investments		-	-	(846)	(846)	-
Unrealised gains/losses on current assets investments	9	446,000	-	-	446,000	-
Realised foreign exchange gains/losses	4	(7,816)	-	-	(7,816)	(267)
Unrealised foreign exchange gains/losses	4	(42,737)	15,208	-	(27,529)	(237,230)
Net movement in Funds		(1,011,510)	329,680	56,140	(625,690)	780,058
Balance brought forward		2,249,942	4,722,979	549,088	7,522,009	6,741,951
Balance carried forward		1,238,432	5,052,659	605,228	6,896,319	7,522,009

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

Fauna & Flora International

Consolidated Balance Sheet

For the year ended 31 December 2013

	Note	2013 £	2013 £	2012 £	2012 £
Fixed Assets					
Tangible fixed assets	7		75,587		68,229
Investments	8		604,310		531,986
			<u>679,897</u>		<u>600,215</u>
Current Assets					
Current asset investments	9	1,900,000		1,454,000	
Debtors	10	4,047,928		4,769,299	
Cash at bank and in hand		4,112,293		3,484,408	
		<u>10,060,221</u>		<u>9,707,707</u>	
Creditors: amounts falling due within one year	11	(3,843,799)		(2,785,913)	
Net Current Assets			<u>6,216,422</u>	<u>6,921,794</u>	
Net assets			<u>6,896,319</u>	<u>7,522,009</u>	
Reserves					
Income Funds					
Unrestricted funds:					
General funds			1,019,033		1,807,892
Designated funds			219,399		442,050
			<u>1,238,432</u>	<u>2,249,942</u>	
Restricted funds	12,18		5,052,659		4,722,979
			<u>6,291,091</u>	<u>6,972,921</u>	
Capital Funds					
Permanent endowment funds	13		605,228		549,088
			<u>6,896,319</u>	<u>7,522,009</u>	

Approved by the Board of Trustees and authorised for issue on 22nd September 2014 and signed on its behalf by:



Chairman: Andrew Sykes



Treasurer: Philip Prettejohn

Fauna & Flora International

Company Balance Sheet

For the year ended 31 December 2013

	Note	2013 £	2013 £	2012 £	2012 £
Fixed Assets					
Tangible fixed assets	7		75,587		68,229
Investments	8		604,310		531,986
			<u>679,897</u>		<u>600,215</u>
Current Assets					
Current asset investments	9	1,900,000		1,454,000	
Debtors	10	4,011,406		4,827,424	
Cash at bank and in hand		3,835,841		2,688,720	
		<u>9,747,247</u>		<u>8,970,144</u>	
Creditors: amounts falling due within one year	11	<u>(3,864,252)</u>		<u>(2,775,746)</u>	
Net Current Assets			<u>5,882,995</u>		<u>6,194,398</u>
Net assets			<u>6,562,892</u>		<u>6,794,613</u>
Reserves					
Income Funds					
Unrestricted funds:					
General funds			753,296		1,283,994
Designated funds			219,399		442,050
			<u>972,695</u>		<u>1,726,044</u>
Restricted funds	12,18		4,984,969		4,519,481
			<u>5,957,664</u>		<u>6,245,525</u>
Capital Funds					
Permanent endowment funds	13		605,228		549,088
			<u>6,562,892</u>		<u>6,794,613</u>

Approved by the Board of Trustees and authorised for issue on 22nd September 2014 and signed on its behalf by:



Chairman: Andrew Sykes



Treasurer: Philip Prettejohn

Fauna & Flora International

Consolidated Cash Flow Statement

For the year ended 31 December 2013

	Notes	2013 £	2012 £
Net cash flow from operating activities	17	651,580	(2,988,525)
Returns on investments and servicing of finance	17	36,993	48,662
Capital expenditure and financial investment	17	<u>(60,688)</u>	<u>(37,957)</u>
Increase/(decrease) in cash and cash equivalents		<u>627,885</u>	<u>(2,977,820)</u>
Reconciliation of Net Cash Flow to Movements in Net Funds			
Increase/(decrease) in cash in the year		627,885	(2,977,820)
Net cash resources at 1 January 2013		<u>3,484,408</u>	<u>6,462,858</u>
Net cash resources at 31 December 2013		<u>4,112,293</u>	<u>3,484,408</u>
Analysis of changes in net debt			
	As at 01.01.13	Cash Movement	As at 31.12.13
	£	£	£
Cash at bank and in hand	3,484,408	627,885	4,112,293
	<u>3,484,408</u>	<u>627,885</u>	<u>4,112,293</u>

The attached notes form part of these financial statements.

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2013

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 a contribution to unrestricted costs. 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 a contribution to unrestricted costs. 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 2013

- 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) **Current Asset Investments**
Current asset investments are shown in the Balance Sheet at the trustees' best estimate of market value after taking into account independent estimates from two firms of chartered surveyors.
- h) **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.
- i) **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.
- j) **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.
- k) **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.
- l) **Basis of consolidation**
The consolidated financial statements comprise a consolidation of the financial statements of Fauna & Flora International, Fauna & Flora International Australia (Ltd) and Fauna & Flora International (Singapore). The charitable company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own SOFA.

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2013

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.

3 Voluntary Income - Consolidated

	2013	2012
	£	£
Individuals	1,204,558	1,485,032
Charitable Foundations	1,377,212	874,250
Corporate Donations	36,423	300,486
Statutory Donations	10,308	310,256
	<u>2,628,501</u>	<u>2,970,024</u>

4 Expenditure - Consolidated

	2013	2012
	£	£
Direct and other expenditure includes:-		
Auditor's remuneration	46,981	43,570
Auditor's other fees	33,517	58,906
Depreciation	54,250	43,211
Operating leases: land and buildings	203,298	197,835
Foreign exchange losses/(gains)	35,345	237,497
	<u>35,345</u>	<u>237,497</u>

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2013

5 Employee information - Consolidated

5a Staff costs:	2013	2012
	£	£
Wages and salaries	4,366,849	4,137,077
Social security costs	350,187	304,003
Pension costs	250,452	244,534
	<u>4,967,488</u>	<u>4,685,614</u>

5b	2013	2012
The average number of persons, analysed by function, employed during the year was:-		
Project management, fundraising and administration	<u>130</u>	<u>126</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 £684 (2012: £399) were reimbursed to Trustees in respect of travel and subsistence during the year.

The above numbers also do not include employees retained directly under projects in-country, as control of these is exercised locally, therefore staff costs in this note differs from that analysed under 6a) to this extent.

5c	2013	2012
Employees whose emoluments for the year were £60,000 or more are shown in the following bands:-		
£60,001-£70,000	2	-
£70,001-£80,000	2	2
£80,001-£90,000	-	1
£90,001-£100,000	3	2
£100,001-£110,000	-	-
£110,001-£120,000	-	1
£120,001-£130,000	1	1

The pension contributions to pension schemes for higher paid staff were £63,566 (2012: £45,296).

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2013

6a Analysis of Total Resources Expended - Consolidated

	Staff costs	Other direct costs	Other Indirect costs	Total Resources expended 2013	2012
	£	£	£	£	£
Conservation Programme activities					
Halcyon	42,431	32,751	24	75,206	192,307
Africa	1,068,980	1,567,249	166,599	2,802,828	3,137,928
Asia Pacific	2,549,592	3,827,718	333,044	6,710,354	5,393,489
Americas & Caribbean	348,323	821,274	23,420	1,193,017	1,019,325
Eurasia	379,095	532,396	41,213	952,704	924,684
Conservation Partnerships	1,444,331	1,312,419	44,264	2,801,014	2,457,180
Other	-	-	-	-	-
	<u>5,832,752</u>	<u>8,093,807</u>	<u>608,564</u>	<u>14,535,123</u>	<u>13,124,913</u>
FFI Australia	180,660	95,750	55,077	331,487	754,343
FFI Singapore	90,772	12,485	75,899	179,156	153,837
Total Programme Activities	<u>6,104,184</u>	<u>8,202,042</u>	<u>739,540</u>	<u>15,045,766</u>	<u>14,033,093</u>
Fundraising & Communications	435,302	327,455	81,129	843,886	1,666,170
Support & administration costs	790,768	256,881	476,405	1,524,054	1,515,586
Governance costs	36,706	17,005	52,183	105,894	95,523
	<u>7,366,960</u>	<u>8,803,383</u>	<u>1,349,257</u>	<u>17,519,600</u>	<u>17,310,372</u>

6b Analysis of Other Indirect Costs – Consolidated

	Project activities	Fundraising & communications	Support & administration	Governance	Total other Indirect costs 2013	Total 2012
	£	£	£	£	£	£
Office rent & services	291,335	3,562	317,542	-	612,439	525,785
Equipment purchases & maintenance	35,278	5	24,472	-	59,755	26,541
Grants	-	-	-	-	-	-
Conference attendance	1,904	-	-	-	1,904	2,976
Bank charges and interest	10,019	9,468	9,668	-	29,155	52,268
Depreciation	10,734	5,064	37,551	223	53,572	42,743
IT, telephony & office supplies	287,760	60,480	83,333	848	432,421	270,071
Travel & subsistence	963	-	-	-	963	310,422
Audit, legal & professional fees	59,468	-	60	38,308	97,836	134,264
Other costs	42,079	2,550	3,779	12,804	61,212	164,279
	<u>739,540</u>	<u>81,129</u>	<u>476,405</u>	<u>52,183</u>	<u>1,349,257</u>	<u>1,529,349</u>

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2013

7 Tangible Fixed Assets – Consolidated and Company

	Fixtures & Fittings £	IT Equipment £	Software £	Leasehold Improvements £	Motor Vehicles £	Total £
Cost:						
At 1 January 2013	7,587	80,575	57,978	-	5,965	152,105
Additions	16,884	42,609	5,997	-	-	65,490
Disposals	(4,559)	-	-	-	-	(4,559)
At 31 December 2013	<u>19,912</u>	<u>123,184</u>	<u>63,975</u>	<u>-</u>	<u>5,965</u>	<u>213,036</u>
Depreciation:						
At 1 January 2013	956	48,314	34,208	-	398	83,876
Charge for year	5,244	30,097	17,716	-	1,193	54,250
On disposals	(677)	-	-	-	-	(677)
At 31 December 2013	<u>5,523</u>	<u>78,411</u>	<u>51,924</u>	<u>-</u>	<u>1,591</u>	<u>137,449</u>
Net book value:						
At 31 December 2013	<u>14,389</u>	<u>44,773</u>	<u>12,051</u>	<u>-</u>	<u>4,374</u>	<u>75,587</u>
At 31 December 2012	<u>6,631</u>	<u>32,261</u>	<u>23,770</u>	<u>-</u>	<u>5,567</u>	<u>68,229</u>

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2013

8 Fixed Asset Investments – Consolidated and Company

	2013 £	2012 £
Market valuation as at 1 January 2013	531,986	488,667
Acquisitions at cost	33,877	-
Disposals at market value	(34,797)	-
Net surplus/(deficit) on revaluation	73,244	43,319
Market valuation as at 31 December 2013	<u>604,310</u>	<u>531,986</u>
Historical cost as at 31 December 2013	<u>385,755</u>	<u>381,279</u>
Disposals at market value	34,797	-
Disposals at cost	(35,643)	-
Realised gains/(losses)	(846)	-
Unrealised gains/(losses)	74,090	43,319
Total gains/(losses) on revaluation	<u>73,244</u>	<u>43,319</u>
Fixed asset investments comprised of:		
Equities	454,430	373,860
Gilts	149,880	158,126
	<u>604,310</u>	<u>531,986</u>

9 Current Asset Investments

	Consolidated		Company	
	2013 £	2012 £	2013 £	2012 £
Short term investment	<u>1,900,000</u>	<u>1,454,000</u>	<u>1,900,000</u>	<u>1,454,000</u>

The asset held under short-term investments relates to a house received as part of a legacy, originally notified in 2010 which we anticipate being able to liquidate in 2014. This asset is free of restriction and the benefit of this has been accrued to general reserves.

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2013

10 Debtors

	Consolidated		Company	
	2013	2012	2013	2012
	£	£	£	£
Other debtors	2,781,301	3,465,767	2,745,809	3,441,352
Amounts due from FFI Inc.	-	5,279	-	5,279
Amounts due from FFI Australia	-	-	-	-
Amounts due from FFI Singapore	-	-	-	83,824
Amounts recoverable on projects	66,486	89,777	66,486	89,777
Prepayments and accrued income	1,200,141	1,208,476	1,199,111	1,207,192
	<u>4,047,928</u>	<u>4,769,299</u>	<u>4,011,406</u>	<u>4,827,424</u>

All the above amounts fall due within one year.

11 Creditors: falling due within one year

	Consolidated		Company	
	2013	2012	2013	2012
	£	£	£	£
Loan	-	-	-	-
Trade creditors	205,378	353,046	204,782	343,774
Amounts due to FFI Inc.	20,758	-	20,758	-
Amounts due to FFI Australia	-	-	45,376	48,372
Amounts due to FFI Singapore	-	-	5,445	-
Tax and social security	153,318	190,288	140,898	161,195
Accruals and deferred income	2,758,053	1,991,889	2,754,755	1,985,856
Other creditors	706,292	250,690	692,238	236,549
	<u>3,843,799</u>	<u>2,785,913</u>	<u>3,864,252</u>	<u>2,775,746</u>

12 Restricted Funds – Consolidated

	<i>Restated Balance bought forward £</i>	<i>Net surplus (deficit) for year £</i>	<i>Balance carried forward £</i>
Conservation projects	<u>4,722,979</u>	<u>329,680</u>	<u>5,052,659</u>

Restricted Funds – Company

	<i>Balance bought forward £</i>	<i>Net surplus (deficit) for year £</i>	<i>Balance carried forward £</i>
Conservation projects	<u>4,519,481</u>	<u>465,488</u>	<u>4,984,969</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 2013

13 Permanent Endowment – Consolidated and Company	Balance brought forward	Net surplus for year	Investment gains/ (losses)	Transfer to restricted funds	Balance carried forward
	£	£	£	£	£
Rothiemurchus Bequest Fund	27,951	1,036	1,477	(1,036)	29,428
M.G.P Funds	521,137	15,704	71,767	(32,808)	575,800
	<u>549,088</u>	<u>16,740</u>	<u>73,244</u>	<u>(33,844)</u>	<u>605,228</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 International Gorilla Conservation Programme.

14 Analysis of Net Assets between Funds – Consolidated

	General Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total £
Tangible fixed assets	75,587	-	-	-	75,587
Investments	-	-	-	604,310	604,310
Net current assets	943,446	219,399	5,052,659	918	6,216,422
	<u>1,019,033</u>	<u>219,399</u>	<u>5,052,659</u>	<u>605,228</u>	<u>6,896,319</u>

Analysis of Net Assets between Funds – Company

	General Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total £
Tangible fixed assets	75,587	-	-	-	75,587
Investments	-	-	-	604,310	604,310
Net current assets	677,709	219,399	4,984,969	918	5,882,995
	<u>753,296</u>	<u>219,399</u>	<u>4,984,969</u>	<u>605,228</u>	<u>6,562,892</u>

Designated funds represent amounts remaining to be spent in 2014 from donations that the Trustees have agreed to reserve for a specific purpose to support the wishes of the donor, and are therefore held in a separate general fund from general reserves.

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2013

15 Operating Lease Commitments – Consolidated

Annual commitments are as follows:	2013 £	2012 £
Land and buildings:		
In less than two years	224,077	27,395
In two to five years	<u>46,285</u>	<u>205,002</u>
	<u>270,362</u>	<u>232,397</u>
Other operating leases:		
In less than two years	61,625	23,007
In two to five years	<u>6,366</u>	<u>47,488</u>
	<u>67,991</u>	<u>70,495</u>

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 three related 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 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.

Fauna & Flora International (Singapore) was incorporated in 2011 and became a registered charity in the Republic of Singapore in 2012 in order that FFI could establish a Regional Hub Office in Asia-Pacific.

As at 31 December 2013, FFI owed a balance of £20,758 to Fauna & Flora International Inc (2012 was a balance of £5,279 due from Fauna & Flora International Inc). This is disclosed in notes 10 and 11 of the financial statements.

As at 31 December 2013, FFI owed a balance of £45,376 to Fauna & Flora International Australia (2012 was a balance of £48,372 due to Fauna & Flora International Australia). This is disclosed in notes 10 and 11 of the financial statements.

As at 31 December 2013, FFI owed a balance of £5,445 to Fauna & Flora International (Singapore) (2012 was a balance of £83,824 due from Fauna & Flora International (Singapore)). This is disclosed in notes 10 and 11 of the financial statements.

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2013

17 Consolidated Cash Flow Information

	2013 £	2012 £
a) Reconciliations of changes in resources to net inflow/(outflow) from operating activities		
Net incoming resources	(625,690)	780,058
Depreciation charge	54,250	43,211
Gain on disposals of investment assets	-	-
Investment income (shown separately in (b) below)	(36,993)	(48,662)
(Increase)/decrease in debtors	721,371	(2,128,690)
Increase/(decrease) in creditors	1,057,886	(137,124)
(Increase) in current asset investments	(446,000)	(1,454,000)
Change in investment valuation	(73,244)	(43,318)
Net cash inflow/(outflow) from operating activities	<u>651,580</u>	<u>(2,988,525)</u>
b) Gross cash flows		
<i>Returns on investment and servicing of finance:</i>		
Investment income received	<u>36,993</u>	<u>48,662</u>
<i>Capital expenditure and financial investment:</i>		
Payments to acquire tangible fixed assets	(65,490)	(37,957)
Receipts from sale of tangible fixed assets	3,882	-
Payments to acquire investments	(33,877)	-
Receipts from sale of investments	<u>34,797</u>	<u>-</u>
	<u>(60,688)</u>	<u>(37,957)</u>

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2013

18 Statement of Restricted Reserves

Programme	B/Fwd £	Income £	Expenditure £	C/Fwd £	C/Fwd Balances in credit £	C/Fwd Balances in debit £
Agricultural Landscapes	154,879	414,667	(474,033)	95,513	96,707	(1,194)
Conservation Capacity & Leadership	196,615	629,198	(720,478)	105,335	105,335	-
Conservation Partnership Development	(34,442)	49,000	(30,021)	(15,463)	49,000	(64,463)
Environmental Markets	124,765	210,068	(336,991)	(2,158)	53,120	(55,278)
Halcyon Land & Sea	984,013	1,112,055	(1,017,037)	1,079,031	1,079,042	(11)
Mining & Energy	(69,536)	937,882	(909,858)	(41,512)	44,426	(85,938)
Conservation Science & Design	592,299	1,398,040	(1,208,442)	781,897	793,232	(11,335)
Africa	(246,233)	1,984,713	(2,112,557)	(374,077)	791,015	(1,165,092)
Americas & Caribbean	456,911	682,486	(872,130)	267,267	282,350	(15,083)
Eurasia	378,948	1,468,595	(612,887)	1,234,656	1,277,127	(42,471)
Asia Pacific						
Asia Pacific Pan Regional	208,581	638,185	(564,331)	282,435	285,635	(3,200)
Cambodia	529,196	1,294,419	(1,700,904)	122,711	145,213	(22,502)
China	313,762	146,341	(347,065)	113,038	126,706	(13,668)
Indonesia	560,270	2,825,817	(2,365,508)	1,020,579	1,367,776	(347,197)
Laos	119,803	76,965	(118,240)	78,528	78,528	-
Myanmar	288,869	418,533	(469,782)	237,620	254,707	(17,087)
Philippines	12,966	140,872	(225,367)	(71,529)	15,370	(86,899)
Vietnam	(37,717)	263,668	(128,833)	97,118	104,088	(6,970)
	1,995,730	(5,804,800)	(5,920,030)	1,880,500	2,378,023	(497,523)
FFI Australia	203,496	40,486	(176,294)	67,688	67,688	-
FFI Singapore	-	-	-	-	-	-
Other : Foreign Ex. Revaluation	(14,466)	-	(11,552)	(26,018)	-	(26,018)
	4,722,979	14,731,900	(14,402,310)	5,052,659	7,017,063	(1,964,405)

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

Big Lottery Fund	£30,506	DFID	£107,727
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