

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 2014**

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 Michael Gollner Rupert Goodman Edward Hoare 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 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 Edward van Cutsem Diana van de Kamp Dr Bhaskar Vira John Wotton
Chief Executive Officer	Mark Rose
Company Secretary	Svetlana Ignatieva

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Board of Trustees' Report

For the year ended 31 December 2014

The Board of Trustees presents its report and audited financial statements for the year ended 31 December 2014.

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 that give a true and fair view of the state of affairs of the charitable company and of the profit or loss of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees also have a responsibility not to approve the financial statements unless they are satisfied that they give a true and fair view.

In addition to complying with companies' legislation, trustees are also required to have regard to the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' (Revised 2005) (the SORP), published by the Charity Commissioners for England & Wales and to follow that statement insofar as compliance with it does not contradict any requirement of the Companies Act 2006 (the Act).

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

In addition to the general duties of directors specified in sections 170 to 177 of the Act the trustees are responsible for ensuring that the charitable company complies with laws and regulations applicable to its activities and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.

Section 417 of the Act requires the trustees to include in their report a business review containing a fair review of the charitable company's activities and a description of the principal risks and uncertainties facing the charitable company. In addition, compliance with the SORP requires trustees to confirm that the major risks to which the charitable company is exposed have been reviewed and that systems have been established to mitigate those risks.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website and to ensure that any such publication properly presents the financial information and auditors' report.

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 the necessary steps that they ought to have taken as trustees to make themselves aware of any relevant audit information and to establish that you are aware of that information

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Board of Trustees' Report

For the year ended 31 December 2014

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.

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
Professor Nigel Leader-Williams
Charles Whitbread
Philip Prettejohn

Chair
Vice Chair
Vice Chair
Treasurer

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
Callum Roberts (*stood down 15th October 2014*)
Edward van Cutsem
Diana van de Kamp (*appointed 15th October 2014*)
Dr Bhaskar Vira
John Wotton

Chief Executive Officer

Mark Rose

Company Secretary

Svetlana Ignatieva (*appointed 22nd October 2014*)

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 2014

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. 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 include 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 2014

Related Party Statement

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

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.

Fauna and Flora International South Africa NPC (FFI South Africa) was established as a non-profit company in South Africa in May 2014, Registration Number 2014/099386/08. An application for public benefit organisation (charitable) status for the new entity is currently being processed. This entity has FFI as its sole member and therefore the financial results of FFI South Africa will be consolidated. Their first financial year of operation will run to December 2015, therefore no reporting is required at this point in time for 2014. FFI South Africa also has a separate Board of Directors, but FFI has the power to appoint these directors.

Fauna & Flora International S.R.L. (FFI Romania) was established as a limited liability company (LLC) in Romania in August 2014. An application to register as an international NGO with the Romanian Ministry of Justice was also made in 2014 and the LLC will be dissolved once this has been achieved. FFI is the sole member of the Romanian LLC and therefore the financial results of FFI Romania will be consolidated. Their first financial year of operation will run to December 2015, therefore no reporting is required at this point in time for 2014. FFI Romania also has a separate Board of Directors, but FFI has the power to appoint these directors.

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

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Board of Trustees' Report

For the year ended 31 December 2014

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 – 17 demonstrates the scope of the activities undertaken by FFI in 2014 in furtherance of its charitable purposes for the public benefit.

Our Objectives

FFI is established to achieve the following charitable 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.

Our Philosophy

FFI respects human rights and cultural values, and puts people at the heart of conservation. We see conservation as a social process and work broadly to engage communities to find practical solutions to conservation problems. We work with and through partner organisations, from local community organisations and NGOs to small and large businesses and government agencies. Conservation impact at scale can only be delivered through collaboration. FFI works through market-based mechanisms and with corporate partners to bring about biodiversity gains, while recognising and respecting the intrinsic value of biodiversity outside of any market valuation. We work on advocacy and policy adjustment processes where these are central to successful delivery of field programmes at local level. FFI seeks to ensure that learning from field programmes is fed into policy making.

Our Methods

FFI leads intelligent, energetic and innovative approaches to conservation. We work effectively at the cutting edge, passing on successfully tested approaches for others to replicate. We keep costs low, recruit carefully and support our partner organisations to build locally sustainable and owned conservation programmes. FFI establishes, brokers and maintains strategic alliances, bringing partners together to address conservation issues, find workable approaches and deliver solutions. Where partners disagree, FFI encourages dialogue and negotiation to reach practical outcomes.

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Board of Trustees' Report

For the year ended 31 December 2014

FFI recognises the need to root conservation practice in sound science. We seek to apply the best possible information, including up-to-date research, to our practice and also to assess, capture and use FFI and partner learning to inform improved practice, and help steer future research agendas. FFI believes in holistic and integrated approaches to conservation, using multiple approaches and multiple scales together to bring about change. As part of this FFI supports effective spatial planning of land and sea-scapes, and in particular the explicit inclusion of biodiversity within these processes.

Our Values

FFI values permeate our work towards our Mission and are reflected in the differentiation factors identified below. We value the work we do with our partners and strive to make that work successful and well-rewarded. We value the growing impact that our work has on biodiversity targets and reducing the scale of threats to those targets. We value transparency and openness in all aspects of our work – the open sharing of ideas, data, funds, learning and credit for work well done.

Differentiating factors

We believe that FFI is uniquely positioned in the conservation sector. An externally facilitated consultation with FFI stakeholders identified four differentiating factors:

- **Collaboration:** Lasting local partnerships have been at the heart of our conservation activities for more than one hundred years;
- **Biodiversity:** Our focus is biodiversity - to secure a healthy future for our planet where people, wildlife and wild places coexist.
- **Leadership:** We've been working for more than a century in innovative, sustainable conservation, developing models that inspire others and leading their testing and implementation.
- **Value:** Our lean, entrepreneurial structure and style allows us to engage quickly and effectively on critical environmental issues.

Our Vision and Mission

FFI envisages 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 that take into account human needs.

Our Aims

FFI moved into its 111th year of operation in 2014. While much of our organisation's evolution is incremental, every five years we pause to review the nature of the challenges we face and articulate how we might 'adjust the tiller' in order to be more effective. During 2013 we undertook widespread external and internal consultation to feed into the preparation of a new FFI five-year business plan for 2014 - 2018.

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Board of Trustees' Report

For the year ended 31 December 2014

In this new plan we have defined four organisational aims for the next five years:

- 1. To deliver effective conservation of threatened habitats and species.** Many conservation groups endeavour to secure habitat and species. Our focus is biodiversity; our differentiator is 'lasting local partnerships.' It is a distinctive feature of FFI that we do not impose an agenda; we align behind those with a local mandate and help them respond to threats and opportunities. New elements here include an expanded commitment to the coastal-marine realm - while focusing on our traditional strengths of establishing local governance and sustainable livelihoods for marine protected areas, we will also develop new alliances to inform policy.
- 2. To shape decisions within society to benefit biodiversity.** FFI is not a campaigning group but we do not shy away from addressing the root causes of biodiversity loss, however they occur and whoever is responsible. We have built credibility within the corporate sector for example that increasingly enables us to challenge decisions at an earlier stage, and reduce their biodiversity impact as well as business risks. New elements here include an increased commitment to biodiversity within agricultural landscapes. This is where some of the critical conflicts will occur as the demands on land for food production, biofuels, population increase, development aspiration and climate-induced migration are building potent threats to biodiversity. We will also increase our input to spatial assessment and planning in support of decision-making for focal landscapes.
- 3. To empower organisations and individuals to lead innovative conservation action.** As the world changes, so requirements for conservation leaders change too. As well as conservation leadership at many levels within the public sector, we recognize the potential impact of conservation skills embedded across the private sector too. New elements here include a focus on the application of new technologies to conservation challenges. As access to information has increased globally, we recognize that our partnership network and field activities allow us to harness this for conservation. We can both generate and embed conservation knowledge, and we intend to be more proactive in that sphere.
- 4. To invest in FFI effectiveness.** We recognise the need to invest time and resources in our systems, staff and funding processes to ensure that FFI continues to grow healthily and maintain effectiveness of conservation delivery. New elements here include the need to strengthen global management information systems, including financial systems that better recognise FFI's global funding and delivery base.

Within each of these aims we have identified three or four sub-aims and a set of priority FFI approaches to deliver each aim.

These are summarised in the table below and we report upon our Achievements and Performance in relation to these four aims in our Strategic Report which follows.

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Board of Trustees' Report

For the year ended 31 December 2014

Aim 2014-2018	Sub-Aims	FFI Approaches 2014-2018
1. To deliver effective conservation of threatened habitats and species	1.1 Deliver locally-led conservation of threatened habitats	<ul style="list-style-type: none"> • Safeguard protected areas • Support community conservancies • Bring new areas under conservation management • Secure biodiversity within agricultural landscapes • Enable adaptation to climate change
	1.2 Secure threatened species populations as 'flagships'	<ul style="list-style-type: none"> • Tackle illegal wildlife trade • Safeguard critical populations of target species
	1.3 Extend protection of marine & coastal ecosystems	<ul style="list-style-type: none"> • Support marine protected areas • Encourage technical, policy and business support for marine and coastal conservation

Aim 2014-2018	Sub-Aims	FFI Approaches 2014-2018
2. To shape decisions within society to benefit biodiversity	2.1 Embed biodiversity into private sector decision-making	<ul style="list-style-type: none"> • Encourage extractive industries to have net positive impact on biodiversity • Encourage agribusiness to integrate biodiversity • Encourage financial & investment sectors to support biodiversity
	2.2 Enable governments to take development decisions to conserve biodiversity	<ul style="list-style-type: none"> • Undertake ecosystem service valuation • Engage with green economy and natural capital efforts • Enable improved spatial planning for infrastructure and agricultural development
	2.3 Encourage individuals & communities to take decisions that maintain biodiversity	<ul style="list-style-type: none"> • Strengthen land tenure and rights for engaged local communities • Strengthen incentives for local conservation • Make biodiversity case to consumers

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Aim 2014-2018	Sub-Aims	FFI Approaches 2014-2018
3. To empower organisations and individuals to lead innovative conservation action	3.1 Harness technology for conservation	<ul style="list-style-type: none"> • Engage with horizon scanning across different sectors • Encourage take-up of innovative technologies in conservation
	3.2 Support development of conservation leaders & innovators	<ul style="list-style-type: none"> • Support tertiary training of future leaders • Support individual leaders in post
	3.3 Support access to funding and capacity for local level conservation	<ul style="list-style-type: none"> • Provide direct support to priority local partner organisations • Make on-line tools and training available to local conservation organisations globally

Aim 2014-2018	Sub-Aims	FFI Approaches 2014-2018
4. To invest in FFI effectiveness	4.1 Strengthen FFI systems and processes	<ul style="list-style-type: none"> • Harmonise and invest in global and FFI systems including financial and information systems • Strengthen project cycle assessment of opportunity and risk
	4.2 Foster culture of learning and knowledge sharing	<ul style="list-style-type: none"> • Implement impact monitoring system pegged to explicit 'theories of change' • Increased investment in documenting learning and linking to policy and practice • Develop tools to support collaborative learning & knowledge management
	4.3 Ensure FFI attracts, retains and benefits from high calibre staff	<ul style="list-style-type: none"> • Further develop Human resources function & training of managers in HR processes • Leverage training & professional development opportunities through collaborations
	4.4 Secure diversified and resilient income streams	<ul style="list-style-type: none"> • Invest to maintain a balance between statutory, corporate and individual sources of income • Increase proportion of unrestricted funds • Develop great resilience through geographical distribution of income streams • Develop new sectors and approaches for informed philanthropy

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Board of Trustees' Report

For the year ended 31 December 2014

Strategic Report for 2014

Our Activities in 2014

FFI continues to operate through 4 regional programmes (Asia-Pacific, Africa, Eurasia, the Americas & Caribbean) supported by an array of sector initiatives (Conservation Science & Design; Conservation Capacity & Leadership; Mining & Energy; Environmental Markets; Agricultural Landscapes), which form our Conservation Partnerships division.

These teams work together to increase our impact on behalf of biodiversity in emerging economies. While other organisations focus on the BRIC countries (Brazil, Russia, India and China), FFI continues to put more resources into developing countries where we have an established presence and where threats to natural resources are increasing, thus maximising our impact and cost-effectiveness.

Across our projects in 2014 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, working to demonstrate the opportunities to protect carbon stored within forest systems, and hence help inform the wider global policy debate. In addition, we have continued to consolidate our programme focusing on marine conservation and have developed new initiatives focusing on technology for conservation and on illegal wildlife trade.

Our regional teams have worked with their local partners in a number of ways in 2014, 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;
- Supporting the development of conservationists and conservation organisations through specialised tools and training and through targeted support to the delivery of our conservation projects.

Achievements and Performance

In 2014 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 the first three of our organisational 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 2014. The following achievements provide a snapshot of our achievements in this last year. These are summarised and selected from 158 reports collected from operations across 45 countries.

In addition to collecting data in relation to these three aims we are also tracking progress against our fourth aim of increasing our own organisational effectiveness.

Aim 1: To deliver effective conservation of threatened habitats and species

- In 2014 we directly contributed to the conservation of over 16.3 million hectares of important habitat and influenced conservation across a total of over 27.7 million hectares.
- We supported 231 protected areas (including 135 national protected areas, seven private reserves and 83 community areas) and helped to protect 96 sites that are not yet formally designated.¹
- On-the-ground protection activities (ranger patrols and enforcement) were supported at 97 sites and our projects employed or supported over 360 rangers or scouts.
- We recorded direct impacts from our management support at over 183 sites – through evidence of enhanced management or enforcement, reduced threats, or habitat maintenance or recovery.
- In 2014 we focused on recovering populations of 55 threatened species or sub-species. In addition our work aided the conservation of over 100 further important species, which were recognised to derive measurable benefits from the broader conservation work of the project or subject to targeted interventions.
- Our projects grew over 647,679 tree seedlings (including over 34,500 seedlings of endangered trees) and helped over 1,095,000 turtle hatchlings reach the sea.
- We have evidence of improved conservation status for 38 species in 2014 - with evidence of populations responding (either stabilising or increasing) for 10 species, and indications of reduced threats facing another 9 and improved enforcement of protection for 19.
- In 2014 FFI, partnered with six other international conservation NGOs and the Royal Foundation of the Duke and Duchess of Cambridge and Prince Harry through the United for Wildlife collaboration. This aims to create a global movement for conservation, initially focusing on reducing the impact of the illegal wildlife trade on critical wildlife populations.

¹ Due to the outbreak of Ebola in 2014 we were not able to operate as usual in a number of sites in West Africa. Activities have resumed in 2015.

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Board of Trustees' Report

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For example:

- *In Liberia, despite the fact that progress slowed as a result of the Ebola outbreak, the security of the East Nimba Nature Reserve has been assured; it is now a fully recognised Nature Reserve with a pioneering community co-management agreement in place, the first of its kind in Liberia.*
- *In 2014 in the Caribbean the world population of Antigua racers reached 1,130 individuals compared to only 50 when the project began in 1995. This entire population is in the wild and currently occupies four small islands, we have successfully kept 100% of the Antiguan racer's current range free from rats and other harmful alien invasive species. This ongoing work to control alien invasive mammals has been a major factor in enabling the Antiguan racer population to increase, and has also had tangible benefits for other species including 5-fold to 30-fold increases in seabird populations on the project's rat-free islands since 1995.*
- *In Kenya the Northern Rangelands Trust has now effectively re-established a wildlife habitat of approximately 3.1 million ha from 60,000ha in 2007. Through FFI's support, and that of other partners, resilience of conservancies has continued to improve thus enabling them to more effectively conserve natural resources, secure peace and transform livelihoods.*
- *Surveys of Niassa Reserve in Mozambique indicate substantially lower incidences of recent and fresh elephant carcasses within the area managed through FFI's project in Chuilexi Conservancy compared to the rest of the Reserve. Whilst the threat of poaching is immediate and very real (a 50% decrease has been seen in the Reserve's elephant population in the last 4 years) Chuilexi probably now holds the largest concentrations of elephant remaining within the Reserve.*
- *In Vietnam Tonkin snub-nosed monkey populations and their habitats in Chau Ca and Tung Vai forests are well-protected. The Tonkin snub-nosed monkey population in Chau Ca is increasing annually, it is estimated there were 8 – 10 Tonkin snub-nosed monkeys born in 2014. In Tung Vai no hunting of Tonkin snub-nosed monkeys was recorded in 2014.*

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 96% 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 598 communities in relation to our projects.
- We helped to establish or support some 114 local committees or Community Based Organisations to aid local environmental governance.
- Over 40 of our projects directly contributed to the development of sustainable livelihood projects; these benefited some 8,500 people directly and a further 29,328 indirectly. Sustainable livelihood activities generated income of over £695,000 within target communities, and in addition over £46,000 of micro-credit loans were made available through our projects.

For example:

- *In China, work to support Tibetan herders supported the Maozhuang Women's Handicraft Cooperative providing handicraft training and basic materials; in one year this project created cash revenues of 2000 RMB (equivalent to £320) for each woman.*

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Board of Trustees' Report

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- *In Turkey local communities are receiving direct financial benefits from the presence of the no fishing zones(NFZs). Their income level has increased since the establishment of the NFZs, and they generate a more reliable income from fishing activities as shown from the fishing cooperative records books where we see less fluctuation in monthly earnings.*
- *In St Lucia our work to protect the lansan tree from illegal and damaging resin extraction has resulted in numerous benefits. New resin harvesting methods devised and taught by this project give tappers a greater yield (by as much as 2-fold or 3-fold) without harming the trees, and this project is enabling tappers to have legal access to designated areas of the Forest Reserve and to share some responsibility for the protection and management of these areas. This is a first for St Lucia, as the Forest Reserve was previously largely off limits to local people (but exploited illegally).*
- *In Myanmar engaging communities has ensured significant progress has been made towards the gazettelement of two large protected areas. Key to this has been village boundary mapping which has allowed us to revise proposed boundaries to account for customary village lands and helped shape our understanding of the landscape and the options for protection of core areas through community management, while also empowering the communities to defend their rights. We now have the verbal approval of the local ethnic armed group, and are in the process of strengthening the biological justification and preparing a draft zonation plan pending park establishment.*

Aim 2: To address the root causes of biodiversity loss

During 2014 FFI has worked to address the root causes of biodiversity loss through embedding biodiversity into private sector decision making, enabling governments, individuals and communities to take decisions to protect biodiversity.

- In 2014, 64 projects reported engagement with the private sector in a range of forms from receiving funding or sponsorship, to engaging with local business initiatives, to trying to influence corporate decision making.
- Our work with the private sector has resulted in 19 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.
- We also work to affect broader governmental policies – and this year 55 projects engaged with policy makers in various ways and 25 projects directly affected national or provincial government policies, legislation or decisions.
- Of our primary partners in projects 124 are government agencies
- Awareness raising activities have reached over 290,000 people in the countries where we work (including over 13,000 school children and students).

For example:

- *Through our engagement at site level with an oil and gas company in Peru we introduced a new methodology to assess and analyse community and company ecosystem dependencies and impacts, proposing management actions to address the potential impacts of the company's operations. The next phase of work at this site has now been developed and our recommendations have been turned into actions. Moreover FFI has been invited to propose a longer term partnership with the company at a global scale to implement findings and recommendations made within this project.*

Fauna & Flora International

Board of Trustees' Report

For the year ended 31 December 2014

- *Ongoing work on the Good Scrub Guide has resulted in numerous impacts. Our work in 2014 saw confirmation of intent to phase out microbead use from three major UK retailers. The Good Scrub Guide is now well regarded across the UK and abroad and is considered a successful example of positive corporate engagement. FFI is approached as a leading stakeholder on the issue and has fostered sound relationships with others in the same field – including NGOs, scientists, trade associations, businesses and policymakers. In just a short amount of time there has been a notable shift in ongoing interactions with businesses and whereas we initially faced scepticism and a reluctance to engage on the issue, we are increasingly met with an ‘open door’ when discussing this subject with businesses which is testament to the methodical, considerate and clear messaging that we have used since the project’s inception.*
- *In Myanmar, engagement with over 30 palm oil companies has introduced the concept of sustainability in palm oil production through the Round Table on Sustainable Palm Oil. Over the year, engagement has involved a number of closed-door meetings, visits to plantations, and consultations with national and local government and line agencies. We also held one national and one regional stakeholder workshop with high level representation from all sides. One company appears very keen to gain certification for sustainable production and may already be initiating some of the necessary changes.*
- *2014 has seen our work in Brazil regarding the costs and benefits of biodiversity conservation on farms and its role in sustainable agriculture gain a lot more traction. The team has had many follow-up meetings, including field trips with key operating companies which indicates a deep interest in the outcomes of the project. Three companies are interested in developing new biodiversity and ecosystem services farming projects along with FFI.*
- *FFI’s work on marine plastics, specifically pellet loss has resulted in this issue being reinstated on the agendas of industry leaders and trade associations. One trade association has committed to injecting renewed energy into calling for all members to sign up to voluntary best practice standards and three companies have expressed an interest in enforcing recommended best management practices.*

Aim 3: To empower organisations and individuals to lead innovative conservation action

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 2014 we worked directly with over 293 local partner institutions and collaborated with an additional 261 local, national or international organisations.
- This year we provided direct capacity development support to at least 270 organisations (including organisational development, training and mentoring, provision of resources and technical support); we also helped to develop conservation or environmental management skills in over 7,800 individuals - both within and outside these organisations.
- We provided focused training within local communities - helping at least 5,900 individuals to adapt or improve local livelihoods, or to develop new income generation skills.
- We also supported the development of 23 students, future potential conservation leaders, through our involvement in the Cambridge Masters in Conservation Leadership.

Fauna & Flora International

Board of Trustees' Report

For the year ended 31 December 2014

For example:

- *In Kazakhstan the most significant achievement this year has been through the project's provision of four sniffer dogs and associated training to Kazakh customs officers. The dogs made two significant finds of illegal saiga horn, the first in 15 years. This sets a great precedent for the future of this activity and a great gain in the fight against the illegal wildlife trade.*
- *FFI has played a key role in the oversight of the development of a new website www.capacityforconservation.org, an online hub which supports conservation organisations to develop their capacity and access support. This year saw the site's official launch as well as the development of new tools, content and resources and the translation of the site into Spanish. This has resulted in an almost 10-fold increase in organisations using the site to over 240 from 149 countries in the last 12 months.*
- *In Omepete Biosphere reserve in Nicaragua the achievements gained so far in terms of reforestation, agricultural diversification and adoption of organic practices on the initial demonstration farms is already widely visible. At least 30 farming families are now seeing increases in production and gains in income as well as conservation benefits, with diversification reducing overall vulnerability to increased seasonal variability in climate.*
- *Our work with indigenous coastal communities in the Philippines has empowered these communities to conserve their resources by developing measures to improve their livelihoods, such as the community based marine protected areas and income diversification schemes, as well as to enforce these measures by developing policies on coastal conservation, such as village resolutions on marine protected areas and volunteering on enforcement.*
- *In Liberia, two instructors from the University of Liberia and Forestry Training Institute and two staff from the Forestry Department trained during 2013 then took part in co-facilitating the first field course for students held in Sapo National Park in February 2014. They successfully applied the skills they learnt and were able to support the students both in the field and in the classroom.*

Aim 4: To invest in FFI effectiveness

FFI recognises the need for continued investment in our own systems, staff and processes to ensure continued effective and impactful conservation.

- In 2014 we worked to strengthen our development of new projects through the implementation of a process that captures concept development from across the FFI teams and allows for Senior Management Team review and approval. This process strengthens our project cycle and provides information from key managers involved in assessing opportunity and risk. This demonstrably improved organisational effectiveness as FFI's Senior Management Team saw a higher number of concepts than in previous years and were able to give feedback and sign off through the new system, which was one of the main aims of the trial. There is still scope for further improvement and additional features will be added to the system in the coming year.
- The recruitment of an Impact Assessment Manager in 2014 provided the opportunity to develop institutional thinking on monitoring and evaluation and how this is integrated into projects. Specifically approaches to using Theory of Change in a manner applicable to the context of FFI's work were developed and four workshops were delivered to four projects to implement this monitoring system.

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Board of Trustees' Report

For the year ended 31 December 2014

- A working group on FFI as a learning organisation was brought together where current and potential learning opportunities were identified and reviewed.
- Work in 2014 has continued to develop MyFFI, FFI's online knowledge management and communications platform. Improvements have been seen in coverage and uptake and over 2014 it has been noted that MyFFI has gradually adjusted from being a simple document repository to a platform reflecting processes within FFI and where tacit and explicit knowledge can be shared.
- With the arrival of the new COO at the end of 2014, we started a review of our operational processes, systems and procedures to ensure they are fit for purpose and ready to support FFI in the next stages of its Business Plan period. In future years we will need to invest in the development of our infrastructure and financial capacity to ensure our systems and processes are better integrated, efficient and resilient, designed to enable effective global management and fit to support the scale of our projects, complexity of funding, and global reach.
- During 2014 FFI staff learning needs were assessed and appropriate training was designed to meet these needs including through both internal and external opportunities. In total 49 training events (27 external, 22 internal) took place for 78 staff across all FFI teams in 2014.
- We continued to implement our carefully planned strategy to steadily grow the number of supporters on FFI's database who will support the organisation, placing more focus at present on major gifts (including trusts and corporations), membership and legacies, focussing on key audiences around our hubs in the UK, US, Singapore and Australia.

Fauna & Flora International

Board of Trustees' Report

For the year ended 31 December 2014

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.

2014 was the first year of our new Business Plan, and it was a year of consolidation for both our operational and programmatic activity, with more investment having been made in our operations and ability to raise funds to prepare for the coming years and delivery of our Business Plan.

Income generation overall has seen a slight (3.7%) decrease in 2014, although unrestricted income has seen a substantial increase of £671,715 to £2,328,294 (40.6%) from prior year. Unrestricted income is vital for our ability to invest in FFI effectiveness and resilience, and we have experienced growth in unrestricted income across most areas of fundraising. Unrestricted income from Trusts & Foundations was up in the year by 379% to £632,958. This is due in part to some significant donations from new and long standing trust donors, and we are very grateful for this support.

The 21% increase (from £694k in 2013 to £843k in 2014) in fundraising costs represents a strategic decision to increase our investment in this area in order to meet the demands of the new Business Plan, and develop a stronger and more sustainable funding platform for our work. This investment has been in growing the number of individual supporters FFI has, and developing our digital fundraising and supporter engagement in order to grow income from major gifts and legacies which have been identified as key to increasing sustainable unrestricted income.

Increasing unrestricted income generation has been a key priority for FFI for a number of years – ensuring that there is a suitably resilient and flexible income stream – so the growth in this area during 2014 represents real progress towards this end. The strong performance on individual giving provides essential support and is hugely appreciated in supporting the delivery of our charitable objectives.

Restricted income from Trusts & Foundations has increased by 20% to £6,307,985, again thanks to support from new and existing trust donors. Individual gift restricted income rose more than fivefold to £1,167,009, in part due to renewed support to our Halcyon Land and Sea programme from a long-standing donor.

We retained a healthy pipeline of Government and Multi-lateral funding in 2014 but this area has reduced as multi-year projects close out. We are moving into line with the goal we set in our business planning to keep government and multi-lateral funding to approximately 25% of our overall portfolio. Government grants allow us to move to scale in activity and impact but can be costly in terms of overhead costs as they are set up and closed out as well as through the need to allocate matching funding.

In Australia, a new government implementing cut-backs on all areas of support for the NGO sector coupled by an economic recession brought about by a decrease in mining activity has led to a decrease in charitable revenues with reduction of our unrestricted income by 27% (AU\$45k - £26k). We anticipate that this will not change in the next 2 years and have downsized our office and corresponding overheads accordingly. Singapore continues to be a stable base for our operational node in Asia Pacific, and the unrestricted income there has increased by 25% from a modest base (SGD25k - £13k), including continued support from an incentive grant provided by the Economic Development Board.

Endowment income, generated through an invested portfolio designed to produce an income stream to support gorilla conservation work, increased by 9% to £40k, 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.

Fauna & Flora International

Board of Trustees' Report

For the year ended 31 December 2014

The following table summarises our key sources of restricted, unrestricted and permanent endowment income for 2014.

	£	£	£	£
Income Source	Restricted	Unrestricted	Endowment	Total
Government and Multilateral	2,823,595	78,845	-	2,902,440
Trusts and Foundations	6,307,985	632,958	-	6,940,943
Corporate	3,150,477	319,356	-	3,469,833
Individuals (incl Memberships)	1,167,009	1,280,554	-	2,447,563
Investment	2,114	16,581	21,763	40,458
Total	13,451,180	2,328,294	21,763	15,801,237

We have continued to deliver strongly across our conservation portfolio, although our expenditure on charitable activities has reduced by 7% due to the Ebola epidemic in West Africa and civil conflicts in many of the areas we operate. Charitable expenditure of £15,549k as a proportion of total expenditure remains very high, with 94% of spend incurred on conservation activities, including both programmes and support.

With more than 150 active projects in over 45 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 Myanmar from the EU and seen a renewal of support from Franklinia 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. Governance costs have increased by 35% to £143k, reflecting the increased costs of compliance with the statutory requirements of our global operations and the size of the operations themselves.

We have successfully liquidated the current asset valued in 2013 at £1,900k, realising a gain of £99k. Aside from this, current assets remain in line with 2013, 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 provided for any diminution of these asset values and any potential liabilities, taking into account the circumstances at the balance sheet date and subsequently.

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 from 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. The largest deficit balance arose within our Africa programme. This was due to a delayed receipt of donor funding, which has been received early in 2015. Where 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.

Fauna & Flora International

Board of Trustees' Report

For the year ended 31 December 2014

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.

Overall Position

The net movement in total funds for the period is a decrease of £647k. This reflects some utilisation of restricted funds balances held to deliver activities, appreciation of the investment assets held under the permanent endowment funds, and a reduction in unrestricted funds.

Restricted reserves (£4,930k at end of 2014) represent around 4 months of project expenditure. 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.

Despite significant growth in unrestricted income, the difficult operating conditions in West Africa and post-tsunami legacy issues in Aceh caused a net negative movement in unrestricted reserves of £532k (£1,012k in 2013). Unrestricted reserves at the end of 2014 are £706k (£1,238k in 2013), which represents 3 months of unrestricted expenditure. The challenge remains to achieve unrestricted surplus generation in order to provide greater funding stability and re-build our reserves.

Reserves Policy

The Trustees remain committed to building up a base of unrestricted reserves 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.

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.

Fauna & Flora International

Board of Trustees' Report

For the year ended 31 December 2014

Plans for Future Periods

Our five-year business plan for 2014 – 2018 sets out our aims and approaches for delivering conservation impact. In order to support our plans, we have agreed principles for financial planning, which include:

- **Maintain a healthy revenue portfolio.** Our aim is that FFI continues on a steady and well-managed growth trajectory. The portfolio balance for revenue from FFI hubs will continue to reflect where they find greatest resonance, but FFI will manage across these hubs to achieve an overall portfolio balance that supports global financial health.
- **Increase proportion of unrestricted funding.** FFI's cutting edge is our innovativeness on the ground and our responsiveness to threats to biodiversity in the sites where we work. Heavily restricted funding restricts our ability to implement adaptive and responsive practices. Our aim is to reduce the restrictions on our funding sources, while maintaining full accountability and compliance with their terms of giving.
- **Develop greater resilience through geographical distribution of income streams.** We are working across FFI globally to achieve this, with our sister organisations in the USA, Australia and Singapore, aiming to continue strong growth in the US share, establishing new funding streams from Asia, particularly focussed on our Singapore office (whilst ensuring Australia operations covers its own costs), and driving stronger financial returns from the UK and across Europe.

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 have been put in place to track these throughout the life of the project and mechanisms established to adjust commitments, if necessary.

Fauna & Flora International

Board of Trustees' Report

For the year ended 31 December 2014

- 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. Maintaining a balanced revenue portfolio with a greater proportion of unrestricted funds is also key to mitigating this risk.
- Health and Safety - the work of FFI staff inevitably comes with health and safety risks, especially in some of the remote areas where we work, ranging from the risk of serious car accidents to being trapped in politically-motivated insurrection. We aim to prevent and mitigate these risks to the maximum extent possible, and also ensure that our insurance policies, and the information which informs them, are appropriate. Our Health and Safety framework and reports are regularly reviewed by the Executive Committee to ensure contingency plans are in place.

Grant-making Policies

Grant making does not play a significant role in FFI's operations, however, through our conservation grants programmes (Halcyon Land & Sea, Arcadia Marine, The Fondation Segré Conservation Fund at FFI, Flagship Species Fund, Rapid Response Facility, Global Trees Campaign and in-country grants programmes) we disbursed some £2.40 million to field-based projects this year.

All our grant funds are disbursed 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.

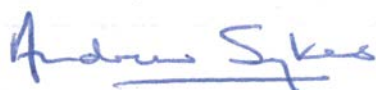
FFI staff also reviewed over 740 grant applications for external grants funds using criteria developed and agreed with the donors and, through this, influenced the allocation of an additional £1.79 million of conservation grant funds.

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. There are clear management procedures for selection and management of volunteers.

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 23rd June 2015 and signed on its behalf by



Andrew Sykes
Chairman

Fauna & Flora International

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

For the year ended 31 December 2014

We have audited the financial statements of Fauna & Flora International for the year ended 31 December 2014 set out on pages 24 to 40. 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 2014 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

For the year ended 31 December 2014

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 June 2015

Fauna & Flora International

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

For the year ended 31 December 2014

	Note	Unrestricted £	Restricted £	Endowment Funds £	2014 Total £	2013 Total £
Incoming Resources:						
Incoming resources from generated funds:						
Voluntary income	3	1,200,880	1,116,750	-	2,317,630	2,628,501
Legacies		206,416	21,000	-	227,416	262,444
Sub-total voluntary income		1,407,296	1,137,750	-	2,545,046	2,890,945
Investment income		16,598	2,114	21,763	40,475	36,993
Charitable trading income		5,258	2,401	-	7,659	40,718
		21,856	4,515	21,763	48,134	77,711
Incoming resources from generated funds		1,429,152	1,142,265	21,763	2,593,180	2,968,656
Incoming resources from charitable activities:						
Grants for operational programmes		851,974	10,235,511	-	11,087,485	11,008,253
Contracts for operational programmes		47,168	2,073,404	-	2,120,572	2,433,102
Total incoming resources		2,328,294	13,451,180	21,763	15,801,237	16,410,011
Resource Expended						
Costs of generating funds:						
Costs of generating voluntary income		752,500	-	-	752,500	615,885
Fundraising trading costs		90,968	-	-	90,968	83,429
		843,468	-	-	843,468	699,314
Charitable activities:						
Conservation projects and biodiversity awareness		2,005,700	13,538,921	4,212	15,548,833	16,714,392
Governance costs	6a	143,504	-	-	143,504	105,894
Total resources expended	6a	2,992,672	13,538,921	4,212	16,535,805	17,519,600
Net (outgoing)/incoming resources before transfers – c/fwd to page 25		(664,378)	(87,741)	17,551	(734,568)	(1,109,589)

Fauna & Flora International

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

For the year ended 31 December 2014

	Note	Unrestricted £	Restricted £	Endowment Funds £	2014 Total £	2013 Total £
Net (outgoing)/incoming resources before transfers – b/fwd from page 24		(664,378)	(87,741)	17,551	(734,568)	(1,109,589)
Transfers between funds		4,664	12,690	(17,354)	-	-
Net (outgoing)/incoming resources before gains and losses		(659,714)	(75,051)	197	(734,568)	(1,109,589)
Other Recognised Gains and Losses						
Gain/losses on disposal of tangible fixed assets		82	-	-	82	-
Unrealised gains/losses on fixed assets investments	8	-	-	7,343	7,343	74,090
Realised gains/losses on fixed assets investments		-	-	-	-	(846)
Realised gains/losses on current assets investments		99,999	-	-	99,999	-
Unrealised gains/losses on current assets investments	9	-	-	-	-	446,000
Realised foreign exchange gains/losses	4	24,340	(22,215)	-	2,125	(7,816)
Unrealised foreign exchange gains/losses	4	3,019	(25,546)	-	(22,527)	(27,529)
Net movement in Funds		(532,274)	(122,812)	7,540	(647,546)	(625,690)
Balance brought forward		1,238,432	5,052,659	605,228	6,896,319	7,522,009
Balance carried forward		706,158	4,929,847	612,768	6,248,773	6,896,319

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 2014

	Note	2014 £	2014 £	2013 £	2013 £
Fixed Assets					
Tangible fixed assets	7		63,640		75,587
Investments	8		611,653		604,310
			<u>675,293</u>		<u>679,897</u>
Current Assets					
Current asset investments	9	-		1,900,000	
Debtors	10	6,142,840		4,047,928	
Cash at bank and in hand		3,657,775		4,112,293	
		<u>9,800,615</u>		<u>10,060,221</u>	
Creditors: amounts falling due within one year	11	(4,227,135)		(3,843,799)	
Net Current Assets			<u>5,573,480</u>	<u>6,216,422</u>	
Net assets			<u>6,248,773</u>	<u>6,896,319</u>	
Reserves					
Income Funds					
Unrestricted funds					
General funds			534,896		1,019,033
Designated funds			171,262		219,399
			<u>706,158</u>		<u>1,238,432</u>
Restricted funds	12,18		4,929,847		5,052,659
			<u>5,636,005</u>		<u>6,291,091</u>
Capital Funds					
Permanent endowment funds	13		612,768		605,228
			<u>6,248,773</u>		<u>6,896,319</u>

Approved by the Board of Trustees and authorised for issue on 23rd June 2015 and signed on its behalf by:



Chairman: Andrew Sykes



Treasurer: Philip Prettejohn

Fauna & Flora International

Company Balance Sheet

For the year ended 31 December 2014

	Note	2014 £	2014 £	2013 £	2013 £
Fixed Assets					
Tangible fixed assets	7		63,640		75,587
Investments	8		611,653		604,310
			<u>675,293</u>		<u>679,897</u>
Current Assets					
Current asset investments	9	-		1,900,000	
Debtors	10	6,134,200		4,011,406	
Cash at bank and in hand		3,489,290		3,835,841	
		<u>9,623,490</u>		<u>9,747,247</u>	
Creditors: amounts falling due within one year	11	(4,211,995)		(3,864,252)	
Net Current Assets			<u>5,411,495</u>	<u>5,882,995</u>	
Net assets			<u>6,086,788</u>	<u>6,562,892</u>	
Reserves					
Income Funds					
Unrestricted funds					
General funds			400,608		753,296
Designated funds			171,262		219,399
			<u>571,870</u>		<u>972,695</u>
Restricted funds	12,18		4,902,150		4,984,969
			<u>5,474,020</u>		<u>5,957,664</u>
Capital Funds					
Permanent endowment funds	13		612,768		605,228
			<u>6,086,788</u>		<u>6,562,892</u>

Approved by the Board of Trustees and authorised for issue on 23rd June 2015 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 2014

	Notes	2014 £	2013 £
Net cash flow from operating activities	17	(463,625)	651,580
Returns on investments and servicing of finance	17	40,475	36,993
Capital expenditure and financial investment	17	<u>(31,368)</u>	<u>(60,688)</u>
Increase/(decrease) in cash and cash equivalents		<u>(454,518)</u>	<u>627,885</u>

Reconciliation of Net Cash Flow to Movements in Net Funds

Increase/(decrease) in cash in the year		(454,518)	627,885
Net cash resources at 1 January 2014		<u>4,112,293</u>	<u>3,484,408</u>
Net cash resources at 31 December 2014		<u>3,657,775</u>	<u>4,112,293</u>

Analysis of changes in net funds

	As at 01.01.14 £	Cash Movement £	As at 31.12.14 £
Cash at bank and in hand	4,112,293	(454,518)	3,657,775
	<u>4,112,293</u>	<u>(454,518)</u>	<u>3,657,775</u>

The attached notes form part of these financial statements.

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2014

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 2014

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 2014

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

	2014	2013
	£	£
Individuals	1,747,169	1,204,558
Charitable Foundations	527,579	1,377,212
Corporate Donations	42,882	36,423
Statutory Donations	-	10,308
	<u>2,317,630</u>	<u>2,628,501</u>

4 Expenditure - Consolidated

	2014	2013
	£	£
Direct and other expenditure includes:-		
Auditor's remuneration	41,392	46,981
Auditor's other fees	37,964	33,517
Depreciation	43,115	54,250
Operating leases: land and buildings	275,821	203,298
Foreign exchange losses/(gains)	<u>20,402</u>	<u>35,345</u>

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2014

5 Employee information - Consolidated

5a Staff costs:	2014	2013
	£	£
Wages and salaries	5,983,999	5,872,365
Social security costs	359,064	335,163
Pension costs	309,169	303,171
	<u>6,652,232</u>	<u>6,510,699</u>

5b	2014	2013
The average number of persons, analysed by function, employed during the year was:-		
Project management, fundraising and administration	<u>356</u>	<u>368</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 (2013: £684) were reimbursed to Trustees in respect of travel and subsistence during the year.

The prior year numbers above have been restated to include employees retained directly under projects in-country.

5c	2014	2013
Employees whose emoluments for the year were £60,000 or more are shown in the following bands:-		
£60,001-£70,000	1	2
£70,001-£80,000	1	2
£80,001-£90,000	2	-
£90,001-£100,000	1	3
£100,001-£110,000	1	-
£110,001-£120,000	-	-
£120,001-£130,000	-	1
£130,001-£140,000	1	-

The pension contributions to pension schemes for higher paid staff were £48,517 (2013: £63,566).

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2014

6a Analysis of Total Resources Expended – Consolidated

	Staff costs	Other direct costs	Other indirect costs	Total Resources expended 2014	2013
	£	£	£	£	£
Conservation Programme activities					
Halcyon	32,285	28,884	-	61,169	75,206
Africa	821,854	1,898,277	50,768	2,770,899	2,802,828
Asia Pacific	2,477,122	3,054,943	82,056	5,614,121	6,710,354
Americas & Caribbean	350,356	686,394	15,248	1,052,259	1,193,017
Eurasia	509,356	759,402	25,011	1,293,769	952,704
Conservation Partnerships	1,850,009	689,330	97,271	2,636,610	2,801,014
Other	-	-	-	-	-
	6,041,243	7,117,229	608,206	13,428,827	14,535,123
FFI Australia	38,749	146,527	4,107	189,383	331,487
FFI Singapore	132,914	0	95,105	228,019	179,156
Total Programme Activities	6,212,906	7,263,756	369,567	13,846,229	15,045,766
Fundraising & Communications	453,711	-	507,165	960,876	843,886
Support & administration costs	840,737	(2,559)	747,018	1,585,196	1,524,054
Governance costs	37,621	-	105,883	143,504	105,894
	7,544,975	7,261,197	1,729,633	16,535,805	17,519,600

6b Analysis of Other Indirect Costs – Consolidated

	Project activities	Fundraising & communications	Support & administration	Governance	Total other Indirect costs 2014	Total 2013
	£	£	£	£	£	£
Office rent & services	85,636	5,563	341,375	-	432,574	622,373
Equipment purchases & maintenance	3,676	80	1,134	-	4,890	64,720
Grants	11,983	13,238	1	-	25,222	48,023
Conference attendance	15,030	58,169	6,572	6,570	86,341	65,452
Bank charges and interest	8,261	9,503	14,166	8	31,938	29,154
Depreciation	11,829	5,481	25,582	223	43,115	53,573
IT, telephony & office supplies	48,370	65,678	103,020	3,264	220,332	446,153
Travel & subsistence	75,022	71,963	116,668	4,214	286,588	159,618
Audit, legal & professional fees	93,743	108,362	106,679	78,748	378,485	308,686
Other costs	6,343	169,128	31,821	12,856	220,148	146,331
	369,567	507,165	747,018	105,883	1,729,633	1,944,083

Reclassification of Other Indirect Costs was made in 2014 in line with an internal broadening of the definition of indirect costs. The figures in 2013 have been restated to provide comparatives.

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2014

7 Tangible Fixed Assets – Consolidated and Company

	Fixtures & Fittings	IT Equipment	Software	Leasehold Improvements	Motor Vehicles	Total
	£	£	£	£	£	£
Cost:						
At 1 January 2014	19,912	123,184	63,975	-	5,965	213,036
Additions	-	31,369	-	-	-	31,369
Disposals	(419)	(66,970)	(45,943)	-	-	(113,332)
At 31 December 2014	<u>19,493</u>	<u>87,583</u>	<u>18,032</u>	<u>-</u>	<u>5,965</u>	<u>131,073</u>
Depreciation:						
At 1 January 2014	5,523	78,411	51,924	-	1,591	137,449
Charge for year	5,735	29,309	6,878	-	1,193	43,115
On disposals	(419)	(66,770)	(45,942)	-	-	(113,131)
At 31 December 2014	<u>10,839</u>	<u>40,950</u>	<u>12,860</u>	<u>-</u>	<u>2,784</u>	<u>67,433</u>
Net book value:						
At 31 December 2014	<u>8,654</u>	<u>46,633</u>	<u>5,172</u>	<u>-</u>	<u>3,181</u>	<u>63,640</u>
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>

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2014

8 Fixed Asset Investments – Consolidated and Company

	2014 £	2013 £
Market valuation as at 1 January 2014	604,310	531,986
Acquisitions at cost	-	33,877
Disposals at market value		(34,797)
Net surplus/(deficit) on revaluation	7,343	73,244
Market valuation as at 31 December 2014	611,653	604,310
Historical cost as at 31 December 2014	385,755	385,755
Disposals at market value	-	34,797
Disposals at cost	-	(35,643)
Realised gains/(losses)	-	(846)
Unrealised gains/(losses)	7,343	74,090
Total gains/(losses) on revaluation	7,341	73,244
Fixed asset investments comprised of:		
Equities	449,689	454,430
Gilts	161,964	149,880
	611,653	604,310

9 Current Asset Investments

	Consolidated		Company	
	2014 £	2013 £	2014 £	2013 £
Short term investment	-	1,900,000	-	1,900,000

The asset held under short-term investments relates to a house received as part of a legacy, originally notified in 2010 which we liquidated in 2014. This asset was 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 2014

10 Debtors

	Consolidated		Company	
	2014	2013	2014	2013
	£	£	£	£
Other debtors	4,789,194	2,781,301	4,688,128	2,745,809
Amounts due from FFI Inc.	1,136	-	1,136	-
Amounts due from FFI Australia	-	-	-	-
Amounts due from FFI Singapore	-	-	93,664	-
Amounts recoverable on projects	228,220	66,486	228,220	66,486
Prepayments and accrued income	1,124,290	1,200,141	1,123,052	1,199,111
	<u>6,142,840</u>	<u>4,047,928</u>	<u>6,134,200</u>	<u>4,011,406</u>

All the above amounts fall due within one year.

11 Creditors: falling due within one year

	Consolidated		Company	
	2014	2013	2014	2013
	£	£	£	£
Loan	-	-	-	-
Trade creditors	244,696	205,378	240,777	204,782
Amounts due to FFI Inc.	-	20,758	-	20,758
Amounts due to FFI Australia	-	-	7,443	45,376
Amounts due to FFI Singapore	-	-	-	5,445
Tax and social security	132,253	153,318	120,792	140,898
Accruals and deferred income	3,056,369	2,758,053	3,049,691	2,754,755
Other creditors	793,817	706,292	793,292	692,238
	<u>4,227,135</u>	<u>3,843,799</u>	<u>4,211,995</u>	<u>3,864,252</u>

12 Restricted Funds – Consolidated

	Restated Balance bought forward £	Net surplus (deficit) for year £	Balance carried forward £
Conservation projects	<u>5,052,659</u>	<u>(122,812)</u>	<u>4,929,847</u>

Restricted Funds – Company

	Balance bought forward £	Net surplus (deficit) for year £	Balance carried forward £
Conservation projects	<u>4,984,969</u>	<u>(82,819)</u>	<u>4,902,150</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 2014

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	29,428	784	243	(588)	29,867
M.G.P Funds	575,800	16,767	7,100	(16,766)	582,901
	<u>605,228</u>	<u>17,551</u>	<u>7,343</u>	<u>(17,354)</u>	<u>612,768</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	63,640	-	-	-	63,640
Investments	-	-	-	611,653	611,653
Net current assets	<u>471,256</u>	<u>171,262</u>	<u>4,929,847</u>	<u>1,115</u>	<u>5,573,480</u>
	<u>534,896</u>	<u>171,262</u>	<u>4,929,847</u>	<u>612,768</u>	<u>6,248,773</u>

Analysis of Net Assets between Funds – Company

	General Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total
	£	£	£	£	£
Tangible fixed assets	63,640	-	-	-	63,640
Investments	-	-	-	611,653	611,653
Net current assets	<u>336,968</u>	<u>171,262</u>	<u>4,902,150</u>	<u>1,115</u>	<u>5,411,495</u>
	<u>400,608</u>	<u>171,262</u>	<u>4,902,150</u>	<u>612,768</u>	<u>6,086,788</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 2014

15 Operating Lease Commitments – Consolidated

Annual commitments are as follows:	2014 £	2013 £
Land and buildings:		
In less than two years	275,821	224,077
In two to five years	-	46,285
	<u>275,821</u>	<u>270,362</u>
Other operating leases:		
In less than two years	57,178	61,625
In two to five years	12,949	6,366
	<u>70,127</u>	<u>67,991</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 2014, FFI was due a balance of £1,136 from Fauna & Flora International Inc (2013 was a balance of £20,758 due to Fauna & Flora International Inc). This is disclosed in notes 10 and 11 of the financial statements.

As at 31 December 2014, FFI owed a balance of £7,443 to Fauna & Flora International Australia (2013 was a balance of £45,376 due to Fauna & Flora International Australia). This is disclosed in notes 10 and 11 of the financial statements.

As at 31 December 2014, FFI was due a balance of £93,664 from Fauna & Flora International (Singapore) (2013 was a balance of £5,445 due to 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 2014

17 Consolidated Cash Flow Information

	2014 £	2013 £
a) Reconciliations of changes in resources to net inflow/(outflow) from operating activities		
Net (outgoing)/incoming resources	(647,536)	(625,690)
Depreciation charge	43,115	54,250
Gain on disposals of tangible fixed assets	190	-
Investment income (shown separately in (b) below)	(40,475)	(36,993)
(Increase)/decrease in debtors	(2,094,912)	721,371
Increase/(decrease) in creditors	383,336	1,057,886
Decrease/(Increase) in current asset investments	1,900,000	(446,000)
Change in investment valuation	(7,343)	(73,244)
Net cash inflow/(outflow) from operating activities	<u>(463,625)</u>	<u>651,580</u>
b) Gross cash flows		
<i>Returns on investment and servicing of finance:</i>		
Investment income received	<u>40,475</u>	<u>36,993</u>
<i>Capital expenditure and financial investment:</i>		
Payments to acquire tangible fixed assets	(31,368)	(65,490)
Receipts from sale of tangible fixed assets	-	3,882
Payments to acquire investments	-	(33,877)
Receipts from sale of investments	-	34,797
	<u>(31,368)</u>	<u>(60,688)</u>

Fauna & Flora International

Notes to the Financial Statements

For the year ended 31 December 2014

18 Statement of Restricted Reserves

Programme	B/Fwd £	Income £	Expenditure £	Transfers & Other gains and losses £	C/Fwd £	C/Fwd Balances in debit £	C/Fwd Balances in credit £
Agricultural Landscapes	95,512	169,680	(216,365)	(947)	47,880	(173)	48,053
Conservation Capacity & Leadership	105,335	460,820	(339,749)	(34,486)	191,920	(22,458)	214,378
Conservation Partnership Development	(15,463)	90,592	(32,450)	8,669	51,348	-	51,348
Environmental Markets	(2,158)	152,975	(329,926)	187,931	8,822	(44,437)	53,259
Halcyon Land & Sea	1,079,031	1,148,748	(144,365)	(1,067,875)	1,015,539	-	1,015,539
Mining & Energy	(41,512)	1,125,383	(850,366)	(6,602)	226,903	(89,205)	316,108
Conservation Science & Design	781,897	3,213,249	(1,046,207)	(1,896,585)	1,052,354	(5,574)	1,057,928
Africa	(374,077)	1,439,189	(2,467,831)	1,426,330	23,611	(616,607)	640,218
Americas & Caribbean	267,267	632,995	(1,002,481)	299,895	197,677	(39,791)	237,468
Eurasia	1,234,656	885,153	(1,394,064)	445,146	1,170,891	(36,997)	1,207,888
Asia Pacific							
Asia Pacific Pan Regional	282,436	42,678	(386,501)	12,871	(64,201)	15,685	(64,201)
Cambodia	122,711	1,203,953	(1,241,272)	5,797	(134,842)	226,031	(134,842)
China	113,039	205,692	(272,513)	38,788	(11,499)	96,504	(11,499)
Indonesia	1,020,579	1,482,401	(2,164,729)	211,151	(280,501)	829,903	(280,501)
Laos	78,528	14,693	(82,722)	(216)	(3,870)	14,153	(3,870)
Myanmar	237,620	617,097	(925,259)	271,177	(77,174)	277,809	(77,174)
Philippines	(71,530)	257,348	(289,922)	50,884	(75,549)	22,329	(75,549)
Vietnam	97,119	200,380	(208,228)	38,545	(3,381)	131,197	(3,381)
	1,880,502	4,024,242	(5,571,148)	628,999	(651,016)	1,613,611	(651,016)
FFI Australia	67,688	108,152	(146,527)	(1,615)	27,698	-	27,698
FFI Singapore	-	-	-	-	-	-	-
Other (incl Foreign Exchange)	(26,018)	-	2,559	(23,929)	(47,388)	(47,388)	-
	5,052,659	13,451,180	(13,538,921)	(35,071)	4,929,847	(1,553,647)	6,483,494

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

Fondation Segré £1,494,452

DFID £108,773