

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

**FAUNA & FLORA INTERNATIONAL**

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

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

# Fauna & Flora International

## Company Information

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<b>Patron</b>	Her Majesty, Queen Elizabeth II
<b>President</b>	HRH Princess Laurentien of the Netherlands
<b>Vice Presidents</b>	Baroness Amos Sir David Attenborough OM FRS Professor David Bellamy OBE The Lord Browne of Madingley FR Eng Field Marshal Sir John Chapple GCB CBE DL Dame Judi Dench Lord John De Ramsey Dr Lee Durrell Dorette Fleischmann Michael Gollner Rupert Goodman Edward Hoare The Lady Emma Kitchener LVO Rove McManus Rt Hon Mark Simmonds Blaine T. Phillips Dr Lisbet Rausing Dr Claudio Segré Hugh Sloane Jon L Stryker The Rt Hon Baroness Young of Old Scone
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<b>Vice Chairs</b>	Professor Nigel Leader-Williams Charles Whitbread
<b>Treasurer</b>	Philip Prettejohn
<b>Ordinary Members of Council</b>	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
<b>Chief Executive Officer</b>	Mark Rose
<b>Company Secretary</b>	Svetlana Ignatieva

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# **Fauna & Flora International**

## **Board of Trustees' Report**

**For the year ended 31 December 2015**

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### **Annual Report of the Council of Trustees for the year ending 31 December 2015**

The Council of Trustees of Fauna & Flora International (FFI) is pleased to present its annual report together with the consolidated financial statements of the charity for the year ending 31 December 2015.

The trustees (who are also directors of the charity for the purposes of the Companies Act) confirm that the annual report and financial statements of the company and the group comply with the current statutory requirements, the requirements of the company and the group's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

FFI moved into its 112<sup>th</sup> year of operation in 2015. Throughout its history FFI has dedicated itself to the conservation of the world's threatened species and ecosystems. In keeping with the pioneering spirit of our founders, we continue to find innovative and effective solutions to conservation challenges, developing new techniques, forging new partnerships and embracing new technologies.

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 involving a reassessment of the threats to biodiversity and an examination of where FFI can add most value through our experience, skills and networks.

This reporting year is the second in which we have been implementing the resulting five-year business plan for 2014 - 2018. Below we set out our objectives and the aims of that plan and report on the activities we undertook in 2015 to achieve these. For more information on our work please see: [www.fauna-flora.org](http://www.fauna-flora.org)

### **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 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.*

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### 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.

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 highly valued. 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.

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### Our Aims

In our current strategic 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 tables below and we report upon our Achievements and Performance in relation to these four aims in the Strategic Report which follows.

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For the year ended 31 December 2015

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

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

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

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



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### **Strategic Report for 2015**

#### **Public Benefit**

The Strategic Report on pages 6 – 18 demonstrates the scope of the activities undertaken by FFI in 2015 in furtherance of its charitable purposes for the 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 for the benefit of the public 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.

#### **Our Activities in 2015**

FFI continues to operate through four regional programmes (Asia-Pacific, Africa, Eurasia, the Americas & Caribbean) supported by an array of sector initiatives (Conservation Science & Design; Conservation Capacity & Leadership; Mining & Energy; Conservation Finance & Enterprise; 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 2015 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 continued to develop 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 2015, 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;

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- 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 2015 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 2015. The following achievements provide a snapshot of our achievements in this last year. These are summarised and selected from 148 reports collected from operations across 43 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 2015 we directly contributed to the conservation of over 13.4 million hectares of important habitat and influenced conservation across an additional 48 million hectares. These areas are subject to change year-to-year as individual projects change their area of focus, we exit from specific areas or because new project sites come on line.
- We supported 207 protected areas (including 107 national protected areas, 20 private reserves and 50 community areas) and helped to protect 71 sites that are not formally designated.
- On-the-ground protection activities (ranger patrols and enforcement) were supported at 70 sites and our projects employed or supported over 483 rangers or scouts.

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- We recorded direct impacts on habitats from our management support at over 79 sites – through evidence of enhanced management or enforcement, reduced threats, or habitat maintenance or recovery.
- In 2015 we focused on recovering populations of 60 species or sub-species. In addition our work aided the conservation of over 160 further important species, which were recognised to derive measurable benefits from the broader conservation work of the project or were subject to targeted interventions.
- Our projects grew over 548,970 tree seedlings (including over 11,350 seedlings of endangered trees) and helped over 348,300 turtle hatchlings reach the sea.
- We have evidence of improved conservation status for 39 of our focal species in 2015 - with evidence of populations responding (either stabilising or increasing) for 24 species, and indications of reduced threats facing another eight and improved enforcement of protection for seven.
- In 2015 FFI, partnered with twelve 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.
- This year saw the establishment of a significant new initiative in support of species conservation globally – The FFI Species Fund.

For example:

- *In Cambodia, there has not been any killing, or even injuring of an elephant in retaliation for crop raiding in the areas in which we support communities in human-elephant conflict mitigation. In the Cardamoms, there has not been a reported poaching incident since 2002, and our camera trapping indicate that even isolated sub-populations are breeding.*
- *In South Sudan, the deployment and monitoring of camera traps has resulted in photographic evidence of key wildlife species in the area including forest elephant, bongo, chimpanzee, forest buffalo and 34 other species including firsts for South Sudan. These have been the first camera trap surveys ever in the game reserves.*
- *Fifteen Caribbean islands restored through an FFI-partner project now support, on average, 2.5 times higher densities of lizards than the rat-infested islands or mainland Antigua. They include the nationally endemic Antigua ground lizard (*Ameiva griswoldi*, Endangered), Antigua dwarf gecko (*Sphaerodactylus elegantulus*, possibly Critically Endangered) and Antigua spotted anole (*Anolis leachi*), and the regionally endemic and common Watts' anole (*Anolis wattsi*).*
- *Our monitoring efforts are providing evidence that, thanks to our conservation programme, a significant proportion of Nicaragua's sea turtles and their nests are being protected, in places where otherwise 100% of these eggs would be poached. Whilst marine turtles are long lived creatures and any change in status is unlikely to be measurable for years (decades) to come, we are compiling data that allows us to monitor this information.*
- *In China, following hand pollination, the first wild seedlings of the Endangered Ziyuan fir to be seen for ten years offer hope for the future of this very rare species. There was good news for the Yuanbaoshan fir too as plans for a new road to enter the reserve where it grows were amended to stop at the reserve boundary.*

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- *Our work has catalysed the establishment of new Marine Protected Areas in ten countries (these are in various stages of approval and cover a range of categories), and has strengthened protection measures for existing marine sites in a further two countries. Enhanced site-based management is underway in 38 sites, with a technical and supporting role in a further 34 sites. We are able to demonstrate positive biodiversity responses following a reduction of illegal and destructive fishing and poaching threats in ten sites, with local stakeholders reporting perceived improvements for marine resources and habitats and in a further four sites - which we will continue to validate through repeat monitoring*

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 99% of FFI projects for which this was possible, and all of these 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 453 communities in relation to our projects.
- We helped to establish or support some 61 local committees or Community Based Organisations to aid local environmental governance.
- Over 35 of our projects directly contributed to the development of sustainable livelihood projects; these benefited over 4,960 people directly and a further 26,500 indirectly. Sustainable livelihood activities generated income of over \$370,000 within target communities, and in addition over \$78,689 of micro-credit loans were made available through our projects. These figures are reduced from 2014 due to FFI's reduced involvement in a couple of projects with substantial livelihood generating programmes, as these became more self-reliant.

For example:

- *In Cambodia's Cardamom Mountains, market related prices are now regularly sent back to the villages allowing them to negotiate a better sale price with the middleman. As a result of this market price system, in Phnom Penh city, products like resin have risen from \$7.5 per kilogram to minimum of \$12.5 and up to a maximum of \$15 per kilogram.*
- *In our Lansan Tree Sustainable Management project, St Lucia, the 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 Saint Lucia, as the Forest Reserve was previously largely off limits to local people by law (though exploited illegally and chaotically).*
- *A participatory impact assessment of our Kyrgyzstan Fruit and Nut Forest project indicates that the projects have improved people's wellbeing in a number of ways. Many people now have, or have access to, more money, equipment, knowledge and skills. They can now do more with what they have; they are using these newly acquired 'assets' to build their businesses and explore new avenues. They feel more confident and have better relations within their community. There is a definite sense of people being happier; they are proud of what they have achieved and they feel motivated. The project seems to have 'reinvigorated' many of the participants and their appreciation for what they have, including their attachment to where they live; as one participated stated "We have started valuing the natural environment and the richness of our culture."*

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- *Micro-enterprise support from ADEPT, FFI's local partner NGO in Romania, is bringing in measurable extra income to the rural community, helping them maintain traditional livelihoods which also protect biodiversity. The project has seen measurable increases in direct sales, farmers markets, guest house occupancy and increased employment opportunities in these rural areas. This is partly linked to the Mountain Bike Trail which has brought over 5,000 extra visitors to the area, representing an increased income of at least €100,000/year.*

#### **Aim 2: To shape decisions within society to benefit biodiversity**

During 2015 FFI has worked to shape decisions within society through embedding biodiversity into private sector decision making, enabling governments, individuals and communities to take decisions to protect biodiversity.

- In 2015, 52 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 29 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, and a further 28 companies have specifically made public commitments with regard to the use of microplastics in their products.
- We also work to affect broader governmental policies – and this year 39 projects engaged with policy makers in various ways and 23 projects directly affected national or provincial government policies, legislation or decisions.
- We work with over 300 primary partners on projects, of which 102 are government agencies.
- Awareness raising activities reached over 160,000 people in the countries where we work (including over 4,000 school children and students), and a further 735,000 conservation professionals have been informed through Oryx, the International Journal of Conservation.

For example:

- *One of the most significant steps in our Cambodian Coastal and Marine Conservation project this year was the provincial consultation workshops that took place in the five coastal provinces to generate data on the status, threats, distribution of sea turtles in Cambodia. This information was fed into a National Workshop to help develop a species action plan which is now in draft and will be used as a road map to guide conservation, research and regional information sharing on sea turtles in Cambodia.*
- *Survey information gathered in Myanmar has amassed the most comprehensive dataset on marine habitats across the archipelago and is informing national planning processes for a Marine Protected Area network.*
- *Our Offshore Island Conservation Programme in the Caribbean has influenced new environmental legislation. The project team gave technical input into the new Environmental Protection and Management Bill, ensuring that all elements within protected areas receive strongly implemented safeguard measures, and declaring most of our species of concern as protected species. The new Bill was passed in 2015. This includes many positive measures, including the formal protection of many of Antigua's endemic species for the first time, including the Antiguan racer, the Antiguan ground lizard, the Antiguan spotted anole and all of the reptiles on Redonda.*

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- *Conflict between people and bears in the Zarand Landscape Corridor is a key threat to the conservation status of bears. The Life Carpathians Connect Intervention Team has dealt with incidences of direct conflict between people and wildlife, and has also worked with regional and national policy makers to develop a long-term and national solution for the implementation of Wildlife Intervention Teams. The project has brought together statutory agencies with responsibility for wildlife management and is developing a regional strategy for resolving incidences of conflict between people and bears. Such a regional strategy, to be completed in early 2016, will be a first for Romania, and will provide confidence to local communities that such issues are being addressed effectively, and will support the development of a National Strategy.*
- *2015 saw the collection of 28 commitments either to phase-out or not use solid plastic ingredients, from a range of UK and international cosmetics brands and high-street retailers. This was the result of investing a great deal of time in planning, executing and maintaining engagement across a multitude of commercial and non-commercial sectors (cosmetics, retail, cosmetics associations, academia, product formulation, marketing, media, other NGOs etc.), developing a well-informed, non-confrontational approach with a clear and reasonable corporate ask.*
- *The senior management at a major international mine site have come to see Biodiversity and Ecosystem Services (BES) management as part of doing good business, understanding and managing risk, and integrating BES management into the day-to-day activities of staff beyond the environmental teams.*

#### **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 2015 we worked directly with over 266 local partner institutions and collaborated with an additional 251 local, national or international organisations.
- This year we provided direct capacity development support to at least 211 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 7,960 individuals - both within and outside these organisations.
- We provided focused training within local communities - helping at least 1,900 individuals to adapt or improve local livelihoods, or to develop new income generation skills and developing skills relevant to Natural Resource Management for a further 3,400 people.
- We also supported the development of 16 students, future potential conservation leaders, through our involvement in the Cambridge Masters in Conservation Leadership.
- Through the Conservation Leadership Programme (CLP) we funded 22 high priority projects worth c\$300,000 conserving 30 globally threatened species; trained 87 future conservation leaders to enable them to lead, plan and fundraise for projects and publish their results; and supported 7 internships at leading national and international conservation organisations. We also supported 3 alumni networking events and 3 learning exchanges to enable alumni to strengthen country level networks and share skills through peer mentoring.

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For example:

- *Three university staff from Myeik & Mawlymine, Myanmar, involved in Reef Check surveys are now using this knowledge during their practical lab sessions with university students. Through on-the-job training Department of Fisheries staff are now directly working with communities on locally managed marine areas. This includes meetings with committees to discuss rules and regulations and most recently beginning enforcement activities through informing commercial boats of the new fishing regulations.*
- *Our St. Lucia Sustainable Forest Management project has helped the Forestry Department to develop the overall management strategy and framework under which all its conservation interventions can be integrated and sustained, instead of seeing them as separate, disjointed, short-term projects.*
- *Support to a range of Scottish community interests has helped them to strategically engage in advocacy efforts which contributed to government decision making around the management measures to be applied within specific Marine Protected Areas (MPAs); ensuring that these are more progressive and reducing the potential for future threats to sensitive habitats and species from damaging fisheries activities.*
- *A local partner from Turkey stated "We would not have achieved the Gokova MPA management project without FFI's support and collaboration. ... FFI is always there to consult and discuss the road map. We learnt many things about management, accounting and capacity building ... We are lucky that we have such a great partner standing next to us."*

### **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.

- During 2015, a Systems and Operational Review led to the development of a new global finance system, also designed to facilitate better grant and project management across FFI. An accounting module coupled with a web-based portal for project managers and non-finance users has resulted in more accessible and systematic analysis of funds and projects in order to better support management information needs, grant reporting compliance and more robust financial controls. The new system is designed to align with FFI's Project Cycle, which is the process of conceiving, planning, and approving projects, and it also provides for assigning and monitoring project risks throughout their lifetimes. A suite of new and updated financial and operational policies and procedures is in the process of being rolled out and embedded across the organisation.
- During the second half of 2015, the finance function also embedded a model of finance business partnership across FFI, resulting in the provision of dedicated finance support to project managers, deeper analysis and understanding of the financial performance of our programmes and regions, improved grant audit results, implementation of a regular forecasting cycle, and a more efficient and effective annual budgeting process for 2016.
- In December 2015 FFI relocated its headquarters to The David Attenborough Building, where the Cambridge Conservation Initiative, a strategic collaboration between the University of Cambridge and nine biodiversity conservation organisations, has created a campus housing the largest global grouping of conservation academics and practitioners. FFI's effectiveness will be enhanced through the shared facilities and collaborative opportunities that this new home provides.
- In 2015 the foundations were also laid to transform MyFFI, FFI's intranet, into a flexible framework, better set up to support internal processes, regional needs, organisation wide document governance and knowledge management. Establishing it as an integral part of supporting donor compliance and audit requirements, alongside the new finance and project management system. We also introduced Yammer, a platform to connect staff across the globe and share lessons learnt more efficiently.

# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2015

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- During 2015, FFI staff learning needs were assessed and appropriate training was designed to meet these needs including through both internal and external opportunities. In total 37 training events (18 external, 19 internal) took place for 128 staff across 15 out of 16 FFI operational teams in 2015. It was a central objective of the 2015 programme to improve access of regional team members to training opportunities; as a result 21% of regional staff were supported to attend at least one training event, an increase from 7% in 2014. Additionally, eight people-managers received training in good management practice.
- The working group on FFI as a Learning Organisation (brought together in 2014) worked to develop FFI's Knowledge Management Strategy, which is currently being finalised. Also, during 2015, there were four communities of practice either operating or established.
- 2015 saw the design and implementation of a new bespoke internal course, entitled 'Good Grant Management', including modules on roles and responsibilities in grant management, contract review and negotiation, best practice for grant implementation and donor compliance, and sharing lessons learned. This new course targeted both regional & UK staff and was in demand: repeated six times in five months in four locations (Cambridge, London, Nairobi, Phuket). A total of 90 staff members attended at least one of these workshops, including representatives from all 4 regional teams.

## Financial Review

This report and the consolidated Financial Statements incorporate the results of FFI's UK operations, its overseas controlled subsidiaries and its associated permanent endowment funds.

2015 represented a continuation of our Business Plan which was embarked on in 2014, with continued investment being made to streamline and create efficiency in our operations in parallel with pragmatic assessment and rationalisation of the sources of our restricted funding and a focus on improving the financial sustainability of the organisation into the future.

Income generation overall shows a substantial increase (31%) above 2014, due to the receipt of significant grants and donations for multi-year projects during 2015. This increase is reflected wholly within restricted income, with unrestricted income remaining stable from year to year following growth between 2013 and 2014. Unrestricted income from individuals (including membership income) was up in the year by 36% to £1.7 million, and unrestricted income from corporates increased by 65% to £528k; however this was offset by a corresponding decline in unrestricted income from government and multilateral organisations and trusts and foundations. As always, we are grateful for this continued support from our donors.

FFI continues to develop its unrestricted income streams in an effort to build resilience into future operations, with a Capital campaign launched at the end of 2015 to spearhead efforts to build financial security by increasing unrestricted reserves (which sit at around 3.6 months' worth of unrestricted expenditure at the end of 2015). This aims to help FFI to withstand future changes in funding or uncertainty in operations, should they arise.

These efforts to increase the proportion of unrestricted funding in our income mix is reflected further in the investment being made in fundraising expenditure, which shows an increase of 16% in 2015 from prior year. This investment has enabled us to grow the number of individual supporters FFI has, and to develop our digital fundraising and supporter engagement. This in turn has enabled us to grow income from major gifts and legacies which have been identified as key to increasing sustainable unrestricted income.

Restricted income from Trusts & Foundations has again increased in 2015, by 43% to £8,998,384, thanks to multi-year support from new and existing donors. Individual gift restricted income more than doubled to £2,838,021, mostly due to continued support for our Halcyon Land and Sea programme from a long-standing donor.



# Fauna & Flora International

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After a reduction in 2014, our government and multi-lateral funding increased this year by 24% as new grants commenced. Despite this increase, government and multi-lateral funding in 2015 represented only 17% of our overall funding portfolio, so is still well within our internal target of 25% of our total income. 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.

As anticipated, our Australian operations have further contracted in 2015 due to reduced availability of funds and support for conservation activity locally, which has been driven by both government policy, continuing deterioration in the mining sector and related weakening economic growth. FFI has also made the decision to move our Asia Pacific operating hub to the UK from Singapore in early 2016 following the end of an incentive grant provided by the Economic Development Board there and a conscious decision to reduce overhead costs globally.

Endowment income, generated through an invested portfolio designed to produce an income stream to support gorilla conservation work, remained stable at circa £22k in 2015, with the investments designed to secure the capital base whilst also producing a steady income yield. This portfolio is reviewed from time-to-time by our investment managers, in conjunction with the Trustees.

The following table summarises our key sources of restricted, unrestricted and permanent endowment income for 2015.

	£	£	£	£	
<b>Income Source</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Endowment</b>	<b>Total</b>	<b>%</b>
Government & Multilateral	3,597,826	(5,635)	-	<b>3,592,191</b>	<b>17%</b>
Trusts & Foundations	8,998,384	28,382	-	<b>9,026,766</b>	<b>44%</b>
Corporate	2,960,665	528,239	-	<b>3,488,904</b>	<b>17%</b>
Individuals	2,838,021	1,480,114	-	<b>4,318,136</b>	<b>21%</b>
Membership	-	258,689	-	<b>258,689</b>	<b>1%</b>
Investment	366	21,573	22,458	<b>44,397</b>	<b>0%</b>
<b>Total</b>	<b>18,395,262</b>	<b>2,311,363</b>	<b>22,458</b>	<b>20,729,083</b>	<b>100%</b>

Charitable expenditure across our conservation portfolio has remained consistently high as a proportion of total expenditure (94%) in 2015, however this does not take into account capital purchases for charitable purposes undertaken in 2015, including a tract of the Vorta forest in Romania, which has been capitalised. The land was purchased for £846k whilst a further capital asset, a Husky utility light two-seater aircraft, was acquired to combat poaching of elephants in Mozambique. With programmatic capital expenditure taken into account, FFI has expended an additional £913k in 2015 on conservation activity when compared to 2014. This represents an annual increase of 5.8%.

With more than 150 active projects in over 40 countries at year end, we continue to manage a diverse programme of activity, which presents its own challenges, but is also evidence of our far-reaching impact in delivering tangible biodiversity conservation. Large projects continue, such as the NORAD-supported work for Liberia forests, and we have also secured new funding for work in Myanmar and seen a renewal of support from Franklania Foundation for our work on the Global Trees programme. During 2015 we set up and launched a new Species Fund, allowing us to achieve longer-term impact on critical species and also address emergency challenges to species survival.

# **Fauna & Flora International**

## **Board of Trustees' Report**

### **For the year ended 31 December 2015**

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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. Negative balances shown against Programme areas in note 17 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 exception to this is shown as "Other Revaluation", which shows the unrealised movement in sterling value of funds held in foreign currency at year end. This changes over time and does not represent an impairment of FFI's restricted funds balance. Otherwise, the largest deficit balance arose within our Africa programme. This was due to timing of receipts of donor funding, much of which has been received in early 2016. 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 (totalling £46k). Overall, deficit balances have more than halved in 2015 (from £1.55 million at the end of 2014 to £679k at the end of 2015).

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. All foreign currency accounts are revalued into GBP at year end, using a spot rate at this date. Overall, this has given rise to an unrealised foreign exchange loss, which forms part of the other gains/(losses) on the Consolidated Statement of Financial Activities. Further reference is made in the accounting policies note 1.g.

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 an increase of £4.093 million. This reflects the advanced receipt of large tranches of grant funding which pertains to future years of expenditure, which is shown within the restricted fund surplus of £4.105 million for 2015.

Restricted reserves (£9.035 million at end of 2015) represent around 7.5 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 4 years.

The overall unrestricted result for the year was roughly break-even at £1.7k, reflecting effective cost and financial controls, as well as the challenge in achieving unrestricted surplus generation in order to provide greater funding stability and re-build our reserves. Unrestricted reserves at the end of 2015 are £650k (£648k in 2014), which represents 3.6 months of unrestricted expenditure when measured using 2015 unrestricted expenditure levels.

#### **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. The organisation aims to build its unrestricted reserves and maintain a level of reserves appropriate to the identified operating needs, taking into account financial impact of risk, working capital requirements, future income sources and organisational plans and commitments.

# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2015

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Designated reserves are created from time to time when the Trustees identify organisational priorities. These reserves form part of total unrestricted reserves as they represent internally earmarked funds. Currently these funds have been designated for systems and organisational capacity building.

Restricted reserves reflect the balance of unspent restricted funding (e.g. grants, donations) that have been received by FFI (often in advance) for a specific charitable purpose or project. They are not available for general purposes and can only be spent according to funder terms and conditions.

Endowment funds must be spent in accordance with funder stipulations, and are held separately within FFI's reserves because the capital amounts must be preserved. Further details on FFI's endowments are given in note 12 of the financial statements.

### Investment Policy and Objectives

The investment policy of the organisation is designed to protect, as far as possible, the value of the assets held in the permanent endowment funds and not to speculate in individual investments with the modest funds currently held for general purposes. Accordingly, the endowment funds are invested in UK government bonds and a range of UK investment trusts in order to achieve portfolio diversification. It has been agreed that any investments to be held for general purposes will follow a similar investment policy, with asset protection and capital growth being the primary requirements above income yield.

### Post Balance Sheet events

There are no significant post balance sheet events to report.

### Plans for Future Periods

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 reduces our ability to implement adaptive and responsive practices. Our aim is to raise more unrestricted funds and 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 and Australia, aiming to develop stronger growth in the US, continue the establishment of new funding streams from Asia, and driving stronger financial returns from the UK and across Europe.

# Fauna & Flora International

## Board of Trustees' Report

For the year ended 31 December 2015

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### 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 key risks faced by the Charity, along with the steps taken to mitigate these risks, have been identified as follows:

- Health, Safety & Security - the work of FFI staff inevitably comes with health, safety & security risks, especially in some of the remote and challenging areas in which we work, ranging from the risk of serious car accidents to being trapped in politically-motivated insurrection. Through our Risk Assessment & Management Procedures 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, Safety & Security framework and reports are regularly reviewed by the Executive Committee to ensure appropriate controls and contingency plans are in place.
- Significant on-going projects in key strategic areas supported by short-term funding – this risk is one that needs careful 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 and building unrestricted reserves are also key to mitigating this risk.
- Regulatory compliance - we ensure the legality of our global operations by complying with statutory policies in all of the countries where we operate, maintaining current registrations with appropriate authorities and seeking guidance on local legislation from trusted local advisors where necessary.
- Compliance with donor terms and conditions - we mitigate the risk of non-compliance by evaluating the terms and conditions of all donor funding before entering into legal and grant agreements to ensure we can meet the requirements. We have developed a programme of Good Grant Management and provide training to our project staff. We are currently implementing a new project management system that allows us to evaluate new projects and track technical and financial reporting milestones. We aim to only take on grant funding that provides a sufficient contribution to administrative overhead which is necessary to effectively support the donor reporting and compliance obligations.

# Fauna & Flora International

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- Internal controls – we are developing a comprehensive set of organisational policies and procedures and maintaining a schedule of delegated authorities to define accountability in decision making and monitor the application of these across the organisation. Our new accounting and project management system is designed to automate and align our business processes and financial controls and we are working on embedding the new systems to support efficient compliance and monitoring.
- 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.
- Financial viability of in-country partners – this is an inherent 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.
- Reputational risks - FFI's excellent reputation is dependent on continuing to demonstrate significant conservation added value, which requires all internal decision-making systems from programme design to monitoring and evaluation to be functioning well. We seek to mitigate the risk by increasing our investment in sound governance and control processes, focussing on building financial reserves, and strengthening our global monitoring, evaluation and learning systems to ensure that FFI conservation impacts are tracked and learning fed back into effective tackling of threats.

# **Fauna & Flora International**

## **Board of Trustees' Report**

**For the year ended 31 December 2015**

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### **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 four sub-committees, all the acts and proceedings of which are fully and promptly reported to the full Council.

An Executive Committee, comprising the officers of the Charity, has regular supervision of FFI's management and operations. The Committee holds monthly meetings with the SMT in attendance, whilst the day-to-day operations of the Charity are the responsibility of the Chief Executive Officer, the SMT and other staff.

Council has 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.

Council has constituted a Remuneration Committee, the ToR for which include reviewing and agreeing the remuneration and benefits of the Chief Executive Officer and Senior Management Team members, as well as reviewing and agreeing the overall remuneration policy for FFI employees. In addition, the Committee is responsible for agreeing any significant changes in employee benefits or benefit providers.

# **Fauna & Flora International**

## **Board of Trustees' Report**

**For the year ended 31 December 2015**

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### **Remuneration Policy**

FFI recognises its responsibility to expend funds wisely and intelligently in line with its status as a charity and the expectations of the public and those that support its work. In parallel, it recognises its responsibility to ensure that it attracts and retains excellent people with the appropriate level of skills and experience to achieve its mission. To this end, at all levels of the organisation, it aims to ensure that pay is fair and appropriate to the skills required and responsibilities involved. It carries out external benchmarking, with the aim of ensuring that pay is competitive within the charitable sector, within the context of affordability.

### **Grant-making Policies**

Grant making to third parties 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, FFI's Species Fund, Rapid Response Facility, Global Trees Campaign and in-country grants programmes) we disbursed some £2.94 million to field-based projects this year, mostly to long term implementing partners.

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 and sub-grant agreements.

FFI staff also reviewed over 730 grant applications for external grants funds using criteria developed and agreed with the donors and, through this, influenced the allocation of an additional £3.17 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. We are grateful to those volunteers who gave freely of their time to assist in our work in 2015.

Our thanks are also extended to all staff and trustees for the time and effort they have contributed during the year.

# Fauna & Flora International

## Board of Trustees' Report

For the year ended 31 December 2015

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### 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 The David Attenborough Building, Pembroke Street, Cambridge, CB2 3QZ.

#### 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 the trustees report are included under Company Information.

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

Andrew Sykes	<b>Chair</b>
Professor Nigel Leader-Williams	<b>Vice Chair</b>
Charles Whitbread	<b>Vice Chair</b>
Philip Prettejohn	<b>Treasurer</b>
Melanie Brown	Professor E. J. Milner-Gulland
Stephen Georgiadis	Sir Gareth Rhys Williams
Professor Brendan Godley	Edward van Cutsem
Dr Charlotte Grezo	Diana van de Kamp
Andrew Joy	Dr Bhaskar Vira
Tony Juniper	John Wotton
Dr Sandra Knapp	

#### Senior Management Team

Mark Rose	Chief Executive Officer
Rosalind Aveling	Deputy Chief Executive
Svetlana Ignatieva	Chief Operating Officer & Company Secretary
Joanna Elliott	Senior Director, Conservation Partnerships
Tony Whitten	Regional Director, Asia-Pacific

#### 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



# **Fauna & Flora International**

## **Board of Trustees' Report**

**For the year ended 31 December 2015**

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### **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) was established as a non-profit company and Public Benefit Organisation with tax-exempt status in May 2014, Registration Number 2014/099386/08. FFI South Africa has a separate Board of Directors, but FFI has the power to appoint these directors. This entity has FFI as its sole member and therefore the financial results of FFI South Africa are consolidated.

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 Romania has a separate Board of Directors, but FFI has the power to appoint these directors. FFI is the sole member of the Romanian LLC and therefore the financial results of FFI Romania are consolidated.

The related party transactions are disclosed in notes 9, 10 and 15 in the financial statements.

# Fauna & Flora International

## Board of Trustees' Report

For the year ended 31 December 2015

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### TRUSTEES' RESPONSIBILITIES STATEMENT

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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 group will continue in operation.

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

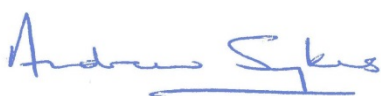
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### DISCLOSURE OF INFORMATION TO 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

**The Trustees' Annual Report and the Strategic Report contained therein were approved and authorised for issue by the Board of Trustees on 5<sup>th</sup> July 2016 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 2015**

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We have audited the financial statements of Fauna & Flora International for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (including FRS 102 "the Financial Reporting Standard application in the United Kingdom and Republic of Ireland") (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, section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 2015 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

## Fauna & Flora International

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

For the year ended 31 December 2015

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#### 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 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient 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

Date: 20<sup>th</sup> July 2016

Peters Elworthy & Moore are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

**Fauna & Flora International - Company Number 2677068**

**Consolidated Statement of Financial Activities**

**For the year ended 31 December 2015**

	Note	Unrestricted £	Restricted £	Endowment Funds £	2015 Total £	2014 Total Restated* £
<b>Income and endowments from:</b>						
Donations and legacies	3a, 3b	1,693,827	2,817,725	-	4,511,552	2,545,046
Charitable activities		575,224	15,575,731	-	16,150,955	13,208,057
Investments		21,573	366	22,458	44,397	40,475
Other trading activities		3,727	1,440	-	5,167	7,659
Other		17,012	-	-	17,012	-
<b>Total</b>		<b>2,311,363</b>	<b>18,395,262</b>	<b>22,458</b>	<b>20,729,083</b>	<b>15,801,237</b>
<b>Expenditure on:</b>						
Raising funds		979,745	-	-	979,745	843,468
Charitable activities		1,215,317	14,373,553	5,730	15,594,600	15,692,337
<b>Total</b>	6a, 6b	<b>2,195,062</b>	<b>14,373,553</b>	<b>5,730</b>	<b>16,574,345</b>	<b>16,535,805</b>
Net gains/(losses) on investments		-	-	(13,135)	(13,135)	107,342
<b>Net income/(expenditure)</b>		<b>116,301</b>	<b>4,021,709</b>	<b>3,593</b>	<b>4,141,603</b>	<b>(627,226)</b>
Transfers between funds		24,147	(7,418)	(16,728)	-	-
<b>Other recognised gains/(losses)</b>						
Other gains/(losses)		(138,741)	90,528	-	(48,214)	(20,320)
<b>Net movement in funds</b>		<b>1,707</b>	<b>4,104,819</b>	<b>(13,135)</b>	<b>4,093,391</b>	<b>(647,546)</b>
<b>Reconciliation of funds:</b>						
Balance brought forward		648,317	4,929,847	612,768	6,190,932	6,838,478
<b>Total funds carried forward</b>	11,12,13	<b>650,024</b>	<b>9,034,666</b>	<b>599,633</b>	<b>10,284,323</b>	<b>6,190,932</b>

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

All income and expenditure derive from continuing activities.

\* See note 1b and 1j. The attached notes form part of these financial statements.

A separate Income & Expenditure Account complying with the Companies Acts is shown in note 18.

# Fauna & Flora International - Company Number 2677068

## Balance Sheet

For the year ended 31 December 2015

	Note	Group 2015 £	Restated* Group 2014 £	Charity 2015 £	Restated* Charity 2014 £
<b>Fixed Assets</b>					
Tangible fixed assets	7	1,189,543	63,640	343,545	63,640
Investments	8	598,519	611,653	598,519	611,653
		<u>1,788,062</u>	<u>675,293</u>	<u>942,064</u>	<u>675,293</u>
<b>Current Assets</b>					
Debtors	9	4,189,121	6,142,840	4,432,795	6,134,200
Cash at bank and in hand		7,987,944	3,657,775	7,682,039	3,398,874
		<u>12,177,065</u>	<u>9,800,615</u>	<u>12,114,834</u>	<u>9,533,074</u>
Creditors falling due within one year	10	(3,680,804)	(4,284,976)	(3,672,722)	(4,267,768)
Net Current Assets		8,496,261	5,515,639	8,442,112	5,265,306
Creditors falling due after one year		-	-	-	-
<b>Net assets</b>		<b><u>10,284,323</u></b>	<b><u>6,190,932</u></b>	<b><u>9,384,176</u></b>	<b><u>5,940,599</u></b>
<b>Charity Funds</b>					
<b>Income Funds</b>					
Unrestricted funds	13	525,623	477,055	586,812	342,766
Designated funds		124,401	171,262	124,401	171,262
		<u>650,024</u>	<u>648,317</u>	<u>711,213</u>	<u>514,028</u>
Restricted funds	11,12,13,17	9,034,666	4,929,847	8,073,330	4,813,803
		<u>9,684,690</u>	<u>5,578,164</u>	<u>8,784,543</u>	<u>5,327,831</u>
<b>Capital Funds</b>					
Permanent endowment funds	12, 13	599,633	612,768	599,633	612,768
<b>Total funds</b>		<b><u>10,284,323</u></b>	<b><u>6,190,932</u></b>	<b><u>9,384,176</u></b>	<b><u>5,940,599</u></b>

The attached notes form part of these financial statements.

Approved by the Board of Trustees and authorised for issue on 5<sup>th</sup> July 2016 and signed on its behalf by:



Chairman: Andrew Sykes



Treasurer: Philip Prettejohn

# Fauna & Flora International

## Cash Flow Statement

For the year ended 31 December 2015

	Notes	Group 2015 £	Group 2014 £	Charity 2015 £	Restated* Group 2014 £
Net cash flow from operating activities	16	5,486,173	(463,625)	4,594,464	(355,725)
Returns on investments and servicing of finance	16	44,397	40,475	43,104	39,057
Capital expenditure and financial investment	16	(1,200,401)	(31,368)	(354,403)	(31,368)
		<u>4,330,169</u>	<u>(454,518)</u>	<u>4,283,165</u>	<u>(348,036)</u>

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

Increase/(decrease) in cash in the year	4,330,169	(454,518)	4,283,165	(348,036)
Net cash resources at 1 January 2015	3,657,775	4,112,293	3,398,874	3,746,910
Net cash resources at 31 December 2015	<u>7,987,944</u>	<u>3,657,775</u>	<u>7,682,039</u>	<u>3,398,874</u>

Analysis of changes in net debt	As at 01.01.15 £	Cash Movement £	As at 31.12.15 £
Cash at bank and in hand	3,657,775	4,330,169	7,987,944

The attached notes form part of these financial statements.

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2015

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### 1 Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the charity's financial statements. FFI meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

#### 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 2015), "Accounting and Reporting by Charities" published in July 2014.

#### b) Reconciliation with Previous Generally Accepted Accounting Practice

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. No other restatements were required.

In accordance with FRS 102, a reconciliation of opening balances is provided here:

	1 January 2014 £	31 December 2014 £
<b>Reconciliation of funds and balances</b>		
Fund balances as previously stated	6,896,319	6,248,773
Annual leave	(57,841)	(57,841)
Fund balances as restated	<u>6,838,478</u>	<u>6,190,932</u>

	31 December 2014 £
<b>Reconciliation of reported net income</b>	
Net income/(expenditure) as previously stated	(734,568)
Adjustment for gains/(losses) on investments now treated as a component of net income	107,342
Net income as restated as at 31/12/2014	(627,226)



# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2015

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c) **Income**

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is entitled to the income, that receipt is probable 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.

d) **Expenditure**

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.

e) **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 £3,000 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	
IT equipment	33% straight line	
Software	20% straight line	
Land & buildings	5% straight line	(buildings only, land not depreciated)
Vehicles	20% straight line	

f) **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.

g) **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 17. These are then allocated to the relevant projects as they are completed.

h) **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.

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2015

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i) **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.

j) **Basis of consolidation**

The consolidated financial statements comprise a consolidation of the financial statements of Fauna & Flora International, Fauna & Flora International Australia (Ltd), Fauna & Flora International (Singapore), Fauna & Flora International (South Africa) and Fauna & Flora International S.R.L.. The charitable company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own SOFA. The charity's own individual total net movement in funds for the year was £3,443,578 (2014: -£479,660).

k) **Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of FFI's designated funds is set out in the Reserves Policy within the Trustees' Report. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements. Permanent endowments are funds which are permanently restricted, details of which are set out in note 12 of the financial statements. Investment income, gains and losses are allocated to the appropriate fund.

l) **Going concern**

The trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements continue to be prepared on the going concern basis.

With respect to the next reporting period, 2016, the most significant area of uncertainty that affects the Charity is the ability to raise unrestricted funding, which is not secured in advance each year.

m) **Financial instruments**

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

n) **Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

o) **Cash at bank and in hand**

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

p) **Creditors and provisions**

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

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2015

### 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.

### 3a Donations & Legacies – Consolidated

	2015 £	2014 £
Individuals	3,988,493	1,747,169
Charitable Foundations	81,939	527,579
Corporate Donations	97,904	42,882
Legacies	343,216	227,416
	<u>4,511,552</u>	<u>2,545,046</u>

In 2014, unrestricted donations and legacies were £1,407,296 (the remainder was restricted).

### 3b Income

	2015 Restricted	2015 Unrestricted	2015 Endowment	2015 Total	2014 Total
Income Source					
Government & Multilateral	3,597,826	(5,635)	-	3,592,191	2,902,440
Trusts & Foundations	8,998,384	28,382	-	9,026,766	6,940,943
Corporate	2,960,665	528,239	-	3,488,904	3,469,833
Individuals	2,838,021	1,480,114	-	4,318,136	2,243,436
Membership	-	258,689	-	258,689	204,127
Investment	366	21,573	22,458	44,397	40,458
Total	<u>18,395,262</u>	<u>2,311,363</u>	<u>22,458</u>	<u>20,729,083</u>	<u>15,801,237</u>

In 2014, unrestricted charitable activities income was £899,142 (the remainder was restricted). In 2014, unrestricted investment income was £16,598 and endowment investment income was £21,763 (the remainder was restricted). In 2014, unrestricted income from other trading activities was £5,258 (the remainder was restricted).

### 4 Expenditure - Consolidated

	2015 £	2014 £
Direct and other expenditure includes:-		
Auditor's remuneration – audit	35,662	41,392
Auditor's remuneration – other assurance	13,519	21,540
Auditor's other fees	8,631	16,424
Depreciation	39,885	43,115
Operating leases: land and buildings	271,158	275,821
Foreign exchange losses/(gains)	6,030	22,250

### 5a Employee information

	2015 £	2014 £
Wages and salaries	5,804,556	5,983,999
Social security costs	539,031	359,064
Pension costs	302,762	309,169
	<u>6,646,350</u>	<u>6,652,232</u>

# Fauna & Flora International

## Notes to the Financial Statements

### For the year ended 31 December 2015

5b	2015 £	2014 £
The average number of persons, analysed by function, employed during the year was:		
Project management, fundraising and administration	358	356
5c	2015	2014
Employees whose emoluments for the year were £60,000 or more are shown in the following bands:		
£60,001-£70,000	1	1
£70,001-£80,000	2	1
£80,001-£90,000	2	2
£90,001-£100,000	1	1
£100,001-£110,000	1	1
£130,001-£140,000	1	1

The pension contributions to pension schemes for higher paid staff were £50,466 (2014: £48,517).

Key management personnel include the organisation's trustees and its senior management team (see page 21). The total value of salary and benefits received by key management personnel in 2015 was £554,680 (2014: £618,091).

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. No expenses (2014: £478) were reimbursed to Trustees in respect of travel and subsistence during the year.

#### 6a Analysis of Total Expenditure

	Staff costs £	Other costs £	Support costs £	2015 £	2014 £
<b>Conservation Programme Area</b>					
Halcyon	59,117	14,119	-	73,236	61,169
Africa	741,602	1,754,753	68,168	2,564,523	2,770,899
Asia Pacific	2,114,823	2,826,041	79,448	5,020,312	5,614,121
Americas & Caribbean	462,869	739,149	19,889	1,221,907	1,052,259
Eurasia	583,908	1,164,100	21,540	1,769,548	1,293,769
Conservation Partnerships	1,622,040	982,718	43,856	2,648,614	2,636,610
	5,584,359	7,480,880	232,901	13,298,140	13,428,827
FFI Australia	17,930	67,373	11,785	97,088	189,383
FFI Singapore	122,655	-	81,142	203,797	228,019
<b>Total Programme Activities</b>	5,724,944	7,548,253	325,828	13,599,025	13,846,229
Communications costs	106,471	-	55,673	162,144	117,408
<b>Programmatic expenditure</b>	5,831,415	7,548,253	381,501	13,761,169	13,963,637
Fundraising costs	447,002	-	532,743	979,745	843,468
Support & administration costs	848,033	5,730	928,890	1,782,653	1,585,196
Governance costs	38,370	-	12,408	50,778	143,504
<b>Total costs</b>	7,164,820	7,553,983	1,855,542	16,574,345	16,535,805

# Fauna & Flora International

## Notes to the Financial Statements

### For the year ended 31 December 2015

In 2014, unrestricted charitable activities expenditure was £2,149,204 and endowment charitable activities expenditure was £4,212 (the remainder was restricted). In 2014, all expenditure on raising funds was unrestricted. In 2014, unrestricted other gains/losses were £127,440 and endowment other gains/losses were £7,343 (the remainder was restricted). In 2014, unrestricted transfers were £4,664 and endowment transfers were negative (£17,354), with the remainder restricted.

#### 6b Analysis of Support Costs

	Programme activities	Fundraising & communications costs	Support & administration costs	Governance costs	Total 2015	Total 2014
	£	£	£	£	£	£
Office rent & services	67,440	30	394,615	-	462,085	432,574
Equipment Acquisition & Maintenance	(23,810)	99	4,539	-	(19,172)	4,890
Grants	14,377	-	-	-	14,377	25,222
Events & Conferences	2,078	45,366	11,988	1,617	61,049	86,341
Bank charges & interest	10,642	9,525	6,075	4	26,246	31,938
Depreciation	1,193	-	27,725	-	28,918	43,115
IT, telephony & office supplies	51,216	54,887	85,653	2,208	193,964	220,332
Travel & Subsistence	84,337	23,670	128,431	2,449	238,887	286,588
Audit, Legal & Consultancy fees	72,895	187,720	210,342	3,358	474,315	378,485
Other costs	45,461	267,118	59,523	2,771	374,872	220,148
<b>Total support costs</b>	<b>325,829</b>	<b>588,415</b>	<b>928,891</b>	<b>12,407</b>	<b>1,855,542</b>	<b>1,729,633</b>

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2015

### 7 Tangible Fixed Assets (all group fixed assets are attributable to the charity, excluding the land & buildings)

	Fixtures & Fittings	IT Equipment	Software	Land & Buildings	Vehicles	Total £
Cost:						
At 1 January 2015	19,493	87,583	18,032	-	5,965	131,073
Additions	-	46,358	143,529	845,998	164,516	1,200,401
Disposals	(19,493)	(74,815)	(18,032)	-	-	(112,340)
At 31 December 2015	-	59,126	143,529	845,998	170,481	1,219,134
Depreciation						
At 1 January 2015	10,839	40,950	12,860	-	2,784	67,433
Charge for year	8,654	13,982	5,088	-	12,161	39,885
On disposals	(19,493)	(40,285)	(17,948)	-	-	(77,727)
At 31 December 2015	-	14,646	-	-	14,945	29,591
Net book value:						
At 31 December 2015	-	44,480	143,529	845,998	155,536	1,189,543
At 31 December 2014	8,654	46,633	5,172	-	3,181	63,640

### 8 Fixed Asset Investments - (all group fixed asset investments are attributable to the charity)

	2015	Restated 2014
Market valuation as at 1 January 2015	611,653	604,310
Net surplus/(deficit) on revaluation	(13,134)	7,343
Market valuation as at 31 December 2015	598,519	611,653
Historical cost as at 31 December 2015	385,797	385,797
Unrealised gains/(losses)	(13,134)	7,343
Total gains/(losses) on revaluation	(13,134)	7,343
Fixed asset investments comprised of:		
Equities	443,694	449,689
Gilts	154,825	161,964
	<b>598,519</b>	<b>611,653</b>

2014 figures have been restated to correct a typographical error in historical cost (shown as £385,755).

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2015

9 Debtors	Group 2015	Group 2014	Charity 2015	Charity 2014
Other debtors	3,362,267	4,789,194	3,356,467	4,688,128
Amounts due from FFI Inc.	1,075	1,136	1,075	1,136
Amounts due from FFI Singapore	-	-	232,257	93,664
Amounts due from FFI Australia	-	-	18,574	-
Amounts recoverable on projects	112,846	228,220	112,846	228,220
Prepayments and accrued income	712,933	1,124,290	711,576	1,123,052
	<u>4,189,121</u>	<u>6,142,840</u>	<u>4,432,795</u>	<u>6,134,200</u>

All the above amounts fall due within one year

10 Creditors	Group 2015	Restated Group 2014	Charity 2015	Restated Charity 2014
Trade creditors	356,227	244,696	355,483	240,777
Amounts due to FFI Australia	-	-	-	7,443
Tax and social security	174,525	132,253	171,121	118,721
Accruals and deferred income	2,369,077	3,114,210	2,365,538	3,107,537
Other creditors	780,975	793,817	780,580	793,290
	<u>3,680,804</u>	<u>4,284,976</u>	<u>3,672,722</u>	<u>4,267,768</u>

Accruals and deferred income includes the following:

	Group 2015	Group 2014	Charity 2015	Charity 2014
Deferred income at 1st January	2,799,073	2,535,221	2,799,073	2,535,221
Income deferred in year	2,146,396	2,799,073	2,146,396	2,799,073
Amounts released from previous years	(2,799,073)	(2,535,221)	(2,799,073)	(2,535,221)
Deferred Income at 31st December	<u>2,146,396</u>	<u>2,799,073</u>	<u>2,146,396</u>	<u>2,799,073</u>

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2015

### 11 Restricted Funds

	Balance brought forward	Net surplus (deficit) for year	Balance carried forward
	£	£	£
Conservation projects	<u>4,929,847</u>	<u>4,104,819</u>	<u>9,034,666</u>

The restricted funds of the charity comprise unexpended balances on income given to specific purposes. Details of individual funds are disclosed in note 17.

### 12 Permanent Endowment

	Balance brought forward	Net surplus for year	Investment gains/(losses)	Transfer to restricted funds	Balance carried forward
Rothiemurchus Bequest Fund	29,867	825	(982)	(825)	28,885
M.G.P Funds	582,901	15,903	(12,153)	(15,903)	570,748
	<u>612,768</u>	<u>16,728</u>	<u>(13,135)</u>	<u>(16,728)</u>	<u>599,633</u>

Transfers represent internal allocations to mountain gorilla projects.

The Rothiemurchus bequest stipulates that the Charity should:

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

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

### 13 Analysis of Net Assets between Funds

	General Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total
Tangible Fixed Assets	188,009	-	1,001,534	-	1,189,543
Investments	-	-	-	598,519	598,519
Net current assets	337,614	124,401	8,033,132	1,114	8,496,261
	<u>525,623</u>	<u>124,401</u>	<u>9,034,666</u>	<u>599,633</u>	<u>10,284,323</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 2015

### 14 Operating Lease Commitments

	2015	2014
Annual commitments are as follows:		
Land and buildings:		
Not later than one year	146,247	275,821
Later than one year and not later than five years	473,775	-
Later than five years	591,750	-
	<u>1,211,772</u>	<u>275,821</u>
Other operating leases:		
Not later than one year	74,645	57,178
Later than one year and not later than five years	243,617	12,949
Later than five years	302,160	-
	<u>620,422</u>	<u>70,127</u>

### 15 Related Party Transactions and Ultimate Controlling Party

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

The total value of unconditional donations made by trustees in 2015 was £62,050 (2014: £60,220).

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 was 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 2015, FFI was due a balance of £18,574 from Fauna & Flora International Australia (2014 was a balance of £7,443 due to Fauna & Flora International Australia). This is disclosed in notes 9 and 10 of the financial statements.

As at 31 December 2015, FFI was due a balance of £232,257 from Fauna & Flora International (Singapore) (2014 was a balance of £93,664 due from Fauna & Flora International (Singapore)). This is disclosed in notes 9 and 10 of the financial statements.

As at 31 December 2015, FFI was not due not did it owe a balance from/to FFI Romania and FFI South Africa. For information purposes, a summary of FFI Romania's balance sheet and income and expenditure is shown overleaf. All income received by FFI Romania represented intercompany transfers from FFI UK.

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2015

FFI Romania Balance Sheet	2015	2014
	£	£
Fixed assets	845,998	0
Current assets	55,074	9,186
Liabilities	(2,711)	(2,070)
<b>Net Assets</b>	<b>898,361</b>	<b>7,116</b>
<b>Reserves (restricted)</b>	<b>898,361</b>	<b>7,116</b>

FFI Romania Income & Expenditure	2015	2014
	£	£
Income	1,109,777	57,982
Expenditure	218,532	50,866
<b>Net movement in funds</b>	<b>891,245</b>	<b>7,116</b>

### 16 Cash Flow Information

	Group 2015	Group 2014	Charity 2015	Restated Charity 2014
a) Reconciliations of changes in resources to net inflow from operating activities				
Net income/(expenditure)	4,093,391	(647,536)	3,443,577	(479,660)
Depreciation charge	39,885	43,115	39,885	43,115
(Gain)/loss on disposal of tangible fixed assets	34,613	190	34,613	200
Investment income (shown separately in (b) below)	(44,397)	(40,475)	(43,104)	(39,057)
(Increase)/decrease in debtors	1,953,719	(2,094,912)	1,701,405	(2,122,793)
Increase/(decrease) in creditors	(604,172)	383,336	(595,046)	349,813
(Increase)/decrease in current asset investment	-	1,900,000	-	1,900,000
Change in investment valuation	13,134	(7,343)	13,134	(7,343)
Net cash inflow/(outflow) from operating activities	<u>5,486,173</u>	<u>(463,625)</u>	<u>4,594,464</u>	<u>(355,725)</u>
b) Gross cash flows				
<i>Returns on investment and servicing of finance:</i>				
Investment income received	<u>44,397</u>	<u>40,475</u>	<u>43,104</u>	<u>39,057</u>
<i>Capital expenditure and financial investment:</i>				
Payment to acquire tangible fixed assets	<u>(1,200,401)</u>	<u>(31,368)</u>	<u>(354,403)</u>	<u>(31,368)</u>
	<u>(1,200,401)</u>	<u>(31,368)</u>	<u>(354,403)</u>	<u>(31,368)</u>

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2015

### 17 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	47,881	235,388	(203,907)	(13,789)	65,573	(1,890)	67,463
Conservation Capacity & Leadership	191,920	496,297	(514,481)	22,907	196,643	(2,175)	198,818
Conservation Partnerships Development	51,348	239,007	(227,620)	4	62,739	(11,880)	74,619
Environmental Markets	27,927	139,189	(294,293)	102,161	(25,017)	(47,879)	22,861
Halcyon Land & Sea	1,015,538	2,895,904	(370,594)	(1,192,189)	2,348,659	-	2,348,659
Mining & Energy	226,903	1,008,570	(928,012)	3,049	310,510	(84,875)	395,386
Conservation Science & Design	1,033,250	3,346,415	(979,649)	(2,063,807)	1,336,209	(19,282)	1,355,490
Africa	23,611	1,544,897	(2,443,030)	1,490,896	616,374	(120,119)	736,493
Americas & Caribbean	197,677	704,558	(1,165,452)	511,343	248,127	(12,279)	260,405
Eurasia	1,170,891	1,886,077	(1,870,681)	692,918	1,879,206	(9,225)	1,888,431
Asia Pacific	962,596	5,853,891	(5,304,834)	636,043	2,147,696	(217,528)	2,365,225
FFI Australia	27,698	45,070	(71,001)	(1,767)	-	-	-
Other (incl. Foreign Exchange) Revaluation	(47,393)	-	-	(104,661)	(152,053)	(152,053)	-
	<b>4,929,848</b>	<b>18,395,262</b>	<b>(14,373,553)</b>	<b>83,109</b>	<b>9,034,666</b>	<b>(679,185)</b>	<b>9,713,851</b>

Transfers & Other gains and losses includes internal grants transferred from our Halcyon Land & Sea, Species and other internal portfolio funds to field based projects.

Included in the above are amounts for grants received from the following organisations: Fondation Segré £921,291 and DFID £43,252

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2015

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### 18 Summary income and expenditure account for Fauna & Flora International the year ending 31 December 2015

	All income funds	All income funds
	2015	2014
	£	£
Income	20,706,625	15,760,762
Gains/(losses) on investments	-	99,999
Interest and investment income	21,939	18,712
<b>Gross income in the reporting period</b>	<b>20,728,564</b>	<b>15,879,473</b>
Expenditure	16,582,154	16,491,444
Interest payable	-	-
Depreciation and charges for impairment of fixed assets	39,885	43,115
<b>Total expenditure in the reporting period</b>	<b>16,622,039</b>	<b>16,534,559</b>
Net income (expenditure) before tax for the reporting period	4,106,525	(655,086)
Tax payable	-	-
<b>Net income (expenditure) for the financial year</b>	<b>4,106,525</b>	<b>(655,086)</b>

The summary income and expenditure account is a Companies Acts and FRS102 requirement and is derived from the corresponding figures in the SOFA with the exclusion of endowment funds.