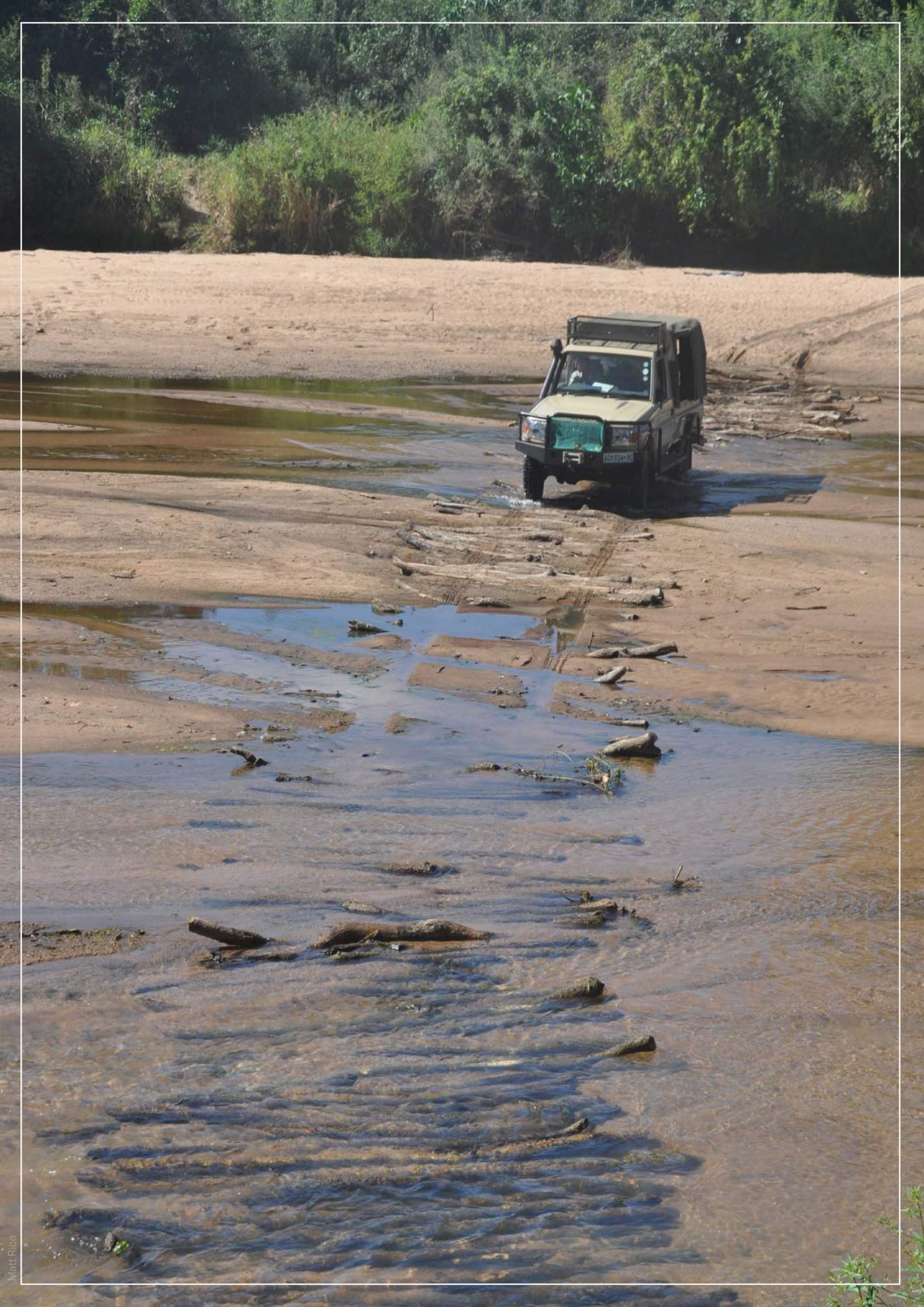


Annual Report and Accounts 2017



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Message from the Chairman

We are living in challenging times. Our planet is under greater threat than ever before, with declining biodiversity, habitat loss, pollution and climate change all jeopardising the future not only of the natural world but all of us who depend on it.

I am privileged to have been the Chair of Fauna & Flora International's (FFI) board of trustees for over 10 years, and have witnessed during that time the extraordinary efforts that our conservation teams are making to tackle these challenges, and the very real impact we are having on the ground.

Conservation takes time, however, and long-term funding is therefore vital for success.

The ongoing flexible support provided by Arcadia – a charitable fund of Lisbet Rausing and Peter Baldwin – is a testament to what this kind of support can achieve. Since they first began working with FFI in 1998, they have enabled us to influence the conservation of over 56.9 million hectares of critical habitat under the Halcyon Land & Sea fund as well as helping us to adapt, grow and develop as an organisation, allowing us to find imaginative solutions to tackle new threats as they arise.

I'm delighted to say that 2017 signalled the start of a new chapter in our relationship with Arcadia, with the approval of a new seven-year US\$27 million grant. The first instalment of this grant went towards boosting our reserves through our Capital Campaign, and further instalments will support our programme activities. This, combined with other generous contributions to our Capital Campaign, meant that we ended 2017 in a very healthy position from which to grow and build on our successes.

It has been an exciting year out in the field too, with initiatives such as the Species Fund yielding results. To take just one example, Species Fund support has allowed us to recruit and fully equip new rangers to protect the critically endangered saiga antelope from poaching; this additional protection has helped saiga numbers at our project site to increase from 1,900 in 2016 to 2,700 in 2017 – a heartening statistic, and just one of many early successes resulting from this investment.

Other highlights from the year include an exciting new project, funded by Fondation Segré, to conserve grey wolves and brown bears in Romania – one of the last European strongholds for these species.

The year ended on a sad note, however, with the loss of our dear friend and colleague, Dr Tony Whitten. Tony's enthusiasm and determination were an inspiration to all who knew him, and many have commented on how his invaluable friendship and guidance helped to shape their careers in conservation. I personally take great comfort in knowing that, thanks to Tony, there is a small army of people working today on the issues about which he cared so passionately.

Despite the sad ending to the year, 2017 was in many ways an exciting year for FFI, and I would like to take this opportunity to thank all of our members, donors and partners for their valuable contributions – our success is your success too.

I look forward to seeing what 2018 has in store.

A handwritten signature in blue ink that reads "Andrew Sykes". The signature is fluid and cursive, with a long horizontal line extending from the end.

Andrew Sykes

A person is standing on the edge of a large, balanced rock formation, looking out over a vast, hazy landscape. The rock is a warm, reddish-brown color and has a jagged, natural shape. The person is silhouetted against the bright sky, which is filled with soft, white clouds. The background shows rolling hills or mountains in a hazy, blue-grey tone, suggesting a high-altitude or coastal environment. The overall mood is one of adventure and exploration.

Strategic Report

Established over a century ago, Fauna & Flora International (FFI) was the world's first international wildlife conservation organisation. **OUR MISSION** is to conserve threatened species and ecosystems worldwide.

Our objectives and aims

FFI is committed to achieving the following charitable objectives:

- To conserve the environment by protecting biodiversity for the benefit of the public through globally applicable solutions that are effective locally.
- To advance the awareness and education of all sectors of society around the world in the conservation and protection of biodiversity.

To work towards these objectives, we have set out the following aims during our 2014-2018 business period:

- 1.** **To conserve threatened habitats and species** through locally led conservation of threatened habitats, securing threatened species, and extending protection for marine and coastal ecosystems.
Turn to page 10 to learn more.
- 2.** **To shape decisions within society to benefit biodiversity** by embedding biodiversity into private-sector decision making, enabling governments to make decisions that conserve biodiversity, and encouraging individuals and communities to make decisions that maintain biodiversity.
Turn to page 12 to learn more.
- 3.** **To empower individuals and organisations to lead innovative conservation action** by harnessing technology for conservation, supporting the development of conservation leaders, and supporting access to funding and capacity for local-level conservation.
Turn to page 14 to learn more.
- 4.** **To invest in FFI's own effectiveness** by strengthening our systems and processes, fostering a culture of learning and knowledge sharing, attracting and retaining high-calibre staff, and securing diverse and resilient income streams.
Turn to page 16 to learn more.

How we work

Our vision is of a sustainable future for the planet, where biodiversity is effectively conserved by the people who live closest to it, supported by the global community.

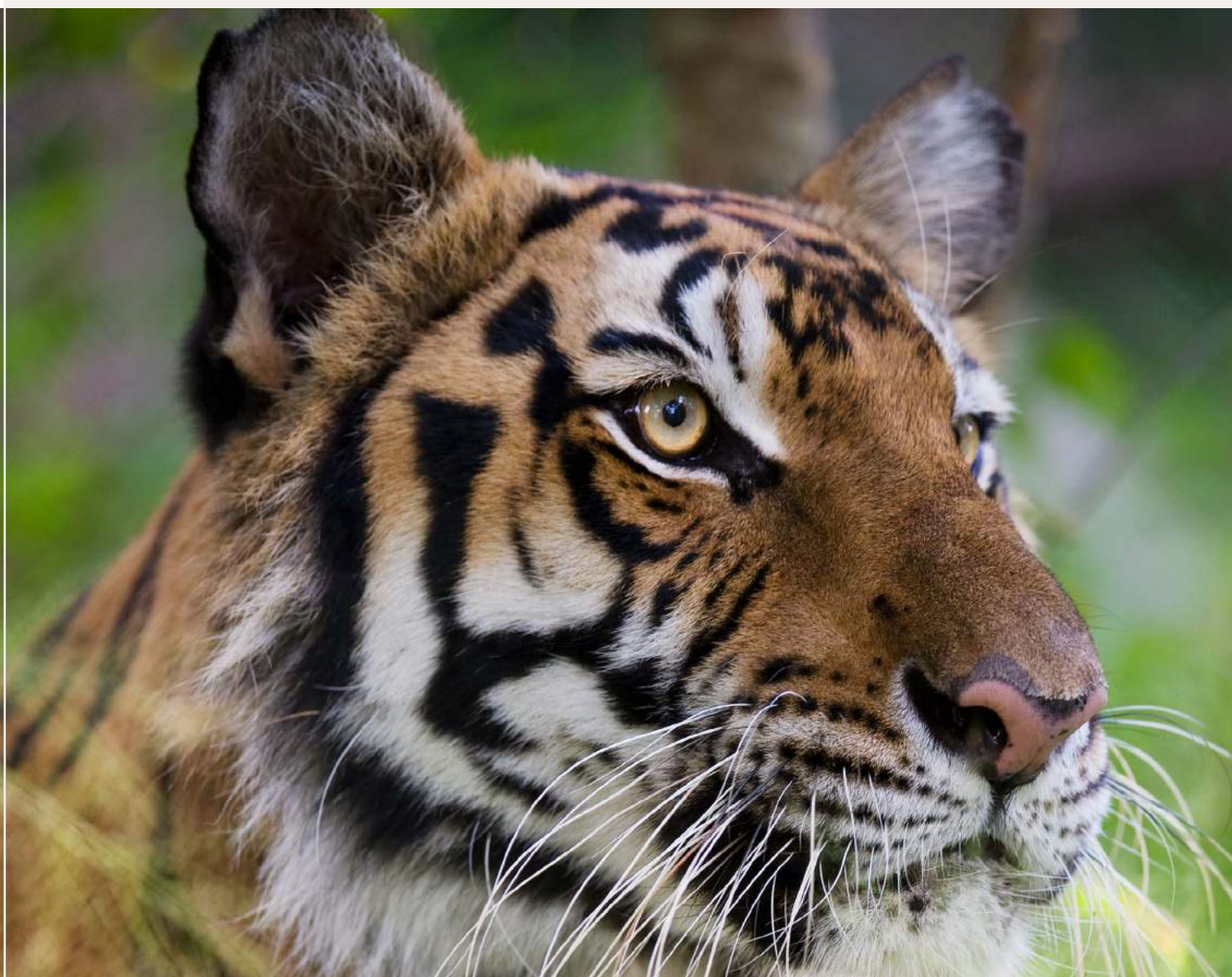
We see conservation as a social process, which is why we put people at the heart of all our activities, respecting human rights and cultural values, and engaging with communities to find practical solutions to conservation problems.

One of FFI's distinguishing features is that we work in genuine partnership with local people and organisations, respecting their knowledge and understanding of the local context while bringing our own expertise and experience to the table. We

recognise that we can only tackle the many threats our planet faces by working collaboratively. With this in mind, we develop strategic alliances and engage with a broad range of partners, from local community organisations and NGOs to small-scale enterprises, global businesses and government agencies.

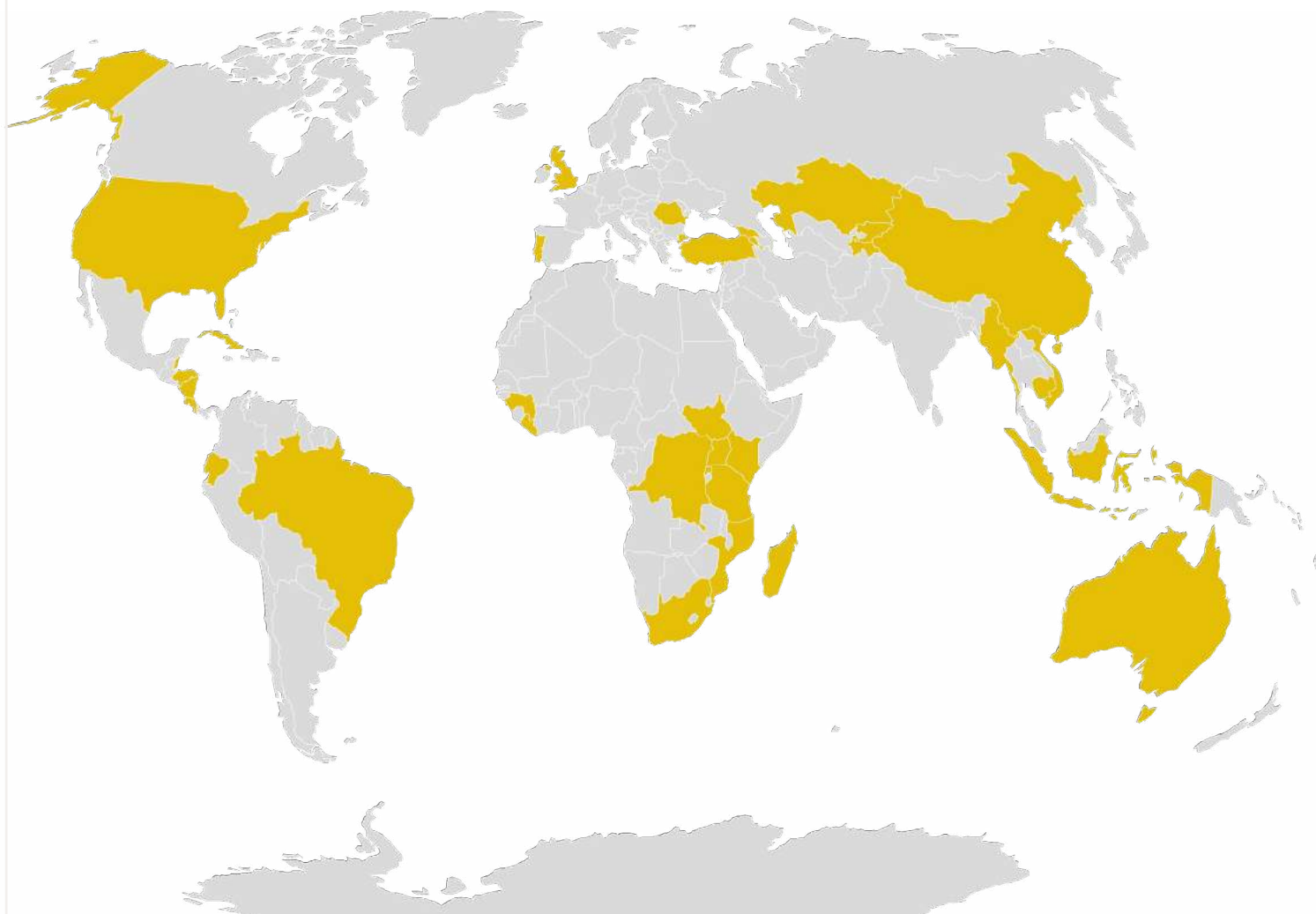
Conservation also needs to be rooted in sound science; our decisions and actions are always informed by the latest research and up-to-date information, and we monitor our impact carefully and methodically, sharing lessons and proven blueprints for success with our partners around the world.

This multifaceted, holistic approach to conservation helps to ensure long-term, sustainable success.



Where we work

Fauna & Flora International has over 130 projects in more than 40 countries around the world.



Anguilla	Cuba	Liberia	São Tomé & Príncipe
Antigua and Barbuda	Democratic Republic of Congo	Madagascar	Singapore
Armenia	Ecuador	Mozambique	South Africa
Australia	Georgia	Myanmar	South Sudan
Barbados	Guinea	Nicaragua	Tajikistan
Belize	Honduras	Portugal	Tanzania
Brazil	Indonesia	Romania	Turkey
Cambodia	Kazakhstan	Rwanda	Uganda
Cape Verde	Kenya	St Kitts & Nevis	United Kingdom
China	Kyrgyzstan	Saint Lucia	United States of America
Costa Rica		St Vincent & The Grenadines	Vietnam

A full-page background image showing a sunset over a body of water. The sky is filled with horizontal clouds, some of which are illuminated from below by the setting sun, creating a warm orange and yellow glow. The sun is a bright, glowing orb on the horizon, reflecting its light across the water. The water is calm, with some reeds or grasses visible in the foreground. In the distance, a range of dark mountains is silhouetted against the bright sky.

2017 Highlights

2017 was an exciting year for FFI with many conservation successes from our projects around the world. Here, we share some of our key activities and highlights from the year.

To learn more, request a copy of our 2017 Conservation Report, which provides a wealth of detail on our activities and impact over the last 12 months.

Aim 1: To conserve threatened habitats and species

...through locally led conservation of threatened habitats, securing threatened species, and extending protection for marine and coastal ecosystems.

Our projects around the world encompass a huge variety of marine, freshwater and terrestrial sites, and many of the world's most endangered species.

Our work in 2017 ranged from securing new protected areas and enhancing conservation management at existing sites to working across sectors to reduce human impacts on the environment and intervening to safeguard key species against extinction.

2017 at a glance

- We directly supported conservation across over 9.8 million hectares of important habitat including over 1.6 million hectares of marine habitat.
- We influenced conservation over a further 24.4 million hectares of important habitat.
- We supported at least 1,136 rangers across our projects.
- We grew or planted over 97,000 seedlings from threatened tree species.
- We protected and released over 20,000 sea turtle hatchlings.
- 35 projects tackled illegal wildlife trade.

Farmers on the island of Ometepe in Nicaragua now understand how better forest protection will reduce their vulnerability to **climate change**, thanks to the work of FFI and partners.



Karina Berg/FFI

CASE STUDIES



Jeremy Holden/FFI

SAVING SUMATRA'S TIGERS

Thanks to the efforts of FFI's long-running Sumatran tiger conservation programme (a collaboration with local partners including park authorities), 2017 saw a dramatic decline in tiger poaching activity in Kerinci Seblat National Park, with the threat detected falling to the lowest level since 2008. Only nine active tiger snares were reported in the course of 154 Tiger Protection and Conservation Unit patrols and park-wide monitoring transects. This compares with 53 active snares detected and destroyed in 2016 and 99 in 2015 when trade-driven poaching threat to tigers peaked. 2017 also saw the arrest of two tiger poachers active in this area, thanks to strengthened law enforcement supported by the programme.

A RAY OF HOPE FOR RHINO CONSERVATION IN KENYA

OI Pejeta Conservancy, FFI's long-term partner in Kenya, is showcasing how successful rhino conservation can be when it is underpinned by the right level of funding, expertise and community support. Despite the ongoing global risk to rhinos from poaching, the conservancy's black and white rhino population continues to grow steadily with 18 calves born during 2017, and OI Pejeta Conservancy is now home to East Africa's largest black rhino population. Since establishing the conservancy in 2004 FFI has continued to provide financial and technical support to OI Pejeta, and has played a key role in this resounding success story.



OI Pejeta Conservancy

Aim 2: To shape decisions within society to benefit biodiversity

...by embedding biodiversity into private-sector decision making, enabling governments to make decisions that conserve biodiversity, and encouraging individuals and communities to make decisions that maintain biodiversity.

Encouraging biodiversity-friendly behaviour and decisions forms a core part of our work around the world.

In 2017, this included supporting sustainable livelihoods, enabling communities to participate in decisions made about their natural resources, raising awareness of conservation issues, embedding biodiversity into private-sector decision making and supporting governments to conserve biodiversity.

2017 at a glance

- 47 of our projects engaged with policy makers.
- We contributed to the development of 20 conservation laws, regulations and strategic plans.
- We engaged and consulted with at least 3,953 people and more than 439 communities about conservation.
- Over 30 projects contributed to the development of sustainable livelihoods, directly benefiting at least 8,969 people and indirectly benefiting over 4,784 more.
- We helped at least 247 communities get involved in improving local planning or governance.
- Our awareness and outreach activities reached at least 25,754 people.
- 55 projects engaged with the private sector.

Training funded by FFI for communities from Grandidier's baobab sites in western Madagascar has helped them to improve the management of more than 6,000 hectares of baobab forest.



Richard Jenkins

CASE STUDIES

THE PATH TO A ROBUST BAN ON PLASTIC MICROBEADS

Over the course of 2017, FFI provided knowledge and evidence to the UK government to support its proposal to ban microbeads – which pose a serious threat to our oceans – in rinse-off personal care products and cosmetics. The ban officially came into force at the start of January 2018, and FFI's evidence base and guidelines ensured that the definitions of “microbead” and “plastic” used in the ban's legislation were robust and able to close the major loopholes present in similar, but less effective, legislation elsewhere. The adoption of this world-leading microbead ban should significantly reduce the flow of microplastic pollution into UK waters, and the legislative framework that FFI helped to influence may also help other governments and NGOs to take similar measures against microbeads.



Dan Steadman/FFI



Jeremy Holden/FFI

COMMUNITIES TAKE A HAND IN PROTECTING THREATENED GECKO IN ST VINCENT AND THE GRENADINES

The tiny but strikingly beautiful Union Island gecko is critically endangered by the international pet trade. By engaging Union Islanders in developing a species action plan and promoting the lizard as their island mascot, more community members have become motivated to protect the geckos and their habitat. In 2017, anonymous tip-offs by local residents to authorities resulted in the first poacher being arrested and charged for poaching reptiles: the first ever prosecution for a crime against wildlife in the Grenadines. Adding to this success, another major threat – quarrying of rocks from the gecko's habitat – was also halted in 2017 as a result of peer pressure from community members on the individuals responsible.

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

...by harnessing technology for conservation, supporting the development of conservation leaders, and supporting access to funding and capacity for local-level conservation.

We believe that effective long-term conservation lies in local hands, so we work to ensure that local people and organisations have the skills, tools and capacity they need to succeed.

In 2017, our work in this arena included directly supporting a range of partners to enable locally led conservation, developing conservation leaders and innovators, and harnessing technology for conservation.

2017 at a glance

- We helped to develop the capacity of 294 partner organisations.
- We provided training to 3,687 individuals.
- We supported the establishment of 13 new organisations and supported or established 117 community-based organisations.

Support provided to Kazakh border staff and the training of eight new sniffer dogs led directly to the seizure of 43 saker falcons and two steppe tortoise.



Association for the Conservation of Biodiversity of Kazakhstan

CASE STUDIES



Juan Pablo Moreiras/FFI

COMMUNITIES TAKE THE LEAD ON SUSTAINABLE FORESTRY IN INDONESIA

2017 marked the third year running that deforestation rates in Durian Rambun Village Forest, in the Indonesian province of Jambi, remained below 0.5%. This is the result of FFI's work to build capacity for community-led forestry in this area. In Durian Rambun village, the head of the women's coffee processing group also reported in 2017 that the activities had resulted in higher social cohesion among women in the village, while observers say that women have gained more of a voice in the village by demonstrating successful implementation of sustainable livelihoods initiatives.

THE MULTIPLIER EFFECT – SUPPORTING EARLY-CAREER CONSERVATIONISTS

For more than 30 years, the Conservation Leadership Programme (CLP) has been helping early-career conservationists develop their skills by awarding financial support and training for teams undertaking priority conservation projects. Since its inception, CLP has nurtured the careers of approximately 2,700 conservationists around the globe, creating a huge multiplier effect that has helped to raise the capacity of the conservation sector as a whole. In 2017 this good work continued, with CLP granting 19 awards worth approximately US \$235,000 to teams from nine countries. From marmosets to murrelets, from aquatic ecosystems in India's Eastern Ghats to the Atlantic Forest, and from Borneo to the Black Sea, a wide spectrum of species and habitat conservation is being supported. As part of their awards, 21 young conservationists attended CLP's workshop on conservation management and leadership to build their skills, to ensure the successful delivery of their 2017 award-winning projects and support their long-term professional development.



Saurabh Dewan

Aim 4: To invest in FFI's own effectiveness

...by strengthening our systems and processes, fostering a culture of learning and knowledge sharing, attracting and retaining high-calibre staff, and securing diverse and resilient income streams.

FFI recognises the need to invest time and resources in our own systems, staff and processes to ensure that we continue to achieve conservation success.

The work we carry out under this aim underpins our work on the ground and the investments that we have made in our own effectiveness have paid dividends in supporting conservation on the ground.

2017 at a glance

- The success of the capital fundraising campaign resulted in FFI reporting a healthy reserves balance, which was invested to ensure future financial resilience.
- We supported FFI staff through the provision of 45 training events benefiting 132 staff.
- We continued to improve our internal control environment, underpinned by increased functionality of our finance and project management systems and development of an internal audit function.
- Our Travel Risk Management processes were strengthened to protect our people and provide them with tools to mitigate against risk while in the field.
- We invested in the legal capacity of the organisation by recruiting a dedicated specialist into the Operations team.

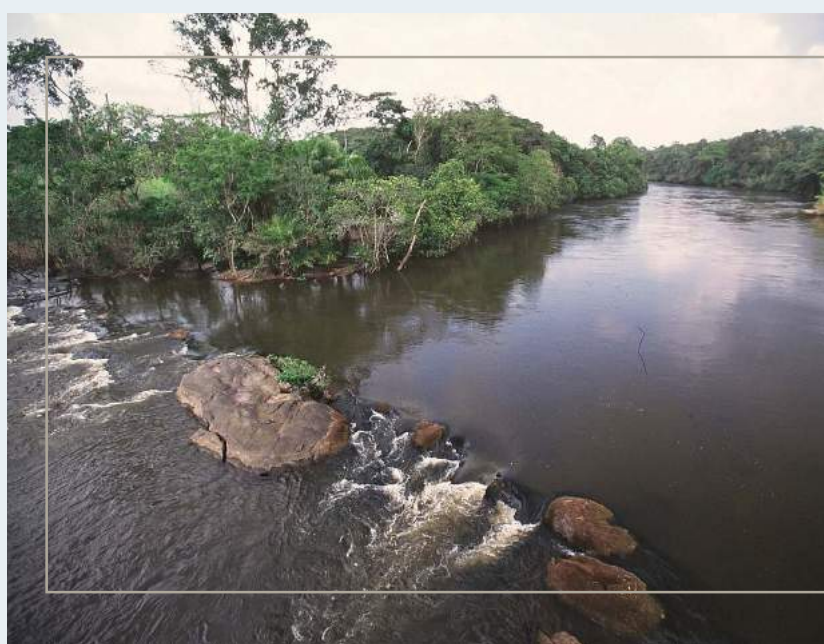
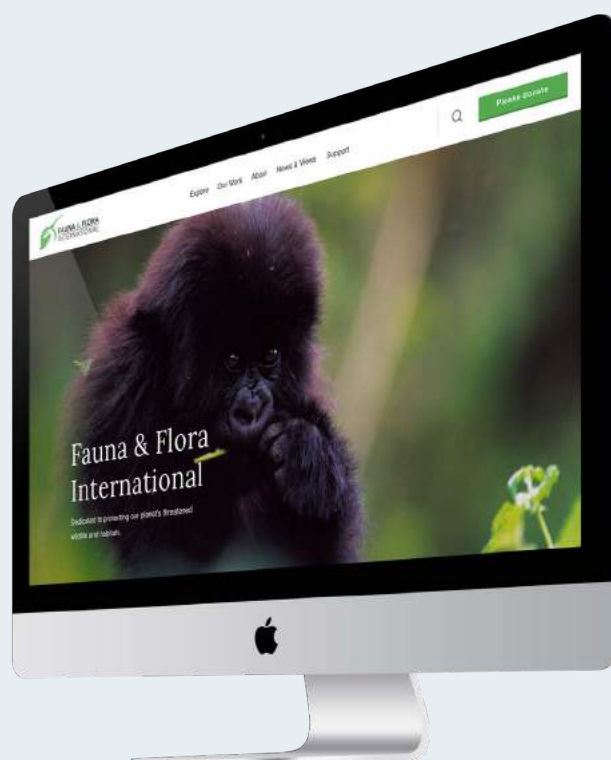
“Raising FFI's profile as a leading conservation organisation will enable them to further educate and encourage people, businesses and governments to behave more sustainably.”



SIR DAVID ATTENBOROUGH
FFI VICE-PRESIDENT

CASE STUDIES

In 2017, we began work on redeveloping FFI's website and Customer Relationship Management (CRM) database to allow us to keep pace with changes in digital technologies, help us build more meaningful relationships with our supporter base, and increase our revenue through digital fundraising. The new website and CRM were launched in December 2017, with the website providing a fresh new look and a wealth of engaging content designed to connect with new audiences and raise awareness about the threats our planet is facing. Already, the website and CRM are paying dividends not only in terms of greater user engagement and increased donations but also in terms of efficiency savings thanks to better integration and clever innovations to the back-end design of the systems.



Jeremy Holden/FFI

LARGE NEW GRANT UNDERLINES THE BENEFITS OF STRONG INTERNAL SYSTEMS

FFI's finance system and internal control environment were reviewed during 2017 as part of a pre-award assessment by a USAID-funded donor. The results were so positive that the donor awarded FFI US\$4.5m directly, rather than through another sub-grantee as was originally intended.

Plans for the future

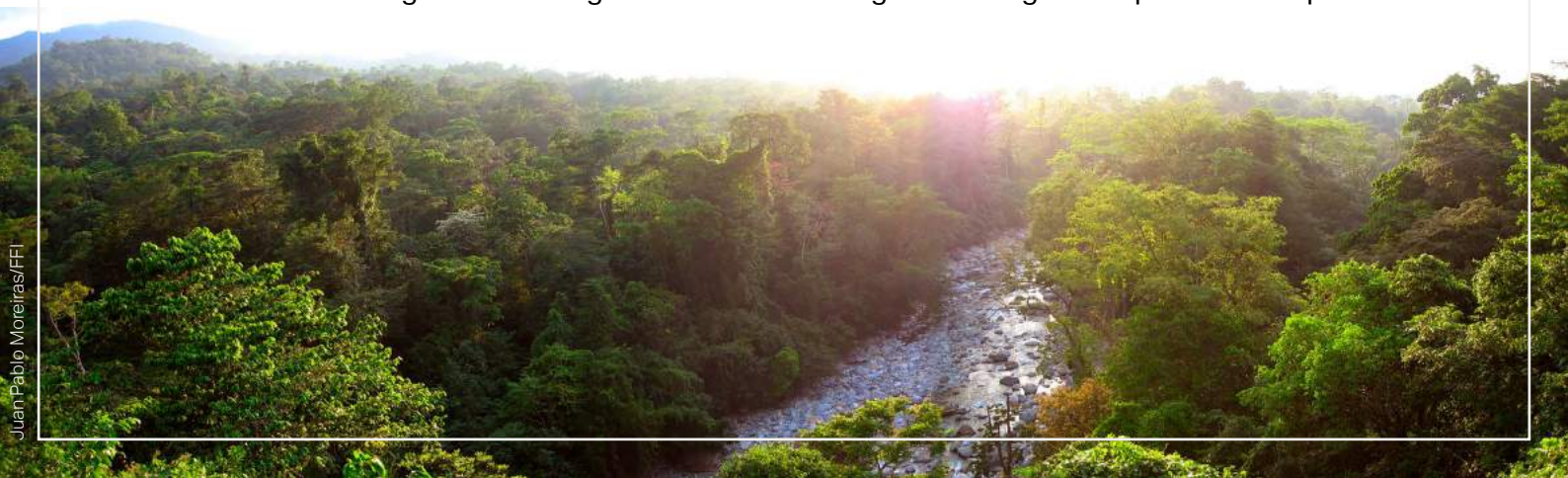
2018 promises to be important for FFI. The final year of our current 2014-2018 strategy will see intense internal and external consultations to refine our next five-year strategy and set the priorities that will take us towards our 120th anniversary in 2023. We anticipate doing more of what we already do well while adding new areas of emphasis – such as expanding our work on sustainable conservation financing mechanisms – and generally enhancing FFI's ability to respond to the escalating biodiversity crisis.

There is exciting and important work to be done across all four regional programmes in 2018, with intensive planning and support for expanding work in Turkey, Mozambique, Liberia and Indonesia already under way. This work is supported and complemented by a number of cross-cutting programmes, which are also expanding in areas such as marine plastic pollution, sustainable agriculture and wildlife trade, and we anticipate a new emphasis on tools to reduce the impact of accelerating infrastructure development, particularly in Africa. In 2018 we will also be collaborating closely with government partners across a number of initiatives.

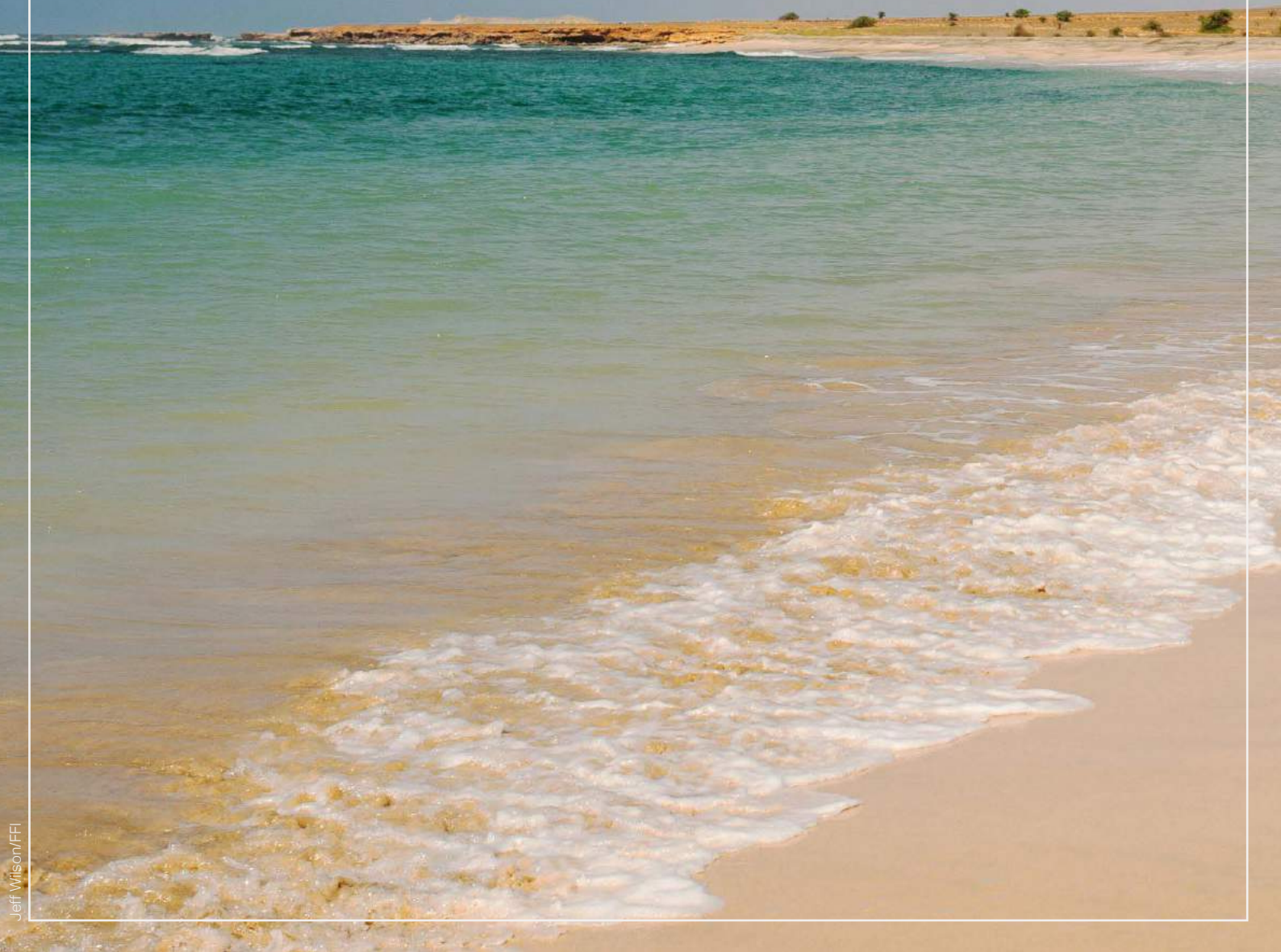
In the UK, we will be working to ensure that environmental safeguards are kept high on the agenda during Brexit negotiations and to secure commitments by the UK for more funding and UK expertise to be applied to addressing global environmental challenges. The third global

conference on illegal wildlife trade will be held in London in October 2018 and we will be working closely with government and project partners to make the most of opportunities to move forward with integrating policy and practice responses. We also expect to work with a number of partner governments in Commonwealth and other countries on their protected area management and marine conservation policies, with marine plastics high on our agenda.

In 2018, we will continue to diversify our income streams to ensure we have sustainable resources to fund our work, with a particular emphasis on building donor networks in the USA. We will also continue investing in the efficiency of our organisation and aligning all global operations within one strategic framework. We will further develop our website to ensure that we can harness the full outreach and fundraising potential of this important platform and help to strengthen FFI's global reputation and profile.



Structure, governance and management

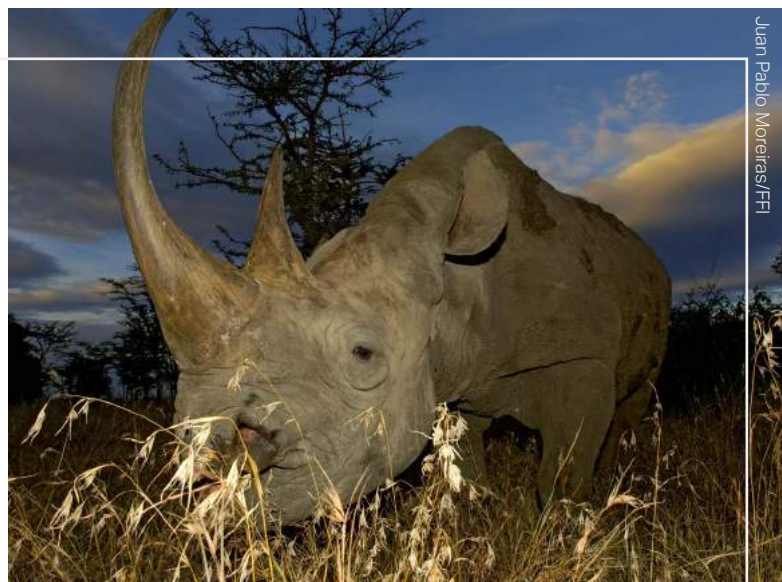


Our structure

FFI is headquartered in the United Kingdom and is also registered, and has a network of branch offices, in the following locations in which its four regional conservation programmes operate: Asia-Pacific (Cambodia, China, Indonesia, Myanmar and Vietnam), Africa (DR Congo, Guinea, Kenya, Liberia, Mozambique, South Sudan and Uganda), Americas & Caribbean (Belize, Ecuador and Nicaragua), and Eurasia (Georgia, Kyrgyzstan, Romania and Tajikistan). In addition to these branches, which form part of the Charity, FFI has related organisations in Australia, Mozambique, Romania, Singapore, South Africa and the United States of America. Further information on these related parties can be found in Note 16 to the Financial Statements.

How we are governed

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. The Members of 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.



Juan Pablo Moreiras/FFI

Trustee recruitment, induction and training

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 of FFI 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. The Nominations Committee reviews the structure, size, effectiveness and composition (including the skills, knowledge, experience and diversity) of Council and makes recommendations to the trustees with regard to any changes to these.

The Committee reviews all nominations and applications for officers and ordinary members of Council (as well as for other honorary appointments) and puts forward recommendations to Council on suitable nominees. Newly appointed trustees undergo an induction programme, which includes guidance on their role and responsibilities and the opportunity to visit FFI's headquarters to spend time with staff, ensuring that Council members have the information and tools they need to fulfil their legal obligations and to play an effective role within the governing body.



Juan Pablo Moreiras/FFI

How we are managed

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 has established three further sub-committees, all the acts and proceedings of which are fully and promptly reported to the full Council, which sets the terms of reference and membership of each committee.

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 (CEO), the SMT and other staff.

The Audit Committee meets three times a year and is 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 Audit Findings Report. The Audit Committee's remit also includes the review of internal control and risk management systems and receiving reports on such from the management of the organisation.

The Remuneration Committee meets annually to review and agree the remuneration and benefits of the CEO and SMT members, as well as to review and agree the overall remuneration policy for FFI employees. In addition, the Committee is responsible for agreeing any significant changes in employee benefits or benefit providers.

The Charity Governance Code

Council recognises that FFI is best placed to achieve its mission and objectives if the organisation has effective, accountable and transparent governance structures. It believes that, to a considerable extent, its current practices and thinking already reflect the seven principles of the Charity Governance Code, with the trustees having a clear understanding of FFI's organisational purpose and providing strategic leadership in line with the Charity's aims and values.

Through the work of the Nominations Committee, and by conducting regular reviews of the board's composition and effectiveness, Council aims to ensure an appropriate, and diverse, balance of skills, experience and backgrounds amongst trustees.

New Council appointees are provided with guidance on their role and responsibilities and undergo an induction process in order to make sure that the board can, as a team, make informed decisions in a transparent and accountable manner. Council is confident that this effective decision-making is reflected throughout the organisation through a clear system of delegation and robust management and control systems.

Council intends to continue to apply the Governance Code's recommended practices to support further improvements in its governance standards thereby creating a culture where all involved can work effectively and sustainably to achieve the organisation's charitable purposes.



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 May 1992, Registered Charity Number 1011102.

Registered office

FFI's registered and principal office is at The David Attenborough Building, Pembroke Street, Cambridge, CB2 3QZ.



Patron

Her Majesty,
Queen Elizabeth II



President

HRH Princess Laurentien
of the Netherlands

Vice-Presidents

Lisel Alamilla

Baroness Amos

Sir David Attenborough OM FRS

Professor David Bellamy OBE

The Lord Browne of Madingley FR Eng

Lindsay Bury

Charlene de Carvalho-Heineken

Field Marshal Sir John Chapple GCB CBE DL

Viscount Philippe de Spoelberch

Dame Judi Dench

Dr Lee Durrell

Hugh Fearnley-Whittingstall

Dorette Fleischmann

Michael Gollner

Rupert Goodman

Edward Hoare

The Lady Emma Kitchener LVO

Rove McManus

Blaine T. Phillips

Dr Lisbet Rausing

Dr Claudio Segré

Rt Hon. Mark Simmonds

Hugh Sloane

Jon L. Stryker

Charles Whitbread

Baroness Young of Old Scone

Board of Trustees

EXECUTIVE COMMITTEE

Andrew Sykes	Chair
Professor Nigel Leader-Williams	Vice Chair
Charles Whitbread	Vice Chair <i>(retired 19th September 2017)</i>
Paul Baldwin	Treasurer <i>(appointed 28th February 2017)</i>
Philip Prettejohn	Treasurer <i>(resigned 28th February 2017)</i>

ORDINARY MEMBERS OF COUNCIL

Melanie Brown <i>(retired 19th September 2017)</i>	Michael Maunder <i>(appointed 24th April 2018)</i>
Stephen Georgiadis	Professor E. J. Milner-Gulland <i>(resigned 19th June 2017)</i>
David Gibson	Richard Plackett
Dr Charlotte Grezo	Sir Gareth Rhys Williams
Andrew Joy	Edward van Cutsem
Tony Juniper CBE <i>(resigned 5th December 2017)</i>	Diana van de Kamp
Dr Sandra Knapp	Professor Bhaskar Vira
Annette Lanjouw	John Wotton

SENIOR MANAGEMENT TEAM

Mark Rose	Chief Executive Officer
Rosalind Aveling	Deputy Chief Executive
Svetlana Ignatieva	Chief Operating Officer and Company Secretary
Joanna Elliott	Senior Director, Conservation Partnerships
Matthew Walpole	Senior Director, Conservation Programmes

PRINCIPAL PROFESSIONAL ADVISERS

Auditors	Crowe U.K. LLP, St Bride's House, 10 Salisbury Square, London, EC4Y 8EH
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
Insurance Brokers	Sutton Winson, First Floor, Greenacre Court, Station Road, Burgess Hill, RH15 9DS

Key Policies & Statements

Public benefit

The Strategic Report demonstrates the scope of the activities undertaken by FFI in 2017 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 and engaging in 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.



Jeremy Holden/FFI

Reserves Policy

FFI is committed to maintaining 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. FFI's policy is to hold 6-18 months of budgeted, recurring, unrestricted expenditure, with the target unrestricted reserve level of 12 months, whilst also taking into account the total expenditure (restricted and unrestricted) of the organisation as a whole.

Our reserves fall into three types:

RESTRICTED RESERVES

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.

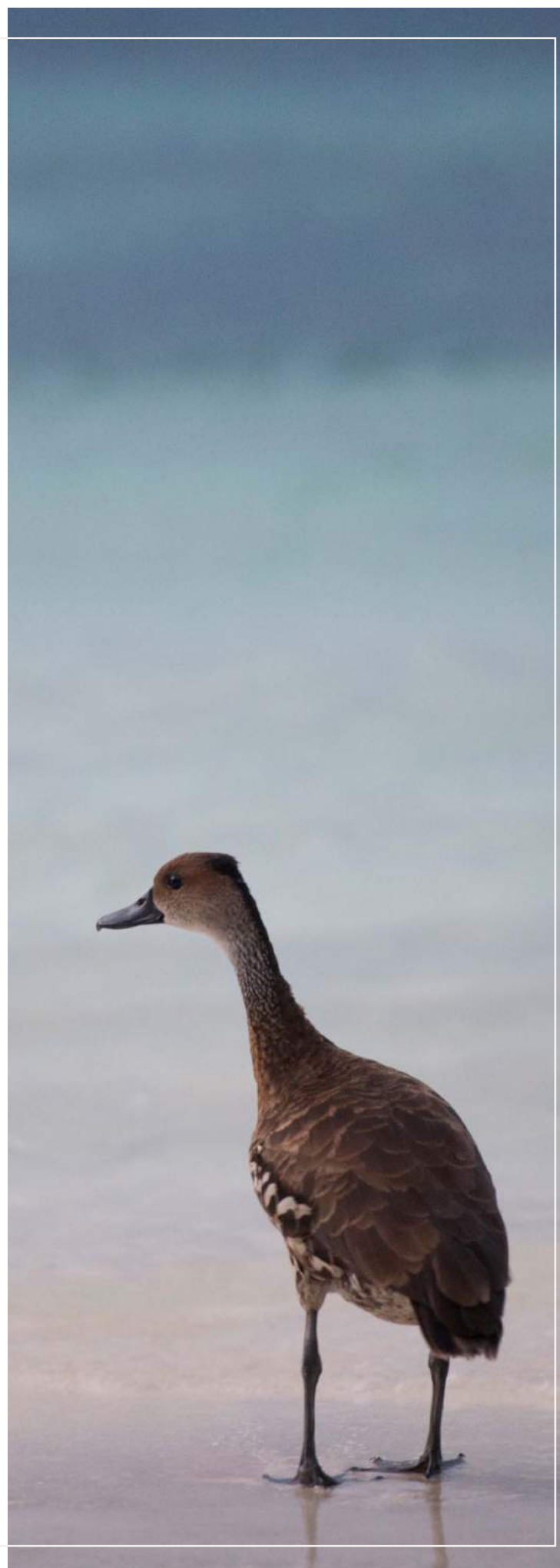
ENDOWMENT RESERVES

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.

UNRESTRICTED RESERVES

Unrestricted reserves are net assets which may be spent according to internal decisions made by FFI's management and Council, and around which no conditionality exists.

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.



Investment Policy

In 2017, FFI reviewed its Investment Policy which outlines the way FFI will manage its reserves, with reference to the purposes for which the funds have been raised.

FFI is responsible for the safekeeping and investment of restricted reserves prior to them being required for project expenditure. As such, the main investment priority is capital preservation, with the funds held either on deposit with major banks or in suitable money market funds.

Unrestricted reserves are held for general expenditure and to meet unforeseen requirements. As these funds may need to be available at short notice, they are regarded as short-term funds for investment purposes, with capital preservation and liquidity as the main focus. FFI keeps a sufficient amount of funds to enable efficient cashflow on deposit with major banks or money market funds. Any excess funds may be held in short dated bond funds.

The endowment funds are long term funds designed to produce an income in line with donor stipulations. As such, these funds are invested in a portfolio of equities, bonds and other securities with the aim of preserving the value of the funds' capital in real terms and providing a growing income stream. The portfolios are invested over the long term approximately 70 percent in equities and 30 percent in bonds and other securities. Where practical, FFI will choose investment opportunities that align with FFI's mission.

FFI has appointed investment managers who will manage the applicable funds in accordance with the Investment Policy approved for those funds.



Joe Heffernan/FFI



Jeremy Holden/FFI

Grant making Policy

Grant making to third parties does not play a significant role in FFI's operations, however we disbursed some £2.90 million to implementing partners in 2017 (2016: £2.51m). All our grant funds are disbursed with clear criteria and application processes, and use formal review and clearly defined decision making. All grants are made based on written grant agreements, and incorporating requirements on reporting and financial oversight. Donor conditions are passed on to the recipient in the sub-grant agreement, if necessary.

FFI staff also reviewed over 700 grant applications for external grants funds using criteria developed and agreed with the donors and, through this, influenced the allocation of an additional £2.40 million of conservation grant funds.



Juan Pablo Moreiras/FFI



Environmental Policy

All FFI's activities are designed to address threats to the world's habitats and species and to have a positive impact on biodiversity. At the same time FFI aims to be an environmentally responsible and accountable organisation. As far as is possible, FFI is therefore committed to minimising the negative impacts we have on the environment without compromising our ability to address our mission and aims and to undertake cost-effective conservation activities.

Business travel plays a significant role in the achievement of our mission and aims. All those who travel on behalf of the organisation are encouraged not only to limit the amount of business travel they undertake but to consider the costs and benefits of each journey they make, whether the negative environmental impact of that travel can be reduced and if the same results could be achieved through alternative means with less environmental impact.

At the end of 2015 FFI moved its global headquarters to The David Attenborough Building, which it occupies alongside its partners in the Cambridge Conservation Initiative (CCI). A bespoke Sustainability Framework was developed for the refurbishment and occupancy of the building, setting an array of targets across the design, construction and operation of the building covering 10 sustainability themes including biodiversity, energy and carbon, water, waste, materials, pollution and transport.

In addition to engaging with our CCI partners to embed sustainability into the day-to-day working habits of building users, FFI has an internal 'Green Group' with a remit to support implementation of the organisation's own Environmental Policy and to encourage best practice and careful use of resources across our global operations.

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.

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 2017.

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

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.

Fundraising

The Trustees have reviewed FFI's fundraising activities in light of the Charities (Protection and Social Investment) Act 2016 and the related guidance published by the Charity Commission. The following summary outlines FFI's approach towards developing and monitoring its fundraising activities.

FFI is a membership organisation and uses the membership proposition to cement long-term relationships with donors. FFI's direct marketing activities are carried out in partnership with a creative agency, who provide design and copy writing services for our printed appeals that are sent to our existing supporter base, and inserts and advertisements placed in targeted newspapers and magazines throughout the year to bring on board new supporters. We also have a growing portfolio of digital fundraising activities, which although focused on the recruitment of new supporters also generate a healthy return on our investment. FFI has a well-established major giving programme, with approaches typically made in person by senior staff or trustees. FFI also hosts events throughout the year, typically targeted at stewarding and soliciting funding from mid-major donors and prospects.

FFI has paid the applicable levy to register with the Fundraising Regulator and displays the Regulator's badge on all appropriate fundraising materials. FFI complies with the terms and conditions of its registration, the recommendations made by the Regulator and standards contained in the Code of Fundraising Practice to ensure that our fundraising activities are fair, transparent and honest. The fundraising team constantly monitors its performance against objectives, particularly for unrestricted income. In 2017, we raised 86% of our targeted unrestricted income of £2.45m. The main reasons for the variances were timing differences, and some of the expected unrestricted income ending up being restricted by donors.



Lizzie Duthe/FFI

FFI does not routinely outsource its fundraising activities; however, we occasionally work with commercial participators. All new opportunities are assessed against FFI's fundraising strategy and the Fundraising Regulator guidance and with consideration for FFI's reputation. We have developed a commercial participator agreement template and all such arrangements are monitored to ensure continued compliance with the legal requirements. FFI received fewer than 25 complaints in 2017 in relation to its fundraising activities and each of these was satisfactorily resolved with no changes necessary to our procedures.

In 2017, FFI implemented a new CRM database that enables greater ability to tailor individual contact preferences. FFI has updated its Privacy Statement and Fundraising Promise, which make it clear what personal data it collects and how this is processed, and how an individual can get in touch with FFI to change their preferences. All of FFI's communications include easy mechanisms for unsubscribing or updating contact preferences and we ensure that our database is updated accordingly.

Principal Risks

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, tracked in the Risk Register, complemented by regular reviews by the Executive Committee and the Audit Committee.
- The establishment of systems and procedures to mitigate those risks identified from an operational review and as part of the Business Plan.
- The implementation of procedures designed to minimise any potential impact should those risks materialise.
- A portfolio risk-tracking tool has been developed during 2017 to enable a more comprehensive and regular risk assessment across portfolios of projects. Going forward, three types of risk will be assessed: financial, delivery (operational) and conservation impact.
- Regular review of our insurance cover to assess whether it adequately addresses the risks and potential liabilities we face, extending cover if new risks are identified. In 2017, we supplemented our cover to include the use of drones for conservation purposes and the addition of cyber insurance to our suite of policies.



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 such risks, especially in some of the remote and challenging areas that we work in, and travel to. During 2017 a new Travel Policy & Procedure was developed, aimed at preventing and mitigating these risks to the maximum extent possible by means of thorough pre-trip preparation, comprehensive risk assessments for high-risk destinations and a centralised system for registering and tracking travel. In conjunction with a new travel insurance provider, staff can now access a range of security advice and support services, including tailored travel alerts. Mandatory training for all staff on the new Policy & Procedure has been complemented by specialist training opportunities where required, e.g. remote wilderness first-aid courses.

- **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 advisers where necessary. We also adhere to all regulatory alerts and guidance issued by the Charity Commission, including those relating to Safeguarding, which prompted a review of our policies and procedures in this regard.

- **COMPLIANCE WITH DONOR TERMS & 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 continue to embed our new project management system (implemented in 2016) 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.

- **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.

- **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.

- **REPUTATION 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, focusing 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.

Financial Review

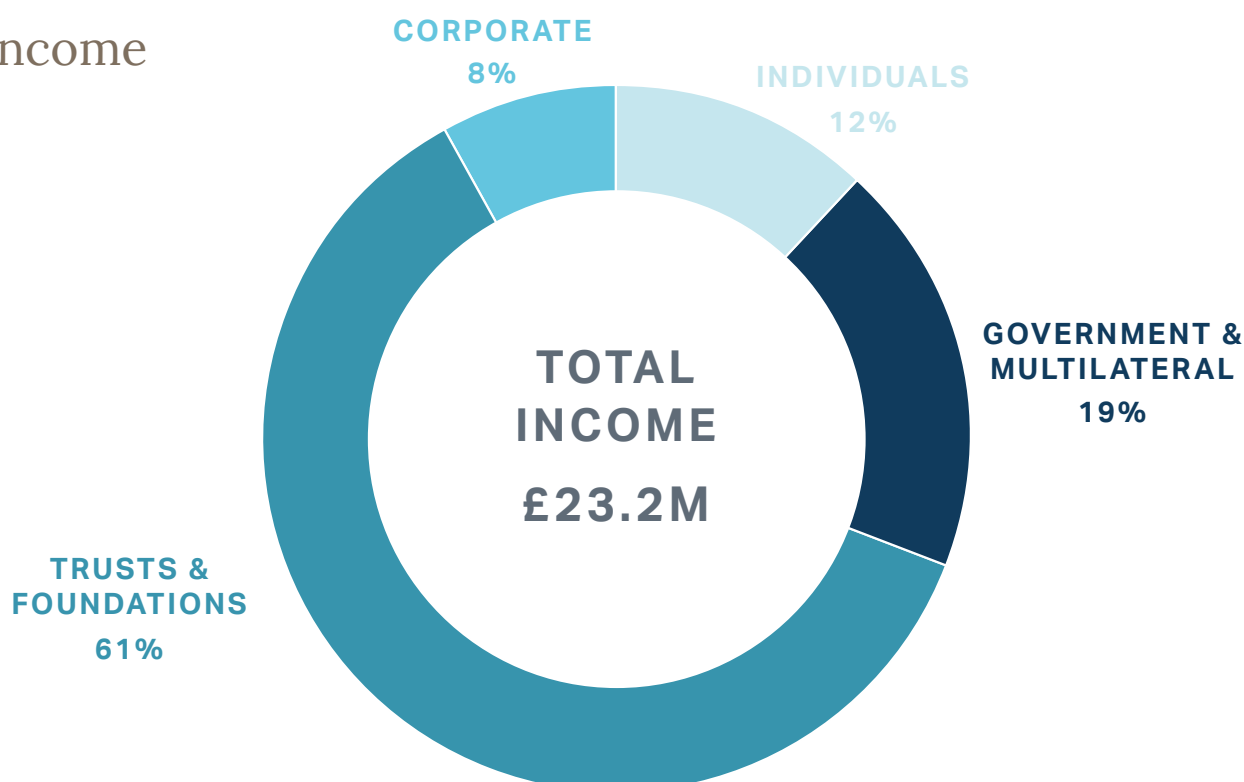
Overall Position

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.

2017 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.

The net movement in total funds for the period is an increase of £4.1m (2016: £469k), comprising an increase in restricted funds of £1.1m (2016: £430k), and increase in endowment funds of £35k (2016: £18k) and an increase in unrestricted funds of £3.0m (2016: £21k). All restricted funds held relate to current, active projects and are anticipated to be utilised over the course of the next one to four years.

Income



Income generation overall of £23.2m shows an increase of 47% compared with 2016. This is largely due to the receipt of significant contributions to FFI's Capital Campaign, a targeted fundraising appeal aimed at building

the reserves of the organisation to the levels specified in our reserves policy (refer to page 25). In 2017, the Campaign raised almost £2.9m, 16% higher than the budget of £2.5m.

UNRESTRICTED INCOME BY TYPE	2014	2015	2016	2017	2017/2016 Change
TRUSTS & FOUNDATIONS	632,958	28,382	155,251	2,951,263	1801%
INDIVIDUALS	1,074,137	1,395,588	1,309,006	1,841,392	41%
CORPORATE	319,356	528,239	20,689	55,939	170%
GOVERNMENT & MULTILATERAL	78,845	-	-	-	0%
LEGACIES	206,417	343,216	256,176	790,779	209%
OTHER	16,581	15,938	17,253	7,999	-54%
	2,328,294	2,311,363	1,758,375	5,647,372	221%

The Capital Campaign contributions mentioned above are reflected in unrestricted income from individuals and Trusts and Foundations, both categories of income showing considerable increases from 2016.

We are most grateful to Arcadia – the charitable fund of Lisbet Rausing and Peter Baldwin, Hugh Sloane, Jon Stryker, the Schroder Foundation and Fair Play Foundation for their generous contributions to our Capital Campaign.

RESTRICTED INCOME BY TYPE	2014	2015	2016	2017	2017/2016 Change
TRUSTS & FOUNDATIONS	6,307,985	8,998,384	9,259,111	11,152,475	20%
GOVERNMENT & MULTILATERAL	2,802,595	3,597,826	2,877,498	4,274,240	49%
CORPORATE	3,150,477	2,960,665	1,403,693	1,881,587	34%
INDIVIDUALS	1,167,009	2,838,021	460,966	173,979	-62%
LEGACIES	21,000	-	-	25,000	0%
OTHER	2,114	366	23,047	30,595	33%
	13,451,180	18,395,262	14,024,315	17,537,876	25%

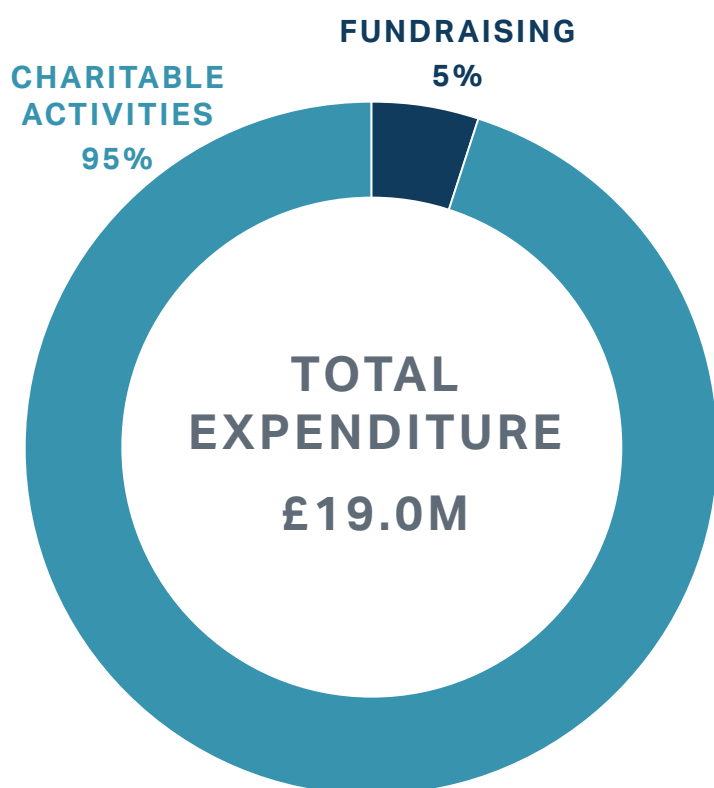
Restricted income from Trusts & Foundations has again increased in 2017, by 20% to £11.2m, thanks to multi-year support from new and existing donors.

Restricted government and multilateral funding increased this year by 49%. Despite this increase, government and multilateral funding in 2017 represented 19% of our overall funding portfolio (18% in 2016), so is still well below our internal maximum limit of 25% of our total income. Government grants allow us to move to scale in activity and impacts but can be costly in terms of compliance and overhead costs as they are set up and closed out. They may also require matched funding.

Endowment income (not shown in the tables above), generated through an invested portfolio designed to produce an income stream to support gorilla conservation work and shown as restricted investment income, increased to £31k (£23k in 2016), 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.

As always, we are grateful for this continued support from our donors.

Expenditure



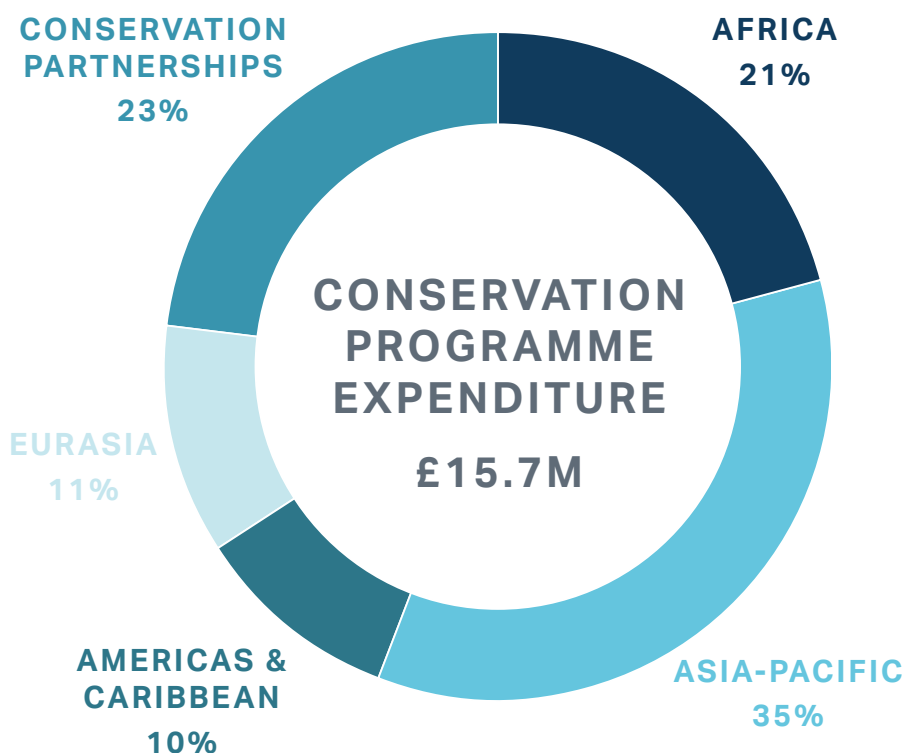
Charitable expenditure across our conservation portfolio has remained consistently high as a proportion of total expenditure (95%) in 2017.

With more than 130 active projects in over 40 countries at year end, we continue to manage a diverse programme of activity, which presents its own challenges, but is also evidence of our far-reaching impact in delivering tangible biodiversity conservation.

Overall unrestricted expenditure has increased compared to the prior year. Investment has been made during the year in the development of a new website, as well as the implementation of a new CRM database.

Investment made in the previous year in our new finance system is resulting in improved and timelier financial reporting and facilitates deeper analysis of fund transactions, thereby ensuring that expenditure is properly charged to available fund budgets wherever possible. The new finance system has also improved financial controls across the global organisation.

FFI operates through four regional Conservation Programmes (Asia-Pacific; Africa; Eurasia; and the Americas & Caribbean) supported by an array of sector initiatives (Conservation Science & Design; Conservation Capacity & Leadership; Extractives & Development Infrastructure; Conservation Finance & Enterprise; and Agricultural Landscapes), which form our Conservation Partnerships division.



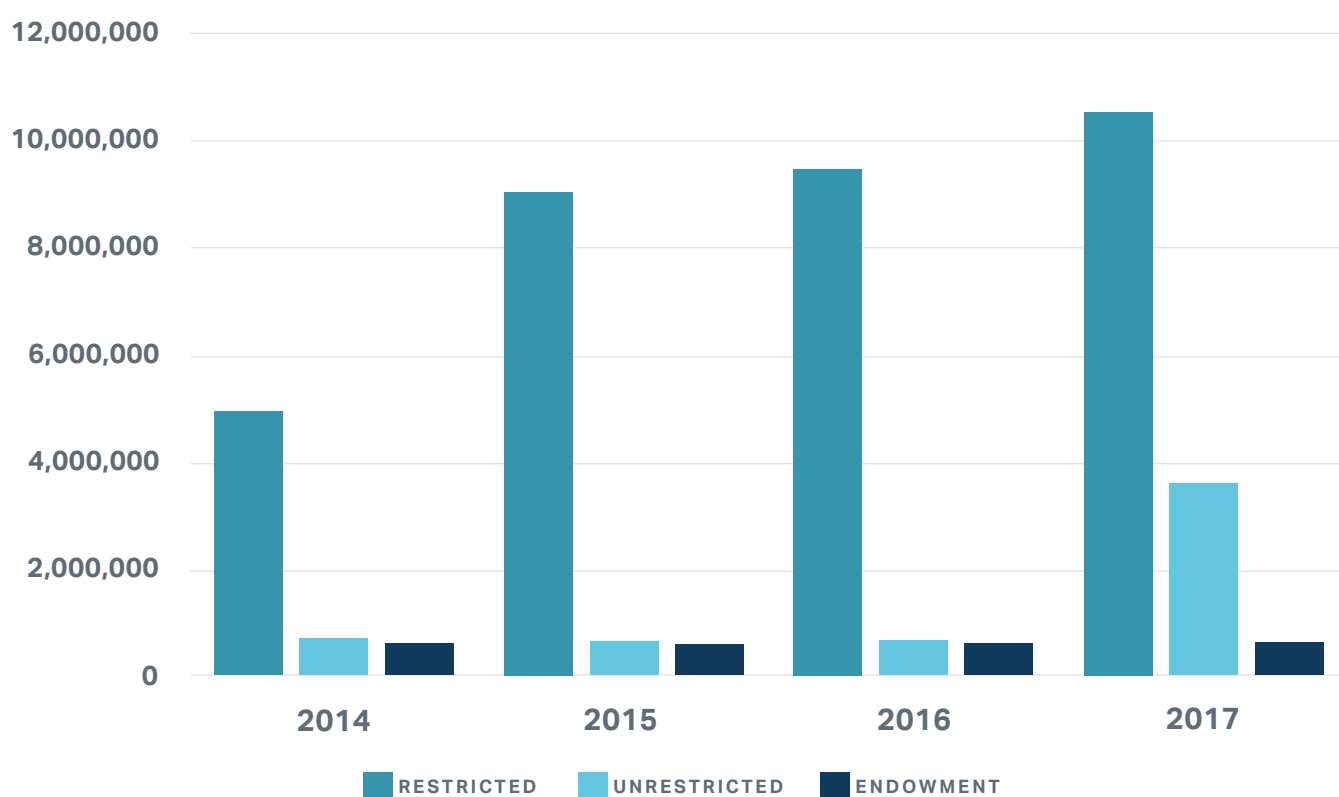
Reserves

The total reserves of the organisation at the end of 2017 are £15.6m (2016: £11.5m).

After taking into account restricted reserves of £11.3m (2016: £10.2m) and endowment funds of £653k (2016: £618k), the unrestricted reserves are £3.7m (2016: £671k).

This represents 11.4 months (2016: 2.1 months) of budgeted, recurring core expenditure. As outlined in our Reserves Policy on page 25, our target level of unrestricted reserves is 12 months.

Free reserves (unrestricted reserves less unrestricted tangible fixed assets of £372k (2016: £190k)) are £3.3m (2016: £481k).



¹ Unrestricted reserves represents 13.8 months (2016: 2.7 months) of committed, recurring expenditure when measured using 2017 core expenditure levels as outlined in Note 6a.

Statement of Trustees' Responsibilities

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
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 auditor is 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 the company's auditor is 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 9th July 2018 and signed on its behalf by



Andrew Sykes
Chairman

Independent Auditor's Report to the Members & Trustees of Fauna & Flora International

Opinion

We have audited the financial statements of Fauna & Flora International for the year ended 31 December 2017 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2017 and of the group's incoming resources and application of resources 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the Members & Trustees of Fauna & Flora International

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members & Trustees of Fauna & Flora International

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees Annual Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 36, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members & Trustees of Fauna & Flora International

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 17/7/18

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Financial Statements



Consolidated Statement of Financial Activities (Incorporating an Income and Expenditure Account)

For the year ended 31 December 2017

	Notes				2017	Restated 2016
		Unrestricted	Restricted	Endowment Funds	Total	Total
			£	£	£	£
Income and endowments from:						
Donations and legacies	3a, 3b	2,796,395	169,649	-	2,966,044	1,827,874
Charitable Activities		2,827,271	17,337,134	-	20,164,405	13,904,707
Investments		7,999	30,595	282	38,876	40,579
Other Trading Activities		15,707	498	-	16,205	9,809
Other		-	-	-	-	-
Total		5,647,372	17,537,876	282	23,185,530	15,782,969
Expenditure on:						
Raising funds		981,007	-	-	981,007	884,070
Charitable activities		1,679,274	16,237,322	57	17,916,652	14,803,748
Total	4a, 6a, 6b	2,660,281	16,237,322	57	18,897,659	15,687,818
Net gains/(losses) on investments		-	-	34,760	34,760	18,017
Net income/(expenditure)		2,987,091	1,300,554	34,985	4,322,631	113,167
Transfers between funds		29,787	(29,787)	-	-	-
Other recognised gains /(losses)						
Other gains/(losses)	4b	(24,669)	(184,230)	-	(208,899)	355,944
Net movement in funds		2,992,209	1,086,537	34,985	4,113,732	469,111
Reconciliation of funds:						
Total funds brought forward		670,852	10,178,268	617,862	11,466,982	10,284,323
Prior period adjustment	13	-	-	-	-	713,548
Total funds carried forward	12	3,663,061	11,264,805	652,847	15,580,714	11,466,982

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

In 2016, unrestricted voluntary income was £1,360,721 (the remainder was restricted). In 2016, unrestricted charitable activities income was £373,203 (the remainder was restricted). In 2016, unrestricted investment income was £17,253 and endowment investment income was £278 (the remainder was restricted). In 2016, unrestricted income from other trading activities was £7,198 (the remainder was restricted).

In 2016, unrestricted charitable activities expenditure was £950,149 and endowment charitable activities expenditure was £66 (the remainder was restricted). In 2016, all expenditure on raising funds was unrestricted. In 2016, unrestricted other gains/losses were £121,671 and endowment other gains/losses were £18,017 (the remainder was restricted). In 2016, unrestricted transfers were £25,000, with the remainder restricted.

Consolidated Balance Sheet

For the year ended 31 December 2017

	Notes	Group 2017 £	Restated Group 2016 £	Charity 2017 £	Restated Charity 2016 £
Fixed Assets					
Tangible assets	7a	1,304,388	994,570	127,655	148,572
Intangible assets	7b	360,076	162,452	360,076	162,452
Investments	8	5,425,471	1,330,084	5,425,471	1,330,084
Total fixed assets		7,089,935	2,487,106	5,913,202	1,641,108
Current Assets					
Investments		-	-	-	-
Debtors	9	4,363,169	5,692,422	4,455,617	6,224,721
Cash at bank and in hand		8,098,104	7,437,012	7,348,373	6,812,672
Total current assets		12,461,273	13,129,434	11,803,990	13,037,393
Liabilities					
Creditors falling due within one year	10	(3,677,590)	(4,105,098)	(3,674,470)	(4,091,408)
Net Current Assets		8,783,682	9,024,336	8,129,521	8,945,985
Provisions for liabilities	11	(292,903)	(44,460)	(292,903)	(44,460)
Total net assets		15,580,714	11,466,982	13,749,820	10,542,632
The funds of the charity					
Unrestricted Funds					
Unrestricted funds	12	3,512,221	567,595	2,337,197	626,398
Designated funds		150,840	103,257	150,840	103,257
		3,663,061	670,852	2,488,037	729,655
Restricted funds	12	11,264,805	10,178,268	10,608,935	9,195,115
		14,927,867	10,849,120	13,096,972	9,924,770
Capital Funds					
Permanent endowment funds	12	652,847	617,862	652,847	617,862
Total Charity Funds		15,580,714	11,466,982	13,749,820	10,542,632

The attached notes form part of these financial statements.

Approved by the Board of Trustees and authorised for issue on 9th July 2018 and signed on its behalf by



Chairman: Andrew Sykes



Treasurer: Paul Baldwin

Consolidated Cash Flow Statement

For the year ended 31 December 2017

Statement of cash flows	Notes	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Cash flows from operating activities	17	5,559,402	(1,276,556)	5,110,212	(1,587,185)
Cash flows from investing activities	17	38,875	40,579	31,941	32,772
Cash flows from financing activities	17	(604,198)	(59,535)	(273,464)	(59,535)
		4,994,079	(1,295,512)	4,868,689	(1,613,948)
Change in cash and cash equivalents in the reporting period		4,994,079	(1,295,512)	4,868,689	(1,613,948)
Cash and cash equivalents at the beginning of the reporting period		7,437,012	7,987,944	6,812,672	7,682,039
Change in cash and cash equivalents due to exchange rate movements		(272,359)	744,580	(272,359)	744,580
Cash and cash equivalents at the end of the reporting period		12,158,732	7,437,012	11,409,001	6,812,672
Analysis of cash and cash equivalents		Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Cash at bank and in hand		8,098,104	7,437,012	7,348,373	6,812,672
Deposit accounts		4,060,628	-	4,060,628	-
		12,158,732	7,437,012	11,409,001	6,812,672

The attached notes form part of these financial statements.

Notes

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) Basis of accounting

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investments, and are in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland effective 1 January 2015 (The FRS 102 Charities SORP) and the Companies Act 2006.

b) Basis of consolidation

The consolidated financial statements comprise a consolidation of the financial statements of Fauna & Flora International and its fully owned subsidiaries, Fauna & Flora International Australia (Ltd), Fauna & Flora International (Singapore), Fauna & Flora International USA Inc., Fauna & Flora International (South Africa) and Fauna & Flora International S.R.L.

c) Significant estimates or judgements

In the application of the charity's accounting policies, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

d) 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.

e) 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 from donations is accounted for when received and legacy income is included in the accounts when the amount due can be quantified with reasonable probability and the timing of the receipt is known.

Grant income is recognised when all three recognition criteria are met (entitlement, probability and measurability). Income from performance related grants and contracts is included in the accounts to the extent that entitlement has been earned through performance of the contract

f) 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 costs are indirect costs related to the overall management and facilities of the organisation, Trustee administration of the charity and compliance with constitutional and statutory requirements.

g) 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.

h) 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.

i) Foreign Exchange

Assets and liabilities denominated in foreign currencies are translated into sterling on the balance sheet at the rates of exchange ruling at the year-end. Unrealised gains and losses on re-translation of monetary assets are shown as income or expenditure in line with FRS 102. Unrealised gains and losses of non-monetary assets 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 12. These are then allocated to the relevant projects as they are completed.

j) Tangible Assets

Tangible 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 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
<i>(buildings only, land not depreciated)</i>	
Vehicles	20% straight line

k) 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.

l) 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.

m) 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.

n) 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.

o) Deferred income

Deferred income relates to performance related grant and contract income where the conditions of the grant have not yet been met and therefore the Charity is not entitled to the income until a future period.

p) Financial instruments

The Charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are recognised at transaction value and comprise cash and bank and in hand, short term cash deposits together with trade and other debtors excluding prepayments. Financial liabilities held at transaction value comprise the short and long term trade and other creditors excluding deferred income and taxation payable. No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial..

q) 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, 2018, 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.

2 Company Status

The company is limited by guarantee, not having 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 and legacies

	2017	2016
	£	£
Individuals	1,430,409	1,389,263
Charitable foundations	711,317	126,967
Corporate donations	8,539	55,468
Legacies	815,779	256,176
	2,966,044	1,827,874

3b Income

	2017	2017	2017	2017	2016
	Restricted	Unrestricted	Endowment	Total	Total
	£	£	£	£	£
Income Source					
Government & Multilateral	4,274,240	-	-	4,274,240	2,877,499
Trusts & Foundations	11,152,475	2,951,263	-	14,103,738	9,414,362
Corporate	1,881,587	55,939	-	1,937,526	1,424,382
Individuals	198,979	2,377,173	-	2,576,152	1,809,194
Membership	-	254,998	-	254,998	216,954
Investment	30,595	7,999	282	38,876	40,578
Total	17,537,876	5,647,372	282	23,185,530	15,782,969

4a Expenditure

	2017	2016
	£	£
Expenditure includes:		
Auditors' remuneration - audit	46,419	40,416
Auditors' remuneration - other	7,320	5,820
Depreciation	96,758	92,057
Operating leases: land and buildings	305,651	214,267

4b Other gains/(losses)

	2017	2016
	£	£
Individuals		
Other gains/(losses) includes:	28,894	248,656
Realised foreign exchange gains/(losses)	(237,793)	107,287
Unrealised foreign exchange gains/(losses)	-	-
Gains/(losses) on disposal of tangible fixed assets	(208,899)	355,943

5 EMPLOYEE INFORMATION

5a Staff costs

	2017 £	2016 £
Wages and salaries	6,526,749	5,954,382
Social security costs	583,591	552,750
Pension costs	322,719	312,312
	7,433,059	6,819,444

Redundancy payments of £55k were made during the year in China due to the wind down of operations there. In the UK, redundancy payments of £10k were made, which included an ex-gratia payment of £5k.

5b

	2017	2016
The average number of persons, analysed by function, employed during the year was:		
Project management	294	307
Fundraising	13	11
Administration & communications	21	23
	328	341

5c

	2017	2016
Employees whose emoluments for the year were £60,000 or more are shown in the following bands:-		
£60,001 - £70,000	6	3
£70,001 - £80,000	1	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
£130,001 - £140,000	1	1

The pension contributions to pension schemes for the higher paid staff were £58,255 (2016: £50,454).

The total value of salary and benefits received by key management personnel in 2017 was £538,199 (2016: £525,995).

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 (2016: £nil) were reimbursed to Trustees in respect of travel and subsistence during the year.

6a Analysis of Total Expenditure

	Staff costs £	Other costs £	Support costs £	2017 £	2016 £
Conservation Programme Area					
Halcyon	96,375	4,280	-	100,655	79,013
Africa	1,113,516	1,871,267	234,211	3,218,994	2,760,535
Asia Pacific	2,345,016	2,925,819	111,360	5,382,195	5,326,234
Americas & Caribbean	514,227	826,547	134,314	1,475,088	1,205,398
Australia	-	-	29,725	29,725	267,990
Eurasia	636,400	1,073,155	26,842	1,736,397	1,254,651
Conservation Partnerships	1,997,119	1,383,756	83,593	3,464,468	2,580,709
Foreign exchange (gain)/loss	-	272,359	-	272,359	(744,515)
Programmatic expenditure	6,702,653	8,357,183	620,045	15,679,881	12,730,015
Core costs					
Fundraising costs	467,067	-	513,940	981,007	884,070
Support costs	1,186,439	57	1,050,275	2,236,771	2,073,733
Total costs	8,356,159	8,357,240	2,184,260	18,897,659	15,687,818

The foreign exchange (gain)/loss is the revaluation of monetary assets arising from the organisation operating internationally.

6b Analysis of Support Costs

	Programme Activities £	Fundraising costs £	Support Costs £	Total 2017 £	Total 2016 £
Office rent & services	56,753	-	438,814	495,567	472,164
Equipment Acquisition & Maint	13,793	-	1,077	14,870	16,567
Grants	185,002	-	-	185,002	23,994
Conference attendance	8,273	53,748	19,663	81,684	57,822
Printing & publications	1,448	268,617	86,678	356,743	231,483
Bank charges and interest	9,351	16,338	8,071	33,760	32,008
Depreciation	795	-	34,409	35,204	18,541
IT, telephony & office supplies	28,298	63,996	127,940	220,234	186,069
Travel & Subsistence	97,432	30,567	98,829	226,827	199,081
Audit, Legal & Professional fees	96,626	71,215	192,256	360,097	413,142
Other costs	122,274	9,459	42,539	174,272	84,501
Total support costs	620,045	513,940	1,050,275	2,184,260	1,735,373

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

	Fixtures & Fittings	IT Equipment	Land & Buildings	Vehicles	Total
	£	£	£	£	£
Cost:					
At 1 January 2017	-	59,126	845,998	170,482	1,075,606
Additions	-	-	330,734	33,322	364,056
Disposals	-	-	-	-	-
At 31 December 2017	-	59,126	1,176,732	203,804	1,439,662
Depreciation					
At 1 January 2017	-	31,994	-	49,041	81,035
Charge for year	-	15,542	-	38,697	54,239
On disposals	-	-	-	-	-
At 31 December 2017	-	47,536	-	87,738	135,274
Net book value:					
At 31 December 2017	-	11,590	1,176,732	116,066	1,304,388
At 31 December 2016	-	27,132	845,998	121,440	994,570

7b Intangible Fixed Assets (all group intangible fixed assets are attributable to the charity)

	Software	Total
	£	£
Cost:		
At 1 January 2017	203,064	203,064
Additions	240,142	240,142
Disposals	-	-
At 31 December 2017	443,206	443,206
Depreciation		
At 1 January 2017	40,612	40,612
Charge for year	42,518	42,518
On disposals	-	-
At 31 December 2017	83,130	83,130
Net book value:		
At 31 December 2017	360,076	360,076
At 31 December 2016	162,452	162,452

8 Fixed Asset Investments (all group fixed assets are attributable to the charity)

	2017	Restated 2016
	£	£
Movement during the year		
Market value as at 1 January 2017	1,330,084	1,312,067
Unrealised net gains/(losses) during the year	34,760	18,017
Capital invested/(withdrawn) during the year	4,060,628	-
Total Investments	5,425,471	1,330,084

Investments are represented by:	2017	2016
	£	£
Fixed interest securities	167,538	169,298
Equity shares	483,758	447,238
Cash deposit funds	4,060,628	-
Programme related investments	713,548	713,548
Total Investments held in the UK	5,425,471	1,330,084

The historic cost of investments as at 31 December 2017 was £5,159,973 (£2016: £1,099,345)

Programme related investments consists of land held in Ecuador with the intention of transferring it to a local organisation capable of preserving its conservation value.

2016 figures have been restated for a prior year adjustment, as detailed in Note 13.

9 Debtors

	Group 2017	Group 2016	Charity 2017	Charity 2016
	£	£	£	£
Trade debtors	3,947,743	4,725,988	3,758,078	4,730,498
Amounts due from subsidiaries	-	-	285,801	529,299
Prepayments and accrued income	415,426	966,435	411,738	964,923
	4,363,169	5,692,422	4,455,617	6,224,721

All the above amounts fall due within one year.

10 Creditors

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Trade creditors	630,693	413,556	636,175	413,559
Amounts due to subsidiaries	-	-	9,087	-
Tax and social security	222,231	202,945	213,824	198,230
Accruals and deferred income	2,816,964	3,393,535	2,814,767	3,385,619
Other creditors	7,702	95,061	618	94,000
	<u>3,677,590</u>	<u>4,105,098</u>	<u>3,674,470</u>	<u>4,091,408</u>

Accruals and deferred income includes the following:

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Deferred income at 1st January	2,652,225	2,146,396	2,652,225	2,146,396
Income deferred in year	2,322,333	2,652,225	2,322,333	2,652,225
Amounts released from previous years	(2,652,225)	(2,146,396)	(2,652,225)	(2,146,396)
Deferred Income at 31st December	<u>2,322,333</u>	<u>2,652,225</u>	<u>2,322,333</u>	<u>2,652,225</u>

11 Provisions

	At 01/01/2017 £	Provisions created £	Provisions utilised £	At 31/12/2017 £
Project expenditure repayable	44,460	197,680	(42,010)	200,130
Land taxes payable	-	92,773	-	92,773
	<u>44,460</u>	<u>290,453</u>	<u>(42,010)</u>	<u>292,903</u>

Project expenditure repayable represents estimated funds due to donors where FFI has not been able to spend funds in accordance with donor conditions. Provision has been made for land tax that may be payable by FFI if an application for the redesignation of the land use is not agreed with the local authority.

12 Reconciliation of funds

	Restated					
	Balance b/ fwd	Income	Expenditure	Other gains/(loss- es)	Movements between funds	Balance c/ fwd
	£	£	£	£	£	£
Unrestricted						
General unrestricted funds	567,595	5,647,372	(2,660,281)	(24,669)	(17,797)	3,512,220
Designated funds	103,257	-	-	-	47,584	150,841
Total unrestricted funds	670,852	5,647,372	(2,660,281)	(24,669)	29,787	3,663,061
Endowment funds						
Rothiemurchus Bequest Fund	29,823	282	(57)	1,752	-	31,800
M.G.P Funds	588,039	-	-	33,008	-	621,047
Total endowment funds	617,862	282	(57)	34,760	-	652,847
Restricted funds						
Agricultural Landscapes	12,869	3,277	(12,594)	-	-	3,552
Conservation Capacity & Leadership	265,973	577,107	(796,168)	31,884	253,856	332,651
Conservation Partnerships Development	-	370,926	(4,965)	2,527	-	368,488
Environmental Markets	339,833	1,045,842	(1,011,476)	51,457	-	425,656
Mining & Energy	(23,760)	772,668	(831,151)	8,023	13,838	(60,382)
Conservation Science & Design	4,355,240	4,275,747	(1,661,290)	(1,588)	(3,299,691)	3,668,419
Africa	544,594	2,235,796	(3,096,187)	(7,680)	1,039,764	716,287
Americas & Caribbean	1,208,851	979,692	(1,241,025)	8,697	296,789	1,253,004
Australia	146,914	88,500	(9,146)	3,317	-	229,585
Eurasia	1,761,151	1,165,724	(1,675,672)	(1,486)	770,140	2,019,856
Asia Pacific	832,959	6,022,597	(5,625,288)	(9,139)	895,517	2,116,646
Other (incl Foreign Exchange) Revaluation	733,644	-	(272,359)	(270,241)	-	191,044
Total restricted funds	10,178,268	17,537,876	(16,237,322)	(184,230)	(29,787)	11,264,805
Total Funds	11,466,982	23,185,530	(18,897,659)	(174,139)	0	15,580,714

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.

The restricted funds of the charity comprise unexpended balances on income given to specific purposes. In accordance with FFI's income recognition policy as outlined in Note 1 to the accounts, restricted funds in deficit have arisen where FFI is not sufficiently entitled to recognise income against ongoing work that is funded in arrears.

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

The balance brought forward from 2016 has been restated for a prior period adjustment, as detailed in Note 13.

Included in the above are amounts for grants received from the following organisations: Fondation Segré £586,674

13 Prior Period Adjustment

Fauna & Flora International has recognised a programme related investment of £713,548 which relates to land purchased in support of the expansion of the Awacachi Corridor, a conservation area in Ecuador. A land trust was established in 2010 to acquire the land, which consists of 34 separate plots. A review of the trust documentation showed that certain plots are held beneficially for FFI, and should therefore have been capitalised in FFI's accounts. As the purchases were made in 2009 and 2010, the capitalisation has been made as a prior period adjustment.

14 Analysis of Net Assets between Funds

	General Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total
	£	£	£	£	£
Tangible Fixed Assets	11,589	-	1,292,799	-	1,304,388
Intangible Fixed Assets	360,076	-	-	-	360,076
Investments	2,697,631	-	2,076,544	651,296	5,425,471
Net current assets	442,925	150,840	7,895,462	1,551	8,490,780
	3,512,221	150,840	11,264,805	652,847	15,580,714

15a Operating Lease Commitments

	2017 £	2016 £
Commitments are as follows:		
Land and buildings:		
Not later than one year	206,160	168,569
Later than one year and not later than five years	572,612	477,176
Later than five years	426,060	473,400
	<u>1,204,832</u>	<u>1,119,145</u>
Other operating leases:		
Not later than one year	89,300	62,719
Later than one year and not later than five years	298,900	243,441
Later than five years	217,555	241,728
	<u>605,755</u>	<u>547,888</u>

15a Finance Lease Commitments

	2017 £	2016 £
Commitments are as follows:		
IT equipment:		
Not later than one year	3,529	14,340
Later than one year and not later than five years	-	7,170
Later than five years	-	-
	<u>3,529</u>	<u>21,510</u>

16 Related Party Transactions and Ultimate Controlling Party

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

FFI holds a 51% controlling interest in Luambeze Investimentos Limitada (Luambeze), a limited liability company registered in Mozambique, registration number 100014343. Luambeze operates a conservancy concession within Niassa National Reserve, which it operates in conjunction with Chuilexi (see below) and is 100% funded by FFI. The minority interest in this company is immaterial to the Group, so it has not been adjusted for in the consolidated accounts.

FFI holds a 55% controlling interest in Chuilexi Conservação e Investimentos Limitada (Chuilexi), a limited liability company registered in Mozambique, registration number 100321041. Chuilexi operates a conservancy concession within Niassa National Reserve, which it operates in conjunction with Luambeze and is 100% funded by FFI. The minority interest in this company is immaterial to the Group, so it has not been adjusted for in the consolidated accounts.

FFI provides grant funding to the Northern Rangelands Trust (Kenya), Ol Pejeta Conservancy (Kenya), Ya'axché Conservation Trust (Belize) and the International Gorilla Conservation Programme (Uganda). A member of FFI's Senior Management Team is also a director of each of these organisations and a Trustee of FFI is a director of Ol Pejeta. FFI provided grant funding to the Durrell Wildlife Conservation Trust, who's Trustees include a Trustee of FFI who resigned from the Board during 2017.

CCI Services Ltd was established to manage the facilities and services provided to the Cambridge Conservation Initiative (CCI) partner organisations who occupy the David Attenborough Building. CCI Services Ltd recharges costs to each organisation on a pro rata basis. A member of FFI's Senior Management Team and a Trustee of FFI are also directors of CCI Services Ltd.

The organisations Arcus Foundation, The Yorkshire Wildlife Park Foundation, The Rowney Trust and The Wixamtree Trust each have a trustee who is also a trustee of FFI. FFI received funding from each of these charities in 2017.

FFI has had a presence in the USA since 1981 and has operated through its affiliate Fauna & Flora International Inc (FFI Inc). In 2016, the partnership evolved to harness the respective strengths of each organisation, with FFI Inc separating and changing its name. Although FFI received funds from its former affiliate in relation to ongoing projects, it is no longer considered a related party.

	2017	2016
	£	£
Grants received from related parties		
- Wild Earth Allies	-	2,503,892
- Arcus Foundation	435,330	272,367
- The Marcela Trust	-	435,081
Grants made to related parties		
- Ol Pejeta Conservancy	262,239	23,690
- Chuilexi Conservação e Investimentos Limitada	433,025	417,415
- Luambeze Investimentos Limitada	363,423	302,537
- Northern Rangelands Trust	97,510	113,720
- International Gorilla Conservation Programme (IGCP)	127,659	15,098
- Ya'axché Conservation Trust	62,532	-
- Durrell Wildlife Conservation Trust	6,705	-
Donations received from		
- Trustees & Related parties	174,481	195,834
Amounts owing from subsidiary undertakings		
- Fauna & Flora International Australia	-	157,852
- Fauna & Flora International Singapore	-	286,347
- Fauna & Flora International South Africa	86,109	85,100
- Fauna & Flora International USA Inc	199,617	-
Amounts owing to subsidiary undertakings		
- Fauna & Flora International Australia	9,087	-

Fauna & Flora International paid £104k to CCI Services Ltd during 2016 (2016: £153k) in relation to the management of The David Attenborough Building, where FFI's Cambridge office is located

17 Cash Flow Information

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
a) Reconciliations of changes in resources to net inflow from operating activities				
Net income/(expenditure)	4,322,631	113,167	3,365,523	34,013
Depreciation charge	96,758	92,057	96,758	92,057
(Gain)/loss on disposal of fixed assets	-	-	-	-
(Gains)/losses on investments	-	-	-	-
Investment income (shown separately in (b) below)	(38,875)	(40,579)	(31,941)	(32,772)
(Increase)/decrease in debtors	1,329,253	(1,503,302)	1,827,431	(1,791,926)
Increase/(decrease) in creditors	(179,064)	468,754	(168,818)	463,146
(Increase)/decrease in current asset investment	-	-	-	-
Change in investment valuation	(34,760)	(18,017)	(34,760)	(18,017)
Unrealised currency revaluation gain/(loss) on non-monetary assets	(208,899)	355,944	(216,339)	410,894
Unrealised currency revaluation (gain)/loss on monetary assets	272,359	(744,580)	272,359	(744,580)
Net cash inflow/(outflow) from operating activities	5,559,402	(1,276,556)	5,110,212	(1,587,185)
a) Gross cash flows				
<i>Returns on investment and servicing of finance:</i>				
Investment income received	38,875	40,579	31,941	32,772
<i>Capital expenditure and financial investment:</i>				
Payment to acquire tangible fixed assets	(604,198)	(59,535)	(273,464)	(59,535)
	(604,198)	(59,535)	(273,464)	(59,535)

18 Summary income and expenditure account for the year ending 31 December 2017

	All income funds 2017 £	All income funds 2016 £
Income	23,146,655	15,742,390
Gains/(losses) on investments	-	-
Interest and investment income	38,593	40,301
Gross income in the reporting period	23,185,248	15,782,691
Expenditure	19,009,744	15,239,752
Interest payable	-	-
Depreciation and charges for impairment of fixed assets	96,758	92,057
Total expenditure in the reporting period	19,106,502	15,331,809
Net income (expenditure) before tax for the reporting period	4,078,747	450,882
Tax payable	-	-
Net income (expenditure) for the financial year	4,078,747	450,882

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

19 Charity Statement of Financial Activities (unconsolidated)

				2017	Restated 2016
	Unrestricted	Restricted	Endowment Funds	Total	Total
	£	£	£	£	£
Income and endowments from:					
Donations and legacies	2,275,902	161,565	-	2,437,467	1,516,583
Charitable Activities	2,281,253	17,335,278	-	19,616,531	13,544,487
Investments	1,065	30,595	282	31,941	32,772
Other Trading Activities	15,707	498	-	16,206	9,809
Total	4,573,927	17,527,936	282	22,102,145	15,103,651
Expenditure on:					
Raising funds	981,007	-	-	981,007	884,070
Charitable activities	1,838,058	15,894,255	57	17,732,370	14,203,584
Total	2,819,066	15,894,255	57	18,713,377	15,087,654
Net gains/(losses) on investments	-	-	34,760	34,760	18,017
Net income/(expenditure)	1,754,861	1,633,681	34,985	3,423,527	34,013
Transfers between funds	29,787	(29,787)	-	-	-
Other recognised gains /(losses)					
Other gains/(losses)	(26,265)	(190,074)	-	(216,339)	410,894
Net movement in funds	1,758,383	1,413,820	34,985	3,207,188	444,907
Total funds brought forward	729,655	9,195,115	617,862	10,542,632	9,384,177
Prior period adjustment	-	-	-	-	713,548
Total funds carried forward	2,488,037	10,608,935	652,847	13,749,820	10,542,632

20 Prior year Reconcillation of Funds Statement

	Restated Balance b/frd £	Income £	Expenditure £	Other gains/ (losses) £	Movements between funds £	Restated Balance c/frd £
Unrestricted						
General unrestricted funds	525,623	1,747,955	(1,802,654)	121,671	(25,000)	567,595
Designated funds	124,401	10,420	(31,565)	-	-	103,257
Total unrestricted funds	650,024	1,758,375	(1,834,219)	121,671	(25,000)	670,852
Endowment funds						
Rothiemurchus Bequest Fund	28,885	278	(66)	726	-	29,823
M.G.P Funds	570,749	-	-	17,291	-	588,039
Total endowment funds	599,633	278	(66)	18,017	-	617,862
Restricted funds						
Agricultural Landscapes	65,573	34,472	(89,271)	2,096	-	12,869
Conservation Capacity & Leadership	259,382	402,098	(571,562)	18,318	157,737	265,973
Environmental Markets	(25,017)	870,945	(475,319)	(30,776)	-	339,833
Halcyon Land & Sea	2,348,659	798,395	(300,091)	-	(817,234)	2,029,730
Mining & Energy	310,510	686,663	(921,420)	4,956	(104,469)	(23,760)
Conservation Science & Design	1,336,209	3,347,687	(1,163,371)	40,047	(1,235,062)	2,325,510
Africa	616,374	1,713,838	(2,746,740)	38,992	922,130	544,594
Americas & Caribbean	961,675	965,092	(1,139,883)	11,433	410,534	1,208,851
Australia	-	432,251	(285,336)	-	-	146,914
Eurasia	1,879,206	877,894	(1,373,949)	(2,322)	380,322	1,761,151
Asia Pacific	2,147,696	3,894,981	(5,531,172)	10,414	311,040	832,959
						-
Other (incl Foreign Exchange) Revaluation	(152,053)	-	744,580	141,117	-	733,644
Total restricted funds	9,748,214	14,024,316	(13,853,533)	234,272	25,000	10,178,268
Total Funds	10,997,871	15,782,969	(15,687,818)	373,961	-	11,466,982

21 Prior Year Funds Analysis Statement

	General Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total £
Tangible Fixed Assets	27,132	-	967,438	-	994,570
Intangible Fixed Assets	162,452	-	-	-	162,452
Investments	-	-	713,549	616,535	1,330,084
Net current assets	378,011	103,257	8,497,281	1,327	8,979,876
	567,595	103,257	10,178,268	617,862	11,466,982



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