

**Company Number: 2677068**

**Charity Number: 1011102**

**FAUNA & FLORA INTERNATIONAL**

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

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

# Fauna & Flora International

## Company Information

---

<b>Patron</b>	Her Majesty, Queen Elizabeth II
<b>President</b>	HRH Princess Laurentien of the Netherlands
<b>Vice Presidents</b>	Lisel Alamilla Baroness Amos Sir David Attenborough OM FRS Professor David Bellamy OBE The Lord Browne of Madingley FR Eng Lindsay Bury Field Marshal Sir John Chapple GCB CBE DL Dame Judi Dench Lord John De Ramsey Dr Lee Durrell Dorette Fleischmann Michael Gollner Rupert Goodman Edward Hoare The Lady Emma Kitchener LVO Rove McManus Blaine T. Phillips Dr Lisbet Rausing Dr Claudio Segré Rt Hon Mark Simmonds Hugh Sloane Jon L Stryker The Rt Hon Baroness Young of Old Scone
<b>Council Officers</b>	Andrew Sykes <i>Chair</i> Professor Nigel Leader-Williams <i>Vice Chair</i> Charles Whitbread <i>Vice Chair</i> Paul Baldwin <i>Treasurer</i>
<b>Ordinary Members of Council</b>	Melanie Brown Stephen Georgiadis David Gibson Dr Charlotte Grezo Andrew Joy Tony Juniper CBE Dr Sandra Knapp Annette Lanjouw Professor E. J. Milner-Gulland Richard Plackett Sir Gareth Rhys Williams Edward van Cutsem Diana van de Kamp Dr Bhaskar Vira John Wotton
<b>Chief Executive Officer</b>	Mark Rose
<b>Company Secretary</b>	Svetlana Ignatieva

## Index

---

### Page No

1 – 23	Board of Trustees' Report <i>(incorporating Strategic Report pages 6 - 19)</i>
24 – 25	Independent Auditors' Report
26	Consolidated Statement of Financial Activities
27	Consolidated Balance Sheet
28	Consolidated Cash Flow Statement
29 – 43	Notes to the Financial Statements

# **Fauna & Flora International**

## **Board of Trustees' Report**

### **For the year ended 31 December 2016**

---

#### **Annual Report of the Council of Trustees for the year ending 31 December 2016**

The Council of Trustees of Fauna & Flora International (FFI) is pleased to present its annual report together with the consolidated financial statements of the Charity for the year ending 31 December 2016.

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

FFI moved into its 113<sup>th</sup> year of operation in 2016. Throughout its history FFI has dedicated itself to the conservation of the world's threatened species and ecosystems. In keeping with the pioneering spirit of our founders, we continue to find innovative and effective solutions to conservation challenges, developing new techniques, forging new partnerships and embracing new technologies.

While much of our organisation's evolution is incremental, every five years we pause to review the nature of the challenges we face and articulate how we might 'adjust the tiller' in order to be more effective. During 2013 we undertook widespread external and internal consultation involving a reassessment of the threats to biodiversity and an examination of where FFI can add most value through our experience, skills and networks.

This reporting year is the third in which we have been implementing the resulting five-year business plan for 2014 - 2018. Below we set out our objectives and the aims of that plan and report on the activities we undertook in 2016 to achieve these. For more information on our work please see: [www.fauna-flora.org](http://www.fauna-flora.org)

#### **Our Vision and Mission**

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

#### **Our Objectives**

FFI is established to achieve the following charitable objectives:

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

#### **Our Philosophy**

FFI respects human rights and cultural values, and puts people at the heart of conservation. We see conservation as a social process and work broadly to engage communities to find practical solutions to conservation problems. We work with and through partner organisations, from local community organisations and NGOs to small and large businesses and government agencies. Conservation impact at scale can only be delivered through collaboration.

# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2016

---

FFI works through market-based mechanisms and with corporate partners to bring about biodiversity gains, while recognising and respecting the intrinsic value of biodiversity outside of any market valuation. We work on advocacy and policy adjustment processes where these are central to successful delivery of field programmes at local level. FFI seeks to ensure that learning from field programmes is fed into policy making.

#### Our Methods

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

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

#### Our Values

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

#### Key Differentiating Factors

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

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

# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2016

---

#### Our Aims

In our current 2014 – 2018 strategic plan we have defined four organisational aims for the period to end 2018:

1. **To deliver effective conservation of threatened habitats and species.** Many conservation groups endeavour to secure habitat and species. Our focus is biodiversity; our differentiator is 'lasting local partnerships.' It is a distinctive feature of FFI that we do not impose an agenda; we align behind those with a local mandate and help them respond to threats and opportunities. New elements during 2016 include an expanded commitment to the coastal-marine realm - while focusing on our traditional strengths of establishing local governance and sustainable livelihoods for marine protected areas; we also seek to develop new alliances to inform policy.
2. **To shape decisions within society to benefit biodiversity.** FFI is not a campaigning group but we do not shy away from addressing the root causes of biodiversity loss, however they occur and whoever is responsible. We have built credibility within the corporate sector, for example, that increasingly enables us to challenge decisions at an earlier stage, and reduce their biodiversity impact as well as business risks. New elements during 2016 include an increased commitment to biodiversity within agricultural landscapes. This is where some of the critical conflicts will occur as the demands on land for food production, biofuels, population increase, development aspiration and climate-induced migration are building potent threats to biodiversity. Looking forward, we will also increase our input to spatial assessment and planning in support of decision-making for focal landscapes.
3. **To empower organisations and individuals to lead innovative conservation action.** As the world changes, so requirements for conservation leaders change too. As well as conservation leadership at many levels within the public sector, we recognize the potential impact of conservation skills embedded across the private sector too. New elements during 2016 include a focus on the application of new technologies to conservation challenges. As access to information has increased globally, we recognize that our partnership network and field activities allow us to harness this for conservation. We can both generate and embed conservation knowledge, and we intend to be more proactive in that sphere going forward.
4. **To invest in FFI effectiveness.** We recognise the need to invest time and resources in our systems, staff and funding processes to ensure that FFI continues to grow healthily and maintain effectiveness of conservation delivery. New elements during 2016 include the need to strengthen global management information systems, including financial systems that better recognise FFI's global funding and delivery base. Work continues on these, and other related, important areas.

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

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

# Fauna & Flora International

## Board of Trustees' Report

For the year ended 31 December 2016

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

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

# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2016

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

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



# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2016

---

#### Strategic Report for 2016

##### Our Activities in 2016

FFI continues to operate 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; Mining & Energy; Conservation Finance & Enterprise; and Agricultural Landscapes), which form our Conservation Partnerships division.

These teams work together to increase our impact on behalf of biodiversity in emerging economies. FFI continues to put more resources into developing countries where we have an established presence and where threats to natural resources are increasing, thus maximising our impact and cost-effectiveness.

Across our projects in 2016 we worked collaboratively with local governmental and non-governmental organisations to protect habitats and species on the ground and to empower others (typically local women and men, organisations or students) to engage in conservation. We maintained our focus on the interactions of climate change with biodiversity, working to demonstrate the opportunities to protect carbon stored within forest systems, and hence help inform the wider global policy debate. In addition, we have continued to consolidate our programme focusing on marine conservation and have continued to develop new initiatives focusing on technology for conservation and on illegal wildlife trade.

Our regional teams have worked with their local partners in a number of ways in 2016, including:

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

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

- Developing projects that will help mitigate climate change or will promote adaptation to climate change;
- Influencing wider policy debates on climate and ecosystem services, and on the relationships between environment and development;
- Delivering a cross-regional marine programme;
- Engaging with the corporate sector to improve companies' 'biodiversity footprints';
- Delivering a programme of work to end the input of domestic and industrial product-derived solid plastic particles to aquatic environments;

# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2016

---

- Informing and influencing wider economic drivers of biodiversity loss, with a specific focus on biodiversity issues for the finance sector and agricultural businesses;
- Supporting the development of conservationists and conservation organisations through specialised tools and training and through targeted support to the delivery of our conservation projects.

#### Achievements and Performance

In 2016 we continued to implement our internal project monitoring and assessment process. This is now integrated into our reporting processes and data is collated on both the extent of our activities and also the outcomes and impacts of our work. Across our portfolio, projects demonstrate outcomes in relation to the first three of our organisational aims (see below).

However, we continue to take account of the fact that conservation is a long-term process and, whilst we can see results in terms of specific project level change within a single year, our wider success in terms of protecting species and maintaining habitats only becomes apparent over the course of several years or even decades. Thus many of our conservation results come from years of hard work and dedicated effort, and cannot be specifically apportioned to 2016. The following achievements provide a snapshot of our achievements in this last year. These are summarised and selected from 140 reports collected from operations across 47 countries.

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

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

FFI works to secure key areas of habitat under effective conservation management by ensuring that existing protected areas are more effectively managed and by bringing new areas under protection or sustainable management. Our focus is always the biodiversity of the sites that we work in and in a number of our projects we focus specifically on species conservation. We deliver conservation through 'lasting local partnerships', aligning with those with a local mandate and supporting them to respond to threats and opportunities. In 2016:

- We directly contributed to the conservation of over 9.8 million hectares of important habitat and influenced conservation across an additional 22.7 million hectares. These areas are subject to change year-to-year as individual projects change their area of focus, we exit from specific areas or because new project sites come on line.
- We supported 160 protected areas (including 102 national protected areas, 6 private reserves and 38 community areas) and helped to protect 52 sites that are not formally designated.
- On-the-ground protection activities (ranger patrols and enforcement) were supported in at least 70 sites and our projects employed or supported over 1300 rangers or scouts.
- FFI had 22 projects focusing on marine and coastal conservation, working to directly conserve over 1.7 million hectares of important habitats and influencing conservation over a total area of over 2.6 million hectares.
- We recorded direct impacts on habitats as a result of our management support at 100 sites – through evidence of enhanced management or enforcement, reduced threats, or habitat maintenance or recovery.

# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2016

---

- We focused on recovering populations of 83 species or sub-species. In addition our work aided the conservation of over 100 further important species, which were recognised to derive measurable benefits from the broader conservation work of the project or were subject to targeted interventions.
- Our projects grew over 200,000 tree seedlings (including over 24,000 seedlings of endangered trees) and helped over 400,000 turtle hatchlings reach the sea.
- FFI continued to partner with six other international conservation NGOs and the Royal Foundation of the Duke and Duchess of Cambridge and Prince Harry through the United for Wildlife collaboration. This aims to create a global movement for conservation, initially focusing on reducing the impact of the illegal wildlife trade (IWT) on critical wildlife populations.
- 26 FFI projects tackled the issue of IWT as part of their activities.
- We saw the first full year of operation of a significant new initiative in support of species conservation globally – The FFI Species Fund.

Examples of our work to deliver effective conservation of threatened habitats and species include:

- *In Mozambique, before Chuilexi Conservancy was established in 2012, its three concessions were experiencing widespread biodiversity decline - elephant poaching, snaring, illegal logging etc. In less than four years the conservancy has worked to decline this trend. Elephants remain the litmus test for the conservation performance of Chuilexi Conservancy; between January and October 2016 Chuilexi recorded 7 poached elephants in comparison to 13 over the same period in 2015.*
- *In Myanmar, 2016 saw the gazettment of the country's first Locally Managed Marine Areas. The work, which commenced in 2014, has required countless meetings and trips to the several villages to consult with the community groups and government departments. The final gazettment of these areas was certainly a highlight of the year and a culmination of several years of hard work.*
- *The world population of Antiguan racers numbered just over 1,000 individuals in 2016, compared to only 50 when the project began in 1995. This entire population is in the wild and currently occupies four small islands (Antiguan racers were re-introduced to three of these in 1999, 2002 and 2008, respectively).*
- *In Nicaragua, our work on the protection of nests and production of hatchlings continue to be the most important strategies that can be undertaken to recover marine turtle populations in the eastern Pacific. Community led protection strategies and incentive schemes have secured a turnaround from 100% of hawksbill and leather back nests being poached to an average of more than 95% of nests protected.*
- *FFI's marine conservation programme has directly supported 34 initiatives, through which we have engaged with a network of over 88 partners in 18 countries. Key outcomes have included; strengthened management at 38 marine sites in 18 countries, the establishment of new Marine Protected Areas catalysed in 10 countries, changes in government approaches to marine management in 10 countries, corporate behaviour impacting on the marine environment influenced in the fisheries, plastics and oil and gas sectors and enhanced capacity of 35 community-based organisations.*

# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2016

---

Our mission statement tasks us to “take account of human needs” within our conservation work, where this is relevant. In 2016, 97% of relevant field projects took account of human needs, including developing new or alternative livelihoods to offset the costs of conservation, reducing impacts of wildlife on crops, promoting other development priorities or engaging and empowering local people directly in conservation management. In 2016:

- We consulted, engaged and/or supported over 390 communities in relation to our projects.
- We helped to establish or support some 117 local committees or Community Based Organisations to aid local environmental governance.
- Over 30 of our projects directly contributed to the development of sustainable livelihood projects; these benefited over 4,600 people directly and a further 274,000 indirectly. Sustainable livelihood activities generated income of over \$600,000 within target communities, and in addition over \$44,000 of micro-credit loans were made available through our projects.
- We provided focused training within local communities - helping at least 1600 individuals to adapt or improve local livelihoods, or to develop new income generation skills.

Examples of this approach include:

- *In Ometepe Biosphere Reserve in Nicaragua our work is supporting farmers to change from conventional monocultures to a diversified, organic agricultural model (including planting fruit and native forest trees), with corresponding increases in income of up to 40%. The achievements gained so far in terms of reforestation, agricultural diversification and adoption of organic practices on the initial demonstration farms are already widely visible. The degree of diversification away from plantain monoculture is impressive, as is the diversity of insects seen around the farms (particularly obvious are butterflies, dragonflies, bees, wasps and spiders). Farmers report that they are now able to harvest something pretty much all year round rather than the single plantain harvest. Farmers are also increasing their resilience as, when one crop fails or performs poorly, food and income from other crops is available.*
- *In Cape Verde, our 2016 livelihood focus was on developing a homestay project, with 40 women provided with month-long training. 25 have now hosted paying guests, most of whom have been nature-related tourists, volunteers or staff. This has resulted in increased income for these households.*
- *In Indonesia we have worked to facilitate community-based forest management approaches that successfully protect threatened high-conservation value tropical forest from deforestation and degradation. To date, the project has facilitated forest protection and sustainable forest management in twenty-four villages by supporting them to secure forest tenure in the form of village and customary forest licenses. Collectively, these villages and customary forests cover 55,538.70ha in Merangin, Solok Selatan and Sarolangun districts, about 15,000ha in West Kalimantan and 7.939ha in Aceh Province. In addition, the project has directly supported the establishment of three Forest Management Units (FMUs), which are responsible for overseeing a forest estate of 341,255ha. The project helped write management and business plans for all three FMUs.*

# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2016

---

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

During 2016 FFI has worked to shape decisions within society through a number of mechanisms: embedding biodiversity into private sector decision making, enabling governments to take decisions to protect biodiversity, and encouraging individuals and communities to take decisions to maintain biodiversity. In 2016:

- 54 projects reported engagement with the private sector in a range of forms from receiving funding or sponsorship, to engaging with local business initiatives, to trying to influence corporate decision making.
- Our work with the private sector has resulted in 14 national or multi-national businesses showing increased recognition of the need to consider biodiversity in their operations, and/or developing new procedures to manage risks associated with biodiversity and ecosystem services; a further 28 companies have specifically made public commitments with regard to the use of microplastics in their products.
- We also work to affect broader governmental policies; this year 42 projects engaged with policy makers in various ways and 28 national or provincial government policies, legislation or decisions were affected by this work.
- We work with over 320 primary partners on projects, of which 78 are government agencies.
- Awareness raising activities within our projects reached over 400,000 people in the countries where we work (including over 3900 school children and students).

Examples of our work to shape decisions within society to benefit biodiversity during 2016 include:

- *We supported the Royal Government of Cambodia to establish the country's first large-scale multiple use Marine Protected Area, this designation in 2016 brought 405km<sup>2</sup> of sea under more active and effective protection. This has generated both local and national awareness about the marine environment and the threats that it faces, something which was poorly understood prior to FFI's work.*
- *In the Tanintharyi Region of Myanmar we are working across a huge and diverse landscape with multiple threats and challenges. Overall the 'conservation status' is improved since we began working here, and it seems that our efforts have contributed to many of these positive changes. There is now more emphasis on expansion of community managed forests and fisheries, several large oil palm concessions have been cancelled recently and others are being investigated, and a national logging ban remains in force. Also, the country is moving towards the adoption of important global standards such as Man and Biosphere Reserves and Forest Law Enforcement, Governance and Trade, to which FFI is contributing, and there is now more effort to empower local resource management (e.g., through community forestry, community fisheries, LMMAs). The public is also becoming more interested in saving globally important species and habitats for future generations, and we believe our outreach and engagement, and overall collaborative approach, have contributed to these changes.*
- *In the UK, the announcement of the UK microbeads ban, especially the ongoing negotiations around its scope and detail, is an enormous testament to the investment of time, resource and learning that has been put into FFI's marine plastics programme. The fact that a key policy document, authored by a prominent group of cross-party Ministers specifically recommends the use of FFI's microbead guidance in delivering that ban demonstrates the respected and powerful position we have developed in the marine litter NGO community.*

# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2016

---

- *In Romania, having established a collaborative relationship with the National Company of Road Infrastructure Management, the team have effectively intervened to ensure that green infrastructure being implemented to mitigate for the construction of the Lugoj-Deva motorway, maintains the connectivity of the landscape for large carnivores. Our technical recommendations to ensure that mitigation measures are functional have been accepted.*

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

A distinctive feature of FFI is that we work in direct collaboration with local partners. The improved capacity we have helped these local organisations to develop is part of the reason for many of our conservation successes. We also work to develop the capacity of individuals, especially those who show promise as conservation leaders of the future. In 2016:

- We worked directly with over 320 partners, predominantly local institutions and collaborated with an additional 326 local, national or international organisations.
- We provided direct capacity development support to at least 270 organisations (including organisational development, training and mentoring, provision of resources and technical support).
- Through our involvement in the Cambridge Masters in Conservation Leadership we supported the development of 22 students from 20 different countries who graduated this course in 2016.
- In Cambodia, the University Capacity Building project continues to deliver its two year Master's programme, with 9 students completing their final theses in 2016.
- The Conservation Leadership Programme provided direct support to early career conservationists through opportunities including internships (12), training (33) individuals and learning exchanges (2).

Examples of our work during 2016 to empower organisations and individuals to lead innovative conservation action include:

- *One of our partner organisations, Fundação Maio Biodiversidade was invited by a donor to submit a proposal for a 3 year project with a budget of over €200,000. FFI was told by the donor that this was due, in part, to FFI's role in the significant development and achievements of the organisation. This grant will include a component focusing on organisational development, and FFI was invited to remain involved and coordinate efforts, given the positive results.*
- *In Cambodia our University Capacity Building project has employed the first local project manager since its inception in 2005. Saveng Ith is a graduate from the first cohort of the project's MSc program, has since worked for the Centre of Biological Conservation in Cambodia, received his PhD from a Songkla University in Thailand and has now returned to lead our University Capacity Building project.*
- *An external review of FFI's work undertaken in 2016 was highly positive about our approaches to supporting partner organisations reporting the following, "Necessarily, young organisations are often those that can most benefit from support, and have the most challenging transitions to make from being driven by charismatic individual founders to a more balanced, resilient, sustainable human resource base. Helping manage this transition seems to be one of FFI's core niches. Support to organisational development (governance, structure, etc.) has consistently been highlighted by community-based project partners as the biggest contribution FFI has made. This kind of tailored, adaptable support is unusual and unlikely to have been provided by many other partners/donors. As a large NGO, FFI could easily find it challenging to provide support to small organisations without appearing threatening, encouraging*

# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2016

---

*dependency, or being overly controlling or bureaucratic. Instead, FFI's organisational culture appears very well suited to humble collaboration through support to smaller partners."*

- *In Anguilla there is clear evidence of increased capacity and confidence. The Anguilla National Trust has applied for funding to eradicate rats from another Important Bird Area and although they have requested FFI's technical assistance to plan and direct the eradication, the Anguilla National Trust staff and volunteers intend to carry out all of the ground work themselves.*

#### **Aim 4: To invest in FFI effectiveness**

FFI recognises the need for continued investment in our own systems, staff and processes to ensure continued effective and impactful conservation. In 2016:

- The new global finance system went live across the organisation. Consisting of an accounting module coupled with a web-based portal for project managers and non-finance users, the system has resulted in more accessible and systematic analysis of funds and projects in order to better support management information needs, grant reporting compliance and more robust financial controls. The new system is designed to align with FFI's Project Cycle, which is the process of conceiving, planning and approving projects and it also provides for assigning and monitoring project risks throughout their lifetime. In conjunction with the implementation of the new system, work continued on the development and refinement of a suite of financial and operational policies and procedures.
- The model of Finance Business Partnership that was embedded in the organisation in the latter part of 2015 has continued to improve during 2016. Each of the four Finance Business Partners (FBPs) is dedicated to one of FFI's regional programmes and divisions. FBPs provide support to project managers as well as local finance staff in FFI's regional offices. During 2016, a key area of focus for the FBPs has been the training of the wider finance team in the new finance system, both remotely from Cambridge and by visiting some of our country offices.
- FFI successfully applied for funding to redesign our website and to implement a new donor management database. Both projects have gone through the tender process and implementation is underway in 2017. The selected supplier of the donor management database also provides our finance and project management system, so we expect to benefit from synergies between the databases, as well as a degree of integration to avoid duplication of entry across the different systems.
- December 2016 marked the first anniversary of FFI's new headquarters in The David Attenborough Building, where the Cambridge Conservation Initiative, a strategic collaboration between the University of Cambridge and nine biodiversity conservation organisations, has created a campus housing the largest global grouping of conservation academics and practitioners. FFI's effectiveness continues to be enhanced through the shared facilities and collaborative opportunities that this new home provides.
- FFI staff learning needs were assessed and appropriate training was designed to meet these needs including through both internal and external opportunities. In total 54 training events (14 external, 40 internal) took place for 173 staff, 95 of these were UK based (96% of all UK staff) and 78 were regionally based (29% of all regional staff - an increase from 21% of regional staff reached in 2015 and 7% in 2014). Additionally, 51 people-managers received training in managing people effectively.

# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2016

---

#### Financial Review

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

2016 represented a continuation of our Business Plan which was embarked on in 2014, with continued investment being made to streamline and create efficiency in our operations in parallel with pragmatic assessment and rationalisation of the sources of our restricted funding and a focus on improving the financial sustainability of the organisation into the future.

Income generation overall of £15.8m shows a decrease of 24% compared with 2015. This is largely due to the receipt of significant grants and donations for multi-year projects during 2015. Unrestricted income from individuals (including membership income) was up in the year by 5% to £1.8 million. Unrestricted income from Trusts and Foundations increased to £155k; however this was offset by a decline in unrestricted income from corporates, due to a large corporate donation made in 2015.

Restricted income from Trusts & Foundations has again increased in 2016, by 3% to £9.3m, thanks to multi-year support from new and existing donors. Individual gift restricted income decreased to £197k; however the 2015 result included a significant multi-annual funding for our Halcyon Land and Sea programme from a long-standing donor.

After an increase in 2015, our government and multi-lateral funding decreased this year by 20%. Despite this decrease, government and multi-lateral funding in 2016 represented 18% of our overall funding portfolio (17% in 2015), 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 also require matched funding.

Endowment income, generated through an invested portfolio designed to produce an income stream to support gorilla conservation work and shown as restricted investment income, remained stable at circa £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.

The following table summarises our key sources of restricted, unrestricted and permanent endowment income for 2016. As always, we are grateful for this continued support from our donors.

Income Source	Restricted	Unrestricted	Endowment	Total	
	£	£	£	£	%
Government & Multilateral	2,877,498	-	-	<b>2,877,498</b>	<b>18%</b>
Trusts & Foundations	9,259,111	155,251	-	<b>9,414,362</b>	<b>60%</b>
Corporate	1,403,693	20,689	-	<b>1,424,382</b>	<b>9%</b>
Individuals	197,041	1,612,153	-	<b>1,809,194</b>	<b>12%</b>
Membership	-	216,954	-	<b>216,954</b>	<b>1%</b>
Investment	23,047	17,253	278	<b>40,578</b>	<b>0%</b>
<b>Total</b>	<b>13,760,390</b>	<b>2,022,300</b>	<b>278</b>	<b>15,782,968</b>	<b>100%</b>



# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2016

---

Charitable expenditure across our conservation portfolio has remained consistently high as a proportion of total expenditure (94%) in 2016. With more than 140 active projects in over 47 countries at year end, we continue to manage a diverse programme of activity, which presents its own challenges, but is also evidence of our far-reaching impact in delivering tangible biodiversity conservation. Large projects continue, such as the NORAD-supported work for Liberia forests, and we have seen a renewal of support from Franklinia Foundation for our work on the Global Trees programme. 2016 saw the first full year of operation of FFI's Species Fund, allowing us to achieve longer-term impact on critical species and also address emergency challenges to species survival.

Included in Charitable expenditure is an unrealised foreign exchange rate gain on monetary assets of £745k (2015: loss of £105k). This relates to the revaluation of our non GBP bank and cash account balances, predominantly the USD and Euro bank accounts held in the UK, into GBP at the year end exchange rate. FFI receives a significant part of its income in USD and Euro and due to world events in 2016; the pound sterling has experienced unusual fluctuations against these two currencies.

Overall unrestricted expenditure has decreased compared to the prior year. This is a reflection of the commitment of the organisation to evidence best value for money through purchasing decisions, whilst recognising the need to invest in effectiveness and capacity to manage our operations. Improved and timelier financial reporting from our new systems facilitates deeper analysis of fund transactions, thereby ensuring that expenditure is properly charged to available fund budgets wherever possible.

#### Overall Position

The net movement in total funds for the period is an increase of £469k (2015: £4.0m), comprising of an increase in restricted funds of £430k (2015: £4.0m), and increase of endowment funds of £18k (2015: deficit of £13k) and an increase in unrestricted funds of £21k (2015: £2k). All restricted funds held relate to current, active projects and are anticipated to be utilised over the course of the next 1 to 4 years.

#### Reserves Policy

The total reserves of the organisation at the end of 2016 are £10.7m (2015: £10.3m). After taking into account restricted reserves of £9.4m (2015: £9.0m) and endowment funds of £618k (2015: £600k), the unrestricted reserves are £671k (2015: £650k). This represents 2.7 months (2015: 2.6 months<sup>1</sup>) of committed, recurring expenditure when measured using 2016 core expenditure levels as outlined in Note 6a.

Free reserves (unrestricted reserves less unrestricted tangible fixed assets of £190k (2015: £188k)) are £481k (2015: £462k).

The Trustees remain committed to building up a base of unrestricted reserves that will help insulate the organisation from some of the volatility in funding that is inevitable in an organisation with such a high ratio of restricted to unrestricted funds. The lack of unrestricted reserves to date has made the transition in and out of new projects more difficult and also limits our ability to invest in the internal capacity of the organisation. The organisation aims to build its unrestricted reserves and maintain a level of reserves appropriate to the identified operating needs, taking into account financial impact of risk, working capital requirements, future income sources and organisational plans and commitments. FFI's policy is to hold 6-18 months of budgeted, recurring,

---

<sup>1</sup> In 2015 this was reported as 3.6 months of expenditure. This comparative has been restated in line with amendments made to FFI's reserves policy in 2016.

# **Fauna & Flora International**

## **Board of Trustees' Report**

### **For the year ended 31 December 2016**

---

core expenditure, with the target unrestricted reserve level of 12 months, whilst also taking into account the total expenditure (restricted and unrestricted) of the organisation.

The Trustees recognise that the current unrestricted reserves are below the target level outlined above. The organisation aims to build reserves through specifically targeted fundraising, including the Capital Campaign launched in 2015. In addition, the Trustees have agreed to allocate 25% of all unrestricted legacy income directly to unrestricted reserves.

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

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

Endowment funds must be spent in accordance with funder stipulations, and are held separately within FFI's reserves because the capital amounts must be preserved. Further details on FFI's endowments are given in note 13 of the financial statements.

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

The investment policy of the organisation is designed to protect, as far as possible, the value of the assets held in the permanent endowment funds and not to speculate in individual investments with the modest funds currently held for general purposes. Accordingly, the endowment funds are invested in UK government bonds and a range of UK investment trusts in order to achieve portfolio diversification. FFI's investment managers provide FFI with regular reports of the performance of its investments against appropriate benchmarks. It has been agreed that any investments to be held for general purposes will follow a similar investment policy, with asset protection and capital growth being the primary requirements above income yield. FFI expects to review its investment policy in the coming year, to ensure that it adequately reflects the requirements of the organisation.

#### **Change of Auditors**

During 2016, FFI's annual statutory audit provision was put out to tender, with a specific focus on firms able to perform audits compliant with the requirements for foreign recipients of US government funding. Two firms were selected to meet with a selection panel from the Audit Committee, which subsequently recommended to Council that Crowe Clark Whitehill (Crowe) be appointed FFI's new auditors. Crowe are a leading firm in the sector and have a demonstrated commitment to and understanding of the operational environment of international charities. We expect that Crowe will work closely with FFI to assist and advise as we continue to improve our internal controls, policies and procedures and reduce risk to the organisation.

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

There are no significant post balance sheet events to report.

# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2016

---

#### Plans for Future Periods

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

- **Maintain a healthy revenue portfolio.** Our aim is that FFI continues on a steady and well-managed growth trajectory. The portfolio balance for revenue from FFI hubs will continue to reflect where they find greatest resonance, but FFI will manage across these hubs to achieve an overall portfolio balance that supports its financial health.
- **Increase proportion of unrestricted funding.** FFI's cutting edge is our innovativeness on the ground and our responsiveness to threats to biodiversity in the sites where we work. Heavily restricted funding reduces our ability to implement adaptive and responsive practices. Our aim is to raise more unrestricted funds and reduce the restrictions on our funding sources, while maintaining full accountability and compliance with their terms of giving.
- **Develop greater resilience through geographical distribution of income streams.** We are working across FFI globally to achieve this, with our new sister organisation in the USA (refer to note 16) and our sister organisation in Australia, aiming to develop stronger growth in the US, continue the establishment of new funding streams from Asia, and driving stronger financial returns from the UK and across Europe.

#### Principal Risks and Uncertainties

##### Risk Management

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

The Trustees have a risk management strategy which comprises:

- An annual review of the risks the Charity might face, complemented by regular reviews by the Executive Committee and the Audit Committee.
- The establishment of systems and procedures to mitigate those risks identified from 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 is currently under development to enable a more comprehensive and regular risk assessment across portfolios of projects. Three types of risk will be assessed: financial, delivery (operational) and conservation impact.

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

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

# Fauna & Flora International

## Board of Trustees' Report

### For the year ended 31 December 2016

---

- Health, Safety & Security – the work of FFI staff inevitably comes with health, safety & security risks, especially in some of the remote and challenging areas in which we work, ranging from the risk of serious car accidents to being trapped in politically-motivated insurrection. Through our Risk Assessment & Management Procedures we aim to prevent and mitigate these risks to the maximum extent possible, and also ensure that our insurance policies, and the information which informs them, are appropriate. Our Health, Safety & Security framework and reports are regularly reviewed by the Executive Committee to ensure appropriate controls and contingency plans are in place.
- Significant on-going projects in key strategic areas supported by short-term funding – this risk is one that needs careful management, and has been assisted historically by significant individual funding from key philanthropists who see the long-term need in critical areas. Establishing effective transitions for these programmes, and ensuring better alignment of income and expenditure is a key management responsibility. Maintaining a balanced revenue portfolio with a greater proportion of unrestricted funds and building unrestricted reserves are also key to mitigating this risk.
- Regulatory compliance – we ensure the legality of our global operations by complying with statutory policies in all of the countries where we operate, maintaining current registrations with appropriate authorities and seeking guidance on local legislation from trusted local advisors where necessary.
- Compliance with donor terms and conditions – we mitigate the risk of non-compliance by evaluating the terms and conditions of all donor funding before entering into legal and grant agreements to ensure we can meet the requirements. We have developed a programme of Good Grant Management and provide training to our project staff. In 2016 we have implemented a new project management system that allows us to evaluate new projects and track technical and financial reporting milestones. We aim to only take on grant funding that provides a sufficient contribution to administrative overhead which is necessary to effectively support the donor reporting and compliance obligations.
- Internal controls – we are developing a comprehensive set of organisational policies and procedures and maintaining a schedule of delegated authorities to define accountability in decision making and monitor the application of these across the organisation. Our new accounting and project management system is designed to automate and align our business processes and financial controls and we are working on embedding the new systems to support efficient compliance and monitoring.
- Challenges to raise matched funding on large-scale EU grants – these require significant elements of matched funds, typically 25% of the project total, to be raised either via other donors or from own funds. Strategies have been put in place to track these throughout the life of the project and mechanisms established to adjust commitments, if necessary.
- Financial viability of in-country partners – this is an inherent risk, particularly where funding from FFI represents a significant element of their funding portfolio and the organisation has little access or exposure to international fundraising markets. We have increased our due diligence activities, and use partner monitoring health checks, as well as investing in local capacity building, to support this.
- Reputational risks – FFI's excellent reputation is dependent on continuing to demonstrate significant conservation added value, which requires all internal decision-making systems from programme design to monitoring and evaluation to be functioning well. We seek to mitigate the risk by increasing our investment in sound governance and control processes, focussing on building financial reserves, and strengthening our global monitoring, evaluation and learning systems to ensure that FFI conservation impacts are tracked and learning fed back into effective tackling of threats.

# **Fauna & Flora International**

## **Board of Trustees' Report**

**For the year ended 31 December 2016**

---

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

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

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

Council has adopted formal procedures for the recruitment, selection and induction of new trustees and has constituted a Nominations Committee to support Council in the implementation of these procedures, as well as for the consideration of other honorary appointments. The Nominations Committee has clearly defined Terms of Reference (ToR) which include reviewing the structure, size, effectiveness and composition (including the skills, knowledge, experience and diversity) of Council and making recommendations to the trustees with regard to any changes.

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

Council is responsible for establishing the strategy, policy and control framework of the organisation, which is achieved via twice yearly full-day meetings and via formal delegations to its sub-committees, the officers of Council and to the Senior Management Team (SMT) of the organisation. To this end Council have established four sub-committees, all the acts and proceedings of which are fully and promptly reported to the full Council.

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

Council has constituted an Audit Committee, responsible for engaging with the external audit provision, participating in the planning of the nature and scope of the audit and receiving and reviewing the annual report and accounts along with the associated Audit Findings Report. The Audit Committee's ToR also includes the review of internal control and risk management systems and receiving reports on such from the management of the organisation.

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

# **Fauna & Flora International**

## **Board of Trustees' Report**

**For the year ended 31 December 2016**

---

### **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.

### **Key Assumptions and Estimates**

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.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

### **Remuneration Policy**

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

### **Grant-making Policies**

Grant making to third parties does not play a significant role in FFI's operations, however we disbursed some £2.51 million to implementing partners in 2016 (2015: £2.94m). All our grant funds are disbursed with clear criteria and application processes, and use formal review and clearly defined decision making. They also incorporate strong policies on reporting and financial oversight for grants and sub-grant agreements.

FFI staff also reviewed over 860 grant applications for external grants funds using criteria developed and agreed with the donors and, through this, influenced the allocation of an additional £3.22 million of conservation grant funds.

# **Fauna & Flora International**

## **Board of Trustees' Report**

**For the year ended 31 December 2016**

---

### **Public Benefit**

The Strategic Report on pages 6 – 19 demonstrates the scope of the activities undertaken by FFI in 2016 in furtherance of its charitable purposes for the public benefit.

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

In exercising their powers and duties in furtherance of the Charity's Objects, the Board of Trustees have complied with their duty, under Section 17 of the Charities Act 2011, to show due regard for the Charity Commission's general guidance on public benefit. In addition, whilst setting the organisation's annual objectives and planning its activities, both in the short and the longer term, the Trustees have also demonstrated due regard for the Commission's specific guidance relating to the conservation of the environment for the public benefit.

### **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 2016.

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

# Fauna & Flora International

## Board of Trustees' Report

For the year ended 31 December 2016

---

### Reference and Administrative Details

#### Status

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

#### Registered Office

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

#### Board of Trustees

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

The Trustees who served during the year were as follows:

Andrew Sykes	<b>Chair</b>
Professor Nigel Leader-Williams	<b>Vice Chair</b>
Charles Whitbread	<b>Vice Chair</b>
Philip Prettejohn	<b>Treasurer</b> ( <i>resigned 28<sup>th</sup> February 2017</i> )

Paul Baldwin (*appointed 13<sup>th</sup> September 2016*)  
Melanie Brown  
Stephen Georgiadis  
Professor Brendan Godley (*retired 13<sup>th</sup> September 2016*)  
David Gibson (*appointed 24<sup>th</sup> October 2016*)  
Dr Charlotte Grezo  
Andrew Joy  
Tony Juniper CBE  
Dr Sandra Knapp

Annette Lanjouw (*appointed 13<sup>th</sup> September 2016*)  
Professor E. J. Milner-Gulland  
Richard Plackett (*appointed 13<sup>th</sup> September 2016*)  
Sir Gareth Rhys Williams  
Edward van Cutsem  
Diana van de Kamp  
Dr Bhaskar Vira  
John Wotton

#### Senior Management Team

Mark Rose  
Rosalind Aveling  
Svetlana Ignatieva  
Joanna Elliott  
Tony Whitten

Chief Executive Officer  
Deputy Chief Executive  
Chief Operating Officer & Company Secretary  
Senior Director, Conservation Partnerships  
Regional Director, Asia-Pacific



# **Fauna & Flora International**

## **Board of Trustees' Report**

**For the year ended 31 December 2016**

---

### **Principal Professional Advisers:**

#### **Auditors**

Crowe Clark Whitehill, 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

### **Related Party Statement**

FFI operates through a network of branches that form part of the charity and has related organisations in the United States of America, Australia, Singapore, South Africa, Romania and Mozambique. Further information on related parties can be found in Notes 9 and 16 to the Financial Statements.

# Fauna & Flora International

## Board of Trustees' Report

For the year ended 31 December 2016

---

### 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

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

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

### Disclosure of information to auditors

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

- There is no relevant audit information of which the company's auditors are unaware; and
- The Trustees have taken the necessary steps that they ought to have taken as trustees to make themselves aware of any relevant audit information and to establish that you are aware of that information

**The Trustees' Annual Report and the Strategic Report contained therein were approved and authorised for issue by the Board of Trustees on 6<sup>th</sup> July 2017 and signed on its behalf by**



**Andrew Sykes**  
Chairman

# **Fauna & Flora International**

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

### **For the year ended 31 December 2016**

---

We have audited the financial statements of Fauna & Flora International for the year ended 31 December 2016 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 19.

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)

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 the charitable company's trustees as a body in accordance with section 154 of the Charities Act 2011. 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.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 regulations made under those Acts.

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

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;

## Fauna & Flora International

### Independent Auditors' Report to the Members & Trustees of Fauna & Flora International For the year ended 31 December 2016

---

- 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.

#### Opinion on other matter 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' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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

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

*N. Hashemi*

**Naziar Hashemi**

Senior Statutory Auditor

For and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

**London**

**Date:**

*14/7/17*

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# Fauna & Flora International - Company Number 2677068

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

For the year ended 31 December 2016

	Note	Unrestricted	Restricted	Endowment Funds	2016 Total	2015 Total
		£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and legacies	3a	1,360,721	467,153	0	1,827,874	4,511,552
Charitable activities		373,203	13,531,504	0	13,904,707	16,167,967
Investments		17,253	23,047	278	40,579	44,397
Other trading activities		7,198	2,611	0	9,809	5,166
<b>Total</b>	3b	<b>1,758,375</b>	<b>14,024,315</b>	<b>278</b>	<b>15,782,969</b>	<b>20,729,083</b>
<b>Expenditure on:</b>						
Raising funds		884,070	0	0	884,070	979,745
Charitable activities		950,149	13,853,533	66	14,803,748	15,699,261
<b>Total</b>	6a, 6b	<b>1,834,219</b>	<b>13,853,533</b>	<b>66</b>	<b>15,687,818</b>	<b>16,679,006</b>
Net gains/(losses) on investments		0	0	18,017	18,017	(13,134)
<b>Net income/(expenditure)</b>		<b>(75,844)</b>	<b>170,782</b>	<b>18,229</b>	<b>113,167</b>	<b>4,036,944</b>
Transfers between funds		(25,000)	25,000	0	0	0
<b>Net income/(expenditure) before gains and losses</b>		<b>(100,844)</b>	<b>195,782</b>	<b>18,229</b>	<b>113,167</b>	<b>4,036,944</b>
<b>Other recognised gains /(losses)</b>						
Other gains/(losses)	4b	121,671	234,272	0	355,944	56,447
<b>Net movement in funds</b>		<b>20,828</b>	<b>430,054</b>	<b>18,229</b>	<b>469,111</b>	<b>4,093,391</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		650,024	9,034,666	599,633	10,284,323	6,190,932
<b>Total funds carried forward</b>	12,13,14	<b>670,852</b>	<b>9,464,720</b>	<b>617,862</b>	<b>10,753,434</b>	<b>10,284,323</b>

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

In 2015, unrestricted donation and legacies income was £1,693,827 (the remainder was restricted). In 2015, unrestricted charitable activities income was £575,224 (the remainder was restricted). In 2015, unrestricted investments income was £21,573 and endowment investment income was £22,458 (the remainder was restricted). In 2015, unrestricted income from other trading activities was £3,727 (the remainder was restricted).

In 2015, unrestricted charitable activities expenditure was £1,215,317 and endowment charitable activities expenditure was £5,730 (the remainder was restricted). In 2015, all expenditure on raising funds was unrestricted. In 2015, unrestricted other gains/losses were (£138,741) and endowment other gains/losses were (£13,134) (the remainder was restricted). In 2015, unrestricted transfers were £24,147 and endowment transfers were (£16,728), with the remainder restricted.

# Fauna & Flora International - Company Number 2677068

## Consolidated Balance Sheet

For the year ended 31 December 2016

	Note	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
<b>Fixed Assets</b>					
Tangible assets	7a	994,570	1,046,014	148,572	200,016
Intangible assets	7b	162,452	143,529	162,452	143,529
Investments	8	616,536	598,519	616,536	598,519
<b>Total fixed assets</b>		<b>1,773,558</b>	<b>1,788,062</b>	<b>927,560</b>	<b>942,065</b>
<b>Current Assets</b>					
Investments		-	-	-	
Debtors	9	5,692,422	4,189,120	6,224,721	4,432,795
Cash at bank and in hand		7,437,012	7,987,944	6,812,672	7,682,039
<b>Total current assets</b>		<b>13,129,433</b>	<b>12,177,064</b>	<b>13,037,393</b>	<b>12,114,834</b>
<b>Liabilities</b>					
Creditors falling due within one year	10	(4,105,098)	(3,680,804)	(4,091,408)	(3,672,722)
<b>Net Current Assets</b>		<b>9,024,336</b>	<b>8,496,261</b>	<b>8,945,985</b>	<b>8,442,112</b>
Provisions for liabilities	11	(44,460)	-	(44,460)	-
<b>Total net assets</b>		<b>10,753,434</b>	<b>10,284,323</b>	<b>9,829,084</b>	<b>9,384,177</b>
<b>Funds</b>					
<b>Unrestricted Funds</b>					
Unrestricted funds	14	567,595	525,623	626,398	586,812
Designated funds		103,257	124,401	103,257	124,401
		670,852	650,024	729,655	711,213
Restricted funds	12,13, 14,18	9,464,720	9,034,666	8,481,567	8,073,330
Permanent endowment funds	13, 14	617,862	599,633	617,862	599,633
<b>Total Funds</b>		<b>10,753,434</b>	<b>10,284,323</b>	<b>9,829,084</b>	<b>9,384,177</b>

The attached notes form part of these financial statements.

Approved by the Board of Trustees and authorised for issue on 6<sup>th</sup> July 2017 and signed on its behalf by:



Chairman: Andrew Sykes



Treasurer: Paul Baldwin

# Fauna & Flora International

## Consolidated Cash Flow Statement

For the year ended 31 December 2016

Statement of cash flows	Notes	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Cash flows from operating activities	17	(1,276,556)	5,590,833	(1,587,185)	4,699,124
Cash flows from investing activities	17	40,579	44,397	32,772	43,105
Cash flows from financing activities	17	(59,535)	(1,200,401)	(59,535)	(354,402)
		<u>(1,295,512)</u>	<u>4,434,830</u>	<u>(1,613,948)</u>	<u>4,387,826</u>
Change in cash and cash equivalents in the reporting period		(1,295,512)	4,434,830	(1,613,948)	4,387,826
Cash and cash equivalents at the beginning of the reporting period		7,987,944	3,657,775	7,682,039	3,398,874
Change in cash and cash equivalents due to exchange rate movements		744,580	(104,661)	744,580	(104,661)
Cash and cash equivalents at the end of the reporting period		<u>7,437,012</u>	<u>7,987,944</u>	<u>6,812,672</u>	<u>7,682,039</u>
<b>Analysis of cash and cash equivalents</b>		<b>As at 01.01.16</b>	<b>Cash Movement</b>	<b>As at 31.12.16</b>	
Cash at bank and in hand		7,987,944	(550,932)	7,437,012	

The attached notes form part of these financial statements.

# Fauna & Flora International

## Notes to the Financial Statements

### For the year ended 31 December 2016

---

#### 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, Fauna & Flora International Australia, Fauna & Flora International (Singapore), Fauna & Flora International (South Africa) and Fauna & Flora International S.R.L. The charitable company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own SOFA. The Charity's own individual total net movement in funds for the year was £444,907 (2015: £3,443,578).

##### 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 13 of the financial statements. Investment income, gains and losses are allocated to the appropriate fund.



# Fauna & Flora International

## Notes to the Financial Statements

### For the year ended 31 December 2016

---

#### 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 employees; 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 18. These are then allocated to the relevant projects as they are completed.

# Fauna & Flora International

## Notes to the Financial Statements

### For the year ended 31 December 2016

---

#### 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	(buildings only, land not depreciated)
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.

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2016

---

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, 2017, 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.

r) **Restatement of comparatives**

The 2015 comparative Statement of Financial Activities figures have been restated to include the foreign exchange gain/loss on the revaluation of monetary assets, arising from operating internationally in Charitable activities, previously shown under other gains/losses.

## 2 Company Status

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

### 3a Donations & Legacies – Consolidated

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Individuals	1,389,262	3,988,493
Charitable Foundations	126,967	81,939
Corporate Donations	55,468	97,904
Legacies	256,176	343,216
	<u><b>1,827,874</b></u>	<u><b>4,511,552</b></u>

# Fauna & Flora International

## Notes to the Financial Statements

### For the year ended 31 December 2016

<b>3b</b>	<b>Income</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
		<b>Restricted</b>	<b>Unrestricted</b>	<b>Endowment</b>	<b>Total</b>	<b>Total</b>
	Income Source					
	Government & Multilateral	2,877,499	-	-	2,877,499	3,592,191
	Trusts & Foundations	9,259,111	155,251	-	9,414,362	9,026,766
	Corporate	1,403,693	20,689	-	1,424,382	3,488,904
	Individuals	1,97,041	1,612,153	-	1,803,194	4,318,136
	Membership	-	216,954	-	216,954	258,689
	Investment	23,047	17,253	278	40,578	44,397
	<b>Total</b>	<b>13,760,391</b>	<b>2,022,300</b>	<b>278</b>	<b>15,782,969</b>	<b>20,729,083</b>

<b>4a</b>	<b>Expenditure</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Expenditure includes:		
	Auditors' remuneration – audit	40,416	35,662
	Auditors' remuneration – other assurance (grant audits)	5,820	13,519
	Auditors' remuneration – other	-	8,631
	Depreciation	92,057	39,885
	Operating leases: land and buildings	214,267	271,158

<b>4b</b>	<b>Other gains/losses</b>	<b>2016</b>	<b>2015</b>
	Other gains/losses includes:		
	Realised foreign exchange gains/(losses)	248,656	103,977
	Unrealised foreign exchange gains/(losses)	107,287	(12,916)
	Gains/(losses) on disposal of tangible fixed assets	-	(34,614)
		<b>355,944</b>	<b>56,447</b>

## 5 Employee information

<b>5a</b>	<b>Staff Costs</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Wages and salaries	5,954,382	5,804,556
	Social security costs	552,750	539,031
	Pension costs	312,312	302,762
		<b>6,819,444</b>	<b>6,646,350</b>

Redundancy payments of £27k were made during the year in Indonesia. In addition, £113k was paid in termination payments, also in Indonesia.

<b>5b</b>	<b>The average number of persons, analysed by function:</b>	<b>2016</b>	<b>2015</b>
	Project management	307	325
	Fundraising	11	11
	Administration and communications	23	22
		<b>341</b>	<b>358</b>

# Fauna & Flora International

## Notes to the Financial Statements

### For the year ended 31 December 2016

5c Employees whose emoluments for the year were £60,000 or more are shown in the following bands:	2016	2015
£60,001-£70,000	3	1
£70,001-£80,000	1	2
£80,001-£90,000	1	2
£90,001-£100,000	1	1
£100,001-£110,000	1	1
£130,001-£140,000	1	1

The pension contributions to pension schemes for higher paid staff were £50,454 (2015: £50,466).

The total value of salary and benefits received by key management personnel in 2016 was £525,995 (2015: £554,680).

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 (2015: £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	2016	2015
	£	£	£	£	£
<b>Conservation Programme Area</b>					
Halcyon	72,201	6,812	-	79,013	73,236
Africa	762,285	1,956,340	41,910	2,760,535	2,564,523
Asia Pacific	2,133,720	3,067,660	124,854	5,326,234	5,020,312
Americas & Caribbean	463,725	716,392	25,282	1,205,398	1,221,907
Australia	-	256,275	11,715	267,990	97,088
Eurasia	571,071	652,960	30,620	1,254,651	1,769,548
Conservation Partnerships	1,675,696	855,661	49,352	2,580,709	2,648,614
Foreign Exchange (gain)/loss	-	(744,515)	-	(744,515)	104,661
<b>Programmatic expenditure</b>	<b>5,678,697</b>	<b>6,767,586</b>	<b>283,733</b>	<b>12,730,015</b>	<b>13,703,686</b>
Fundraising costs	488,686	-	395,384	884,070	979,745
Support costs	1,017,477	-	1,056,255	2,073,733	1,995,575
<b>Core costs</b>	<b>1,506,163</b>	<b>-</b>	<b>1,451,639</b>	<b>2,957,803</b>	<b>2,975,320</b>
<b>Total costs</b>	<b>7,184,860</b>	<b>6,767,586</b>	<b>1,735,372</b>	<b>15,687,818</b>	<b>16,679,006</b>

The foreign exchange (gain)/loss is the revaluation of monetary assets arising from the organisation operating internationally. The 2015 comparative figures have been restated to reclassify the foreign exchange loss from other gains and losses.

# Fauna & Flora International

## Notes to the Financial Statements

For the year ended 31 December 2016

### 6b Analysis of Support Costs

	Programme activities	Fundraising costs	Support costs	Total 2016	Total 2015
	£	£	£	£	£
Office rent & services	34,054	-	438,110	472,164	462,085
Equipment acquisition & maintenance	13,603	-	2,963	16,567	(19,171)
Grants	15,994	8,000	-	23,994	14,377
Conferences and meetings	939	29,917	26,965	57,822	61,050
Printing & publications	564	198,955	31,965	231,483	343,551
Bank charges & interest	10,714	10,318	10,975	32,008	26,247
Depreciation	1,193	-	17,348	18,541	28,918
IT, telephony & office supplies	40,767	49,052	96,251	186,069	150,831
Travel & subsistence	81,575	21,543	95,963	199,081	238,887
Audit, legal & professional fees	77,535	45,766	289,841	413,142	474,315
Other costs	6,795	31,833	45,873	84,501	74,452
<b>Total support costs</b>	<b>283,734</b>	<b>395,384</b>	<b>1,056,255</b>	<b>1,735,372</b>	<b>1,855,542</b>

### 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 2016	0	59,126	845,998	170,481	1,075,606
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
At 31 December 2016	0	59,126	845,998	170,482	1,075,606
Depreciation					
At 1 January 2016	0	14,646	0	14,945	29,591
Charge for year	0	17,348	0	34,096	51,444
On disposals	0	0	0	0	0
At 31 December 2016	0	31,994	0	49,041	81,036
Net book value:					
At 31 December 2016	0	27,132	845,998	121,440	994,570
At 31 December 2015	0	44,480	845,998	155,536	1,046,014

# Fauna & Flora International

## Notes to the Financial Statements

### For the year ended 31 December 2016

---

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

	Software £	Total £
Cost:		
At 1 January 2016	143,529	143,529
Additions	59,535	59,535
Disposals	0	0
At 31 December 2016	<u>203,064</u>	<u>203,064</u>
Depreciation		
At 1 January 2016	0	0
Charge for year	40,613	40,613
On disposals	0	0
At 31 December 2016	<u>40,612</u>	<u>40,612</u>
Net book value:		
At 31 December 2016	<u>162,452</u>	<u>162,452</u>
At 31 December 2015	<u>143,529</u>	<u>143,529</u>

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

	2016	2015
Market valuation as at 1 January 2016	598,519	611,653
Unrealised net gains/(losses) during the year	18,017	(13,134)
Market value as at 31 December 2016	<u>616,536</u>	<u>598,519</u>
Unrealised (gains)/losses on revaluation	18,017	(13,134)
Historical cost as at 31 December 2016	<u>385,797</u>	<u>385,797</u>
Investments are represented by:		
Fixed interest securities	169,299	154,825
Equity shares	447,239	443,694
Total investments held in the UK	<u>616,538</u>	<u>598,519</u>

# Fauna & Flora International

## Notes to the Financial Statements

### For the year ended 31 December 2016

9 Debtors	Group 2016	Group 2015	Charity 2016	Charity 2015
Trade debtors	4,725,988	3,363,341	4,730,498	3,357,542
Amounts due from subsidiaries	0	-	529,299	250,831
Amounts recoverable on projects	0	112,846	0	112,846
Prepayments and accrued income	966,435	712,933	964,923	711,576
	<u>5,692,422</u>	<u>4,189,120</u>	<u>6,224,721</u>	<u>4,432,795</u>

All the above amounts fall due within one year

10 Creditors	Group 2016	Group 2015	Charity 2016	Charity 2015
Trade creditors	413,556	356,227	413,559	355,483
Tax and social security	202,945	174,525	198,230	171,121
Accruals and deferred income	3,393,535	3,114,210	3,385,619	3,107,537
Other creditors	95,061	780,975	94,000	780,580
	<u>4,105,098</u>	<u>3,680,978</u>	<u>4,091,408</u>	<u>3,672,722</u>

Accruals and deferred income includes the following:

	Group 2016	Group 2015	Charity 2016	Charity 2015
Deferred income at 1st January	2,146,396	2,799,073	2,146,396	2,799,073
Income deferred in year	2,652,225	2,146,396	2,652,225	2,146,396
Amounts released from previous	(2,146,396)	(2,799,073)	(2,146,396)	(2,799,073)
Deferred Income at 31st December	<u>2,652,225</u>	<u>2,146,396</u>	<u>2,652,225</u>	<u>2,146,396</u>

11 Provisions	At 01/012016	Provisions Created/released	Provisions utilised	At 31/12/2016
Project expenditure repayable	-	44,460	-	44,460
	<u>-</u>	<u>44,460</u>	<u>-</u>	<u>44,460</u>

Project expenditure repayable represents estimated funds due to donors where FFI has not been able to spend funds in accordance with donor conditions.



# Fauna & Flora International

## Notes to the Financial Statements

### For the year ended 31 December 2016

#### 12 Restricted Funds

	Balance brought forward £	Net surplus (deficit) for year £	Balance carried forward £
Conservation projects	<u>9,034,666</u>	<u>430,054</u>	<u>9,464,720</u>

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

#### 13 Permanent Endowment

	Balance brought forward	Net surplus for year	Investment gains/ (losses)	Balance carried forward
Rothiemurchus Bequest Fund	28,885	212	726	29,823
M.G.P Funds	570,749	0	17,291	588,039
	<u>599,633</u>	<u>212</u>	<u>18,017</u>	<u>617,862</u>

The Rothiemurchus bequest stipulates that the Charity should:

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

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

#### 14 Analysis of Net Assets between Funds

	General Unrestricted	Designated Funds	Restricted Funds	Endowment Funds	Total
Tangible Fixed Assets	189,583	-	967,439	-	1,157,022
Investments	-	-	-	616,536	616,536
Net current assets	378,012	103,257	8,497,282	1,327	8,979,876
	<u>567,595</u>	<u>103,257</u>	<u>9,464,720</u>	<u>617,862</u>	<u>10,753,434</u>

# Fauna & Flora International

## Notes to the Financial Statements

### For the year ended 31 December 2016

---

#### 15a Operating Lease Commitments

	2016	2015
Commitments are as follows:		
Land and buildings:		
Not later than one year	168,569	146,247
Later than one year and not later than five years	477,176	473,775
Later than five years	473,400	591,750
	<u>1,119,145</u>	<u>1,211,772</u>
Other operating leases:		
Not later than one year	62,719	74,645
Later than one year and not later than five years	243,441	243,617
Later than five years	241,728	302,160
	<u>547,888</u>	<u>620,422</u>

#### 15b Finance Lease Commitments

	2016	2015
Commitments are as follows:		
IT equipment:		
Not later than one year	14,340	14,340
Later than one year and not later than five years	7,170	21,510
Later than five years	-	-
	<u>21,510</u>	<u>35,849</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 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. FFI has established a new entity, Fauna & Flora International USA Inc (FFI USA Inc), which was incorporated in Delaware in September 2016 with EIN # 81-23967095. There have been no financial transactions in FFI USA Inc during 2016.

Fauna & Flora International Australia, (FFI Australia) was established in 2008 and is a public company limited by guarantee, registered in Victoria under the Corporations Act 2001, and recognised as a Charitable Institution (ABN 75 132 715 783, ACN 132715783). FFI Australia operates a Public Fund with deductible gift recipient (DGR) status which appears on the Australian Government's Register of Environmental Organisations. FFI Australia has a separate Board of Directors, one of whom is a member of FFI's Senior Management Team. FFI has the power in the Constitution to exercise control over the undertaking and therefore the results of FFI Australia have been consolidated.

# Fauna & Flora International

## Notes to the Financial Statements

### For the year ended 31 December 2016

---

Fauna & Flora International (Singapore) was established as a public company limited by guarantee in November 2011, UEN 201133836K. It also became a registered Singapore charity in November 2012. Three directors of FFI Singapore are also members of FFI's Senior Management Team, allowing FFI to exercise control of the entity therefore the results of FFI Singapore have been consolidated. During 2016, FFI moved the Asia Pacific hub to the UK from Singapore and it is expected that this now dormant company will be wound up in 2017.

Fauna & Flora International (South Africa) NPC was established as a non-profit company and Public Benefit Organisation with tax-exempt status in May 2014, Registration Number 2014/099386/08. FFI South Africa has a separate Board of Directors, but FFI has the power to appoint these directors and one director is also a member of FFI's Senior Management Team. This entity has FFI as its sole member and therefore the financial results of FFI South Africa are consolidated.

Fauna & Flora International S.R.L. (FFI Romania) was established as a limited liability company (LLC) in Romania in August 2014. An application to register as an international NGO with the Romanian Ministry of Justice was also made in 2014 and the LLC will be dissolved once this has been achieved. FFI Romania has a separate Board of Directors, but FFI has the power to appoint these directors. FFI is the sole member of the Romanian LLC and therefore the financial results of FFI Romania are consolidated.

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. Two members of the FFI Senior Management Team are also directors of Luambeze. 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. Two members of the FFI Senior Management Team are also directors of Chuilexi. 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) and the International Gorilla Conservation Programme (Rwanda). 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 received reimbursement of expenditure from the International Gorilla Conservation Programme.

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 Marcela Trust, Blue Marine Foundation, the Yorkshire Wildlife Park Foundation, The Rowney Trust and The Wixamtree Trust each have a trustee who is either also a trustee of FFI, a member of FFI's Senior Management Team or a related party of a member of the Senior Management Team. FFI received funding from each of these charities in 2016.

# Fauna & Flora International

## Notes to the Financial Statements

### For the year ended 31 December 2016

---

In order to further its charitable objectives, Fauna & Flora International undertook the following related party transactions:

	<b>2016</b>	<b>2015</b>
<b>Grants received from related parties</b>		
- Wild Earth Allies (previously FFI Inc)	2,503,892	1,436,727
- Arcus Foundation	272,367	111,030
- The Marcela Trust	435,081	0
<b>Grants made to related parties</b>		
- Ol Pejeta Conservancy	23,690	83,470
- Chuilexi Conservação e Investimentos Limitada	417,415	253,630
- Luambeze Investimentos Limitada	302,537	238,002
- Northern Rangelands Trust	113,720	113,334
- International Gorilla Conservation Programme (IGCP)	15,098	20,675
<b>Donations received from</b>		
- Trustees & related parties	195,834	123,550
<b>Amounts owing from subsidiary undertakings</b>		
- Fauna & Flora International Australia	157,852	18,574
- Fauna & Flora International Singapore	286,347	232,257
- Fauna & Flora International South Africa	85,100	0

Fauna & Flora International paid £153k to CCI Services Ltd during 2016 (2015: £22k) in relation to the management of The David Attenborough Building, where FFI's Cambridge office is located.

# Fauna & Flora International

## Notes to the Financial Statements

### For the year ended 31 December 2016

#### 17 Cash Flow Information

	Group 2016	Group 2015	Charity 2016	Charity 2015
a) Reconciliations of changes in resources to net inflow from operating activities				
Net income/(expenditure)	113,167	4,036,944	34,013	3,379,561
Depreciation charge	92,057	39,885	92,057	39,885
(Gain)/loss on disposal of fixed assets	0	34,611	0	34,611
Investment income (shown separately in (b) below)	(40,579)	(44,397)	(32,772)	(43,105)
(Increase)/decrease in debtors	(1,503,302)	1,953,720	(1,791,926)	1,701,405
Increase/(decrease) in creditors	468,754	(604,171)	463,146	(595,046)
Change in investment valuation	(18,017)	13,134	(18,017)	13,134
Unrealised currency revaluation gain/(loss) on non-monetary assets	355,944	56,447	410,894	64,017
Unrealised currency revaluation (gain)/loss on monetary assets	(744,580)	104,661	(744,580)	104,661
Net cash inflow/(outflow) from operating activities	(1,276,556)	5,590,833	(1,587,185)	4,699,124
b) Gross cash flows				
<i>Returns on investment and servicing of finance:</i>				
Investment income received	40,579	44,397	32,772	43,105
<i>Capital expenditure and financial investment:</i>				
Payment to acquire tangible fixed assets	(59,535)	(1,200,401)	(59,535)	(354,402)
	(59,535)	(1,200,401)	(59,535)	(354,402)

# Fauna & Flora International

## Notes to the Financial Statements

### For the year ended 31 December 2016

#### 18 Statement of Restricted Reserves

Programme	B/Fwd £	Income £	Expenditure £	Transfers & Other gains and losses £	C/Fwd £
Agricultural Landscapes	65,573	34,472	(89,271)	2,096	12,869
Conservation Capacity & Leadership	259,382	402,098	(571,562)	176,054	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)	(99,513)	(23,760)
Conservation Science & Design	1,336,209	3,347,687	(1,163,371)	(1,195,015)	2,325,510
Africa	616,374	1,713,838	(2,746,740)	961,122	544,594
Americas & Caribbean	248,127	965,092	(1,139,883)	421,967	495,303
Australia	0	432,251	(285,336)	0	146,914
Eurasia	1,879,206	877,894	(1,373,949)	378,000	1,761,151
Asia Pacific	2,147,696	3,894,981	(5,531,172)	321,454	832,959
Other (incl. Foreign Exchange) Revaluation	(152,053)	0	744,580	141,117	733,644
	<b>9,034,666</b>	<b>14,024,315</b>	<b>(13,853,533)</b>	<b>259,272</b>	<b>9,464,720</b>

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

Included in the above are amounts for grants received from the following organisations: Fondation Segré £713,103.

#### 19 Summary income and expenditure account for Fauna & Flora International the year ending 31 December 2016

	All income funds 2016 £	All income funds 2015 £
Income	15,742,390	20,706,625
Gains/(losses) on investments	0	0
Interest and investment income	40,301	21,939
<b>Gross income in the reporting period</b>	<b>15,782,691</b>	<b>20,728,564</b>
Expenditure	15,239,752	16,582,154
Interest payable	0	-
Depreciation and charges for impairment of fixed assets	92,057	39,885
<b>Total expenditure in the reporting period</b>	<b>15,331,809</b>	<b>16,622,039</b>
Net income (expenditure) before tax for the reporting period	450,882	4,106,525
Tax payable	0	-
<b>Net income (expenditure) for the financial year</b>	<b>450,882</b>	<b>4,106,525</b>

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 endowment funds.

