

**FALKLANDS CONSERVATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Company Number: 03661322 (England and Wales)

Registered Charity Number: 1073859

FALKLANDS CONSERVATION

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FALKLANDS CONSERVATION

Report of The Trustees

The Trustees have pleasure in presenting their Annual Report together with the audited financial statements for the year ended 30 June 2018.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

In shaping our objectives and planning our activities, the Trustees have considered the Charity Commission's guidance on public benefit.

The company's objects and principal activities are to:

- Conserve the wildlife and environment of the Falkland Islands and its surrounding seas.
- Educate the public in the principles and practice of nature conservation.
- Undertake scientific research in the wildlife and environment of the Falkland Islands and to publish the results of such research.

The work we do reflects our mission to work in partnership with the local and international Falkland Islands community to conserve nature. This was achieved during the year through the work described below.

ACHIEVEMENTS AND PERFORMANCE

IMPROVING FC EFFECTIVENESS

Staff

We continued investing in our staff by providing individual and group training. The role of Community Engagement Manager was split into two new roles which will expand our capacity for communications and outreach.

Members

We have a worldwide network of over 500 members through which we are able to promote our work, and this year continued to expand our generous group of corporate supporters.

Premises

Our main conservation operations are managed from our head office at Jubilee Villas in Stanley. Our two Jubilee Villas on the waterfront, acquired in 2007-08, provide the base from which to run our activities, with a secondary office for the UK Director based at The Royal Society for the Protection of Birds at Sandy, Bedfordshire. We are working towards our vision of a purpose-built headquarters in Stanley with a dedicated space for Watch Group activities, and our application for outline planning permission at the site known as 'West of 10 Acres' was approved.

Fundraising

We continued to ensure we have sustainable income streams in place. We hosted 150 guests at our annual Charity Ball again this year, which is one of the high points of Stanley's social calendar – as well as being our main fundraising event on the Islands. We continued to maintain relationships with wildlife parks in the UK who kindly promote our charity and display collection boxes for Falklands wildlife.

Supplementing of our fundraising efforts and marketing of our image in the Falkland Islands continued through our small gift shop at Jubilee Villas, and through outsourcing of our products to local Falklands retailers. Approximately 70,000 cruise ship passengers visit the Islands each season, the vast majority of them for the wildlife, so this is a substantial market. Our efforts to project our image internationally also continued.

FALKLANDS CONSERVATION

Report of The Trustees

ACHIEVEMENTS AND PERFORMANCE - continued

EDUCATION AND OUTREACH

Our Small Grants Scheme supported local conservation efforts of a native plants garden at Goose Green School and to fence eroded land at Port Edgar farm. We had a display at the Falkland Islands Farmers' Week Expo, held a talk to inform people of our sei whale work, and took landowners out on research activities. We arranged volunteer weekends for the planting of native tussac grass on eroded ground, and encouraged local people to join the sei whale survey on West Falklands. Numerous public talks, community events, print and radio appearances were held throughout the year. Our members received two issues of our high quality magazine, *Wildlife Conservation in the Falkland Islands*, as well as two copies of our newsletter. We continued to keep our social media up-to-date with the news and results of our latest work and improvements to the website are in hand.

Watch Group

Our efforts to build appreciation and understanding of wildlife and conservation continued through the work of the Watch Group (the junior branch of our charity), which had a record number of 60 members this year. With the generous support of the Standard Chartered Bank, we were able to maintain a programme of activities throughout the year. Their activities were recorded in the quarterly Rocky's News newsletter. We have plans to incorporate an education centre for the Watch Group into our new building.

PROMOTING CONSERVATION AMBITION AND CONSERVATION ACTION

We continued to provide environmental advice to a wide range of organisations both in the Falklands and abroad. We maintained close working relationships with the Falkland Islands Government on such matters as invasives control, biosecurity legislation and hydrocarbon policy. Outside of the Islands, we remained members of the Forum for the Conservation of the Patagonian Sea. The UK Director attended the Joint Ministerial Council Reception in London, and ensured we had a high profile at the UK's well-attended annual British Birdwatching Fair.

- ***Strengthening biosecurity and invasive policy and practice***

We worked closely with FIG in strengthening biosecurity legislation, and with Island LandCare to carry out practical control of invasive plants through thistle eradication visits to Saunders Island.

- ***Ensuring best practice is used for onshore and offshore development***

Developing Hydrocarbon Policy Frameworks

With funding from the RSPB, we have been working with industry and government to ensure best practice for hydrocarbon developments in the Falkland Islands.

Oiled Seabird Rehabilitation Facility

The charity successfully cared for and released a number of king penguins during the year. Local volunteers were trained in how to help take care of the penguins, and visits for families were hosted which were very popular. This year's focus on raising funds for a new roof for the facility was successful with significant help from the BirdLife Penguin Campaign, RSPB, and FIG's Environmental Studies Budget.

- ***Driving forward habitat restoration and land management***

This year saw a large increase in the amount of native tussac planting to enhance local habitats, including a visit by volunteers to Bleaker Island, large efforts at Sea Lion Island, and new farm-led planting efforts through the Small Grants Scheme. These were in addition to our support for long-term initiatives at Elephant Beach and Cape Dolphin farms. Additional funding was provided by the RSPB to support restoration through private nature areas (see below). We also met with SpringCreek Conservation whose interest in supporting Falklands restoration was stimulated by learning about our work across the islands, including the Native Seed Hub and the tussac plantations at Cape Dolphin Farm. Thanks must go to all farms across the Falklands, for making this collaborative work possible.

FALKLANDS CONSERVATION

Report of The Trustees

ACHIEVEMENTS AND PERFORMANCE - continued

Habitat Restoration and Outreach

This project funded by the John Ellerman Foundation, now in its second of three years, supports habitat protection and restoration work including youth education and tussac planting. Importantly, it also supports and show-cases practical restoration work led by landowners, with a focus on biosecurity and restoration using native plants. Outreach included print and social media, public talks, and stalls at agricultural shows, information leaflets, and planting trips and field trips. Research continues to monitor restoration trials set up under the Darwin Initiative project and to begin new trials with seed-based restoration and tiller planting using species other than tussac. We also released a 'Give Nature a Boost – Helping Nature on Your Farm' leaflet to support growing rural interest in wildlife and conservation.

Practical Management of Sea Lion Island Nature Reserve

We continued to undertake practical conservation work on Sea Lion Island Nature Reserve in accordance with our agreement with the Falkland Islands Development Corporation. As part of this programme, and in collaboration with Sea Lion Island Wilderness Lodge we implemented again this year: biosecurity measures in the form of rodent monitoring, habitat restoration trials with novel native plant species and techniques, and annual tussac planting and monitoring trips (over 15 hectares have been replanted with tussac since 2014).

Advanced Terrestrial Site Protection Designations in the Falkland Islands

With funding and support from the RSPB, we continued to develop management plans for National Nature Reserves and other sites and pursue designation for those deemed suitable. This work is in line with the Falkland Islands Biodiversity Framework aims to 'produce site specific management plans for FIG owned protected areas and support the production of site specific management plans for privately owned protected areas'. The project has also enabled us to initiate development of the 'Neil Clark Nature Area' with an associated management plan at Port Howard Farm, West Falkland, which is owned and managed by the farm.

Falkland Conservation's Nature Reserves

With support from the Detroit Zoological Society, visits to our own island reserves in the south east of the archipelago took place to monitor wildlife and threats to these important sites that include globally important areas for biodiversity. New breeding colonies for seabirds were discovered and populations of globally threatened endemic plants were recorded.

- *Enhanced marine management*

Developing a Site-based Conservation Approach for Sei Whales at Berkeley Sound, Falkland Islands

This EU BEST 2.0 project took a site-based approach to further understanding sei whale abundance and distribution in Berkeley Sound, the busiest shipping harbour in the Islands. The fieldwork component was carried out in the Berkeley Sound candidate Key Biodiversity Area (KBA) between January and June 2017, consisting of aerial surveys, boat surveys and shore-based watches. The project finished in September, following successful collection of spatial data to inform KBA status of the location, production of a Cetaceans Code-of-Conduct for marine users, and a photo-identification catalogue which provided new information on this species' use of the Sound to inform marine spatial planning.

Assessment of West Falklands Key Biodiversity Areas for Whales

Continuing from the successful EU BEST 2.0 pilot study in Berkeley Sound (above), and with funding support from the RSPB, whale studies were expanded to candidate KBAs in West Falkland. Six weeks of challenging fieldwork aboard a yacht provided valuable data to be used to assess the KBA status of two further candidate areas and the expansion of our sei photo-identification catalogue. It also facilitated other work on genetics and behaviour (see below) and the successful trialling of drones for data collection. The research provided opportunities to engage local landowners who responded very positively. Analysis of the data continues.

Genetic Sampling of Endangered Sei Whales

With funding from the RSPB, sei whale genetic work was carried out alongside the EU BEST 2.0 project and the West Falklands fieldwork. Biopsy sampling was carried out under a research licence from FIG, with the collection of small tissue samples. Additionally, genetic material was collected from whale bones and stranded animals.. Sample analysis is being carried out in collaboration with the British Antarctic Survey to produce information on sex ratios, genetic distinction from other sei populations, and feeding ecology, which will inform future management.

FALKLANDS CONSERVATION

Report of The Trustees

ACHIEVEMENTS AND PERFORMANCE - continued

Sei Whale Behavioural Studies

With funding from FIG's Environmental Studies Budget (ESB), sei whale behavioural work was carried out alongside the West Falklands sei project (above). Understanding the natural surfacing behaviour of sei whales is an integral component of vessel strike modelling, assessing potential disturbance from human activities, and maximising fieldwork approaches for photo-identification, tagging and biopsy sampling. Combining studies (Berkeley Sound and West Falkland) of Falkland sei whale surfacing behaviour has provided new information which can be used to estimate the numbers of whales around the Islands.

Conserving Falklands' Whale Populations: Addressing Data Deficiencies for Informed Management

With funding from Darwin Plus, a new whale project was initiated in April furthering our work on candidate KBAs for whales. This exciting project is in partnership with several global experts and aims to advance understanding of the little understood sei whale and other baleen species within Falkland Sound and Berkeley Sound candidate KBAs. In addition to expanding our knowledge on the use of these sites, the work uses developing technology to pilot underwater acoustic monitoring and suction cup tagging to explore long-term monitoring approaches and expand our insight into behaviour under the waves. The project will produce information for decision-makers and stakeholders regarding conservation and management of these and other KBAs.

The Falkland Islands Seabird Monitoring Programme

The annual Seabird Monitoring Programme, supported by FIG's Environmental Studies Budget (ESB), continued into its 29th year. This is a survey of southern rockhopper, gentoo and king penguin colonies, together with black-browed albatross, southern giant petrel, imperial shag and Falkland skua. This year saw partial recoveries of breeding pair numbers for the gentoo penguin and black-browed albatross from 2016 counts. Breeding pair numbers for southern rockhopper penguin remained relatively unchanged from 2016 counts, although still represented a loss of 31% of pairs from the 2015 counts. The overall breeding success was of notable concern for gentoo penguin, southern rockhopper penguin and southern giant petrel. The counts were undertaken by a team of two staff, ten volunteers (including two from overseas) and four local landowners, as well as a team of UK RSPB volunteers who helped count seabirds from photographic images.

Black-browed Albatross Census

With funding from FIG's Environmental Studies Budget (ESB), a breeding population survey of black-browed albatrosses at the 12 breeding sites in the Falkland Islands was undertaken in October. The survey was completed in under 6 hours by using a FIGAS Islander aeroplane to take high resolution photographs. Over 3,000 photographs were produced from which 500 were chosen for the study. A counting team of staff and volunteers aim to be able to provide a final population estimate by late 2018. The last island-wide census was conducted in 2010, and as the Falkland Islands hold approximately 70% of the world's breeding population of black-browed albatrosses, assessing the population status will identify the current global population trend.

FINANCIAL REVIEW

Most of the charity's work consists of grant-aided projects with an agreed budget; the funding in each case counting as restricted as it cannot be used for any other purpose. Often, projects run over more than one financial year, but over the duration of a project, expenditure matches grant income. The funding for each project contains a percentage agreed with the donor which contributes to the charity's fixed overheads including building maintenance, office costs and core staff salaries which are otherwise funded from unrestricted funds. The results for the year are detailed in the financial statements that follow. It will be noted that the unrestricted fund showed a small surplus of £5,499 which shows that the charity is operating within its means. However, generating unrestricted income to cover fixed overheads continues to be a challenge in spite of the generous support of the Falkland Islands Government. Fundraising efforts such as the Charity Ball, donations and sales, together with membership and penguin adoption, ensured that essential costs were covered. The Trustees would like to place on record their thanks for the hard work of the management team, members and supporters for all these various fundraising activities.

FALKLANDS CONSERVATION

Report of The Trustees

FINANCIAL REVIEW - continued

Principal Funding Sources

Falklands Conservation has a diverse stream of funding partners that varies year to year based upon project interests. The Falkland Islands Government (FIG) provides us with an annual subvention, and this income contributes to our core organisational costs in the Falkland Islands and a number of ongoing projects. The subvention grant of £180,000 has given us the secure base from which to attract further £370,000 of funding from elsewhere. FIG also contributes the majority of funding for our annual seabird monitoring through its Environmental Studies Budget (ESB). Hence we are particularly grateful to FIG for their continued support.

Major supporters of our project work in the past year were UK's Department for Environment, Food and Rural Affairs, including their Darwin Initiative programmes, the RSPB, Standard Chartered Bank, the John Ellerman Foundation, the Falkland Islands Development Corporation, and the International Union for Conservation of Nature's Biodiversity and Ecosystem Services (BEST) in European overseas territories programme.

Additional supporters of our core activities were Detroit Zoological Society, Birdlife International, Dingle Oceanworld Aquarium, Thrigby Hall Wildlife Gardens, Drusillas Park, Cotswold Wildlife Park and Gardens, and Steve Spring. For substantial donations in kind, we thank Tarmac (a CRH Company) and Stanley Services Ltd.

We would especially like to acknowledge and thank the H.B. Allen Charitable Trust who have been regular and significant supporters of our core activities for many years.

For the Charity Ball held in Sept 2017, we would like to thank our major sponsor, Consolidated Fisheries Ltd, and additional sponsors; the Falkland Islands Development Corporation, South American Atlantic Services, Interserve Defence Ltd, RBC Limited, Lindblad Expeditions and One Ocean Expeditions for their generous contributions. Thanks also go to local tourism providers, artists and donors for contributions to auction prizes and the raffle, and the Seafish Chandlery, The Malvina House Hotel, and many other individuals and volunteers for their support of this successful event.

For substantial donations to the Building for the Future fundraising campaign to date, we would like to thank Standard Chartered Bank, Falkland Islands Government, Premier Oil, Noble Energy, JK Marine, Caribbean Alliance, John Hellowell, Henry Kenner (Arrowgrass), Cotswold Wildlife Park and Gardens, Morrison's Construction, and Frits W Olivier.

Of course, none of our work would be possible without our members, corporate supporters and many penguin adopters, who support our important conservation work with generous donations, thoughtful ideas, advice, and their belief our work. We wish to thank you all.

Investment Policy

The charity's foundation document states that the charity has the power to "invest any money which the Company does not immediately need in any investments, securities or properties." To that end, the charity has investment advisers, Quilter Cheviot Ltd, which manages a portfolio of assets. The charity is in close contact with the investment advisers who produce quarterly reports for the Board.

Reserves Policy

In line with best practice in the charity sector, it is the policy of the Trustees to maintain a reserve of unrestricted, undesignated funds to service cash flow requirements, to safeguard against potential fluctuations in revenue and to enable it to deal with an unexpected emergency or opportunity. This reserve should be sufficient to operate the charity for 6 months at the current rate of activity, about £180k. Last year the reserve fell below the 6 month threshold but it is pleasing to note that the cover has been restored. The unrestricted, undesignated reserve at 30 June 2018 was £194k.

Risk Management

The Board considers the main risks facing the charity annually as well as measures taken to mitigate those risks. Among the main risks identified at present are the following:

- Over-reliance on particular sources of income. Efforts are continually made to diversify sources of income to avoid the difficulties which might arise if a key donor suddenly withheld support.
- Disaster through fire or flood at the main office in the Falkland Islands. Comprehensive insurance policies are in place against such an eventuality. IT systems are backed up and the backup copies held off site. Fire prevention arrangements are taken seriously and simple disaster recovery plans are in place.
- Injury or death of a member of staff or volunteer with the attendant reputational damage. A Health & Safety policy is in place which is reviewed by Trustees at least every 3 years. All members of staff and volunteers are regularly reminded of the need to work safely, particularly when working in remote areas.

Any safety related incidents or personal injuries are carefully investigated and appropriate measures put in place to prevent a re-occurrence.

FALKLANDS CONSERVATION

Report of The Trustees

PLANS FOR THE FUTURE

We will work to promote the understanding of the important role the natural environment has in underpinning our economy and livelihoods. In partnership with the local community, we will expand Falklands Conservation's fundraising, communications, outreach and conservation activities as summarised below.

Ensuring improved FC effectiveness:

- We will continue to focus our efforts on increasing unrestricted funding for the organisation.
- We will expand our communications and marketing activities under the direction of our new Communications & Marketing Officer.

Ensuring the engagement and involvement of the community through outreach, member and volunteer events

- Under the direction of our new Community Outreach Officer we will continue our successful work with the Watch Group and our adult volunteer activities.
- The voluntary Herbarium Curator will continue maintaining the Falkland Islands National Herbarium.

Delivering conservation action and promoting conservation ambition:

Our Conservation Manager will continue managing our conservation team and leading our conservation activities. Our Conservation Officer will continue delivering our seabird focussed field-based work, and our Habitats Officer will continue with habitat restoration.

We will focus around the following themes:

- Advocating for environmental ambition and best practice with FIG and key stakeholders on practices that impact on the natural environment.
- Building engagement and understanding of our members and the local community on key issues affecting the natural environment.

The conservation priority areas are listed below:

Strengthening biosecurity and invasives policies, procedures and management:

- We will work closely with government in strengthening biosecurity legislation and practice and encouraging a coordinated approach to invasive management.
- We will support landowners who take action to eradicate non-native species on their own land.

Ensuring leading practice for onshore and offshore developments:

- We will provide independent, science-based scrutiny of large-scale development proposals, with a special focus on the oil and gas sector and look to ensure best practice for all developments.
- We will respond to oiled seabird emergencies.

Terrestrial habitat restoration and land management:

- We will work with FIG and landowners to explore land improvement incentive mechanisms that focus on biodiversity and sustainable management and build local recognition and enthusiasm for native species and habitats.
- We will continue our conservation management work with landowners and on FC-owned islands and work with landowners to share learning on habitat restoration.

Enhancing marine management:

- We will work with FIG towards implementation of Marine Spatial Planning and increase the profile of designated sites in delivering this.
- To better understand movements of endangered sei whales in relation to shipping, we will be focusing research and management planning on candidate Key Biodiversity Areas (KBAs).
- To monitor key indicators of marine management we will continue our annual Seabird Monitoring Program.

We have an exciting, and challenging year ahead of us, and much we want to achieve – none of which would be possible without your support!

FALKLANDS CONSERVATION

Report of The Trustees

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Falklands Conservation is a charitable company limited by guarantee (Company Number: 03661322), incorporated on 4 November 1998. The company took over the activities and assets of the Falkland Islands Foundation, a charitable trust founded in 1979 by Sir Peter Scott. The company was established under a Memorandum & Articles of Association. These were replaced in Dec 2016 by a new governing document which complies with recent changes in UK law.

Recruitment and Appointment of the Board

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as members of the Board of Trustees. The Board consists of not more than 10 elected members resident in the Falkland Islands and not more than nine elected members in the UK. It is responsible for the strategic direction and policy of the charity. Under the requirements of the Articles of Association one third of the number of places in each group of Trustees must be vacated at each Annual General Meeting. All are eligible for re-election.

Roger Spink continued as our Chairman based in the Falkland Islands this year, while Henry Robinson remained Vice-Chairman based in the UK. At the AGM in Stanley on 30 Nov 2017, the following Trustees were re-elected: Keith Biles (FI), Sally Blake (FI), Paul Brewin (FI), John Croxall (UK), Tym Marsh (UK).

Trustees have between them a variety of skills and experience in various fields including, for example: environmental and scientific expertise, in-depth knowledge of the Falkland Islands, charity finance and contacts with a variety of relevant stakeholders.

The Board's membership is reviewed periodically, with particular attention given to ensuring diversity of experience. All members are invited to nominate candidates for election.

Trustee Induction and Training

All Trustees are well informed of the charity's mission, objectives, strategic priorities and the current conservation activities. An induction pack is provided for new Trustees which includes a role description, our strategic plan (2010-2019), our most recent financial statements and published accounts, and our Articles of Association. Information on governance and the annual work plan is distributed quarterly to Trustees.

FALKLANDS CONSERVATION

Report of The Trustees

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Organisation Structure and Staff

The Board of Trustees meets quarterly by conference telephone link UK-Falkland Islands. The Chief Executive Officer and UK Director are in attendance at Board meetings, but do not vote. Two Sub-Committees report to the main Board of Trustees: a UK Committee and a Falkland Islands Committee. These groups meet quarterly and oversee the daily operations of the charity in their respective countries. All Trustees give their time freely and do not receive any regular remuneration. Details of expenses reimbursed to Trustees as well as occasional remuneration as permitted by the Articles of Association are set out at Note 6.

The key members of the management team are: the Chief Executive, the UK Director, the Conservation Manager and the Office Manager. The pay of the key management and the remaining staff salaries are reviewed and approved annually by the board as part of the budgeting process. Account is taken of a number of factors including salary levels in the local economy, changes to the cost of living and the need to recruit and retain suitable employees.

The members of the full-time staff continued in their posts during the year as follows: Dr Esther Bertram, our Chief Executive Officer; Farrah Peck, Office Manager in the Falklands; Dr Andrew Stanworth, Conservation Manager; Sarah Crofts, Conservation Officer; Dr Katherine Ross, Habitats Officer; David Spivack, UK Director and Elizabeth Milston, Community Engagement Manager. Pamela Quilodran Jelbes was the Administrative Officer until Feb 2018, then Michelle Winnard joined the team as the new Administrative Officer in Mar 2018.

We have also had the following project staff during the year: Dr Caroline Weir continued to work with us as the Sei Whale Project Officer, firstly to complete the EU BEST 2.0 project focused in Berkeley Sound, and then to undertake further complimentary studies in Queen Charlotte and King George Bay on West Falklands. Throughout the year Helen Marsh provided voluntary support as the Herbarium Curator, and Susan Thacker continued to provide voluntary administrative support to the UK office.

With this staff complement, together with the assistance of many dedicated volunteers both locally and overseas, we have had a successful year. We thank them all.

Related Organisations

Falklands Conservation is a full Partner of BirdLife International and endeavours to promote BirdLife policies and positions where they are appropriate to the Islands. We made a significant contribution to the BirdLife Global Marine Programme and work closely with the UK Partner, the RSPB. We also play an active role in the Forum for the Conservation of the Patagonian Sea and Areas of Influence. We are a member of the International Union for the Conservation of Nature. We have strong links with the Royal Botanic Gardens, Kew, and the Millennium Seed Bank. We work closely with the Wildlife Conservation Society in relation to our work on the island of Steeple Jason, and also in liaison with the Hawk Mountain Sanctuary on raptor conservation. We collaborate with the Detroit Zoological Society on species monitoring and conservation action in the Falklands. Other organisations we have been involved with over the year are; the British Antarctic Survey, Royal Zoological Society of Scotland, The South Georgia Heritage Trust, Oxford University, the International Network for Seed-based Restoration, IUCN Peatland Program, One Ocean, Quark, Aiuká, the South Atlantic Environmental Research Institute, Island LandCare, the Elephant Seal Research Group, New Island Conservation Trust, the Falkland Islands Development Corporation, the Rural Business Association, the Department of Agriculture, Shallow Marine Surveys Group, the UK Ministry of Defence, Air Tanker, the NAAFI, Trant Construction, Stanley Nurseries, and Cape Dolphin Farm.

We would like to highlight our corporate supporters: Sea Lion Island (Wild Falklands Ltd), the Pale Maiden B&B, Bleaker Island, International Tours & Travel, JD Robertson, Pebble Island Lodge, Morrison's Falklands Ltd, The Malvina House Hotel, Falkland Island Holidays, Darwin Lodge, Oceanwide Expeditions, and Colonial Equipment. We are very grateful for your collaboration.

We also have a Memorandum of Understanding with the Falkland Islands Government (FIG) whereby we receive an annual subvention in exchange for undertaking agreed environmental activities on behalf of the Islands' wildlife and people.

FALKLANDS CONSERVATION

Report of The Trustees

REFERENCE AND ADMINISTRATIVE DETAILS

PATRON

HRH The Duke of York

VICE PRESIDENTS

Sir David Attenborough
Julian Fitter
Robert Gibbons
Mark Carwardine

Peter Harrison
Rebecca Ingham
Robin Woods

BOARD OF TRUSTEES

Roger Spink (FC Chairman)
Henry Robinson (UK Chair)
Mandy Shepherd (UK Vice Chair)
Paul Brewin (FI Vice Chair)
Tym Marsh (Hon Treasurer)
Keith Biles (FI Hon Treasurer)
Thomas Blake
Ross James
Sally Blake
Tim Carr

Jan Cheek
Colin Clubbe
Prof John Croxall
Sally-Ann Wilson
Steve Massam
Ian Moncrieff
Louise Taylor
Duane Evans – co-opted February 2018
Matthew Bassford – co-opted February 2018

KEY MANAGEMENT

Chief Executive
UK Director
Office Manager
Conservation Manager

Dr Esther Bertram
David Spivack
Farrah Peck
Dr Andrew Stanworth

PRINCIPAL ADDRESSES

United Kingdom:
The Gatehouse
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Falkland Islands:
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Falkland Islands:
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FIQQ 1ZZ

SOLICITORS

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Falkland Islands:
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56 John Street,
Stanley

INVESTMENT ADVISERS

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Manchester, M2 4NG

AUDITOR

Wilkins Kennedy Audit Services
Bridge House, London Bridge,
London, SE1 9QR

ACCOUNTANTS

Bluegrass Accounting
1 Barrack Street
PO Box 725, Stanley

FALKLANDS CONSERVATION

Report of The Trustees

Trustees' responsibilities in relation to the financial statements

The trustees (who are also directors of Falklands Conservation 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, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

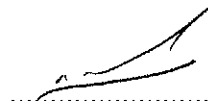
The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report has been prepared in accordance with the Statement of Recommended Practice: 'Accounting and Reporting by Charities' and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to smaller entities.

Signed on behalf of the Trustees:



.....
Roger Spink, FC Chairman
Board of Trustees

Date: 1 December 2018

FALKLANDS CONSERVATION

Independent Auditors' Report To The Members

Opinion

We have audited the financial statements of Falklands Conservation (the 'charitable company') for the year ended 30 June 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2018 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

FALKLANDS CONSERVATION

Independent Auditors' Report To The Members

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Wilkins Kennedy Audit Services

John Howard (Senior Statutory Auditor)
For and on behalf of Wilkins Kennedy Audit Services
Statutory Auditor
Bridge House, London Bridge
London, SE1 9QR

Date *19 December 2018*

FALKLANDS CONSERVATION

Statement of Financial Activities

For The Year Ended 30 June 2018

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	319,649	219,697	539,346	595,933
Other trading activities	3	22,145	-	22,145	27,708
Investments		3,691	-	3,691	4,203
Other income		4,250	-	4,250	-
Total income		<u>349,735</u>	<u>219,697</u>	<u>569,432</u>	<u>627,844</u>
EXPENDITURE ON					
Raising funds		38,441	2,428	40,869	40,134
Charitable activities:					
Conservation and research		185,513	130,322	315,835	285,189
Education and community		134,742	22,856	157,598	143,656
Total expenditure	4	<u>358,696</u>	<u>155,606</u>	<u>514,302</u>	<u>468,979</u>
NET (EXPENDITURE)/INCOME BEFORE NET GAINS					
		(8,961)	64,091	55,130	158,865
NET (LOSSES)/GAINS ON INVESTMENTS	8	<u>(690)</u>	<u>-</u>	<u>(690)</u>	<u>17,304</u>
NET (EXPENDITURE)/INCOME		<u>(9,651)</u>	<u>64,091</u>	<u>54,440</u>	<u>176,169</u>
Transfers between funds	12.3	<u>15,150</u>	<u>(15,150)</u>	<u>-</u>	<u>-</u>
NET MOVEMENT OF FUNDS		<u>5,499</u>	<u>48,941</u>	<u>54,440</u>	<u>176,169</u>
Total funds at 1 July 2017		<u>527,643</u>	<u>314,425</u>	<u>842,068</u>	<u>665,899</u>
Total funds at 30 June 2018	13	<u>£533,143</u>	<u>£363,366</u>	<u>£896,508</u>	<u>£842,068</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes on pages 16 to 27 form part of these financial statements.

FALKLANDS CONSERVATION

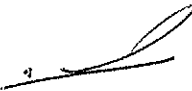
Balance Sheet

As at 30 June 2018

	Notes	2018		2017	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		259,432		256,792
Investments	8		225,190		225,880
			<u>484,622</u>		<u>482,672</u>
CURRENT ASSETS					
Stock	9	31,130		24,943	
Debtors	10	12,186		15,692	
Cash and cash equivalents		393,431		341,572	
		<u>436,747</u>		<u>382,207</u>	
CREDITORS					
Amounts falling due within one year	11	(24,861)		(22,811)	
NET CURRENT ASSETS					
			<u>411,886</u>		<u>359,396</u>
NET ASSETS					
			<u>£896,508</u>		<u>£842,068</u>
FUNDS					
Endowment	12.4		32,408		32,408
Restricted	12.3		363,366		314,425
Unrestricted funds:					
Designated	12.2		307,024		374,384
General	12.1		193,710		120,851
			<u>£896,508</u>		<u>£842,068</u>
TOTAL FUNDS					

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Trustees and Directors of the Association on 1 December 2018 and were signed on its behalf by:



.....
 Roger Spink
 Board of Trustees

The notes on pages 16 to 27 form part of these financial statements.

FALKLANDS CONSERVATION

Cash Flow Statement

As at 30 June 2018

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	16	48,168	128,267
Cash flows from investing activities:			
Dividends and interest from investments		3,691	4,203
Net cash provided by investing activities		3,691	4,203
Change in cash and cash equivalents in the reporting period		51,859	132,470
Cash and cash equivalents at the beginning of the reporting period		£341,572	£209,102
Cash and cash equivalents at the end of the reporting period		£393,431	£341,572

The notes on pages 16 to 27 form part of these financial statements.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2018

1. ACCOUNTING POLICIES

1.1 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006; and the requirements of the Statement of Recognised Practice, Accounting and Reporting by Charities (effective 1 January 2015).

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and the recognition of certain financial assets and liabilities at fair value.

The financial statements are presented in sterling (£) which is also the functional currency for the charity.

The charity transitioned from previously extant UK GAAP to FRS 102 as at 1 July 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in the notes.

1.2 Going concern

After reviewing the charity's forecasts and projections and taking into account the economic conditions and possible changes in trading performance, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Judgements and key sources of estimation uncertainty

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets. See note 7 for the carrying amount of the land and buildings, plant and equipment and motor vehicles, and note 1.10 for the useful economic lives for each class of assets.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

1.4 Legal status

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

1.5 Public Benefit

The charitable company meets the definition of a public benefit entity under FRS 102.

1.6 Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Designated funds are unrestricted funds of the charity which the trustees have decided, at their discretion, to set aside to use for a specific purpose. Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2018

1.7 Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Income from donations including grants, subscriptions and gifts is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant. Grants include amounts received from the Falkland Islands Government for core funding and other specific projects, together with grants from other bodies in response to applications or appeals.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity in circumstances in which it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Investment income is earned through holding assets for investment purposes such as shares. It includes dividends and interest. It is included when the amount can be measured reliably.

1.7 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds include those costs incurred in attracting voluntary income.
- Expenditure on charitable activities includes those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs allocated directly to such activities and those costs of an indirect nature necessary to support them.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose

1.8 Allocation of support and governance costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs and administrative costs. They are incurred directly in support of expenditure on the objects of the charity.

Support and Governance costs have been allocated across the charitable activities using various percentage allocations.

1.9 Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Plant and Equipment	– 25% Straight line
Motor Vehicles	– 25% Straight line

It is the policy of the trustees to maintain freehold property, which is held for charitable use, in such condition that the useful economic life is considered to be in excess of fifty years from the balance sheet date. In the opinion of the trustees this policy results in the estimated residual value of the property being not less than its carrying value in the accounts. Consequently any depreciation charged on the buildings element of the property is deemed to be immaterial and no depreciation is charged on the property. The property is carried in the accounts at original cost to the charity.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2018

1.10 **Investments**

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with movements recognised in 'net gains/(losses) on investments' in the SOFA, if the shares are publicly traded or their value can otherwise be measured reliably. Investments in unquoted equity instruments whose fair values cannot be measured reliably are measured at cost less impairment.

1.11 **Stocks**

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.12 **Debtors**

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid. Accrued income is measured at the amount due to be received.

1.13 **Cash and cash equivalents**

Cash at bank and cash 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.

1.14 **Creditors**

Creditors are recognised when there is 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.

Other creditors and accruals are recognised at their settlement amount due.

1.15 **Employee benefits**

When employees have rendered service to the charity, short-term employee benefit to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

1.16 **Financial instruments**

The charity only has assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.17 **Foreign currency**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. All exchange differences are reflected in the Statement of Financial Activities.

1.18 **Taxation**

The charitable company is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2018

2. DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	2018 £	2017 £
Grants, donations and gifts (note 2.1)	298,997	218,608	517,605	576,523
Legacies	2,020	-	2,020	-
Subscriptions	18,632	1,089	19,721	19,410
	<u>£319,649</u>	<u>£219,697</u>	<u>£539,346</u>	<u>£595,933</u>

In 2017, £300,508 of the income received from grants, donations and legacies was attributable to the restricted fund, and the remaining £295,425 was attributable to the unrestricted fund.

2.1 GRANTS, DONATIONS AND GIFTS

The following grants, donations and gifts in excess of £5,000 have been received in the year (note 12):

	£
a) Falkland Islands Government	
Core grant	180,000
Seabird Monitoring	38,704
Black-browed Albatross Census	15,306
Sei Whale Behavioural Study	<u>6,109</u>
b) The Darwin Initiative (UK Department for Environmental Affairs)	
Sei Whale Falkland & Berkeley Sound (Darwin Plus)	<u>17,481</u>
c) The Royal Society for the Protection of Birds (RSPB)	
Sei Whale Study West Falklands	44,000
Site Management	<u>13,570</u>
d) John Ellerman Foundation	
Habitat Restoration	<u>42,000</u>
e) International Union for Conservation of Nature's Biodiversity and Ecosystem Services in European overseas Territories program (BEST 2.0)	
Sei Whale Study Berkeley Sound	<u>5,845</u>
f) Other donations/gifts	
Core support	<u>43,663</u>

3. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted £	Restricted £	2018 £	2017 £
Sale of goods and publications	22,145	-	22,145	27,708
	<u>£22,145</u>	<u>£ -</u>	<u>£22,145</u>	<u>£27,708</u>

In 2017, £27,708 of the income received from trading activities was attributable to the unrestricted fund.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2018

4. ANALYSIS OF RESOURCES EXPENDED

	Staff costs £ (note 6)	Direct costs £	Support costs £ (note 4.1)	Total £	2017 £
Cost of generating funds:					
Costs of generating voluntary income	-	5,465	6,226	11,691	14,190
Cost of fundraising trading	14,125	-	15,052	29,178	25,944
Charitable activities:					
Conservation and research	158,380	1,153	156,303	315,835	285,189
Education and community	105,586	-	52,012	157,598	143,656
Total resources expended	£278,091	£6,618	£229,593	£514,302	£468,979

All costs are allocated between the expenditure categories noted above on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis, for example, time spent, per capita or floor area. The method of apportionment has remained the same between 2017 and 2018.

In 2017, £264,538 of the resources expended was attributable to staff costs, £14,062 to direct costs and the remaining £190,379 was attributable to support costs. Of the total £468,979; £150,941 was attributable to the restricted fund and the remaining £318,038 was attributable to the unrestricted fund.

4.1 SUPPORT COSTS

	Unrestricted £	Restricted £	2018 TOTAL £	Unrestricted £	Restricted £	2017 TOTAL £
Subscriptions	1,318	595	1,913	1,688	858	2,546
Printing, Photography & Publishing	6,020	3,791	9,811	7,782	375	8,157
Rent	12	-	12	12	-	12
Property & Maintenance	8,557	6,105	14,662	5,285	804	6,089
General	4,486	-	4,486	5,997	-	5,997
Recruitment	135	-	135	1,617	100	1,717
Training	3,751	-	3,751	4,236	180	4,416
Volunteer costs	1,758	-	1,758	154	-	154
Consultancy fees	-	-	-	919	521	1,440
Professional fees	-	52,918	52,918	-	33,210	33,210
Telephone costs	8,145	200	8,345	7,840	30	7,870
Postage & office consumables	5,572	915	6,487	4,572	886	5,458
Computer, website & hardware	15,895	3,270	19,165	4,495	492	4,987
Equipment & Furniture	898	9,774	10,672	5,247	9,603	14,850
Insurance	11,165	-	11,165	10,052	69	10,121
Travel costs	15,081	40,516	55,597	18,774	33,276	52,050
Motor vehicle costs	1,413	4,959	6,372	(1,558)	4,696	3,138
Meeting expenses	1,015	926	1,941	1,372	686	2,058
Depreciation	6,048	-	6,048	8,958	-	8,958
Loss on disposal	-	-	-	531	-	531
Governance costs:						
Audit & Accountancy costs	12,008	-	12,008	10,967	1,500	12,467
Legal costs	76	-	76	1,525	225	1,750
Bank charges	2,271	-	2,271	2,253	150	2,403
	<u>£105,624</u>	<u>£123,969</u>	<u>£229,593</u>	<u>£102,718</u>	<u>£87,661</u>	<u>£190,379</u>

Restricted support costs represent expenditure incurred on projects.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2018

5 NET INCOME/(EXPENDITURE) FOR THE YEAR

	2018 £	2017 £
This is stated after charging:		
Auditors' remuneration:		
- for audit	6,100	6,000
- for other services	1,800	1,800
Depreciation	6,048	8,958

6 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

	2018 £	2017 £
Wages and salaries	265,331	252,758
Social security costs	10,355	8,521
Pension costs	2,405	3,259
	<u>£278,091</u>	<u>£264,538</u>

	2018 No.	2017 No.
The average number of employees during the year was as follows:		
Average number	<u>9</u>	<u>9</u>

Employee time has been allocated to the charitable activity based on a percentage over all the costs.

No employees receive employee benefits (excluding employer pension costs) of more than £60,000 in either the current or prior year.

The key management of the charity comprises the Chief Executive, UK Director, Office Manager and Conservation Manager. The total employee benefits of the key management personnel for the year were £152,903 (2017: £140,674)

Trustees receive no regular remuneration. However, in accordance with the Articles, they may be remunerated under certain circumstances.

During 2018 only 1 trustee was reimbursed travel and event costs expenses (2017: 1); the cost was £45 (2017: £594)

7. TANGIBLE FIXED ASSETS

	Land and Buildings £	Plant and Equipment £	Motor Vehicles £	Total £
COST				
At 1 July 2017	238,367	96,085	47,454	381,906
Additions	-	8,688	-	8,688
Disposals	-	(300)	(22,269)	(22,569)
	<u>238,367</u>	<u>104,473</u>	<u>25,185</u>	<u>368,025</u>
DEPRECIATION				
At 1 July 2017	-	84,660	40,454	125,114
Charge for the year	-	4,048	2,000	6,048
Eliminated on disposal	-	(300)	(22,269)	(22,569)
	<u>-</u>	<u>88,408</u>	<u>20,185</u>	<u>108,593</u>
NET BOOK VALUE				
At 30 June 2018	<u>£238,367</u>	<u>£16,065</u>	<u>£5,000</u>	<u>£259,432</u>
At 30 June 2017	<u>£238,367</u>	<u>£11,425</u>	<u>£7,000</u>	<u>£256,792</u>

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2018

7. TANGIBLE FIXED ASSETS - continued

Land and buildings includes land at a cost of £100,000.

Additionally, land and buildings includes £32,408 representing the following Islands and land holdings:

Cat Island	The Twins (North and South)	Hawks Nest Pond
Rookery	Motley Island	
Ship	The Mot	
Beef	Sal Island	
Coffin	Pyramid Island	
North	Centre Island	
Saddle	Outer Island	
Cliff Knob Island	Double Island	
Landsend Bluff	Middle Island	

The charity owns a piece of land to the rear of 44 Waverley Road, Reading as the result of a bequest from Mrs Joan Ann Kenneally (deceased). It is recorded by the Land Registry under number BK130021 and in 2011 was valued at £400-£500. However, the legal costs of disposal are likely to exceed the value of the land itself so it is noted in these accounts as of no value. (Note: This land was formerly held jointly together with the National Birds of Prey Trust. However, during 2016 the National Birds of Prey Trust was wound up and the land came into the exclusive ownership of Falklands Conservation, this change being effective from 17 August 2016.)

8. INVESTMENTS

	2018 £	2017 £
At market value:		
Balance at 1 July 2017	225,880	208,576
Additions	-	89,632
Disposal	-	(89,632)
Revaluation	(690)	17,304
Market value at 30 June 2018	£225,190	£225,880
Cost at 30 June 2018	£173,998	£173,998

The Charity's investment in the following represents more than 5% of the total investment portfolio as at 30 June 2018:

COIF Charities Deposit Funds
 Fil Inv Svcs UK Fid Mb Income NeY Inc Sett 15/06/12
 M&G Corporate Bond I Inc (Inst)
 Invesco Perpetual Income Inc (Inst)
 Veritas Global Equity Inc (Inst) Sett 05/12/13
 Artemis Fd Mngrs Income I Inc
 M&G Investment Man Global Dividend I Sett 02/12/17
 Artemis Fund Managers Global Income Units Instl Inc

9. STOCKS

	2018 £	2017 £
Goods for resale	£31,130	£24,943

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2018

10. DEBTORS

	2018 £	2017 £
Trade debtors	9,057	13,149
Other debtors	-	155
Prepayments and accrued income	3,129	2,388
	<u>£12,186</u>	<u>£15,692</u>

11. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	3,022	2,397
Accruals and deferred income	21,839	20,414
	<u>£24,861</u>	<u>£22,811</u>

12. STATEMENT OF FUNDS

Unrestricted Funds	Balance at 1 July 2017 £	Incoming Resources £	Resources Expended £	Transfers, Gains & (losses) £	Balance at 30 June 2018 £
12.1 General Fund					
General Account	<u>£120,851</u>	<u>£350,289</u>	<u>(£324,106)</u>	<u>£46,676</u>	<u>£193,710</u>
12.2 Designated Funds	£	£	£	£	£
Fixed Asset reserve	224,384	-	2,640	-	227,024
New Building fund	100,000	-	-	(30,000)	70,000
Sei Whale project	50,000	-	-	(50,000)	-
Vehicle replacement fund	-	-	-	10,000	10,000
	<u>£374,384</u>	<u>£ -</u>	<u>£2,640</u>	<u>£(70,000)</u>	<u>£307,024</u>

The Fixed Asset Reserve is equal to the net book value of the charitable company's non-endowed fixed assets (i.e. the net book value of £259,432 less endowments worth £32,408; see Note 7).

In the year to 30 June 2018, the trustees agreed to reduce the new building fund by £30,000, representing the balance brought into restricted Building for the Future Appeal fund, in relation to the Watch Group space.

In the year to 30 June 2018, £11,667 of the Sei Whale project b/fwd balance was used to fund the shortfall on the restricted Sei Whales West Falkland KBAs fund, with the remainder returning to general funds.

In the year to 30 June 2018, the trustees agreed to designate from general reserves £10,000 towards vehicle replacement which may become necessary in the near future.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2018

12.3 Restricted Funds (note 2.1)

	<u>Balance at</u> <u>1 July</u> <u>2017</u> £	<u>Incoming</u> <u>Resources</u> £	<u>Resources</u> <u>Expended</u> £	<u>Transfers</u> £	<u>Balance at</u> <u>30 June</u> <u>2018</u> £
<u>PROJECT FUNDS</u>					
The Annual Seabird Monitoring Programme	16,599	38,704	(17,362)	(22,000)	15,941
Biodiversity Action Planning in the Falkland Islands	7,577	-	(770)	-	6,807
The Falkland Islands Raptors Project	7,566	-	(1,079)	-	6,487
An inventory of Falkland Islands Bryophytes and Lichens	3,962	-	-	-	3,962
Sei Whale Genetic Sampling	5,803	4,000	(2,027)	(2,499)	5,277
Hydrocarbon Policy Framework	20,539	-	(4,108)	(9,892)	6,540
Site Management	7,031	13,570	(608)	(3,469)	16,524
Sei Whale Study Berkeley Sound	3,868	5,845	(7,856)	(1,857)	-
Practical Management of Sea Lion Island Nature Reserve	2,591	4,500	(3,917)	(3,174)	-
Rural Environment Engagement	1,140	-	(814)	(326)	-
Habitat Restoration and Outreach	17,390	42,250	(24,401)	(13,644)	21,595
Native Plants	9,841	-	-	-	9,841
Visick Conservation Fund	4,118	-	(567)	-	3,551
Penguin Cameras	1,447	-	(66)	(485)	896
Tracking White-chinned Petrels	486	-	-	(272)	214
InterIm Support Habitat Restoration	401	-	(401)	-	-
Invasives Control	3,969	-	-	-	3,969
FC Reserve Management	16,919	4,000	(937)	-	19,982
Oiled Seabird Rehabilitation Facility	2,704	9,827	(6,237)	-	6,294
Black-browed Albatross Census	-	15,306	(7,643)	(2,000)	5,663
Sei Whale Behaviour	-	6,109	(652)	(5,457)	-
Dolphin Gull Survey	-	3,000	-	-	3,000
Sei Whales Falkland & Berkeley Sound	-	17,481	-	(3,366)	13,815
Sei Whales West Falklands KBAs	-	44,000	(70,667)	26,667	-
Website Redevelopment	-	2,500	(2,500)	-	-
	<u>133,951</u>	<u>211,090</u>	<u>(152,612)</u>	<u>(43,148)</u>	<u>149,281</u>
<u>NON-PROJECT FUNDS</u>					
WATCH Group	1,401	8,607	(2,519)	(2,000)	5,487
Building for the Future Appeal	179,073	-	(475)	30,000	208,598
	<u>£314,425</u>	<u>£219,697</u>	<u>(£155,606)</u>	<u>(£15,150)</u>	<u>£363,366</u>

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2018

12. STATEMENT OF FUNDS (continued)

The following restricted funds were held at 30 June 2018:

208 Biodiversity Action Planning in the Falkland Islands

Funded by Darwin Plus and in partnership with FIG and the Royal Botanic Gardens, Kew. A project to review current Biodiversity Action Planning in the Falkland Islands and to recommend methods for the future.

210 The Annual Seabird Monitoring Programme

Funded by FIG's Environmental Studies Budget for biodiversity monitoring, this long-term project annually monitors the survival rates of southern rockhopper, gentoo and king penguin populations, together with black-browed albatrosses and southern giant petrels.

212 An inventory of Falkland Islands Bryophytes and Lichens

Funds remaining from the Darwin Plus project to support legacy elements to address critical knowledge gaps of lower plants diversity in the Falkland Islands, and to provide conservation tools for local decision making.

216 Invasives Control

A fund to be used for practical management of invasive species in the Falkland Islands.

217 Hydrocarbons Policy Frameworks

Funds from the RSPB to provide additional resources to initiate policy processes to enable sustainable, positive hydrocarbon development in the Falkland Islands.

219 Sei Whale Study Berkeley Sound

Funded by EU BEST 2.0, this pilot study assesses the potential impact of increased commercial marine activity on a population of 'Endangered' sei whales at an already busy shipping harbour at the Falklands, and advises on measures that promote sustainable management of this important marine environment for sei whales, through best practice and marine spatial planning.

220 Penguin Cameras

Funded by the University of Oxford's Zoology Department and a collaborative project with Dr Thomas Hart, these funds are to cover the costs of maintaining the equipment collecting behavioural records from camera traps at penguin colonies around East Falkland.

221 Sei Whale Genetic Sampling

Funded by the RSPB, this short project will acquire genetic samples of sei whales in the Falkland Islands, primarily for molecular genetic analysis to assess stock structure and subspecies status of the whales in the Falkland Islands, and in the wider southern hemisphere region, with important implications for conservation and management of the species.

222 Reserve Management

Funds from the RSPB to advance terrestrial site protection designations in the Falkland Islands, by increasing work on producing and updating management plans for National Nature Reserves, and pursue additional designations of sites around the Islands.

223 Black-browed Albatross Census

Funded by FIG's Environmental Studies Budget for biodiversity monitoring, this project aims to undertake an island-wide breeding population survey of black-browed albatrosses, to provide an updated population estimate for the Falkland Islands, and identify current global population trends.

224 Assessing Behaviour of Endangered Sei Whales

Funded by FIG's Environmental Studies Budget for biodiversity monitoring, this funding provides the understanding of natural surface behaviour of sei whales and assess potential disturbance from human activities, providing information to inform abundance estimates and understanding differences in behaviour between habitats in the Islands.

227 Falkland Islands Dolphin Gull Surveys

Funds from the RSPB to gather information on the current status of dolphin gulls in the Falkland Islands, which was previously estimated to hold the majority of the global population.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2018

12. STATEMENT OF FUNDS (continued)

228 Conserving Whale Populations: Addressing Data Deficiencies for Informed Management

Funded by Darwin Plus, this project aims to advance the understanding of sei whales and other baleen species in candidate Key Biodiversity Areas, by expanding knowledge of site use, to explore long-term monitoring approaches and expand insight into underwater behaviour, all to feed into information made available to decision-makers and stakeholders regarding conservation and management considerations.

234 The Falkland Islands Raptors Project

Funds remaining from the Darwin Initiative project to support legacy elements to provide new scientific information that feeds into a basis for government policy regarding the management of conflicts between raptors and rural livelihoods in the Falkland Islands.

235 Tracking White-chinned Petrels

Funded by the Government of South Georgia and South Sandwich Islands, and a collaborative project with the British Antarctic Survey and Paulo Catry, to better understand the movements of the small white-chinned petrel population in the Falklands and establish links with other populations through DNA analysis.

271 Native Plants

Funds remaining from the Overseas Territories Environmental Programme, in partnership with the Royal Botanic Gardens, Kew. The legacy element of the project aims to produce a comprehensive flora guide for native and threatened plant species in the Falkland Islands.

277 Assessment of West Falklands Key Biodiversity Areas for Whales

With funding support from the RSPB, this project aims to gather further spatial data, expand the photo ID catalogue, and facilitate work on genetics and behaviour in sei whales in two candidate Key Biodiversity Areas on West Falklands. Landowners adjacent to the waters will also be given the opportunity to engage in the surveys. The shortfall on this fund was made up by an allocation of £50,000 (£11,266 utilised) from the b/fwd designated Sei Whale project and £15,000 from general funds.

278 Visick Conservation Fund

A fund established by Strachan Visick Limited to support the conservation of species of national or global significance that occur at the Falkland Islands.

298 FC Reserve Management

A fund to be used for the management of Falklands Conservation's nature reserves and for future reserve purchases.

302 Practical Management of Sea Lion Island Nature Reserve

Funded by the Falkland Islands Development Corporation, to implement the practical management of the Sea Lion Island Nature Reserve.

303 Rural Environmental Awareness

Funded by the Falkland Islands Development Corporation, a project to raise environmental awareness amongst the rural community through a bottom-up approach as part of the Rural Development Strategy's Action Plan 2014-2017.

305 Interim Support Habitats Restoration

Short-term bridging funds provided by FIG's Environmental Studies Budget to continue building capacity for habitat restoration in the Falkland Islands, through further native seed mix trials and engagement with the local community.

306 Habitat Restoration and Outreach

Funded by the John Ellerman Foundation, this three year project aims to work with local landowners to restore terrestrial habitats of the Falkland Islands, and will focus on the use of native plant seedlings, and to share the knowledge and learning of habitat restoration practices with the wider community.

307 Website Redevelopment

Funding from the RSPB to provide assistance in designing and building a new website that better fits the organisation's needs.

340 Watch Group

Supported by the Standard Chartered Bank, this environmental group for young Islanders allows them to experience and learn the value of their unique natural surroundings.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2018

12. STATEMENT OF FUNDS (continued)

361 Building for the Future Appeal

A fundraising drive both locally and internationally to fund the building of new multi-functional premises in Stanley. At the year-end, £30,000 has been allocated from the designated New Building fund, representing an historic grant received in 2007 for a dedicated Watch Group space.

370 Oiled Seabird Rehabilitation Facility

A fund established with support from numerous sources both within and outside of the Falklands, to aid the construction, maintenance and running of a small scale oil-spill response centre for wildlife in the islands.

12.4 Capital Endowment Fund	Balance 30 June 2018 £
Islands Nature Reserves	<u>£32,408</u>

The above capital fund was created in the old charity in 1995, from donations received and was utilised to purchase certain freehold land, the Islands (as in note 7) less Harris Nest Pond. The balance was transferred in 2001 from the old charity to the new charitable company, Falklands Conservation, following the transfer of legal title.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed Assets £	Investments £	Other Net Assets £	Total £
Endowment Funds	32,408	-	-	32,408
Restricted Funds	-	-	363,366	363,366
Designated Funds	227,024	-	80,000	307,024
General Funds	-	225,190	(31,480)	193,710
	<u>£259,432</u>	<u>£225,190</u>	<u>£484,622</u>	<u>£896,508</u>

14. RELATED PARTIES

There were no related party transactions in either the current or the prior year.

15. ULTIMATE CONTROLLING PARTY

The charitable company is considered to have no ultimate controlling party.

16. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income for the reporting period (as per the statement of financial activities)	54,440	176,169
Adjustments for:		
Depreciation charges	6,048	8,958
Dividends and interest from investments	(3,691)	(4,203)
Losses/(gains) on investments	690	(17,304)
(Gain)/loss on sale of fixed assets	(4,250)	531
(Increase)/decrease in stocks	(6,187)	(5,409)
Decrease in debtors	3,506	3,942
(Decrease) in creditors	(2,388)	(34,417)
Net cash provided by operating activities	<u>£48,168</u>	<u>£128,267</u>

