

FALKLANDS CONSERVATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 2017.

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 through the work described below.

ACHIEVEMENTS AND PERFORMANCE

Below is an overview of some of the achievements for 2016-17:

IMPROVING FC EFFECTIVENESS

Staff

We have increased our investment in our staff, without whom, none of our work would be possible, through individual and organisational focussed training opportunities.

Members

We have a worldwide network of over 500 members through which we are able to promote our work. This year we have increased emphasis on new recruitment initiatives, and expanded 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 complementary office for the UK Director based at The Gatehouse in Sandy, Bedfordshire (kindly supplied by the RSPB). We are working towards our vision of a purpose-built headquarters in Stanley with a dedicated space for Watch Group activities. The fundraising appeal for this initiative was launched at St James's Palace by our Patron HRH The Duke of York in June 2016.

Governance

This year the Trustees considered it prudent to update the charity's foundation document, to ensure that the governance of the charity keeps pace with changes in UK Charity Law. The previous Memorandum & Articles of Association we replaced with completely new Articles, which were agreed by Members at the AGM on 1 Dec 2016 and taken into use with effect of this date.

Fundraising

We have been working to update our fundraising plan to ensure we have sustainable income streams in place and have been undertaking associated communications planning. Sales through local Falklands retailers and from our small gift shop at Jubilee Villas, our webshop, and products outsourced to the London Aquarium and Detroit Zoo continue to supplement our fundraising efforts. We hosted 160 guests at our annual Charity Ball which is now seen as one of the high points of Stanley's social calendar – as well as being our main fundraising event on the islands.

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 Mare Harbour, eradication of invasive mammals on Bense and Little Bense Islands, and to fence eroded land at West Lagoons ready for tussac planting. We had a display at the Falkland Islands Farmers' Week Expo, had Herbarium and Habitat Restoration Trial Plot open days, and hosted an evening meal. We arranged volunteer weekends for the planting of native tussac grass on eroded ground, and for the removal of invasive thistles. 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 began work to redevelop the current website.

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 take children to many of the more remote parts of the Falklands, and to maintain a programme of activities throughout the year. Their activities were recorded in the quarterly *Rocky's News* newsletter. Future plans to incorporate an education centre for the Watch Group into our new building continue.

PROMOTING CONSERVATION AMBITION AND CONSERVATION ACTION

We continued to provide environmental advice to government, industry and other stakeholders in the Falklands and abroad. We continued to be represented on the Board of the South Atlantic Environmental Research Institute (SAERI). We commented on several elements of the oil companies' operations through the exploration phase to encourage best practice to be undertaken in the Falklands. We maintained our membership of the Falkland Islands Offshore Hydrocarbons Environmental Forum, and the Seabird Bycatch Committee. We attended the Falkland Island Government (FIG) Environment Committee as formal members, and worked with FIG in the development of strategies within the Falkland Islands Biodiversity Framework. Outside of the Islands, the Conservation Manager attended the annual plenary of the Forum for the Conservation of the Patagonian Sea, the UK Director and CEO attended the Joint Ministerial Council Reception in London, and the UK Director ensured we had a high profile at the UK's well-attended annual Birdfair.

Strengthening biosecurity and invasive policy and practice

We worked closely with FIG in strengthening biosecurity legislation and encouraging an integrated approach to invasive management, and with Island LandCare to carry out practical invasive control through thistle eradication visits to Saunders Island with the support of our volunteers.

Ensuring leading practice being undertaken for onshore and offshore development

Developing Hydrocarbon Policy Frameworks

With funding and support from the RSPB, we have been working with industry and government to develop policy frameworks that recognise the significance of biodiversity in the Falkland Islands, incorporate it into industry decision making, ensure its protection, and also to provide mechanisms for facilitating responsible operation and leaving a positive environmental legacy from industry operations.

Oiled Seabird Rehabilitation Facility

The charity successfully cared for and released a low number of oiled penguins over the year including gentoo and Magellanic penguins. A number of volunteers were trained to help care for penguins, as well as visits arranged for local school and youth groups. A community project was organised with the British Forces South Atlantic Islands (MoD) assisting with on-going improvements to the facility. In collaboration with Detroit Zoological Society design work started on new information panels and signs.

Driving forward habitat restoration and land management

Building Capacity for Habitat Restoration in the Falkland Islands

This Darwin Initiative funded project completed July 2016 and graded A+ by the DEFRA review team, recognising that it has significantly increased local capacity and drive to restore eroded or otherwise degraded habitat with native seeds. Research and momentum from this project underpins current and further restoration work (below).

ACHIEVEMENTS AND PERFORMANCE - continued

Habitat Restoration and Outreach

This new three-year John Ellerman Foundation funded project 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, stalls at agricultural shows, information leaflets, and planting trips and field trips. Research continues to monitor a subset of restoration trials set up in the Darwin Initiative project and to push forward new trials with seed-based restoration and tiller planting using species other than tussac. Progressing our aim of increasing native seed production the Cape Dolphin Native Seed Hub is now established and run by Sonia and Andy Felton with support from Ben Berntsen; the aim of this project is to support seed-based restoration on that farm, to support small spin-off projects elsewhere and to act as a demonstration project.

Rural Environmental Engagement

Funded by the Rural Development Strategy (administered by the Falkland Islands Development Corporation), we have worked with farmers to promote land management practices that have positive environmental impacts. Detailed consultation with the farming community highlighted the importance of proven farm-led initiatives that illustrate local projects and expertise. In response we have shared farm-led conservation-minded projects through the production of 'case-studies', farm visits, presentations, and stalls at the Agricultural Show and Farmers' Week. These have been well received and generate considerable interest with new farmers. This work is now continued through our Ellerman project (above).

Practical Management of Sea Lion Island Nature Reserve

We continued to undertake the practical management of 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 the manager of Sea Lion Lodge we implemented: rodent monitoring, non-native plant control, habitat restoration trials with novel native plant species and techniques, and a very large tussac planting trip (over four hectares of eroded ground planted by 29 people including British Forces South Atlantic Islands (MoD), Elephant Seal Research Group and FC Volunteers), and monitored long-term fixed-point habitat restoration sites. We produced four reports on these activities including a summary report with management recommendations.

Advanced Terrestrial Site Protection Designations in the Falkland Islands

With funding and support from the RSPB, to work with FIG to update existing management plans for National Nature Reserves, and to develop management plans for FC and pursue designation for those deemed suitable. This work is in line with the Falkland Islands Biodiversity Framework aim 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*'.

Enhanced marine management

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

This EU BEST 2.0 project takes 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 between January and June 2017, consisting of aerial surveys, boat surveys and shore-based watches. A spatial dataset was collected on sei whale (and other cetacean species) occurrence and will establish a photo-identification catalogue of distinctive individuals. Public awareness through local media, developing a code of conduct for marine users, information leaflets and informative boards on cetaceans is ongoing.

Genetic sampling of Endangered Sei Whales

With funding support from the RSPB, sei whale genetic work can be carried out alongside the main BEST 2.0 project. Biopsy sampling was carried out under a research licence from FIG, with the collection of small tissue samples from 13 individuals in Berkeley Sound. Additionally, genetic material was collected from whale bones, stranded animals and potentially can be extracted from faecal samples collected at sea. Sample analysis will be carried out via a collaboration with the British Antarctic Survey.

FALKLANDS CONSERVATION

Report of The Trustees

ACHIEVEMENTS AND PERFORMANCE - continued

The Annual Seabird Monitoring Programme

The Annual Seabird Monitoring Programme, supported by FIG's Environmental Studies Budget (ESB), continued into its 28th year. This is a survey of southern rockhopper, gentoo and king penguin colonies, together with black-browed albatross, southern giant petrel with the recent addition of imperial shag and Falkland skua. This year was notable for an overall decrease (by around a third) in breeding pairs of southern rockhopper penguin, gentoo penguin and black-browed albatross. It is likely that associated environmental changes in the marine ecosystem led to a period of reduced food availability to seabirds, with some birds deciding to skip breeding altogether (deferred or abstained breeding), and helps to explain, in part, the lower numbers of breeding pairs observed by the programme this year. Breeding success across the species and sites was variable, but on the whole was lower than the previous year and below the yearly averages. Monitoring data from the programme has already proved invaluable in assessing long-term trends, particularly in understanding the significance of short-term declines in seasonal performance, and for informing IUCN Red List assessments. The gentoo penguin was down-listed on the IUCN Red List from Near Threatened to Least Concern.

Southern Giant Petrel Census

This project supported by both the British Forces South Atlantic Islands (MoD) and the Joint Nature Conservation Committee involved aerial photography of key breeding sites for southern giant petrel around the Islands. Through this census work, the minimum breeding population for the Falkland Islands was estimated to be 20,970 \pm 180 pairs, an increase of 7.4% since the last census in 2004/5. On this basis Falklands supports 43% of the global population, making it the global stronghold for this species.

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, which last year showed a disappointing deficit (£31), this year showed a healthy surplus (£89k). This was due to a number of factors including a relatively strong income generating performance, careful cost control by the management team and a surprise bounce in the value of investments (up £17k). Generating unrestricted income to cover fixed overheads continues to be a challenge in spite of the generous support of the Falkland Islands Government. However, fundraising efforts this year, such as the Charity Ball, donations and sales, together with membership and adoption income, 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.

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 funds received from FIG are leveraged to attract further funds from our project work: the subvention grant of £150,000 has given us the secure base from which to attract further £300,000 of funding. 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 the UK Government Foreign and Commonwealth Office, UK's Department for Environment, Food and Rural Affairs, including their Darwin Plus programmes and the Joint Nature Conservation Committee, the RSPB, Standard Chartered Bank, the John Ellerman Foundation, the Falkland Islands Development Corporation, the British Antarctic Survey, the Government of South Georgia and the South Sandwich Islands, 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, The H.B. Allen Charitable Trust, The Van Neste Foundation, A.S. Butler Charitable Trust, Dingle Oceanworld Aquarium, Thrigby Hall Wildlife Gardens, Drusillas Park, the UK's Ministry of Defence, the SeaLife London Aquarium, Stanley Services Ltd and the Falkland Islands Company and Tarmac Ltd (for their kind donation of a Toyota Hilux 4x4).

FALKLANDS CONSERVATION

Report of The Trustees

FINANCIAL REVIEW - continued

For the Charity Ball held in Sept 2016, we would like to thank our major sponsor, Consolidated Fisheries Ltd, and additional sponsors; Briggs Marine, the Falkland Islands Development Corporation, South American Atlantic Services, 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, Cotswold Wildlife Park and Gardens, Morrison's Construction, and Frits W Olivier.

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

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

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, that is to say, about £160k. The unrestricted, undesignated reserve at 30 June 2017 was £121k. The shortfall in the reserve at that date is the result of a decision by the Trustees to seize an unexpected opportunity to continue a programme of scientific research into the Sei Whale, to which end they designated the sum of £50k. It is the intention of the Trustees to return the reserve to 6 months cover as soon as practical.

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:

1. 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.
2. 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 have been considered.
3. 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

This being an election year in the Falklands, we will be working hard with candidates and newly elected Members of the Legislative Assembly (MLAs) to ensure the Falkland Islands natural environment, on which we all depend so heavily, is considered at the highest level of decision making. We will formalise our organisational Business Plan 2017-20 which will drive improvements in FC's Effectiveness, and support our education, outreach and Conservation Strategy.

Ensuring improved FC effectiveness

- With our UK Director, David Spivack, leading our fundraising plans we will continue focusing our efforts on unrestricted funding for the organisation.
- With the oversight of our Office Manager, Farrah Peck, we will ensure the day to day running of the office and its facilities, the organisational financial management and HR processes are working smoothly.
- To increase our abilities to work effectively with our Watch Group and the community, we will be focusing fundraising efforts on our new Watch Group and FC office building.
- We will continue to benefit from strong Governance with our committed board of Trustees.

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

- Under the direction of our Community Engagement Manager, Liz Milston, we will be continuing our successful work with the Watch Group and our adult volunteer outreach activities, which this year, once again, will have activities that are directly focused around our key conservation priorities.
- Helen Marsh will be continuing as the voluntary Herbarium Curator maintaining the National Herbarium to increase knowledge of Falkland's species.

We will continue to focus efforts on our priority conservation activities which uses a threats based approach to lead our conservation efforts to 2020. Our Conservation Manager, Andy Stanworth, will continue managing our conservation team and leading our conservation activities. Our Conservation Officer, Sarah Crofts, will continue delivering our seabird focussed field-based work and our Habitats Officer, Frin Ross will be focusing on 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.
- Championing through our networks those taking positive action for nature.
- 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

- Promoting Conservation Ambition:
 - We will work closely with government in strengthening biosecurity legislation and practice and encouraging an integrated approach to invasive management.
- Conservation Action:
 - We will support landowners to carry out practical invasive action – currently this is focussed on thistle eradication visits to Saunders Island with Island LandCare.

Ensuring leading practice for onshore and offshore developments

- Promoting Conservation Ambition:
 - 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.
- Conservation Action:
 - We will respond to oiled seabird emergencies.

Terrestrial habitat restoration and land management

- Promoting Conservation Ambition:
 - We will provide a vision for habitat restoration and protection and work with FIG to strengthen agri-environment finance and initiatives that can support that vision.
- Conservation Action:
 - We will continue our conservation management work with landowners and on FC-owned islands.
 - We will work with landowners to share learning on habitat restoration.

FALKLANDS CONSERVATION

Report of The Trustees

PLANS FOR THE FUTURE - continued

Enhancing marine management – this will be an area of growth, focused on flagship species and management planning with community engagement as a key component:

- Promoting Conservation Ambition:
 - For vulnerable marine species and habitats we will work to ensure key threats are identified and contingency planning is in place to underpin marine management decision making. We will strive to ensure there is strong community collaboration in Marine Spatial Planning processes.
- Conservation Action:
 - To better understand endangered sei whales and ship movements we will be focusing research around Berkeley Sound, Queen Charlotte and King George Bay.
 - To monitor key indicators of marine management we will continue our Annual Seabird Monitoring Program.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Falklands Conservation is a charitable company limited by guarantee (Company Number: 03661322), incorporated on 4 November 1998. On this date this 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 which set out its objects and powers, the responsibilities of Trustees and related matters. This was replaced by Articles of Association which complies with current legislation and which took effect on 1 Dec 2016.

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 3 Dec 2016, the following Trustees were re-elected: Roger Spink (FI), Jan Cheek (FI), Tom Blake (FI), Henry Robinson (UK), Mandy Shepherd (UK). Sally-Ann Wilson was elected as a new Trustee in the UK, having been co-opted in Aug 2016. There was one resignation in the year; UK Trustee Edward Maltby on 7 Sept 2016.

The composition of the Board reflects the key role of the charity with all Trustees committed to the protection of the Islands' wildlife. 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 Trustee qualities and skills, thus highlighting skill and knowledge gaps that might be addressed by future Board members. While specific approaches can be made to individuals believed suitable and interested to become Trustees, all members are invited to nominate candidates for election. Nominees are encouraged to discuss their role and potential contribution with the Chairman.

Trustee induction and training

All Trustees are well informed of the charity's mission, objectives, strategic priorities and the current conservation activities being implemented. 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, keeping them apprised of the latest developments and activities.

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. At the end of the year there were 17 Trustees, nine based in the Falkland Islands and eight based in the UK. 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 status of our full-time staff over the year has been as follows: Dr Esther Bertram continued as our Chief Executive Officer, and Farrah Peck remained as Office Manager in the Falklands. Dr Andrew Stanworth continued as the Conservation Manager, and Sarah Crofts as Conservation Officer. David Spivack continued in his role as UK Director, and Elizabeth Milston continued as the Community Engagement Manager. Dr Katherine Ross joined the team as the permanent Habitats Officer in Jul 2016 following on from her project work as the Habitat Restoration Officer 2015-2016. Angela Clarke was the Administrative Assistant up until Jan 2017, Jessica Harte was Temporary Administrative Assistant for the period Jan – Feb 2017 before Pamela Quilodran Jelbes joined the team as the new Administrative Officer in Mar 2017.

We have also had the following project staff during the year: Dr Katherine Ross completed her project employment as the Habitats Restoration Officer, and Dr Caroline Weir joined the team as Sei Whale Project Officer in Oct 2016. Throughout the year Helen Marsh very kindly provided voluntary support to our charity as the Herbarium Curator, and Susan Thacker continued to provide voluntary administrative support to the UK office in Sandy.

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

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 Royal Zoological Society of Scotland and the Hawk Mountain Sanctuary in our raptor work. 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, Oxford University, University of Maine, the International Network for Seed-based Restoration, IUCN Peatland Program, the UK Ministry of Defence, Australian Antarctic Division, Stanley Nurseries, the Elephant Seal Research Group, New Island Conservation Trust, Island LandCare, the Falkland Islands Development Corporation, the Rural Business Association, the South Atlantic Environmental Research Institute, Shallow Marine Surveys Group, and Cape Dolphin Farm.

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 – as of Feb 2017

Peter Harrison
Rebecca Ingham
Robin Woods

BOARD OF TRUSTEES

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

Jan Cheek
Dr Colin Clubbe
Prof John Croxall
Sally-Ann Wilson – Co-opted Aug 2016; Elected Dec 2016
Steve Massam
Ian Moncrieff CBE BA
Louise Taylor
Prof Edward Maltby – Resigned 7 Sept 2016

KEY MANAGEMENT

Chief Executive
UK Director
Office Manager
Conservation Manager

Dr Esther Bertram
David Spivack
Farrah Peck
Dr Andrew Stanworth

PRINCIPAL ADDRESSES

United Kingdom:
1 Waterloo Close
Abbotsley
St Neots
Cambs
PE19 6UX

Falkland Islands:
Jubilee Villas,
41 Ross Road,
Stanley
Falkland Island
FIQQ 1ZZ

REGISTERED OFFICE

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Cambs, PE19 6UX

BANKERS

United Kingdom:
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Falkland Islands:
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FIQQ 1ZZ

SOLICITORS

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Falkland Islands:
Pinsent Masons LLP
56 John Street,
Stanley

INVESTMENT ADVISERS

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Manchester, M2 4NG

AUDITOR

Wilkins Kennedy LLP
United Kingdom:
Bridge House, London Bridge,
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Falkland Islands:
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.

Auditors

A resolution for the re-appointment of Wilkins Kennedy LLP as auditors to the charitable company will be submitted to the Annual General Meeting.

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:

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Roger Spink, FC Chairman
Board of Trustees

Date:

FALKLANDS CONSERVATION

Independent Auditors' Report To The Members

We have audited the financial statements of Falklands Conservation for the year ended 30 June 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 its members 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 Trustees' Responsibilities Statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 charitable company's affairs as at 30 June 2017, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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' 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 the light of our 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 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:

- 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.

Bridge House
London Bridge
London SE1 9QR

John Howard (Senior Statutory Auditor)

For and on behalf of **Wilkins Kennedy LLP, Statutory Auditor**

Date:

FALKLANDS CONSERVATION

Statement of Financial Activities

For The Year Ended 30 June 2017

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	295,425	300,508	595,933	578,162
Other trading activities	3	27,708	-	27,708	19,373
Investments		4,203	-	4,203	4,360
Total income		<u>327,336</u>	<u>300,508</u>	<u>627,844</u>	<u>601,895</u>
EXPENDITURE ON					
Raising funds		38,528	1,606	40,134	47,365
Charitable activities:					
Conservation and research		167,667	117,522	285,189	292,103
Education and community		111,843	31,813	143,656	160,101
Total expenditure	4	<u>318,038</u>	<u>150,941</u>	<u>468,979</u>	<u>499,569</u>
NET INCOME BEFORE NET GAINS		9,298	149,567	158,865	102,326
NET GAINS ON INVESTMENTS	8	<u>17,304</u>	<u>-</u>	<u>17,304</u>	<u>1,011</u>
NET INCOME/(EXPENDITURE)		26,602	149,567	176,169	103,337
Transfers between funds	12.3	<u>62,841</u>	<u>(62,841)</u>	<u>-</u>	<u>-</u>
NET MOVEMENT OF FUNDS		<u>89,443</u>	<u>86,726</u>	<u>176,169</u>	<u>103,337</u>
Total funds at 1 July 2016		<u>438,200</u>	<u>227,699</u>	<u>665,899</u>	<u>562,562</u>
Total funds at 30 June 2017	13	<u>£527,643</u>	<u>£314,425</u>	<u>£842,068</u>	<u>£665,899</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes on pages 14 to 25 form part of these financial statements.

FALKLANDS CONSERVATION

Balance Sheet

As at 30 June 2017

	Notes	2017		2016	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		256,792		249,515
Investments	8		225,880		208,576
			<u>482,672</u>		<u>458,091</u>
CURRENT ASSETS					
Stock	9	24,943		19,534	
Debtors	10	15,692		19,634	
Cash and cash equivalents		341,572		209,102	
		<u>382,207</u>		<u>248,270</u>	
CREDITORS					
Amounts falling due within one year	11	(22,811)		(40,462)	
		<u>(22,811)</u>		<u>(40,462)</u>	
NET CURRENT ASSETS			<u>359,396</u>		<u>207,808</u>
NET ASSETS			<u>£842,068</u>		<u>£665,899</u>
FUNDS					
Endowment	12.4		32,408		32,408
Restricted	12.3		314,425		227,699
Unrestricted funds:					
Designated	12.2		374,384		217,107
General	12.1		120,851		188,685
			<u>£842,068</u>		<u>£665,899</u>
TOTAL FUNDS			<u>£842,068</u>		<u>£665,899</u>

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 and were signed on its behalf by:

.....
Roger Spink
Board of Trustees

FALKLANDS CONSERVATION

Cash Flow Statement

As at 30 June 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Cash generated from operations	16	128,267	120,594
		<hr/>	<hr/>
Cash flows from investing activities:			
Dividends and interest from investments		4,203	4,360
		<hr/>	<hr/>
Net cash provided by investing activities		4,203	4,360
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		132,470	124,954
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the reporting period		209,102	84,148
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period		341,572	209,102
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 14 to 28 form part of these financial statements.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2017

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 2017

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 2017

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 shorty 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 2017

2. DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	2017 £	2016 £
Grants, donations and gifts (note 2.1)	277,095	299,428	576,523	558,861
Legacies	-	-	-	1,000
Subscriptions	18,330	1,080	19,410	18,301
	<u>£295,425</u>	<u>£300,508</u>	<u>£595,933</u>	<u>£578,162</u>

In 2016, £332,632 of the income received from grants, donations and legacies was attributable to the restricted fund, and the remaining £245,530 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	150,000
Seabird Monitoring	38,639
Building for the Future Appeal	50,000
	<u>238,639</u>
b) The Darwin Initiative (UK Department for Environmental Affairs)	
Building Capacity for Habitat Restoration in the Falkland Islands (Darwin Plus)	11,546
	<u>11,546</u>
c) The Royal Society for the Protection of Birds (RSPB)	
Hydrocarbon Policy Framework	15,000
Sei Whale Study Berkeley Sound	17,117
Site Management	9,500
	<u>41,617</u>
d) Other grants	
SLI Management	6,759
Communicate Wildlife Stories	6,899
Interim Support Habitat Restoration	3,000
Habitat Restoration	42,000
Watch Group	5,000
	<u>63,658</u>
e) Other donations/gifts	
Core support	35,343
Building for the Future	78,717
	<u>114,060</u>

3. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted £	Restricted £	2017 £	2016 £
Sale of goods and publications	27,708	-	27,708	19,373
	<u>£27,708</u>	<u>£ -</u>	<u>£27,708</u>	<u>£19,373</u>

In 2016, £19,373 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 2017

4. ANALYSIS OF RESOURCES EXPENDED

	Staff costs £ (note 6)	Direct costs £	Support costs £ (note 4.1)	Total £	2016 £
Cost of generating funds:					
Costs of generating voluntary income	-	9,017	5,173	14,190	18,299
Cost of fundraising trading	13,437	-	12,507	25,944	29,066
Charitable activities:					
Conservation and research	150,661	5,045	129,483	285,189	292,103
Education and community	100,440	-	43,216	143,656	160,101
Total resources expended	£264,538	£14,062	£190,379	£468,979	£499,569

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.

In 2016, £286,271 of the resources expended was attributable to staff costs, £12,852 to direct costs and the remaining £200,446 was attributable to support costs.

Of the total £499,569; £161,882 was attributable to the restricted fund and the remaining £337,687 was attributable to the unrestricted fund.

4.1 SUPPORT COSTS

	Unrestricted £	Restricted £	2017 TOTAL £	Unrestricted £	Restricted £	2016 TOTAL £
Subscriptions	1,688	858	2,546	880	351	1,231
Printing, Photography & Publishing	7,782	375	8,157	7,146	3,806	10,952
Rent	12	-	12	12	-	12
Property & Maintenance	5,285	804	6,089	19,220	739	19,959
General	5,997	-	5,997	1,672	2,276	3,948
Recruitment	1,617	100	1,717	204	232	436
Training	4,236	180	4,416	1,395	-	1,395
Volunteer costs	154	-	154	-	-	-
Consultancy fees	919	521	1,440	358	2,000	2,358
Professional fees	-	33,210	33,210	-	16,278	16,278
Telephone costs	7,840	30	7,870	9,608	-	9,608
Postage & office consumables	4,572	886	5,458	6,651	1,643	8,294
Computer, website & hardware	4,495	492	4,987	5,103	1,007	6,110
Equipment & Furniture	5,247	9,603	14,850	499	1,905	2,404
Insurance	10,052	69	10,121	11,222	75	11,297
Travel costs	18,774	33,276	52,050	16,537	50,343	66,880
Motor vehicle costs	(1,558)	4,696	3,138	(2,295)	5,996	3,701
Meeting expenses	1,372	686	2,058	1,190	6,761	7,951
Depreciation	8,958	-	8,958	11,864	-	11,864
Loss on disposal	531	-	531	-	-	-
Governance costs:						
Audit & Accountancy costs	10,967	1,500	12,467	11,100	-	11,100
Legal costs	1,525	225	1,750	2,311	-	2,311
Bank charges	2,253	150	2,403	2,357	-	2,357
	<u>£102,718</u>	<u>£87,661</u>	<u>£190,379</u>	<u>£107,034</u>	<u>£93,412</u>	<u>£200,446</u>

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2017

5 NET INCOME/(EXPENDITURE) FOR THE YEAR

	2017 £	2016 £
This is stated after charging:		
Auditors' remuneration:		
- for audit	6,000	5,850
- for other services	1,800	2,550
Depreciation	8,958	11,864
	<u> </u>	<u> </u>

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

	2017 £	2016 £
Wages and salaries	252,758	272,728
Social security costs	8,521	9,769
Pension costs	3,259	3,774
	<u> </u>	<u> </u>
	£264,538	£286,271
	<u> </u>	<u> </u>

	2017 No.	2016 No.
The average number of employees during the year was as follows:		
Average number	9	11
	<u> </u>	<u> </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 £140,674 (2016: £138,976)

Trustees receive no regular remuneration. However, in accordance with the Articles, they may be remunerated under certain circumstances. During the year, Edward Maltby a trustee received £nil in remuneration (2016: £4,000) for consultancy services during the year in relation to the Lower Plants project.

During 2017 only 1 trustee was reimbursed travel and event costs expenses (2016: 2); the cost was £594 (2016: £862)

7. TANGIBLE FIXED ASSETS

	Land and Buildings £	Plant and Equipment £	Motor Vehicles £	Total £
COST				
At 1 July 2016	238,367	87,850	39,454	365,671
Additions	-	9,516	8,000	17,516
Disposals	-	(1,281)	-	(1,281)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	238,367	96,085	47,454	381,906
DEPRECIATION				
At 1 July 2016	-	79,022	37,134	116,156
Charge for the year	-	5,638	3,320	8,958
Eliminated on disposal	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	84,660	40,454	125,114
NET BOOK VALUE				
At 30 June 2017	£238,367	£11,425	£7,000	£256,792
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2016	£238,367	£8,828	£2,320	£249,515
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2017

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

	2017 £	2016 £
At market value:		
Balance at 1 July 2016	£208,576	207,565
Additions	89,632	-
Disposal	(89,632)	-
Revaluation	17,304	1,011
Market value at 30 June 2017	£225,880	£208,576
Cost at 30 June 2017	£173,998	£164,989

The Charity's investment in the following represents more than 5% of the total investment portfolio as at 30 June 2017:

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

9. STOCKS

	2017 £	2016 £
Goods for resale	£24,943	£19,534

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2017

10. DEBTORS

	2017 £	2016 £
Trade debtors	13,149	14,327
Other debtors	155	3,982
Prepayments and accrued income	2,388	1,325
	<u>£15,692</u>	<u>£19,634</u>

11. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	2,397	19,046
Accruals and deferred income	20,414	21,416
	<u>£22,811</u>	<u>£40,462</u>

12. STATEMENT OF FUNDS

Unrestricted Funds	Balance at 1 July 2016 £	Incoming Resources £	Resources Expended £	Transfers, Gains & (losses) £	Balance at 30 June 2017 £
12.1 General Fund					
General Account	<u>£188,685</u>	<u>£327,336</u>	<u>(£310,761)</u>	<u>£(84,409)</u>	<u>£120,851</u>
12.2 Designated Funds	£	£	£	£	£
Fixed Asset reserve	217,107	-	7,277	-	224,384
New Building fund	-	-	-	100,000	100,000
Sei Whale project	-	-	-	50,000	50,000
	<u>£217,107</u>	<u>£ -</u>	<u>£7,277</u>	<u>£150,000</u>	<u>£374,384</u>

The Fixed Asset Reserve is equal to the net book value of the charitable company's non-endowed fixed assets.

In the year to 30 June 2017, the trustees agreed to designate from general reserves £100,000 towards the new building and a further £50,000 towards the Sei Whale project.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2017

12.3 Restricted Funds (note 2.1)

	<u>Balance at</u> <u>1 July</u> <u>2016</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>2017</u> £
<u>PROJECT FUNDS</u>					
The Annual Seabird Monitoring Programme	16,743	38,639	(17,151)	(21,632)	16,599
Building Capacity for Habitat Restoration in the Falkland Islands	3,969	11,546	(4,013)	(11,502)	-
Biodiversity Action Planning in the Falkland Islands	7,857	-	(280)	-	7,577
The Falkland Islands Raptors Project	7,566	-	-	-	7,566
An inventory of Falkland Islands Bryophytes and Lichens	4,962	-	(1,000)	-	3,962
Sei Whale Genetic Sampling	-	17,117	(10,027)	(1,287)	5,803
Hydrocarbon Policy Framework	6,556	15,000	-	(1,017)	20,539
Site Management	-	9,500	-	(2,469)	7,031
Sei Whale Study Berkeley Sound	67,136	-	(51,108)	(12,160)	3,868
Terrestrial Ecosystems of the Falklands – a Climate Change Risk Assessment	22	-	-	(22)	-
Practical Management of Sea Lion Island Nature Reserve	774	6,759	(1,380)	(3,562)	2,591
Rural Environment Engagement	7,048	-	(167)	(5,741)	1,140
Habitat Restoration and Outreach	-	42,000	(17,863)	(6,747)	17,390
Native Plants	11,744	-	(1,903)	-	9,841
Visick Conservation Fund	8,446	-	(4,328)	-	4,118
Penguin Cameras	-	2,000	(68)	(485)	1,447
Tracking White-chinned Petrels	1,872	-	(1,114)	(272)	486
Interim Support Habitat Restoration	-	10,496	(17,591)	7,496	401
Southern Giant Petrel Census	1,456	-	(15)	(1,441)	-
Communicate Wildlife Stores	-	7,154	(7,154)	-	-
Invasives Control	4,313	-	(344)	-	3,969
FC Reserve Management	17,075	-	(156)	-	16,919
Oiled Seabird Rehabilitation Facility	3,998	250	(1,544)	-	2,704
	<u>171,537</u>	<u>160,461</u>	<u>(137,206)</u>	<u>(60,841)</u>	<u>133,951</u>
<u>NON-PROJECT FUNDS</u>					
WATCH Group	3,470	7,605	(7,674)	(2,000)	1,401
Building for the Future Appeal	52,692	132,442	(6,061)	-	179,073
	<u>£227,699</u>	<u>£300,508</u>	<u>(£150,941)</u>	<u>(£62,841)</u>	<u>£314,425</u>

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2017

12. STATEMENT OF FUNDS (continued)

The following restricted funds were held at 30 June 2017:

206 Terrestrial Ecosystems of the Falkland Islands – a Climate Change Risk Assessment

Co-beneficiary funding from an EU BEST grant via the Royal Botanic Gardens, Kew, to provide information and local services as part of a project to equip FIG with the tools and knowledge to conserve native plants, habitats and the services they provide in the face of climate change. Project is now complete.

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.

213 Building Capacity for Habitat Restoration in the Falkland Islands

Funded by Darwin Plus, this project investigates the effectiveness of using native seeds as a re-vegetation tool for the Falkland Islands. Project is now complete.

216 Invasives Control

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

217 Hydrocarbons Policy Frameworks

Funds provided to make additional resources to initiate policy processes to enable sustainable, positive hydrocarbon development in the Falkland Islands.

218 Southern Giant Petrel Census

Funds from JNCC to provide additional resources to complete an island-wide survey of breeding numbers of southern giant petrels (an ACAP species) in the Falkland Islands. Project is now complete.

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

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 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.

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.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2017

12. STATEMENT OF FUNDS (continued)

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, aims 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.

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.

304 Communicate Good News Wildlife Stories

Funded by the Foreign and Commonwealth Office, this short project aims to better communicate good news stories about Falklands' wildlife, and give a more realistic picture of the natural resources across the Patagonian Sea area, and to strengthen both the international awareness of important wildlife and management of the area. Project is now complete.

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.

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.

361 Building for the Future Appeal

A fundraising drive both locally and internationally to fund the building of new multi-functional premises in Stanley.

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.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2017

12. STATEMENT OF FUNDS (continued)

12.4 Capital Endowment Fund	Balance 30 June 2017 £
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 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	-	-	314,425	314,425
Designated Funds	224,384	-	150,000	374,384
General Funds	-	225,880	(105,029)	120,851
	<u>£256,792</u>	<u>£225,880</u>	<u>£359,396</u>	<u>£842,068</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

	2017 £	2016 £
Net income for the reporting period (as per the statement of financial activities)	176,169	103,337
Adjustments for:		
Depreciation charges	8,958	11,864
Dividends and interest from investments	(4,203)	(4,360)
(Gains) on investments	(17,304)	(1,011)
Loss on sale of fixed assets	531	-
(Increase)/decrease in stocks	(5,409)	3,826
Decrease in debtors	3,942	24,183
(Decrease) in creditors	(34,417)	(17,245)
Net cash provided by operating activities	<u>£128,267</u>	<u>£120,594</u>