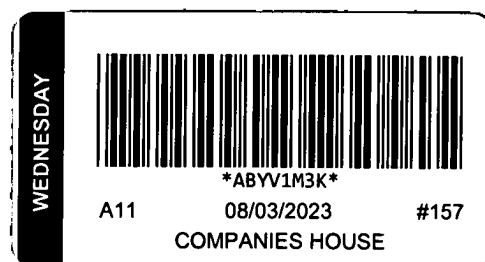


FALKLANDS CONSERVATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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 2022.

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 as set out in its Articles are to:

- a) to undertake scientific research in the wildlife and environment of the Falkland Islands including New Island and their surrounding seas and to publish the results of such research;
- b) to conserve the wildlife and environment of the Falkland Islands including New Island and its surrounding seas for the benefit of the public;
- c) to educate the public in the principles and practice of nature conservation;

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.

Trustees have adopted a new Falklands Conservation Strategy with a 5 year plan under 4 headings. The achievements during the first year of this plan are described below under the headings.

ACHIEVEMENTS AND PERFORMANCE

1. FORCE FOR NATURE

Carbon Footprint

Falklands Conservation (FC) is committed to lowering its organisational carbon footprint. We used data on electricity use, heating and diesel usage from transport to accurately calculate our carbon footprint from 2021. This will be used as a baseline for future years as we work on lowering our emissions.

Education and outreach – the Watch Group

With support from Standard Chartered Bank, the Watch Group continued its programme of activities for young people in the Islands. The Watch Group were involved in the build up to the 2021 Falklands election by writing questions about environmental issues. They created a video of themselves asking these questions which was shared with all candidates helping to bring green issues to the forefront of the election. The candidate's answers were then collated and shared with the Watch Group. They also took part in "The Big Seaweed Search".

Supporting environmental education within Falkland Island schools

We continued to provide information and staff support to environmental education lessons, field trips and assemblies within schools and to support work experience students. Members of FC supported an IJS trip to Kidney Island with year 2 classes looking at the wildlife supported on a tussac island.

Community Engagement

Community engagement increased significantly during the year with attendance at FC events up by over 15%. Events such as Farmers week, the Big Seaweed Search and increased Watch Group attendance contributed to these figures. The Conservation Ball was once again a success following an enforced break due to Covid.

Ensuring leading practice in onshore and offshore development

We informed the public and FIG on their salmon farming fact finding for the benefit of the environment.

Sustainable Business

The New Island business out-turn was positive.

2. RESTORING NATURE

Land Management and Habitat Restoration

Tussac planting continued on Middle Island (supported by Georgia Seafoods) and Motley Island (Supported by EU Best). Around 3 Ha of land has successfully been planted on Middle Island with approximately 5 Ha on Motley Island. Analysis of the health of peatland habitats was undertaken on 17 islands. Springcreek Conservation's Ecological Restoration Grants, continued to provide financial support to local community conservation initiatives including fencing and replanting on Dyke Island, fencing and tussac planting at Port Edgar and native planting and habitat monitoring at Little Creek Farm. With the generous support of the John Ellerman Collaborative Fund, Pebble Islet was acquired by FC with the aim of restoring the habitat of the island. Large parts of New Island are threatened by erosion, habitat and soil loss. Our current restoration efforts there are severely challenged by the chronic impacts of invasive mammals. With Darwin Funding we have been able to take on a new role to investigate approaches to longer term restoration of the islands.

FALKLANDS CONSERVATION

Report of The Trustees

ACHIEVEMENTS AND PERFORMANCE (continued)

3. SPACE FOR NATURE

We inputted to the Marine Management Areas consultation including providing a public information session. We supported FIG with their interest to progress protection for the Hill Cove Mountains.

4. USING NATURE

We provided original research to inform decision makers on the implications of industrial scale, inshore, open penned, salmon farming. In early 2022 the Falkland Islands Executive Council decided to ban inshore salmon farming in the Falkland Islands. From analysis of data already established, the inshore waters of the Falkland Islands, which were already a Key Biodiversity Area (KBA) for sei whales, were recognised as a KBA for 9 species of seabirds. The Falklands-wide Seabird Monitoring Programme, was completed for the 33rd consecutive year. Our whale tagging successfully deployed five satellite tags on sei whales in Berkeley Sound to record their movements and the water depths that they are foraging at to inform their conservation and management.

FINANCIAL REVIEW

The results for the year are detailed in the financial statements that follow. 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. 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 online auction, donations and sales, together with membership and penguin adoption, ensured that essential costs were covered. The Trustees would like to 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 diversity of funding partners, whose contribution varies from 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 to a number of ongoing projects. Springcreek Conservation, Detroit Zoological Society, Steve Spring and the Royal Society for the Protection of Birds also provide significant yearly support. Hence, we are particularly grateful to all these organisations for their continued support.

Fundraising

We held a successful, physical Charity Ball event in 2021 which resulted in income of £18,192. A number of UK wildlife parks continued to display collection boxes for Falkland's wildlife, donations from which decreased during covid, however showed a small increase in 2021. We continued to run our gift shop at Jubilee Villas in Stanley and outsourced our products through local and international retailers and our webshop. Without tourists to the Falkland Islands, sales were down in 2021/22. Fundraising is a major preoccupation of the management team and is a constant challenge.

New Island Trust

We had a successful second year of tourism operations on New Island, despite the significant financial shortfall caused by the absence of cruise tourism. This shortfall was reduced by the second year of the government's subsidy of local tourism (called the TRIP scheme).

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 an investment adviser, Quilter Cheviot Ltd, which manages a portfolio of assets. The charity is in close contact with the investment adviser who produces quarterly reports for the Board.

FALKLANDS CONSERVATION

Report of The Trustees

FINANCIAL REVIEW (continued)

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.

The unrestricted general funds are £259,000, as disclosed in note 13. The SOFA shows annual unrestricted expenditure of £341,000, therefore we have 9.1 months of reserves, assuming no income. It is FC policy to hold cash or cash reserves to allow for a minimum of six months of work and have resilience against fluctuations in income. At the year end 2022 cash reserves were noted as being 9 months of activity based on the 2022 expenditure.

Risk management

The Board reviews annually the main risks facing the charity and develops appropriate measures to mitigate those risks. Among the main risks identified at present are:

- 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 and 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.
- Worldwide COVID 19 pandemic. Comprehensive plans were developed to try to minimise current and future impact on our finances and operations.
- Injury or harm to visitors to New Island and damage to the buildings and equipment on the Island which is isolated and remote. Insurance policies are in place and carefully reviewed at renewal.

PLANS FOR THE FUTURE

We will continue our work towards our 2021-2026 strategy showing progress against indicators in our 4 key areas:

1. Falklands Conservation as a Force for Nature

In order to have an effective organization we need to invest in the people, systems and infrastructure that make up the organization. Over the next five years we will refresh the organizational structure to accommodate new team members and will allow us to grow where possible and sustainable. We will work to increase our financial stability by working with partners, supporters and donors, tackling the significant difficulties that COVID-19 has caused. We will continue to put our work with the community at the heart of our strategy.

2. Restore Nature

We will champion the restoration of nature as a key way of tackling the major challenges that we face. This will focus on our responsibility to restore our own islands alongside offering support to other landowners and businesses where possible.

3. Space for Nature

Falklands' land and seascapes are globally important for nature. While much good work has been done, there is still much to do to ensure appropriate conservation of our marine and terrestrial natural heritage. We will work alongside other members of the community to find positive solutions.

4. Using Nature

Onshore and offshore industries have the potential to alter the natural character of the islands forever. We will work alongside other members of the community to encourage sustainable solutions to these challenges. We are all part of the solution for achieving a bright future for Falkland's nature, and we look forward to continuing to work together.

We will continue to report on our progress under our **Achievements and Performance** section (above) each year.

FALKLANDS CONSERVATION

Report of The Trustees

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 of Trustees

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, while Henry Robinson remained Vice-Chairman based in the 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, 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.

The Board of Trustees meets quarterly by conference telephone link UK-Falkland Islands. The Chief Executive Officer, Conservation Manager and Technical Administrative Officer are in attendance at Board meetings, but do not vote. All Trustees give their time freely and do not receive any remuneration.

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 priorities, 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.

Management

The key members of the management team were: the Chief Executive, the Conservation Manager and the Technical Administrative Officer. 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 staff who continued in their posts during the year were as follows: Dr Esther Bertram (Chief Executive Officer), Dr Andrew Stanworth (Conservation Manager), Dr Caroline Weir (Cetaceans Project Officer), Pamela Quilodrán Jelbes (Technical Administrative Officer) Emma Harte (Marine Conservation Officer), Grant Munro (Sites Officer), Jenni Sol (Business and Logistics Officer for New Island) and David Higgins (Peatland Biodiversity Project Manager). Sorrel Pompert Robertson replaced Michelle Winnard as Communications and Marketing Officer in September 2021 with Mark Mcleod taking over as Administrative Officer. Sarah Crofts (Conservation Officer) stepped down from her role in January 2022. Mike Ford (Community Outreach Officer) was replaced by Glenn Welch in January 2022. Ross James (Biosecurity and Invasives Manager) joined us in May 2022. Dr Katherine Ross (Habitats Officer) stepped down from her post following her maternity leave in June 2022. In the UK, Alicia Boyer continued as the UK Administrative Officer. Helen Marsh very kindly continued to provide voluntary support as the Herbarium Curator. With this group of people, 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.

Members

We have over 500 members spread throughout the world and continued to expand our generous group of corporate supporters.

FALKLANDS CONSERVATION

Report of The Trustees

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Premises

Our main office is at Jubilee Villas in Stanley, with a complementary office for our UK Administrative Officer, Alicia Boyer, at The RSPB Gatehouse in Sandy, Bedfordshire. We continued working towards our vision of a purpose-built headquarters, with a dedicated space for Watch Group activities, in Stanley. We are still holding funds for this progression.

THANKS AND ACKNOWLEDGEMENTS

We could not have achieved so much without everyone listed below.

Conservation Societies and other Organisations. Forum for the Conservation of the Patagonian Sea, British Antarctic Survey, Oxford University, International Union for Conservation and Nature Peatland, South Atlantic Environmental Research Institute, Island LandCare, Elephant Seal Research Group, Department of Agriculture.

Corporate Supporters. 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, Falkland Islands Tours & Travel, and Colonial Equipment. We are very grateful for your collaboration.

Supporters of Project Work. The Falkland Islands Government, UK Department for Environment, Food and Rural Affairs, including their Darwin Plus programmes, Royal Society for the Protection of Birds, Standard Chartered Bank, Wild Planet Trust, Centre, Dunbar Farm, UK Centre for Ecology and Hydrology, Rincon Ridge Farm, Springpoint Farm, Port Howard Farm, Antarctic Research Trust, Department for Business, Energy and Industrial Strategy, Fitzroy Farm, Island RIBs, Falkland Islands Government Maritime Authority, Fortuna, Polar Seafish, Consolidated Fishing Ltd and Richard Short, EU Best, Georgia Seafoods Ltd, British Forces South Atlantic Islands Conservation Society, UK Ministry of Defence.

Supporters of Core Activities. The Falkland Islands Government, Detroit Zoological Society, Dingle Oceanworld Aquarium, Thrigby Hall Wildlife Gardens, Drusilla's Park, Cotswold Wildlife Park and Gardens, John Ellerman Foundation, Springcreek Conservation and Steve Spring. For substantial donations in kind, we thank Stanley Services Ltd.

Charity Ball 2021. Sponsors: Consolidated Fisheries Ltd, ELink, South American Atlantic Service Ltd, Red Back Consulting Ltd, Falkland Islands Company and Falkland Islands Development Corporation **Auction Donors:** Alice Clarke, Chloe Kripe, Christine Sargent, Eileen Davies, Government House, Just Wool, Textiles, Richard Cockwell, Samantha Chapman, Simon Verrechia, Stuart Walker, Teslyn Barkman and Vicky Chater.

Raffle Donors 2021. Waterfront Boutique Hotel, Hairy Daisy, MJWinnard Photography, Bleaker Island, Government of South Georgia, G-Unique, Sullivan Shipping, Pebble Lodge, Falkland Islands Football, Samantha Chapman, Marinella's Italian Food, Swan Ceramics, Workboat Services, Falklands Outdoors, Johnson's Harbour, FIGAS, Falklands Distillery, Elephant Beach Farm, Kelper Stores Ltd, Monika Łukomska, Falkland Beerworks, Falkland Islands Tourist Board, Resin By Sarah, Studio 52, The Narrows, Helen and Leon Marsh, Suzan Pole-Evans and Malvina House Hotel

Donations to the Building Fund. Standard Chartered Bank, Falkland Islands Government, Premier Oil, Noble Energy, JK Marine, Caribbean Alliance, John & Tracey Hellowell, Henry Kenner (Arrowgrass), Cotswold Wildlife Park and Gardens, Morrison's Construction, and Frits W Olivier. We would also like to thank the H.B. Allen Charitable Trust - long-term supporters of our core activities, who have now completed their funding to us with a generous donation to our proposed new headquarters. We are very grateful.

FALKLANDS CONSERVATION

Report of The Trustees

REFERENCE AND ADMINISTRATIVE DETAILS

VICE PRESIDENTS

Sir David Attenborough
Julian Fitter
Robert Gibbons
Mark Carwardine

Peter Harrison
Rebecca Ingham
Mandy Shepherd

BOARD OF TRUSTEES

Roger Spink (FC Chairman)
Henry Robinson (UK Chair)
Matthew Bassford (UK Vice Chair) - resigned Sept 2021
Paul Brewin (FI Vice Chair)
Keith Biles (FI Hon Treasurer)
Thomas Blake
Ross James – resigned October 2021
Phyl Rendell
David Crwys-Williams

Tim Carr
Jan Cheek
Colin Clubbe
Sally-Ann Wilson
Ian Moncrieff
Nicola Granger (Hon Treasurer)
Elizabeth Radford

KEY MANAGEMENT

Chief Executive
Technical Administrative Officer
Conservation Manager

Dr Esther Bertram
Pamela Quilodrán Jelbes
Dr Andrew Stanworth

PRINCIPAL ADDRESSES

United Kingdom:
The Gatehouse
The Lodge
Sandy
Bedfordshire
SG19 2DL

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

REGISTERED OFFICE

2nd Floor, Regis House
45 King William Street
London, EC4R 9AN

BANKERS

United Kingdom:
Barclays Bank Plc
King George Street, Yeovil,
Somerset, BA20 1PX

Falkland Islands:
Standard Chartered Bank
Ross Road,
Stanley
Falkland Island
FIQQ 1ZZ

SOLICITORS

United Kingdom:
Russell-Cooke
2 Putney Hill
London, SW15 6AB

Falkland Islands:
Pinsent Masons LLP
56 John Street,
Stanley

INVESTMENT ADVISERS

Quilter Cheviot Limited
The Pinnacle, 73 King Street,
Manchester, M2 4NG

AUDITOR

Azets Audit Services
2nd Floor, Regis House,
45 King William Street,
London, EC4R 9AN

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:

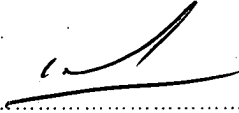
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution for the re-appointment of Azets Audit Services 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:


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

Date: 25/01/23

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 2022 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 2022 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 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.

Azets Audit Services

John Howard (Senior Statutory Auditor)
For and on behalf of Azets Audit Services
Statutory Auditor
2nd Floor, Regis House
45 King William Street
London, EC4R 9AN

Date 06 March 2023

FALKLANDS CONSERVATION
Statement of Financial Activities
For The Year Ended 30 June 2022

	Notes	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	304,565	-	691,084	995,649	711,674
Other trading activities	3	8,866	-	54,087	62,953	6,294
Investments		1,015	-	-	1,015	12,817
Other income		43,155	-	50,830	93,985	17,756
Total income		357,601	-	796,001	1,153,602	748,541
EXPENDITURE ON						
Raising funds		22,235	-	3,063	25,298	24,599
Charitable activities:						
Conservation and research		143,459	2,725	301,208	447,392	388,816
Education and community		175,338	3,330	368,144	546,812	318,124
Total expenditure	4	341,032	6,055	672,415	1,019,502	731,539
NET (EXPENDITURE) /INCOME BEFORE NET GAINS		16,569	(6,055)	123,586	134,100	17,002
NET (LOSSES)/GAINS ON INVESTMENTS	8	(6,808)	-	-	(6,808)	-
NET (EXPENDITURE) /INCOME						17,002
Transfers between funds	12	(8,843)	103,000	(94,157)	-	-
NET MOVEMENT OF FUNDS		918	96,945	29,429	127,292	17,002
Total funds at 1 July 2021		291,322	325,179	1,102,273	1,718,774	1,443,261
Funds brought in on acquisition		-	-	-	-	1,238,830
Impairment on acquisition		-	-	-	-	(980,319)
Total funds at 30 June 2022	13	292,240	422,124	1,131,702	1,846,066	1,718,774

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes on pages 13 to 25 form part of these financial statements.

FALKLANDS CONSERVATION


Balance Sheet

As at 30 June 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Tangible assets	7	275,789	289,558
Investments	8	223,457	229,251
		<u>499,246</u>	<u>518,809</u>
CURRENT ASSETS			
Stock	9	19,462	33,502
Debtors	10	10,095	9,895
Cash and cash equivalents		1,412,013	1,232,390
		<u>1,441,570</u>	<u>1,275,787</u>
CREDITORS			
Amounts falling due within one year	11	(94,750)	(75,822)
NET CURRENT ASSETS		<u>1,346,820</u>	<u>1,199,965</u>
NET ASSETS		<u>1,846,066</u>	<u>1,718,774</u>
FUNDS			
Endowment	12.4	32,408	32,408
Restricted	12.3	1,131,702	1,102,273
Unrestricted funds:			
Designated	12.2	422,124	325,179
General	12.1	259,832	258,914
TOTAL FUNDS		<u>1,846,066</u>	<u>1,718,774</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 25/01/23 and were signed on its behalf by:


 Roger Spink
 Board of Trustees

The notes on pages 13 to 25 form part of these financial statements.

FALKLANDS CONSERVATION**Cash Flow Statement****As at 30 June 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Cash generated from operations	16	328,608	66,050
Cash flows from investing activities:			
Payments to acquire tangible fixed assets		(150,000)	(1,776)
Dividends and interest from investments		1,015	12,817
Cash acquired on acquisition		-	211,025
Net cash provided by investing activities		(148,985)	222,066
Change in cash and cash equivalents in the reporting period		179,623	288,116
Cash and cash equivalents at the beginning of the reporting period		1,232,390	944,274
Cash and cash equivalents at the end of the reporting period		1,412,013	1,232,390

The notes on pages 13 to 25 form part of these financial statements.

FALKLANDS CONSERVATION
Notes To The Financial Statements
For the Year Ended 30 June 2022

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.

1.2 Going concern

After reviewing the charity's forecasts and projections and taking into account the economic conditions (given inflation levels) 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 reassessed 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 2022

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.

1.8 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

1.9 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.

1.10 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 2022

- 1.10 **Fixed assets (continued)**
Equipment purchased as part of projects financed by restricted funds is to be expensed to the project until the completion of the project. Upon completion of the project, a decision is to be taken as to whether the equipment should be returned to the donor, stored for later use, sold or disposed of.
- Where land is purchased with a view of it being held and restored the land is impaired to a nominal value of £1.
- 1.11 **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.
- 1.12 **Stocks**
Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.
- 1.13 **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.
- 1.14 **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.
- 1.15 **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.
- 1.16 **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.
- 1.17 **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.
- 1.18 **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.
- 1.19 **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 2022

2. DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	2022 £	2021 £
Grants, donations and gifts (note 2.1)	282,592	690,468	973,060	694,530
Legacies	1,000	-	1,000	1,000
Subscriptions	20,973	616	21,589	16,144
	<u>304,565</u>	<u>691,084</u>	<u>995,649</u>	<u>711,674</u>

In 2021, £424,084 of the income received from grants, donations, legacies and subscriptions was attributable to the restricted fund, and the remaining £287,590 was attributable to the unrestricted fund.

2.1 RESTRICTED GRANTS, DONATIONS AND GIFTS

The following grants, donations and gifts in excess of £5,000 have been received in the year (note 12.3):

	£
a) Darwin Whale Satellite Tracking	162,731
b) Land acquisition	150,000
c) Darwin Protect and Restore	102,531
d) FC Reserve Management	61,098
e) Grant Annual Support	52,500
f) Springcreek Habitats	40,366
g) Annual Sea Bird Monitoring	39,230
h) BEST Motley Restoration	27,017
i) New Island Restoration	26,722
j) RSPB Policy and Cap. Equipment	9,503
k) New Island Income	5,133
l) Other less than £5,000	14,253
	<u>691,084</u>

The 'New Island Income' is income generated from New Island.

3. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted £	Restricted £	2022 £	2021 £
Sale of goods and publications	8,866	6,692	15,558	6,294
Accommodation income	-	47,395	47,395	-
	<u>8,866</u>	<u>54,087</u>	<u>62,953</u>	<u>6,294</u>

In 2021, £6,294 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 2022

4. ANALYSIS OF RESOURCES EXPENDED

	Staff costs £ (note 6)	Direct costs £	Support costs £ (note 4.1)	Total £	2021 £
Cost of generating funds:					
Costs of generating voluntary income	-	22,049	-	22,049	7,055
Cost of fundraising trading	-	3,063	186	3,249	17,544
Charitable activities:					
Conservation and research	184,904	17,208	245,280	447,392	388,816
Education and community	225,993	21,032	299,787	546,812	318,124
Total resources expended	410,897	63,352	545,253	1,019,502	731,539

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 changed between 2021 and 2022, to reflect the change in activities.

In 2021, £411,628 of the resources expended was attributable to staff costs, £28,381 to direct costs and the remaining £291,530 was attributable to support costs. Of the total £731,539, £360,146 was attributable to the restricted fund and the remaining £371,393 was attributable to the unrestricted fund.

4.1 SUPPORT COSTS

	Unrestricted	Restricted	Designated	2022 TOTAL	2021 TOTAL
	£	£		£	£
Subscriptions	2,316	-	-	2,316	1,764
Property & Maintenance	12,475	19,074	-	31,549	30,715
General	632	12,768	-	13,400	4,118
Recruitment	1,155	448	-	1,603	1,549
Training	2,675	-	-	2,675	3,464
Professional fees	1,414	45,360	-	46,774	109,480
Telephone costs	9,505	1,922	-	11,427	10,454
Postage & office consumables	9,573	727	-	10,300	8,749
Computer, website & hardware	12,263	-	-	12,263	14,328
Equipment & Furniture	337	126,789	-	127,126	27,237
Insurance	11,398	3,262	-	14,660	6,571
Travel costs	11,547	60,766	-	72,313	32,767
Motor vehicle costs	10,063	9,191	-	19,254	11,100
Depreciation and impairment	4,700	159,069	-	163,769	14,861
Governance costs:					
Audit & Accountancy costs	12,394	1,669	-	14,063	12,652
Bank charges	1,648	113	-	1,761	1,721
	<u>104,095</u>	<u>441,158</u>	<u>-</u>	<u>545,253</u>	<u>291,530</u>

Restricted support costs represent expenditure incurred on projects.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2022

5 NET INCOME/(EXPENDITURE) FOR THE YEAR

	2022 £	2021 £
This is stated after charging:		
Auditors' remuneration:		
- for audit	7,000	6,400
- for other services	2,500	2,000
Depreciation	13,770	14,861
Impairment	149,999	-

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

	2022 £	2021 £
Wages and salaries	388,432	388,720
Social security costs	14,400	13,507
Pension costs	8,065	9,401
	<u>410,897</u>	<u>411,628</u>

The average number of employees during the year was as follows:

	2022 No.	2021 No.
Average number	15	15

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, Technical Administrative Officer and Conservation Manager. The total employee benefits of the key management personnel for the year were £113,214 (2021: £108,044).

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

During 2022, none of the trustees was reimbursed for travel costs (2021: 1 trustee, £57).

7. TANGIBLE FIXED ASSETS

	Land and Buildings £	Plant and Equipment £	Motor Vehicles £	Total £
COST				
At 1 July 2021	1,218,687	155,963	26,924	1,401,574
Additions	150,000	-	-	150,000
Disposals	-	-	-	-
	<u>1,368,687</u>	<u>155,963</u>	<u>26,924</u>	<u>1,551,574</u>
DEPRECIATION				
At 1 July 2021	980,319	106,512	25,185	1,112,016
Charge for the year	-	13,770	-	13,770
Islets acquisition impairment	149,999	-	-	149,999
Eliminated on disposal	-	-	-	-
	<u>1,130,318</u>	<u>120,282</u>	<u>25,185</u>	<u>1,275,785</u>
NET BOOK VALUE				
At 30 June 2022	<u>238,369</u>	<u>35,681</u>	<u>1,739</u>	<u>275,789</u>
At 30 June 2021	<u>238,368</u>	<u>49,451</u>	<u>1,739</u>	<u>289,558</u>

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2022

7. TANGIBLE FIXED ASSETS - continued

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

Land and buildings also include land and buildings on New Island. These were valued at £1 as the intention of the Charitable Company is to preserve the island and not to sell on. During the year, Pebbie and Government Islets were purchased and land was also valued at £1 as the intention of the Charitable Company is to preserve the island and not to sell on.

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

	2022 £	2021 £
At market value:		
Balance at 1 July 2021	229,250	220,533
Additions	1,330	-
Disposal	-	(3,364)
Revaluation	(6,808)	-
Cash held in investment portfolio	(315)	12,082
Market value at 30 June 2022	223,457	229,251
 Cost at 30 June 2022	 164,675	 163,345

The Charity's investment in the following represents more than 5% of the total investment portfolio as at 30 June 2022:

M&G Corporate Bond I Inc (Inst)	£13,806
Fil Inv Svcs UK Fid Mb Income Ne Y Inc Sett 15/06/12	£14,930
M&G Investment Man Global Dividend I Sett 02/12/13	£15,972
Veritas Global Equity Inc (Inst) Sett 05/12/13	£12,983
Artemis Fd Mngrs Income I Inc	£11,294
Artemis Fund Managers Global Income Units Instl Inc	£12,119
COIF	£121,549

9. STOCKS

	2022 £	2021 £
Goods for resale	19,462	33,502

FALKLANDS CONSERVATION
Notes To The Financial Statements

For the Year Ended 30 June 2022

10. DEBTORS

	2022 £	2021 £
Trade debtors	5,574	5,291
Other debtors	610	610
Prepayments and accrued income	3,911	3,994
	<u>10,095</u>	<u>9,895</u>

11. CREDITORS: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	19,631	27,250
Other creditors	30,098	2,546
Accruals and deferred income	45,021	46,026
	<u>94,750</u>	<u>75,822</u>

12. STATEMENT OF FUNDS

	Balance at 30 June 2021 £	Incoming Resources £	Resources Expended, Gains & (losses) £	Transfers £	Balance at 30 June 2022 £
Unrestricted Funds					
12.1 General Fund					
General Account	258,914	357,601	(341,032)	(15,651)	259,832
Island Nature Reserves(note 12.4)	32,408	-	-	-	32,408
	<u>291,322</u>	<u>357,601</u>	<u>(341,032)</u>	<u>(15,651)</u>	<u>292,240</u>
12.2 Designated Funds					
Fixed Asset reserve	218,825	-	(4,700)	-	214,125
New Building fund	70,000	-	-	55,000	125,000
Remote working	7,743	-	-	-	7,743
Small grants	2,000	-	-	(2,000)	-
Vehicle replacement fund	20,000	-	-	20,000	40,000
Whale Project support	6,611	-	(1,355)	-	5,256
Peatland/Carbon Capacity Fund	-	-	-	30,000	30,000
	<u>325,179</u>	<u>-</u>	<u>(6,055)</u>	<u>103,000</u>	<u>422,124</u>
	<u>616,501</u>	<u>357,601</u>	<u>(347,087)</u>	<u>87,349</u>	<u>714,364</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 £284,858 less endowments worth £32,408, less restricted New Island fixed assets worth £38,325. See Note 7).

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2022

12.3 Restricted Funds

	<u>Balance at 1 July 2021</u>	<u>Brought in on Acquisition</u>	<u>Incoming Resources (note 2.1)</u>	<u>Resources Expended</u>	<u>Transfers & Impairment Charges</u>	<u>Balance at 30 June 2022</u>
	£	£	£	£	£	£
PROJECT FUNDS						
210 ESB FISMP	18,205	-	39,230	(13,279)	-	44,156
212 An inventory of Falkland Islands Bryophytes and Lichens	3,962	-	-	-	-	3,962
217 RSPB Hydrocarbons Policy Frameworks	1,433	-	-	-	-	1,433
222 RSPB Site Management	77	-	-	-	-	77
228 Darwin Whale Project	12,509	-	193	(29,537)	-	(16,835)
234 Raptor Project	3,487	-	-	-	-	3,487
287 RSPB Marine Conservation Officer	48,385	-	-	-	-	48,385
290 Falklands National Herbarium	150	-	-	-	-	150
298 FC Reserve Management	50,489	-	61,098	-	-	111,587
303 Propagation Booklet	-	-	-	-	2,750	2,750
308 Springcreek Habitats	23,643	-	40,650	(28,704)	(8,851)	26,738
325 BEST 2.0 Motley Restoration	-	-	27,017	(15,271)	(6,427)	5,319
355 Darwin Whale Tagging Project	(15,973)	-	162,731	(179,972)	(25,819)	(59,033)
362 HB Allen Conservation Fund	69,830	-	-	(7,500)	-	62,330
370 Penguin Rehab Centre	1,032	-	-	-	-	1,032
372 FCO Comms Funding	4,246	-	-	-	-	4,246
373 WPT Ship Island Restoration	320	-	-	-	-	320
374 ESB Seaweed Citizen Science	395	-	-	(174)	-	221
375 FCO Salmon Farming Equipment	1,087	-	-	-	-	1,087
388 RSPB SF Governance report	3,079	-	-	(3,000)	-	79
390 Site Management Support	8,991	-	4,000	(12,991)	-	-
401 Islets acquisition	-	-	150,000	(149,999)	-	1
407 RSPB Annual support	-	-	52,500	(52,500)	-	-
414 Darwin Seabirds KBAs	9,006	-	4,500	-	(8,505)	5,001
423 BEIS White Grass Biomass	2,440	-	-	-	-	2,440
435 Darwin Protect & Restore	8,638	-	102,531	(76,032)	(25,078)	10,059
447 ESB Cetaceans Redlist	5,082	-	-	(5,082)	-	-
453 RSPB Whale support	-	-	9,503	(1,344)	(8,159)	-
467 RSPB Policy and Cap. Equipment	6,280	-	1,500	(365)	(7,415)	-
486 Darwin NI Restoration	-	-	26,722	(14,795)	(6,653)	5,274
701 New Island	185,013	-	109,468	(69,831)	-	224,650
	<u>451,806</u>	<u>-</u>	<u>791,643</u>	<u>(660,376)</u>	<u>(94,157)</u>	<u>488,916</u>
NON-PROJECT FUNDS						
340 WATCH Group	5,869	-	4,358	(2,969)	-	7,258
361 Building for the Future Appeal	606,273	-	-	-	-	606,273
702 New Island Land and Buildings	38,325	-	-	(9,070)	-	29,255
	<u>650,467</u>	<u>-</u>	<u>4,358</u>	<u>(12,039)</u>	<u>-</u>	<u>642,786</u>
	<u>1,102,273</u>	<u>-</u>	<u>796,001</u>	<u>(672,415)</u>	<u>(94,157)</u>	<u>1,131,702</u>

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2022

12. STATEMENT OF FUNDS (continued)

The following restricted funds were held at 30 June 2022:

210 ESB FISMP

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.

217 RSPB 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.

222 RSPB Site 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.

228 Darwin Whale Project

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.

229 FCO Enabling Fund

Funded by the FCO to gain a fuller understanding of the environmental implications of salmon farming, in order to develop an FC position and advise MLAs.

234 Raptor 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.

287 RSPB Marine Conservation Officer

Funded by the RSPB to support FC in marine management planning. This includes a Marine Officer for FC, technical consultancy costs to draw on legal or fisheries consultants, and time from FC's Communications Officer to develop a structured communications, engagement plan and materials.

290 Falklands National Herbarium

Funds to be used for housing our National Herbarium within our proposed new office building, which is currently held in 40 Jubilee Villas

298 FC Reserve Management

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

302 FIDC Sea Lion Island

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

303 Propagation Booklet

Funds to create a propagation Booklet to engage community members to have a go at growing native plants for recreation and ecological restoration.

308 Springcreek Habitats

Funded by Springcreek Conservation to undertake multimedia promotion of planting efforts as well as provide opportunity for the Watch Group to get a greater understanding of habitat restoration through planting trips.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2022

12. STATEMENT OF FUNDS (continued)

325 BEST 2.0 Motley Restoration

Funds received from BEST 2.0 to undertake urgently needed habitat restoration, to stem erosion, on Motley Island, with the help of community volunteers.

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.

355 Advancing Falklands and region-scale management of globally important whale populations

Recovering populations of southern right whales and endangered sei whales occur around the Falklands. Informed management decisions are hindered by lack of knowledge of their local and region-wide occurrence. This project uses telemetry, to track individual whales, and boat/aerial surveys to address data gaps on distribution, abundance and ecology. Management outputs include a draft Species Action Plan, Key Biodiversity Area assessment, and recognition of Falklands' whale populations by regional regulators. Community and stakeholder engagement will optimise support of management recommendations.

The Darwin Whale Tagging project ended the year in deficit, due to timing of funds being received and expenditure commencing. It is confirmed that income was received at the start of the next financial year.

361 Building for the Future Appeal

The charity has an aspiration to build a new, fit-for-purpose office building in Stanley. Fundraising has been going on for several years and during the period there was a tremendous boost with a restricted gift of £375k from the H B Allen Foundation.

362 HB Allen Conservation Fund

During financial year 2018-2020 the charity received a donation of £75k from the H B Allen Foundation for use in conservation. This now sits as a ring-fenced item in restricted funds pending decisions on how to spend it.

370 Penguin Rehab Centre

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.

372 FCO Comms Funding

Funded by the FCO this project aims to encourage the younger generation to engage Falkland Island decision makers about environmental governance, and in particular their plans for management of the natural environment.

373 WPT Ship Island Restoration

Support from the Wild Planet Trust to continue our habitat restoration and management work on FC's own Ship Island.

374 ESB Seaweed Citizen Science

Funded by the FIG Environmental Science budget, this project aims to initiate a citizen science project that will engage community members in gathering more information on seaweeds that will feed baseline information, monitoring and conservation assessments, and support development of indicators to change.

375 FCO Salmon Farming Equipment

Funded by the FCO the aim of this project is to provide for equipment that will allow the Watch Group to learn about aquaculture and how they perceive it impacting the Falkland Islands

388 RSPB Salmon Farming Governance report

Funded by RSPB, this restricted fund aims to support the production of independent review of global industrial salmon farming governance & associated outreach activities. Falkland Islands inshore waters are in near pristine condition and there is little baseline environmental data to effectively assess impacts salmon farming would have in these waters. After a successful report on environmental challenges (Bridson, 2018), Falklands Conservation are now aiming to investigate governance in the industry. There has been limited aquaculture governance experience in the Falklands. To this end, it is important that Falklands Conservation, the community and the government are aware of current governance of industrial salmon farming around the world and the challenges that regulators of the industry may face.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2022

12. STATEMENT OF FUNDS (continued)

390 Site Management Support

Funding from the RSPB to support improved management at FC site assets, including biosecurity and invasive inputs.

401 Islets acquisition

Funds received from the John Ellerman Foundation Collaborative Fund and RSPB for the acquisition of Pebble and Government Islet to bring them under conservation management in perpetuity. Now, as part of the Falklands Conservation landholdings, these islands will be surveyed and management interventions undertaken.

The pebble and government islets have been impaired as per Falklands Conservation policy noted in 1:10 above.

414 Unlocking Falkland Islands Marine Management: Key Biodiversity Areas for seabirds

The project will identify the first globally-recognised 'Key Biodiversity Areas' (KBAs) for seabirds and coastal water birds in the Falkland Islands to inform the current Marine Management Area (MMA) process and future Marine Spatial Planning, and engage decision-makers on the application of these IUCN-endorsed tools for practical management decisions.

423 BEIS White Grass Biomass

This grant is offered by BEIS (Business, Energy and Industrial Strategy) as match-funding to the funding obtained from the Department for Food, and Rural Affairs Darwin Plus Round 8 for the Project Darwin Protect and Restore. It supports work allowing to expand the set of work schedule of the project, allowing to characterise and describe the variability of above ground biomass covered by whitegrass along a gradient of grazing intensity.

435 Darwin: Recognise, protect, restore - driving sound stewardship of Falklands peat-wetlands

Covering over a quarter of the Falkland's land-area, peat-wetlands is highly significant for carbon storage, ecosystem function, and the important habitats, fauna and flora it supports. Habitat and soil lost, are ongoing threats to our peat-wetlands ecosystems, exacerbated by a lack of knowledge which prevents site-based protection and management for conservation. Project funded by Darwin Plus, will result in descriptions of nationally "Vulnerable" peat-wetland ecosystems, development of assessment tools for land-managers, and multimedia outputs that will inspire and drive protection and management of valuable sites for lasting conservation benefit.

447 ESB Cetaceans Redlist

Funded by FIG Environmental studies for the establishment of national Red Lists for the Falkland Islands and focused in the 26 species of cetaceans that have been recorded in waters around the Falkland Islands.

453 RSPB Whale support

Funds received from RSPB to contribute towards the shipping of FC's new survey boat from the UK to the Falklands, in support of the Darwin Plus (DPLUS126) project titled 'Advancing Falklands and region-scale management of globally important whale populations.'

467 RSPB: Policy and Capital Equipment support to Falklands Conservation

Funded by RSPB, the funds are directed as support to Falklands Conservation to cover 3 different areas; *Injecting the environment into the FI elections, Supporting conservation outreach and delivery, Blue green economy review.*

486 Darwin NI Restoration

Funded by Darwin Plus, this project would complete preparatory technical steps necessary for a potential four-species eradication programme and engage the Falkland Islands Government and community to secure support for New Island's long-term restoration

701 New Island

Funds provided through the Merger between New Island Conservation Trust (NICT) and Falklands Conservation, for the conservation and management of New Island.

701 New Island Land and Buildings

Land and Buildings provided through the Merger between New Island Conservation Trust (NICT) and Falklands Conservation, for the conservation and management of New Island.

FALKLANDS CONSERVATION

Notes To The Financial Statements

For the Year Ended 30 June 2022

12.4 Capital Endowment Fund	Balance at 30 June 2022 £
Islands Nature Reserves	<u><u>32,408</u></u>

The above capital fund was created in the old charity in 1995, from donations received and was utilised to purchase certain freehold land, and the islands listed in Note 7 with the exception of Hawk's Nest Pond which was donated separately at a later date. 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	38,325	-	1,093,377	1,131,702
Designated Funds	205,056	-	217,068	422,124
General Funds	-	223,457	36,375	259,832
	<u><u>275,789</u></u>	<u><u>223,457</u></u>	<u><u>1,346,820</u></u>	<u><u>1,846,066</u></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

	2022 £	2021 £
Net income for the reporting period (as per the statement of financial activities)	127,292	17,002
Adjustments for:		
Depreciation charges	13,770	14,861
Islets acquisition impairment	149,999	-
Dividends and interest from investments	(1,015)	(12,817)
Losses/(gains) on investments	5,794	(8,718)
(Increase)/decrease in stocks	14,040	(1,587)
(Increase)/decrease in debtors	(200)	13,003
Increase/(decrease) in creditors	18,928	44,306
Net cash provided by operating activities	<u><u>328,608</u></u>	<u><u>66,050</u></u>

17. SUBSEQUENT EVENTS

There have been no subsequent events.