

**Butterfly
Conservation**

Saving butterflies, moths and our environment

Annual Report & Accounts 2017/18



www.butterfly-conservation.org

Buzzacott
Chartered Accountants

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Overview by the Chair

Year to 31 March 2018



The last year has been a time of both consolidation and progress for Butterfly Conservation. At the July 2017 meeting of Council, trustees voted unanimously to confirm Julie Williams in the role of Chief Executive, recognising the excellent progress she had made in the acting role since the end of 2016. Under her strong management and leadership, and her plans to expand and strengthen the senior management team, staff and the wider organisation are motivated and becoming ever more effective in delivering our long-term strategy.

At this time of continuing political uncertainty about Brexit, we are increasing our efforts in policy work and advocacy aimed at retaining and strengthening protection for the natural environment and for the species dependent on it across the UK. Although we are doing more to seek influence on our own account, most of our policy work to influence decision-makers is delivered through partnerships with others who share our broad objectives in this area. These partnerships include the Link organisations bringing together the widest range of organisations concerned with nature, Greener UK, the State of Nature grouping and the Rethink Nature partnership with those species non-government organisations (NGOs) with goals most closely aligned to our own. The challenge of convincing our lawmakers is massive and partnership is essential if we are to make a difference.

While Butterfly Conservation retains a focus on the most threatened species of butterflies and moths in precious semi-natural landscapes at the 'sharp end' of distribution and population declines, we focus also on the long-term future of our more widespread species and are increasingly aware of the impact of nature on human health and wellbeing. Butterfly Conservation is working hard on its social media presence and citizen science campaigns to involve more people in all age groups. We are working to reach out to people and to influence local authorities in urban areas of the UK, where nature is under particular pressure. In our towns and cities, local pockets of habitat allow species to flourish, and people living locally can benefit from connecting with nature. We aim to catalyse local communities to engage more with natural areas of parks, gardens and other public spaces. We also aim to work with those delivering major infrastructure projects on opportunities to create new wildlife habitat whilst reducing costs of future maintenance.

We are keen also to maintain our work with key partners in Europe and on a wider stage across our planet to encourage and stimulate international conservation activity for butterflies and moths, where we can add value. We recognise that environmental pressures operate and impact at a global scale, and we need exchanges of best practice, concerted efforts and advocacy from wider partnerships to make an impact. In these challenging times, it is vital to save remaining fragile natural systems, many of which receive even less protection than those in the UK.

As our ambition grows to deliver our strategy as effectively as we can, our need to raise funds to resource these projects also grows, and we continue to invest in a cost-effective fundraising team. We are proud to acknowledge the income we receive through the generosity of our members, and I join our Chief Executive in thanking all our members for their loyal support. It really does make a difference.

A handwritten signature in black ink, appearing to read 'J. Asher'.

Dr Jim Asher
Chair

Overview by the Chief Executive

Year to 31 March 2018



2017/18 has been another memorable year for Butterfly Conservation with volunteers remaining at the heart of our ongoing success. More than 170,000 days of effort is given each year by our Branches and other volunteers, who play an essential role in ensuring the sustainability of our conservation work and maintain our vital recording and monitoring effort. We are extremely grateful to each and every person who gives up their time and energy to help – thank you.

During the last year we developed a new Conservation Strategy identifying 26 butterfly and 103 moth species that are the highest priority for action across the UK. Working with Branches and other volunteers, our staff team has also developed country and English regional conservation strategies. These strategies will inform our work for many years and ensure we continue to focus on the most important priorities. We have also identified a need to increase our research work particularly for widespread species suffering significant long-term decline.

Butterfly Conservation's reach and engagement continues to expand. More than 60,000 people took part in our citizen science project, the Big Butterfly Count, in 2017, our highest ever participation figure. This interaction helps promote the plight of butterflies and moths and encourages more people to experience nature first hand and improve their health and wellbeing. We have expanded our education work providing more children with the opportunity to have a face-to face encounter with the natural world that will hopefully start a lifelong connection to nature.

By March 2018 our membership had reached nearly 34,000, having grown by 75% during the last five years, resulting in our highest ever membership income in 2017/18. Our conservation success stories would not be possible without the support of our members - every subscription helps to fund vital work and, along with additional support for appeals and legacy gifts, guarantees a brighter future for butterflies and moths in the UK.

Our financial targets were again realised in 2017/18 with £4 million achieved in both income and expenditure. We are enormously grateful to all our funders, members and supporters for enabling us to reach our goals and deliver our ambitious plans.

We are extremely excited about the year ahead. 2018 is Butterfly Conservation's 50th anniversary year. We enjoyed a great start to the celebrations with our UK-wide Day of Action in March. Branches and volunteers helped the celebrations by taking part in conservation work across all four countries. Our Building Sites for Butterflies project is just one of many innovative new initiatives; the project will harness new opportunities to create habitats for butterflies, moths and other wildlife in the built environment. We are also developing a new urban project in London: Big City Butterflies – this pioneering project will help Londoners to discover butterflies and moths and encourage a connection with the green spaces in their city.

We will respond to the environmental, financial and political challenges that lie ahead to ensure we remain a financially sustainable organisation. I am confident that Butterfly Conservation will continue moving forward to achieve our vision of a world where butterflies and moths thrive and can be enjoyed by everyone.

A handwritten signature in black ink that reads "Julie Williams". The signature is written in a cursive, flowing style.

Julie Williams
Chief Executive

Report of the Council (including Strategic Report)

Year to 31 March 2018

Introduction

The Council of Butterfly Conservation presents its report together with the consolidated financial statements of the charity and its trading subsidiary, Butterfly Conservation Trading Limited, for the year ended 31 March 2018.

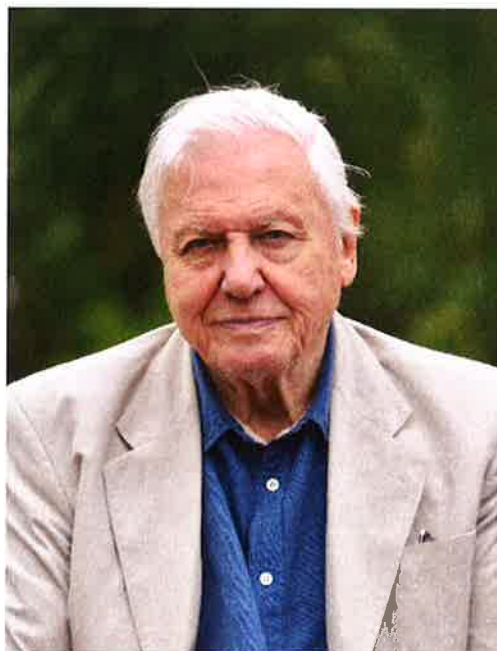
This report equates to a directors' report as required by Part 15 of the Companies Act 2006, and has also been prepared in accordance with the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 53 to 58 of the attached financial statements and comply with the charitable company's Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

Who we are

Butterfly Conservation is the only UK charity dedicated to saving butterflies and moths. We have a proven track record of conservation successes in over 100 key landscapes, based on scientific rigour. We run three of the world's largest butterfly and moth recording schemes which together have gathered more than 60 million records. More than 15,000 volunteers contribute knowledge, expertise and work worth over £11 million each year. Our nature reserves protect about 800 hectares of habitat for butterflies and moths, providing valuable places for people and wildlife. Over the last few years we have engaged with more than 18,000 children, empowering the next generation to care about the natural world. We have also persuaded Government to accept butterflies and moths as official biodiversity indicators and our data has informed and influenced environmental and agricultural policy.

Our President, Sir David Attenborough, is a fantastic ambassador for Butterfly Conservation:



"Thanks to Butterfly Conservation a huge number of us now care about butterflies and moths and are aware of their plight and what's more, we now know how to protect many species and reverse their declines, providing them with a home for the future in the countryside as well as our back gardens."

Sir David Attenborough, Butterfly Conservation President.

Report of the Council (including Strategic Report)

Year to 31 March 2018

Our vision

A world where butterflies and moths thrive and can be enjoyed by everyone, forever.

Our mission

Butterfly Conservation's mission is to halt and reverse butterfly and moth declines. Achieving this will help create a healthier environment for us all.

Butterflies and moths form a vital part of our wildlife heritage and are sensitive indicators of the health of our environment. As such, our work has great public benefit with an impact on a wide range of sectors in society. Two-thirds of butterfly and moth species are in decline. Our data shows they are declining faster than most other well-documented groups of plants and animals, so our task is daunting and complex. In many cases, we know what needs to be done to halt declines and support recoveries, but to achieve this we must dramatically increase our capacity and influence over the coming years. Reversing the long-term general decline will take many years of sustained effort and we have ambitious plans to achieve this. Our work will help other wildlife and the ecosystems upon which all life depends.

As a result of our activities: farmers are better able to manage their land in a sustainable way; gardeners can improve their gardens for wildlife; teachers have resources to enable their pupils to understand the value and beauty of nature; policymakers can maximise the benefits from publicly-funded land management schemes; and the wider public increasingly understand how butterflies indicate the health of our environment.

Spending time with nature is increasingly being shown to have benefits for our health and wellbeing. Various research has indicated that people living in neighbourhoods with regular access to nature are less likely to suffer from depression, anxiety and stress. As a result Butterfly Conservation is increasingly championing the wellbeing benefits of people spending time experiencing butterflies and moths. Our work has also contributed to human health and wellbeing by maintaining existing and creating new quality habitats for wildlife that can be enjoyed by a wider public, reconnecting more people to nature.

We encourage the public to improve their health and wellbeing by watching and recording butterflies and moths, by taking part in conservation work or by gardening to create wildlife habitats where they live. Through our major citizen science campaign, Big Butterfly Count, we directly promote the wellbeing benefits of participants taking 15 minutes out from their busy lives to focus on the butterflies around them.

Our strategic aims for 2025

Butterfly Conservation's 2025 strategy provides an overview of the direction and approach we wish to take.

At the top level of our strategy, the core aims are to:

- Recover **threatened** butterflies and moths;
- Increase numbers of **widespread** species;
- **Inspire people** to understand and deliver species conservation; and
- Promote **international** conservation actions.

All actions and activities of Butterfly Conservation ultimately support the delivery of these core aims.

Report of the Council (including Strategic Report)

Year to 31 March 2018

1) Recover **threatened** butterflies and moths

Reversing the decline of threatened species is hugely challenging. We need to understand and address the factors driving the declines and influence government policy through advocacy and campaigning, supported by research and strong evidence from recording and monitoring. Turning around the fortunes of a single threatened butterfly or moth involves everyone in Butterfly Conservation, including our members, Branches and volunteers who give time, knowledge, expertise and money to make an impact.

We will continue to recover threatened butterflies and moths by:

- Saving threatened species from extinction in all occupied landscapes;
- Ensuring sustainable long-term conservation effort in priority landscapes;
- Restoring threatened species to formerly occupied landscapes if viable;
- Influencing land use and agricultural policies that affect threatened species.

2) Increase numbers of **widespread** species

The decline of widespread butterflies and moths is a major issue driving Butterfly Conservation's 2025 Strategy. Results presented in the *State of UK Butterflies Report 2015* show that overall numbers of wider countryside species have declined by 25% since 1976. Widespread moths have also declined seriously, with a decrease in numbers of 28% from 1968 to 2007.

We will continue to increase numbers of widespread species by:

- Carrying out research to better understand the causes of decline;
- Influencing land use and agricultural policies that affect widespread species;
- Making habitat management advice for wider countryside species more widely available;
- Maintaining, enhancing and creating new habitats for butterflies and moths in both rural and urban environments.

3) **Inspire people** to understand and deliver species conservation

We need more people to understand and care about the natural world and deliver species conservation. Together with our Branches and volunteers we are able to reach and inspire huge numbers of people throughout the UK to enthuse them to get more involved in nature conservation.

We will continue to inspire people by:

- Raising awareness about why butterflies and moths are important;
- Increasing membership and our volunteer base;
- Educating people of all ages;
- Raising funds to undertake conservation work;
- Promoting the importance of connecting with nature for our mental and physical wellbeing.

Report of the Council (including Strategic Report)

Year to 31 March 2018

4) Promote **international** conservation actions

It is important that we continue to foster Lepidoptera conservation activities throughout the world and share the expertise that we have developed to help encourage new country-based organisations.

We will continue to promote international conservation by:

- Continuing our support for Butterfly Conservation Europe;
- Working with our partners in Ireland, Isle of Man, Isles of Scilly and the Channel Islands to promote conservation action throughout the British Isles;
- Supporting the conservation of butterflies and moths globally through international partnerships;
- Taking part in, and running, international conferences to build new partnerships and to exchange best practice in Lepidoptera conservation.



Green-veined White by Jaco Costerus

Achievements in 2017/18

It is not possible to convey in this report the full depth and detail of all Butterfly Conservation's efforts and accomplishments, but we present here some highlights and examples of our work in 2017/18 and our future plans.

Council members confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing Butterfly Conservation's aims and objectives and have considered how planned activities will contribute to these. Some 13% of our expenditure is attributable to work wholly in Scotland.

Report of the Council (including Strategic Report)

Year to 31 March 2018

Summary of key achievements in 2017/18

Recover **threatened** butterflies and moths

- The new Conservation Strategy and country and English regional conservation strategies have been completed and are now in the final stages of preparation prior to publication.
- We successfully started a number of new landscape-scale projects in England including the All the Moors project in the South West; Back from the Brink; a project to conserve the Silk Wave moth in the Avon Gorge; and the North Downs project in Surrey to conserve the Small Blue.
- We were delighted to start our first landscape-scale project in Scotland: Lanarkshire's Large Heaths and Mosses, which will involve working on over 200 hectares of peatland on several sites in South Lanarkshire to help protect the Large Heath and other species.
- A significant development in the year was the completion of the Marsh Fritillary site dossier, a map-based database of all current colonies and networks for the species across the whole of the UK. This site dossier will now allow us to publish a status review of this European protected butterfly.
- Our first Science and Research e-newsletter to promote our scientific work and raise the profile of Butterfly Conservation as an evidence-based conservation organisation was published. The newsletter's key audience is interested members, Trustees and other key volunteers as well as science and policy leads amongst conservation partner organisations and academia.
- A vital part of our work involves research/PhD studentships and helping to educate the ecologists of the future. This year we have four PhD students undertaking research on: the Lulworth Skipper and the Decline in Widespread Grass-feeding Species; Moths as Pollinators and the Effects of Light Pollution; research into the Grizzled Skipper; and Citizen Science and Lepidoptera Biodiversity Change in Great Britain.
- As part of our policy and advocacy work, it is essential that we continue to engage with our elected representatives across the UK to promote the importance of species and to raise awareness of them. We currently have six MPs in England who have adopted the Lepidoptera species Duke of Burgundy, Small Blue, Small Copper, Marsh Fritillary, Wood White and Striped Lychnis. Three Assembly Members in Wales are supporting the High Brown Fritillary, Pearl-bordered Fritillary and Small Blue. In Scotland, 11 MSPs are supporting a variety of species, including Forester Moth, Chequered Skipper, Northern Brown Argus and Garden Tiger Moth.
- Geographic Information System (GIS) skills have increased through in-house staff training and support. The motivation for developing these skills has been the increasing relevance of spatial data analyses and the opportunities posed by open source software solutions such as QGIS. This allows Butterfly Conservation staff to use QGIS for submitting advice and management data spatially and creating maps for conservation delivery purposes.

Report of the Council (including Strategic Report)

Year to 31 March 2018



High Brown Fritillary by Iain H Leach



Silky Wave moth by Mark Parsons

Increase numbers of **widespread** species

- Scientific monitoring underpins our analysis of population trends for butterfly species and is a vital component of our Conservation Strategy. During the year further development of the UK Butterfly Monitoring Scheme (UKBMS) took place allowing improved statistical analysis and a stronger evaluation of trends. Our volunteer effort has grown rapidly in recent years and during 2017 we reached our highest ever total of 2,696 sites monitored; 1,646 transects and 774 wider-countryside squares were walked, while data were collected from an additional 276 sites for key species.
- 2017/18 was an exceptionally busy year for the National Moth Recording Scheme (NMRS), with the data submission deadline for the forthcoming Atlas of Britain and Ireland's Larger Moths and the recent incorporation of micro-moths into the scheme. The moth recording community and, in particular, the County Moth Recorders, did an amazing job once again.

Report of the Council (including Strategic Report)

Year to 31 March 2018

In all, 3.9 million new macro-moth records were added to the NMRS during the year, far more than is normally the case, along with 1.7 million new micro-moth records. The NMRS database now holds a total of 25 million macro-moth records and 3 million micro-moth records.

- Progress was made in preparation for the new Moth Atlas, with a publisher chosen, high quality images sourced, and species accounts drafted. A fantastic fundraising appeal was launched, which saw all of the 865 species sponsored by an individual or organisation. We also held another successful UK Moth Recorders' Meeting that, with around 200 people attending, ranks as Butterfly Conservation's second largest.
- As an evidence-based organisation, producing scientific papers using our amazing datasets is hugely important. In 2017/18 our scientists continued to gather evidence and published over 28 high quality scientific papers.
- Working with the Centre of Ecology and Hydrology (CEH) and the University of Kent we published a study in the journal *Ecological Indicators*, highlighting that butterflies are declining more rapidly in urban areas than in the countryside. This study used long-term world-leading data collected by the thousands of volunteers contributing to the UKBMS. This study is vitally important to show scientific evidence of butterfly declines in urban areas to help educate the public about the importance of developing green spaces, and also to influence the Government to add this urban indicator when developing new policies to fulfil their environmental commitments.
- With the uncertainty created by Brexit about the future of our wildlife laws and land management policies, we have invested more capacity in policy development across the UK. Butterfly Conservation played an active role in the environmental umbrella groups (the Wildlife Links) across the UK and is a supporter of Greener UK. We have provided input to and/or signed up to 31 Link policy documents, responses and letters to government committees, Ministers and Cabinet Secretaries. In Northern Ireland we responded to forestry consultations while in Wales we helped Wales Environment Link produce a Sustainable Land Management vision and launched it at the Royal Welsh Show.
- Butterfly Conservation was delighted to support and input into the Nature Friendly Farming Network; this new initiative aims to help farmers have a strong voice at this critical time for agriculture policy in the UK. It will also help to inspire the public about a future where farmers and nature work hand in hand.



Lime Hawk-moth by Adam Gor

Report of the Council (including Strategic Report)

Year to 31 March 2018



Small Copper by Ivan Lynas

Inspire people to understand and deliver species conservation

- Butterfly Conservation membership increased by 11% during the year, with individual member numbers of 33,721 at the end of March 2018. Our annual member retention rate was maintained at an excellent 92%. The support of our members is key to achieving our conservation success and raising awareness of the plight of butterflies and moths.
- Volunteers gave more than 170,000 days of time and effort in 2017/18. The knowledge and expertise of our volunteers is vital to sustain our practical conservation work, recording and monitoring and raising awareness at a local level across the UK. Our 31 volunteer run Branches provide a strong network of volunteer support throughout the UK. In February 2018 we held a meeting for all Branch Chairs to discuss their input to Butterfly Conservation's 2025 strategy.
- Our Big Butterfly Count encourages people to reconnect with nature and do something positive for butterflies and moths. In 2017, an incredible 60,419 participated in this important citizen science survey.
- We extended our fantastic Munching Caterpillars education programme, launching Munching Caterpillars Goes to Town in Bristol, and Going Wild in Winchester. These exciting new projects provide opportunities for thousands of children to experience the wonder of butterflies and moths to help foster a lifelong connection to nature.
- A major new engagement and education project, Big City Butterflies, has been developed during the year. It aims to inspire people living in urban areas, in this case London, to discover and care about wildlife by getting involved in helping to conserve butterflies and moths in their local areas.
- We have produced a Digital Media Strategy to identify and inform Butterfly Conservation's continued use of innovative digital channels to increase engagement with new and existing audiences and champion our conservation successes.

Report of the Council (including Strategic Report)

Year to 31 March 2018



Volunteers enjoying practical conservation work by John Davis

Promote **international** conservation

- The European Butterfly Monitoring Scheme (eBMS), established in 2016 by Butterfly Conservation Europe (BCE) and CEH, continues to grow and gained seven new partners in 2017. So far data has been collated from 10 countries covering more than 6,000 sites.
- BCE provided input to three EU Consultations on the EU LIFE Programme, Invasive Alien Species Delegated Acts and the EU Review of the Sustainable Use of Pesticides Directive. A response was also drafted to the EU Pollination Initiative highlighting the importance of Pollinators, and BCE worked with Buglife on two papers for the EU Public Consultation on Pollinators.
- Following successful funding from the EU Erasmus contract, the two year Nature, Youth and City Project in Ankara, Turkey, started in 2017. Using a large area of Steppe habitat (4,000 hectares) within the Middle East Technical University campus the project aims to engage students and the public to appreciate nature. The programme will allow an exchange of ideas and expertise between the countries and Butterfly Conservation, including student exchange trips.



Apollo by Rob Blanke

This species can be found in most of the large mountainous areas in Europe

Report of the Council (including Strategic Report)

Year to 31 March 2018

For many years, Butterfly Conservation has raised awareness of the drastic decline of butterflies and moths, and has created widespread acceptance that action needs to be taken. Through our conservation work, we have also begun to reverse the decline of several of our most threatened species. However, reversing this long-term general decline takes many years of sustained effort and involves working with volunteers, recorders, members, partners, UK governments and the general public. On the following pages we showcase a few of our projects to demonstrate our impact over time and some of our 2017/18 successes.

Our Conservation Impact - Marsh Fritillary

Marsh Fritillary occurs within all four countries of the UK and is a high priority species. We have a good understanding of the ecological needs of the species and apply this knowledge to our conservation efforts at a landscape-scale.

This year we launched the All the Moor Butterflies project in South West England, supported by a major grant from the Heritage Lottery Fund (HLF) and other funders. This project now focusses on the threatened butterflies and moths of Dartmoor, Exmoor and Bodmin Moor by engaging landowners and inspiring local people. The project builds on expertise gained from our highly successful Two Moors Threatened Butterfly project, which saw an increase of over 700% increase in this threatened butterfly population over a 12 year period. In the first year of this new project, six new Marsh Fritillary sites were discovered on Bodmin Moor. Our work to conserve Marsh Fritillary also benefits other species such as Small Pearl-bordered Fritillary, Narrow-bordered Bee Hawk-moth and a wide range of other flora and fauna.

During 2017/18, in Scotland we worked in partnership with farmers by providing bespoke advice to help them gain entry into agricultural-environment schemes to benefit this butterfly. We also reviewed management and habitat conditions at thirty farms to ensure our advice was having the desired impact.

In Northern Ireland, new sites were still being discovered due to previous under-recording. The success of partnership working in other parts of the UK means that we have been able to develop a new Co-operation across Borders for Biodiversity (CABB) partnership (see page 18) that will increase our ability to support landowners with habitat that holds Marsh Fritillary across networks of sites in both Northern Ireland and Ireland.

In Wales, our staff and volunteers have developed a robust surveillance and monitoring programme for both adults and larvae which contributes to our UK recording and monitoring schemes.

This wealth of data for all countries enabled us to compile a Marsh Fritillary site dossier in 2017, a map-based database of all current colonies and networks for the species across the whole of the UK which had never been produced before.



Marsh Fritillary by Butterfly Conservation

Report of the Council (including Strategic Report)

Year to 31 March 2018

Our Conservation Impact – New Forest Burnet Moth

Despite its name, the New Forest Burnet occurs in the UK only at a single, remote location on the west coast of Scotland. It previously occurred in England but became extinct in 1927 and its sole Scottish site was only discovered in 1963.

Conservation efforts at the site, focused on excluding sheep, have been extremely successful, resulting in the population increasing from around 20 in the 1990s to peak at an estimated 12,500 in 2012. However, in the winter of 2014/15, the fence surrounding the site was breached by landslips and falling boulders that enabled sheep access to the colony site where they remained for over six months, until volunteers from Butterfly Conservation Scotland's Highland Branch took action.

Despite the site's remoteness, and very steep and rugged terrain, the volunteers undertook emergency repairs. Unfortunately damage and sheep incursion occurred again the following winter, necessitating further action. It was clear that the twenty year-old fence was beyond repair and a replacement was urgently required.

This led to a successful funding application by Butterfly Conservation to the Scottish Landfill Communities Fund, administered by EB Scotland allowing a local fencing contractor to erect a new fence in the autumn of 2017. The materials for the 900 metre fence had to be helicoptered-in due to the colony's very remote location.

After the incursion by sheep, moth numbers had plummeted to a seriously low level and vegetation height was reduced dramatically. With the new fence, the vegetation has responded and moth numbers have already shown a slight recovery.

We will continue to monitor and survey the site to ensure that our intervention allows one of the UK's rarest moths to recover to its former population levels.



Helicopter dropping materials; new fence; New Forest Burnet Moth by Tom Prescott

Report of the Council (including Strategic Report)

Year to 31 March 2018

Our Conservation Impact – Duke of Burgundy

Duke of Burgundy has been the focus of a programme of sustained, targeted conservation across its UK range over the last decade, and there is evidence that it is now starting to turn a corner as a result of our efforts.

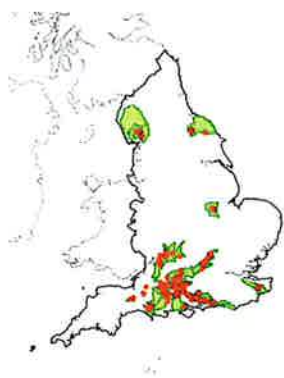
By 2012, we estimated that there were about 160 Duke of Burgundy sites remaining, and that it had become extinct on 260 sites since 1980. Research into why those sites had been lost provided hope: 57% of sites were lost due to lack of management and 27% due to overgrazing; with the right habitat management, more than 80% of those extinctions could have been avoided. This formed the basis of our conservation plan for Duke of Burgundy: targeted advice and support for landowners in remaining habitat networks, backed up by local partnerships and volunteer effort to deliver habitat management and monitor results.

Since 2003 we have led 22 separate landscape projects in which Duke of Burgundy was a target, from woodlands and meadows of the North Kent Downs to the North York Moors. Butterfly Conservation staff have made over 1,368 visits in that time; providing advice for landowners, assessing habitat condition, directing contractors, partners and volunteers in habitat management, and monitoring how the butterfly has responded. These figures do not include the huge amount of work contributed by volunteers who lead conservation action in some areas.

The results have been spectacular. Duke of Burgundy is back from the brink of local extinction in Kent, Sussex and the North York Moors, in all of which numbers have stabilised or increased. It has also recolonised former sites or colonised newly created habitat where none previously existed. In Kent, work led largely by our volunteer Duke Guardians and Natural England partners resulted in occupied sites increasing from three habitat patches in 2007 to 14 in 2017.

We also continued our Duke of Burgundy project work in the Cotswolds, Somerset, Dorset, Sussex, Buckinghamshire and Wiltshire.

Overall the picture looks encouraging: from 2005-2016 the population trend for Duke of Burgundy was up 90% (based on UKBMS data), with regional increases closely matching landscapes where we had focussed our dedicated effort. This suggests that our targeted approach to this species is working. Other species also benefit from this work, with Black-veined Moth, Dingy & Grizzled Skippers and Drab Looper moth all doing well.



Map showing landscape areas and sites visited for Duke of Burgundy



Duke of Burgundy by Iain H Leach

Report of the Council (including Strategic Report)

Year to 31 March 2018

Peatland Protection - Lanarkshire's Large Heaths & Mosses

In 2017/18, we started restoration work at a cluster of Scottish peatlands as part of our first landscape-scale project in Lowland Scotland. The 'Lanarkshire's Large Heaths & Mosses' project targets peatland habitats that are crucial for the declining Large Heath butterfly and other scarce species such as Small Pearl-bordered Fritillary and Wood Tiger moth. Other specialised and declining peatland wildlife such as Snipe and Adder will also benefit from the improvements.

The restoration work will help to re-wet three lowland mosses in an area between Carnwath and Forth in South Lanarkshire. Peatlands dominate the landscape here and like many other lowland mosses across Scotland they have been damaged by drainage for agriculture, forestry planting and peat-cutting.

Restoration work at Cranley and Braehead Mosses involves the removal of invasive scrub. At Blacklaw Moss, more substantial work was required to turn around the fortunes of a former conifer plantation. Since the work was carried out the water table has risen dramatically and large areas are quickly developing into natural bog vegetation. The Large Heath butterfly is present on adjacent land and in time should re-colonise Blacklaw Moss.

Peatland restoration delivers another key benefit – carbon storage. The peatlands collectively cover hundreds of hectares and hold peat deposits up to eight metres deep. With just one cubic metre of peat containing around 50 kilograms of carbon, there are several hundred thousand tonnes of carbon present. Drying peat releases carbon back into the atmosphere. Rewetting these lowland mosses keeps it safely locked up and the mosses will accumulate more carbon as they grow.

The project also included the construction of a new boardwalk at Braehead Moss enabling people to easily access the moss and enjoy its special wildlife. Through our 'Bog Squad' outreach project, we have held 'bog life' sessions with a primary school which is using the boardwalk for outdoor learning. We were delighted that the boardwalk was opened by the Minister for Public Health and Sport, Large Heath Species Champion and local Member of the Scottish Parliament, Aileen Campbell.

We are immensely grateful to our volunteers who have contributed hugely to the project, assisting with habitat monitoring, species surveying and scrub clearance, often in very demanding conditions!



Large Heath by Tim Melling



The Bog Squad in action

Report of the Council (including Strategic Report)

Year to 31 March 2018

Working in Partnership – Back from the Brink

We can achieve more by working together with other organisations, so partnerships are at the heart of all our landscape-scale work. Rethink Nature is a collaboration of seven charities, all of which focus on saving species: Amphibian and Reptile Conservation (ARC) Trust, Bat Conservation Trust, Buglife, Bumblebee Conservation Trust, Butterfly Conservation, Plantlife and the RSPB. By cooperating to tackle wildlife declines we can magnify our impact.

The Back from the Brink project, launched in 2017, is one of the biggest conservation initiatives ever attempted in England, bringing together the Rethink Nature group with Natural England to save 20 species from extinction and help a further 200 species that are under threat. It is supported by a grant of £4.6 million from the HLF, and a host of other funders, including People's Postcode Lottery, Garfield Weston Foundation, Esmée Fairbairn Foundation and the Patsy Wood Trust. The project will inspire people to enjoy and appreciate England's threatened species and provide volunteering opportunities for thousands of people to help conserve them. It includes an ambitious plan to reintroduce the Chequered Skipper to England; targeted conservation action for Duke of Burgundy, Large Blue, Marsh Fritillary, Barberry Carpet Moth and other threatened plants, birds, bats, reptiles and insects.

During 2017/18, we recruited four Project Officers who began implementing the conservation work in two extensive landscapes - Rockingham Forest and the Cotswolds; co-ordinating action across a network of ten populations for the Barberry Carpet Moth; and collaborating in habitat creation in the Brecks of Suffolk & Norfolk. Their initial work during the year forms the basis of our future partnerships with landowners to improve habitats for butterflies and moths; recruiting and training volunteers to help with species monitoring and habitat management; providing and receiving advice on the needs of threatened species from expert ecologists; and inspiring people to recognise, understand and enjoy the wildlife on their doorstep.



Chequered Skipper by Butterfly Conservation



Species conservation
for the common good



Report of the Council (including Strategic Report)

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Working in Partnership – Co-operation Across Borders

In 2017 we started a new partnership working across three countries; Northern Ireland, the Republic of Ireland and Scotland. This is the first time we have been involved in a venture of such scale, made possible thanks to European INTERREG funding, administered by the Special EU Programmes Body (SEUPB). 'Co-Operation Across Borders for Biodiversity' (CABB) is led by RSPB Northern Ireland and brings together a range of partners including Butterfly Conservation, Birdwatch Ireland, Northern Ireland Water, Moors for the Future and RSPB Scotland. The project will run until 2021 and aims to restore and conserve some of the most threatened habitats in each of the countries with an additional focus on the conservation of threatened species including Marsh Fritillary.

Through CABB we are working to conserve Marsh Fritillary across the northern counties of Ireland, the very first time a cross-border approach for this species has been taken. Another positive outcome is that we are working much more closely with the conservation and agricultural statutory bodies in both Northern Ireland and Ireland. This has highlighted some of the communication issues both within and across these departments. By building new communication networks and processes it will increase our effectiveness in supporting landowners who have habitats that support the butterfly and other associated invertebrate species.



Marsh Fritillary by Nigel Kiteley

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Nature Reserves in Action

Butterfly Conservation owns or manages 36 nature reserves. Our reserves demonstrate successful habitat management, provide opportunities for education, outreach and volunteering, and benefit the general public by providing access to their local green spaces.

The following two examples from 2017/18 highlight our reserves in action:

Prees Heath Common Reserve in Shropshire – We have worked with volunteers to create heathland habitat for the Silver-studded Blue, and have seen numbers of the butterfly increase in a new part of the restored heathland.

As a result of this volunteer effort, the extensive wildlife habitats improve every year. A survey in 2017 revealed that the pond, created in 2009, supports 28 aquatic plant species making it a high quality National Pond Survey site. There is also a thriving fauna with 16 species of dragonfly and damselfly recorded to date – almost a third of the UK's resident list. The reserve receives enthusiastic local support and draws many regular visitors.

The reserve won a 2017 Natural England Conservation Award for West Midlands.



The pond at Prees Heath by Stephen Lewis

Magdalen Hill Down Reserve in Hampshire – Much has been achieved for key butterflies and moths through grazing to improve sward conditions. A fantastic highlight of 2017 was the colonisation by Silver-spotted Skipper from a nearby site. Other key species doing well on the reserve are Chalk Hill Blue, Small Blue and Grizzled Skipper; the reserve is now one of the best monitored sites in England.

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Silver-spotted Skipper by Jim Asher

With over 100 grazing animals used on the reserve, care and maintenance relies on an enthusiastic volunteer workforce, checking stock daily and undertaking fortnightly winter work parties. External volunteer groups such as from South Downs National Park (SDNP) and the Hampshire Conservation Volunteers are also regularly involved. The public interest and satisfaction that the reserve provides is evident from the range of visiting groups.

The Go Wild in Winchester Education project, in conjunction with the Winchester Science Centre, has already welcomed over 10 school group visits since it began in 2017. With up to 30 pupils at a time, the visits are a great new use of the reserve for the local community.

The reserve also plays a significant role in fulfilling our objectives for higher education and work experience. Every year, up to four students from Sparsholt College enjoy work placements on the reserve, while two PhD students have undertaken experimental research on Brown Argus and Grizzled Skipper.



School children Go Wild in Winchester at Magdalen Hill Down Reserve

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Vital Volunteers

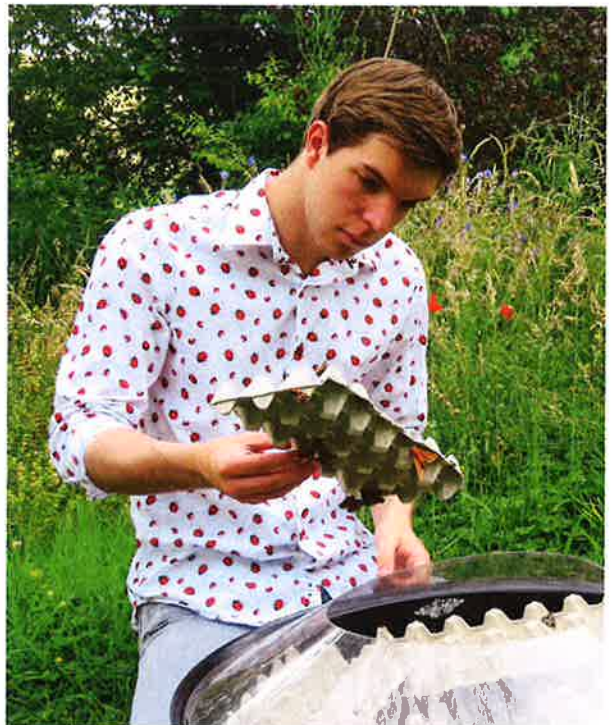
Volunteers and Branches make a huge contribution to Butterfly Conservation's work with their expertise, knowledge and time. Each year, tens of thousands of people volunteer with Butterfly Conservation, providing the records that define our conservation priorities and drive our scientific research, the muscle power to manage habitats for endangered species and the advocacy to promote our cause to the public, landowners, journalists and politicians. Butterfly Conservation is incredibly fortunate to have so many fantastic volunteers.

The following brief account of one such volunteer, Douglas Boyes, demonstrates the dedication and commitment of volunteers. Having discovered moth trapping at the age of 12 on a course run by Butterfly Conservation Vice-President Nick Baker, Douglas rapidly became a keen and knowledgeable recorder. In 10 years, he has found over 130 moth species new to his home county of Montgomeryshire and recorded more than 800 species in his garden. As a teenager, Douglas also volunteered to help on Butterfly Conservation's stand at the annual Rutland Birdfair.

At the age of 16, Douglas was appointed as the County Butterfly Recorder for Montgomeryshire, responsible for collating and verifying butterfly records as part of the Butterflies for the New Millennium (BNM) recording scheme. He was the youngest County Recorder in BNM's history. In the last six years he has revitalised recording in this part of mid-Wales, quadrupling the number of records received annually and recruiting many more recorders. He has also continued mothing, targeting under-recorded areas for the forthcoming moth atlas of Britain and Ireland and running public events.

Butterflies, moths, members of the public, Butterfly Conservation and other organisations have all benefitted from Douglas' knowledge and enthusiasm over the past decade, and Douglas also benefitted from volunteering. Butterfly Conservation encouraged his recording and public engagement work and these experiences helped his path through higher education. During the past year, he has been studying for a Masters degree. In the autumn, he starts a PhD studying the impact of light pollution on pollination by moths, collaborating with Butterfly Conservation.

No two Butterfly Conservation volunteers are alike but, whether wielding a brushcutter or a computer mouse, walking a transect, growing caterpillar foodplants, giving talks or leading walks, campaigning or conserving, anyone can get involved and make a real contribution to the conservation of butterflies and moths. We are massively grateful to all our volunteers.



Douglas Boyes with a moth trap

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Year to 31 March 2018

Bumper Big Butterfly Count

Big Butterfly Count is the first involvement many people have with Butterfly Conservation. The principal aim of the world's biggest butterfly citizen science project is to raise awareness of the decline of widespread butterflies and engage people in their conservation. Its simple method and high media profile reach new audiences and encourage people to take that first step towards becoming the recorders and conservation volunteers of the future.

Big Butterfly Count has flourished since its launch in 2010 and the 2017 Count, sponsored by Waitrose Limited, reached new heights. Despite unsettled weather, an incredible 60,419 people heeded Sir David Attenborough's call, completing over 62,500 Counts (25% up on the previous highest total, set in 2015).

Overall, since 2010, an estimated 220,000 people have taken part in Big Butterfly Count, counting 3.8 million butterflies and moths. The project's reach is even greater, as some 720,000 people have visited the Count website and millions have heard about it on television, radio and social media. Over 9,500 households have become members of Butterfly Conservation as a direct result of Big Butterfly Count.

Another milestone was reached in 2017 when our scientists demonstrated that the project could produce reliable population trends for common species; with appropriate analysis, Big Butterfly Count trends were closely comparable with those from the UKBMS.

Big Butterfly Count is also about encouraging people to take time out of hectic modern lifestyles to reconnect with nature and do something positive in the face of overwhelming biodiversity declines. It is a great opportunity for education, whether in the classroom or within the family.



Children enjoy taking part in Big Butterfly Count

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Educating the Next Generation

Urban areas offer huge opportunities for Butterfly Conservation to inspire people, especially those who have little or no green space of their own, to care about wildlife. During 2017/18, several new projects got underway, all of which aim to inspire a younger audience to become naturalists and conservationists of the future.

In 2017 our Munching Caterpillars education programme branched out to Bristol. '**Munching Caterpillars Goes to Town**' took many of the elements of our original, flagship education project and tailored their delivery to a city setting. We visited primary schools in the most built-up parts of the city where access to nature is limited and opportunities to enjoy wildlife do not come easily. Nearly 2,000 children were able to examine live caterpillars and experience the thrill of opening a moth trap. They filled their school grounds with food and nectar plants to help urban populations of butterflies and moths thrive.

Outside term time, Munching Caterpillars could be found at public events with our pop-up Caterpillar Café, serving specially selected food plants for the public to take home. Elsewhere, community spaces have been transformed, inside and out by butterfly and moth art projects. Backed by an enthusiastic team of students from the University of West England, who have racked up an impressive 350 volunteer hours, this fantastic project continues to make a real impact across Bristol.

In August 2017, an ambitious new education project '**Going Wild in Winchester**' was launched to create new opportunities for schoolchildren across Winchester and beyond to visit our reserve, Magdalen Hill Down.



Munching Caterpillars Goes to Town in Bristol

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60,419 **citizen scientists** took part in the 2017 Big Butterfly Count

Over 170,000 days of **volunteer** effort worth more than £11 million per year

895,000 unique **Website** visitors
An increase of over 43% in 2017/18

149,686 **Facebook** page likes
An increase over 10% in 2017/18

51,527 **Twitter** followers
An increase of over 15% in 2017/18

13,500 **Instagram** followers
An increase of over 200% in 2017/18

Over 3,000 **children** got close to nature with our Munching Caterpillars Education Project

33,721 **members** as at 31 March 2018 – an increase of 11% in the year

83,000 people received our monthly **All Aflutter** e-newsletter

Media coverage in 2017/18
4,281 articles printed
583 Radio & TV mentions

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Butterfly Conservation's Global Work

Butterfly Conservation Europe

In 2004, we co-founded a partnership organisation, Butterfly Conservation Europe (BCE) to act as an umbrella organisation to support work across Europe. BCE now has 49 partners in 37 countries and has produced a wide range of literature from policy documents to Red Lists and Recovery Plans. In 2017/18 we continued to support BCE financially and by allocating staff time. Full details of the work of BCE can be found at www.bc-europe.eu

The last year has been very busy and exciting for BCE. We welcomed two new partners - the Faculty of Mathematics and Natural Sciences in Pristina to represent Kosovo, and the Entomological Society of Latvia. In November 2017 we held our fifth partners' meeting in Bavaria, with 58 delegates from 29 countries, with themes on butterfly monitoring, policy development, and mobilising data.



Taxonomy is the foundation for our conservation work and BCE Board members Rudi Verovnik and Martin Wiemers have updated the Fauna Europaea for butterflies (the list of butterfly species found in Europe). In addition, BCE adviser Dirk Maes has been collating and comparing butterfly Red Lists across Europe.

European Butterfly Group

Our members also play an active part in our International work through the volunteer led European Butterflies Group (EBG); a Branch of Butterfly Conservation. EBG (known previously as the European Interest Group) promotes the enjoyment, conservation and study of butterflies, moths and their habitats in Europe, and is open to all Butterfly Conservation members. The Group now has over 400 members and aims to build up contacts with partners in Europe and provide opportunities for self-funded volunteers to do useful survey work on butterflies in Europe. EBG works closely with our partners at BCE.



During 2017/18 several trips were organised by members to record and monitor European butterflies, including to the semi-deserts and sierras of southern Spain, the Hautes-Pyrenees in France, Greece, the Canary Islands and to search for two of the most endangered butterflies: the Violet Copper in eastern France and the Danube Clouded Yellow in northern Bulgaria.

International Symposium

A huge amount of planning took place throughout the year in preparation for our 8th International Symposium which took place at Southampton University, in April 2018. Over 200 scientists and conservation practitioners attended from a diverse range of disciplines from around the world. The programme of presentations shared research and conservation action across the global community of Lepidopterists.

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Plans for 2018/19 and beyond

Recover **threatened** butterflies and moths

- In 2018/19 we will publish the new UK Conservation Strategy, which builds on the principles and approach developed over the last 25 years, outlining our species and landscape priorities for the next decade and beyond.
- We will implement a new staffing structure to allow us to increase our science, research and policy work, which is central to all our conservation delivery as an evidence-based organisation.
- During 2018/19, we will develop a new Science Strategy which will underpin our future plans.
- Following extensive management of woodlands in Rockingham Forest, the first of several trips to gather Chequered Skipper butterflies from Europe will be undertaken in 2018. We aim to re-establish this beautiful species in England after it became extinct over 40 years ago, as part of the Back from the Brink project. This is a fully approved project, working with our European partners, Natural England and the Institute of Zoology.
- A new Magnificent Moth project in Kent will allow us to increase our conservation advice and habitat management for some of Britain's rarest moths, and also help people appreciate and enjoy these wonderful insects.
- We will continue to develop more new landscape-scale projects across the UK.
- During 2018/19 we will start a full biological data review, encompassing how we collect, store and analyse our world class data sets.

Increase numbers of **widespread** species

- During the year, we will publish a new Nature Reserves Strategy to guide acquisition, management, education, outreach and research on our land.
- We will continue to liaise with governments across the UK and increase our policy staffing, including the appointment of a new Director of Policy and Land Use to maximise the opportunities presented by Brexit and the return of farming and rural governance to the UK and devolved governments.
- We intend to develop our own positions, based on scientific evidence and exemplar projects, on a range of topics from conservation of wider countryside species to impacts of light pollution.
- We will increase our impact in the built environment with a new Building Sites for Butterflies project, thanks to funding from the Patsy Wood Trust. This project will demonstrate cost-effective, best-practice habitat creation and management for wildlife to key construction, mineral and waste industries, major infrastructure and public utility companies, and local government.
- Our plans to publish an Atlas of Britain and Ireland's Larger Moths Moth Atlas by March 2018 were delayed. However, this important book, which will give moth recorders and conservation groups vital information to aid the conservation of many species, will be launched during 2018/19.

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Year to 31 March 2018

Inspire people to understand and deliver species conservation

- We have a number of plans to celebrate Butterfly Conservation's 50th Anniversary year in 2018. These include attending three major events to engage with the public: the RHS Spring Festival in Malvern in May; the Countryfile Live event at Blenheim Palace in early August; and Rutland Birdfair in mid-August. We will hold an on-line auction and event in London in September and a celebratory dinner following our AGM and Members' Day in Nottingham in November. Special fundraising initiatives include our first ever Radio 4 Appeal and a campaign to encourage individuals to raise £50 for 50 years of Butterfly Conservation.
- We will increase insight work. A member and supporter survey will be run to ensure that we continue meeting the needs and expectations of our existing members, to maintain our retention rate above 90% with excellent supporter care. This work will inform future recruitment campaigns to aid membership growth by 10% per year. We will implement a new customer relationship management system to improve our future supporter experience.
- Subject to funding, we will start phase one of a new urban outreach project, Big City Butterflies. This exciting project will help Londoners to discover butterflies and moths and encourage connections with local green spaces.
- We will further expand our education work with a new Munching Caterpillars Project in Scotland, subject to successful funding.
- We will continue to invest in engaging people who do not regularly connect with wildlife. For example, in our All the Moors project, we will provide transport to enable residents who would not normally attend wildlife events, to experience Bodmin Moor and to learn about butterflies and moths.
- We will increase our public engagement by reviewing our citizen science campaigns and developing a new participation project for moths.
- In 2018/19 we plan to work with the mental health charity Mind to promote participation in the Big Butterfly Count as a way to improve health and wellbeing. The partnership with Mind will enable Butterfly Conservation to further develop our wellbeing messaging going forward.

Promote international conservation

- We will develop a new International Strategy to outline our aspirations and plans for future global work. This will be completed in 2019.
- Working through BCE we will increase the number of eBMS in Europe and include data from schemes not yet incorporated into the database.
- We will run our eighth International Symposium in April 2018.
- Our volunteer-led European Butterfly Group will continue to work with BCE to help conduct targeted surveys of threatened species and key areas.

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Risk management

Risk Management is well established within Butterfly Conservation and is considered in every aspect of our work.

Council has taken all reasonable steps to ensure that major risks are identified and recorded in the Strategic Risk Register, which is reviewed at each Council meeting, and that systems are in place to mitigate them. However, it is aware that such processes are designed only to manage rather than eliminate all major risks. Council will continue to improve and refine risk management principles in all aspects of Butterfly Conservation's work.

Health & Safety

Butterfly Conservation's Health & Safety (H&S) Policy, Codes of Practice and Risk Assessments are reviewed on a regular basis. The need for H&S training is assessed regularly and implemented for staff and volunteers. Where H&S incidents arise, they are properly followed up and reviewed by Council.

Principal risks and uncertainties

Through the risk management process, Council has identified a comprehensive suite of risk factors which covers the broad range of risks to which the charity is exposed. The principal risks faced by Butterfly Conservation are:

- changes to the external environment;
- reduction in existing funding streams and increased competition; and
- health and safety risk associated with operational activity.

Council considers changes to the external environment as the charity's major risk. Political changes resulting in lower priority for biodiversity and poor decision making by policymakers could lead to poorer land use policies and less funding for biodiversity. As a member of the State of Nature partnership, we lobby for greater action on biodiversity and produce numerous scientific papers to build an evidence base for impacts of climate and land use change. We continue working with our partners from Rethink Nature and other NGOs, Wildlife Link across the UK and Greener UK to ensure that existing environmental laws are secured when we leave the EU and that the UK has the necessary governance arrangements in place for robust implementation and enforcement in future.

Reduction to existing funding streams and increased competition could seriously impact on Butterfly Conservation's ability to deliver its core objectives. To mitigate this, we employ experienced, well trained staff across all fundraising disciplines as well as working in partnership with other environmental NGOs. We will continue to grow our membership and supporter base to ensure that we maintain a diverse portfolio of funding streams and reduce our reliance on ever-decreasing statutory funding from government agencies. We are in the final year of our three-year Fundraising Strategy and are developing a new strategy ready for 2019/20. We will continue to grow our media presence to raise awareness of the plight of butterflies and moths and encourage individual giving.

The risk to health and safety which could lead to damage claims and damage to our reputation is mitigated by our H&S Policy. The policy is implemented through a suite of codes of practice and risk assessments covering all activities undertaken by Butterfly Conservation, for use by staff, Branches and volunteers. We have a robust induction process for new staff and Branch committee members and circulate regular updates and guidance where appropriate. During 2018/19 we will introduce H&S audits with staff and Branches to ensure compliance across all functions of Butterfly Conservation. A thorough review of our insurance needs ensures that we have public and professional cover to indemnify Butterfly Conservation against any damage claims.

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Butterfly Conservation's Fundraising Policy

Butterfly Conservation takes a warm contact approach to its fundraising activity, meaning that all our direct fundraising communications are only sent to individuals who have already expressed an interest in our work and in the past have not opted out to receiving fundraising material. All fundraising is conducted in-house where we can monitor activity to ensure that it adheres to the strict guidelines set out in our Fundraising Promise (<http://butterfly-conservation.org/10292/Our-FundraisingPromise.html>).

No external professional fundraiser has been used by Butterfly Conservation and no third-party organisation has engaged in fundraising activities on behalf of the charity. We therefore have no requirement to monitor fundraising activities carried out on our behalf.

Multiple corporate businesses have agreements to use Butterfly Conservation's logo and charitable work for promotional purposes. All agreements with commercial participators contain a caveat that the agreement can be terminated with immediate effect if the commercial participators do anything we believe could bring our reputation into disrepute.

In response to the EU General Data Protection Regulation, Butterfly Conservation has moved from an opt-out framework to opt-in for direct marketing. This will result in all stand-alone direct mail fundraising communications sent out being covered by active, informed and specific permission by the individual.

We are registered with the Fundraising Regulator, which works to ensure that organisations raising money for charity from the public do so honestly and properly. We have several safeguards in place for our supporters, such as including data protection permission options and a three point 'our promise to you' on all fundraising materials, and providing a detailed Supporter Guarantee document along with 'Our Fundraising Promise' statement on our website.

We adhere to the Code of Fundraising Practice set by the Fundraising Regulator and the Principles of Fundraising from the Institute of Fundraising. There has been no failure to comply with the Code of Fundraising Practice or the Principles of Fundraising.

Butterfly Conservation has received a total of 15 complaints regarding aspects of our fundraising during the year. All complaints were fully investigated, appropriate action taken and a detailed response sent to individuals within seven days.

The Fundraising Preference Service (launched by the Fundraising Regulator in July 2017) allows people to stop specific charities from sending them communications. The Service received 16,557 requests to block charity communications in its first nine months. Butterfly Conservation has so far received just one notification to cease communication, which followed a direct mail fundraising campaign.

We care a great deal about protecting vulnerable individuals and as such do not distribute any unsolicited direct fundraising asks - all our contacts have provided permission to receive such material. However, we continue to improve our safeguards and we are in the process of ensuring that only those who have explicitly opted in receive fundraising material from us. By adopting this approach we will adhere to the best practice advice provided by the Information Commissioner's Office and provide the highest level of safeguarding to the public and our supporters.

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All staff must adhere to our 'Policy for Supporters in Vulnerable Circumstances'. This not only commits us to the Institute of Fundraising's (IoF) four key principles but also provides guidance to staff to identify vulnerable individuals and ensure that all supporters are treated fairly. If staff members believe that an individual lacks the capacity to make decisions then they are instructed not to process a donation, in line with the IoF guidance.

We also reduce any perceived pressure to give by instructing staff not to directly question the reason for supporters cancelling their membership or changing their data protection permissions. We monitor the level of asks that we distribute each year to ensure that we do not make an unreasonable number of approaches. To ensure that fundraising communications are balanced, we limit the number of stand-alone direct fundraising requests as these have the greatest chance of placing undue pressure on an individual.

Butterfly Conservation is committed to protecting its supporters and the wider public and will continue to abide by industry recommendations and look for further ways to improve its care.

Environmental policy

Butterfly Conservation's Environmental Policy aims to reduce the negative environmental impacts of aspects of our work.

We recognise that in delivering positive conservation benefits, our work has some adverse impacts on the environment. Specifically, we have taken action to:

- Minimise the environmental effects caused by our operations and activities, by using energy, natural and non-renewable resources efficiently, and minimising waste and pollution.
- Ensure that staff use public transport wherever possible.
- Select the most fuel efficient cars for use on essential fieldwork.
- Purchase, wherever possible, environmentally-friendly goods and services, and ensure that our publications are produced, where possible, avoiding plastics, and using either recycled paper or carry an industry-recognised eco-label.
- Establish recycling and composting facilities for all appropriate waste in each of our offices.
- Demonstrate high standards of environmental care in the management of our reserves.
- Inform and raise awareness among our staff, volunteers and membership of our environmental performance, and their individual environmental responsibilities.

Financial overview

Financial review

The headline results for the year show an excellent increase of 11% in income taking the total to over £4.1 million, and a 10% increase in expenditure to £3.9 million, of which 86% was spent on Conservation. It is also pleasing to report that our General Funds increased by 13% with the result that our Financial Reserves have increased in line with our policy. We believe we are well placed to withstand the anticipated pressures on our fundraising which are described in the Fundraising Review.

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On the income side, our ambition in recent years has been to increase the contribution from our members and supporters in order to protect ourselves from the decreasing availability of funding from the statutory sector and from the Landfill Communities Fund. It was pleasing, therefore, to see Membership income (including Gift Aid) increase by 11% this year, following 16% and 15% rises in the previous two years.

Legacy income recorded a welcome increase of £44,000 to £482,000 and we continue to develop our fundraising activity in this area. In contrast Donations from individuals and Trusts showed a decrease of £68,000; as noted in the Fundraising Review, fresh initiatives are in hand for Trust fundraising.

The external fundraising environment remains very challenging and susceptible to the potential problems already mentioned and we, and all charities, are faced by a 12-month hiatus in the grants programme of the HLF. The receipt this year of the first significant instalment of the major HLF grant for the Back from the Brink project, reminds us of the significance of this funding source in recent years.

Investment income earned on our Endowment Fund was up this year by £26,000 (15%), a benefit slightly offset by a £5,000 reduction in bank interest. There was a modest fall in the capital value of the Endowment Fund.

Income from primary purpose trading increased 11% as a result of increased timber sales and sales of the 50th Anniversary calendar. Unfortunately royalty and sponsorship income to our trading company reduced, so that overall our primary purpose trading income showed a fall of £47,000 (35%). Timing issues are responsible for the fall in income from contracts and royalties, with delays in payments from the Single Payment and Environment Management Schemes resulting in no receipts in 2017/18, compared with the two years' of payments received last year.

On the expenditure side, the cost of Membership Services rose by 9% reflecting the increase in total membership numbers, although membership income rose by 11%. There were cost savings in other non-conservation activities. The very desirable result was that we were able to increase our Conservation spend by 13% to £3.4 million, a new record, illustrated and described in the Report of Council earlier in this Annual Report. We are very pleased to have the science base and the financial resources on which to build a conservation programme of this magnitude.

On our balance sheet at the year-end our General Funds showed an increase of £207,000 (13%), in line with our strategic plan to increase them to meet our target level. The balance in Restricted Funds is up by 3% and the holding of £1.6 million indicates that a continuation of much project work is assured. This is reinforced by the £2.7 million in Designated Funds, which are held to support conservation work at both Head Office and in our Branches.

The value of the work undertaken through our Branches by our thousands of volunteers, which is conservatively valued at in excess of £11 million, continues to be a feature of Butterfly Conservation of which we are justly proud.

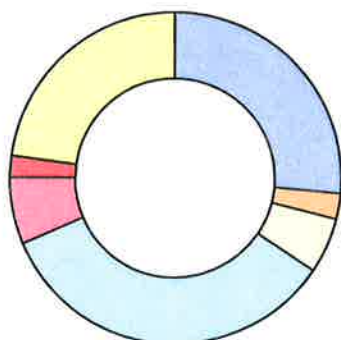
Overall a very successful year benefitting from flexible and intelligent fundraising described in the next section and the magnificent support of our members and supporters, on whom we rely more each year as external sources of funds become progressively scarcer and harder to secure.

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Year to 31 March 2018

How we raised our funds

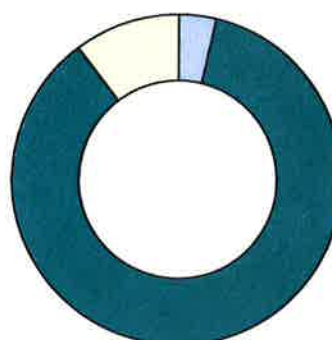
Total Income £4,106,814
(2016/17 £3,691,959)



Donations and legacies	£1,084,966
Other trading activities	£102,051
Investments	£223,124
Conservation activities- grants receivable	£1,403,179
Contracts and Royalties	£267,613
Primary purpose trading	£86,899
Membership subscriptions	£938,445
Other income	£537

How we spent our funds

Total Expenditure £3,923,799
(2016/17 £3,550,277)



Raising funds	£142,516
Conservation	£3,375,442
Membership services	£405,841

Fundraising review

Pressures in the funding environment continue to have a significant effect on fundraising income throughout the UK, meaning that charities have to work even harder to maintain their financial position. Further cuts to government agency funding are anticipated which will have a direct effect on Butterfly Conservation's future income. Diminishing opportunities to secure funding from the Landfill Communities Funds along with the timescale of the HLF implementation of a new five-year Strategic Funding Framework will result in greater competition for all funding streams during the coming year, creating increased challenges in the fundraising environment.

Despite these ongoing economic challenges, our past successes and excellent reputation for conservation and scientific research enabled us put forward appealing and engaging cases for support. This resulted in Butterfly Conservation achieving £4.1 million of secured income during 2017/18 which facilitated implementation of all our planned work.

During the year we received grant funding for a number of projects across the UK, including £75,000 for our Woodland Wings project in Northamptonshire and £21,000 for stage one of our Magnificent Moths project in Kent from the HLF. We are very grateful to Natural England, Natural Resources Wales, Northern Ireland Environment Agency, Scottish Natural Heritage, the Forestry Commission and CEH for their continued funding of Butterfly Conservation's UK conservation work.

We secured over £100,000 income from Trusts and Foundations during 2017/18. We have further plans to expand fundraising in this key area and hope to build more strong relationships with Trusts during the coming year.

Report of the Council (including Strategic Report)

Year to 31 March 2018

The continued growth of our membership resulted in our highest ever membership income in 2017/18, over £900,000. As well as this vital income from membership subscriptions, our generous members and supporters donated an additional £480,000 for our conservation work. We ran two Crowdfunder appeals during the year to raise funds for our Munching Caterpillars education work and equipment for volunteers taking part in our 50th Anniversary Day of Action in March. Each of these appeals exceeded the initial target set and helped to attract a good proportion of new donors. Butterfly Conservation took part in our second Big Give Christmas Challenge in 2017, raising just under £6,000 in five days. A very successful online auction was held in 2017 giving people the opportunity to sponsor a moth species account in our forthcoming Atlas of Britain and Ireland's Larger Moths. Over £46,000 was raised towards the production costs of the Atlas.

We received just under £40,000 in ticket sales from our summer and winter raffles during the year. We are planning to hold one major raffle during 2018/19 which will take place online and via paper raffle tickets.

Legacy income during 2017/18 was 10% higher than in the previous year. Income from legacy gifts exceeded the target set by 60%. We will continue increasing promotion of legacy giving to raise awareness of the importance of this income to Butterfly Conservation. Over £10,000 was donated in memory of loved ones.

Waitrose Limited sponsored the Big Butterfly Count in 2017 but regret that they are unable to continue this support for the coming year. B&Q plc subsequently confirmed their generous sponsorship of the Big Butterfly Count for 2018, and we are very grateful to them for stepping in to support this important citizen science scheme. We hope to encourage support from several corporate organisations during the coming year and will be developing our corporate fundraising capacity.

We face massive fundraising challenges in 2018/19 and beyond but we will maintain our efforts across all disciplines to ensure that we can secure funding for our ambitious conservation plans. We will pursue innovative new funding streams and sustain our increased effort on Trust, legacy giving and major donor fundraising work to deliver future income growth.

Tangible fixed assets

Acquisitions and disposals of tangible fixed assets during the year are recorded in the notes to the financial statements.

Investment policy

At 31 March 2018 we held investments in an Endowed Fund, classified as a fixed asset investment, with a market value (including cash held for re-investment) of £5,370,995 (2017 - £5,461,136) and other investments, classified as current asset investments with a market value of £157,972 (2017 - £158,550). The Endowed Fund is managed by Cazenove Capital Management.

The investment strategy is set by Council and its implementation is overseen by the Investment Committee. The strategy takes into account the duty for Council to be even-handed as between current and future beneficiaries and recognises that only the income derived from the investments may be applied by the charity in pursuit of its objects. The overall investment objective is to seek from a well-diversified portfolio, an income that can be expected to grow in line with inflation as measured by the Retail Prices Index (RPI), while maintaining the real value of the capital.

Report of the Council (including Strategic Report)

Year to 31 March 2018

The Investment Committee monitors investment performance and the level of income received and meets the manager as necessary, most recently in February 2018. At this meeting, the slightly disappointing result for the first nine months of the financial year was discussed. For the full year to 31 March 2018 the total return achieved for the Endowed Fund was 1.1%, around 1% below our internal benchmark and also below the 3.3% increase in the RPI over the period.

The reason for the underperformance compared with our benchmark lay in the delivery of a target income yield of 3–3.5% per annum. In 2018 a totally unconstrained portfolio would have delivered income of around 2.5%, i.e. below our target, but it would have delivered an above benchmark total return due to the very strong price performance by low yielding technology stocks.

We reviewed the modelling work undertaken by the investment manager, noted that this showed as a best estimate a sustainable long term withdrawal rate of 3.3% and concluded that our portfolio was not 'skewed' towards yield in a way that was likely to prove disadvantageous on a longer term perspective. Therefore, no change in the underlying strategy was indicated.

The investment outlook after the past years of a bull market in both equities and bonds is decidedly uncertain. At a macro level, the reversal of Quantitative Easing in the US, combined with the 'political' and 'late in the cycle' fiscal boost required by President Donald Trump is producing very testing conditions for countries with large dollar borrowings. Rising US interest rates and short term dollar strength are painful for overstretched countries such as Argentina and Turkey. Factoring in rising oil prices caused by increased tension in the Middle East, the probable impact of renewed US sanctions against Iran and new trade tariffs, makes the continuation of QE in Japan and an extension of QE in the Eurozone more likely.

Outside the US, low interest rates may persist for even longer and economic growth is slowing, each a result of the mix of policies that represent President Trump's aim of "America First". Also we have already seen an increase in volatility driven by the uncertainty surrounding these US actions. Expectations for investment returns are necessarily modest.

Financial reserves policy

At 31 March 2018 Butterfly Conservation had total funds of £12,304,342 (2017 - £12,212,046).

These funds included our permanent endowment totalling £5,370,995 (2017 - £5,461,136), which was given to provide future income for Butterfly Conservation.

Restricted funds totalled £1,557,394 (2017 - £1,516,654) and represented assets, including freehold nature reserves, purchased in accordance with the terms of specific gifts amounting to £466,738 (2017 - £530,737).

Butterfly Conservation's unrestricted funds at 31 March 2018 amounted to £5,375,953 (2017 - £5,234,256).

However, these funds include £20,000 (2017 - £20,000) being the retained profits of Butterfly Conservation Trading Limited. These funds also include £881,138 (2017 - £814,069) representing freehold nature reserves and other tangible fixed assets. These are central to Butterfly Conservation's charitable activities and the funds would not be available to meet future contingencies should they arise.

Report of the Council (including Strategic Report)

Year to 31 March 2018

Council has designated a total of £2,667,676 (2017 - £2,800,088) in the following funds:

Fund	£
Branch Fund	220,057
Commitments to Conservation Projects Fund	902,200
Legacy Fund	1,073,692
Match Pot Appeal Fund	471,727
	2,667,676

The Legacy and Match Pot Appeal Funds are Head Office designations of past legacies and donations used to finance general expenditure. A third of the value of the Legacy Fund is drawn down each year. The current monies in the Match Pot Appeal Fund will be utilised to support conservation projects until 2019/20. The Branch Fund comprises monies that Council has committed for work undertaken by Butterfly Conservation's Branches and it is anticipated that the current funds will be spent over the coming two years. The Commitments to Conservation Projects comprises monies that Council has committed to funding key conservation projects over the next year.

The funds available for meeting ongoing future expenditure therefore total £1,807,139 (2017 - £1,600,099).

These free financial reserves are held to ensure that Butterfly Conservation:

- maintains sufficient levels of working capital to allow for seasonal fluctuations;
- protects its essential conservation activities in the event of shortfalls in grant and general income within the next financial year; and
- maintains funds to respond to conservation opportunities.

These funds equate to five months' operating costs.

During the year Council has evaluated Butterfly Conservation's financial risk and has calculated the financial contribution expected to be made over the next year to key conservation projects (£902,200). This sum is held in a designated fund.

Council has reviewed the charity's Financial Reserves Policy with the designation of this money and has also taken into consideration the continued reduction in statutory agency funding and the need to invest financial resources into achieving our 2025 Strategy. Considering these factors, Council has calculated that the amount of financial reserves it needs to hold is £2 million (2017 - £1.6 million). During 2017/18, we have raised funds to increase the level of our financial reserves by £207,000 whilst also increasing expenditure on our core objectives. In 2018/19 we will continue to implement our fundraising strategy to ensure that we maintain our conservation effort and increase financial reserves to the target level.

Reference and administrative information Year to 31 March 2018

Registered name	Butterfly Conservation
Registered charity	Registered charity number 254937 (England and Wales) and SC039268 (Scotland); governed by the Articles of Association updated in 2014/15
Company limited by guarantee	Limited company number 02206468 Registered in England and Wales
Registered office	Manor Yard East Lulworth Wareham Dorset BH20 5QP
Website	butterfly-conservation.org
Twitter	@savebutterflies
Facebook	Facebook.com/savebutterflies
Instagram	Instagram.com/savebutterflies
President and Vice-Presidents	
President	Sir David Attenborough
Vice-Presidents	Maurice Avent Esq Nick Baker Esq John F Burton FZS FRES Dudley Cheesman Esq Sue Collins The Earl of Cranbrook PhD DL Cbiol David Dennis Esq Mike Dilger Esq Clive P Farrell Esq Julian Gibbs Esq Ian Hardy MVO Anthony Hoare Esq Chris Packham Esq Professor Jeremy Thomas Alan Titchmarsh MBE

Reference and administrative information Year to 31 March 2018

Council Members (Directors and Trustees)

Chair	Dr Jim Asher
Vice Chair	Mike Dean
Honorary Treasurer	David Hanson
Other Trustees	Dr Andy Barker Andrew Brown Kathryn Dawson Roger Dobbs Dr Susan Foden Karen Goldie-Morrison Michael Johnston Simon Saville (co-opted May 2018) Sue Smith Nigel Symington Ilija Vukomanovic Chris Winnick

Senior Management Team

Chief Executive and Company Secretary	Julie Williams
Director of Science Director of Conservation & Regions Director of Policy & Land Use Director of Development and Engagement	Dr Nigel Bourn Dr Sam Ellis Russel Hobson (appointed April 2018) Peter Moore (appointed March 2018)

Auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Investment managers

Cazenove Capital Management
31 Gresham Street
London
EC2V 7QA

Principal bankers

NatWest plc
49 South Street
Dorchester
Dorset
DT1 1DW

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

Structure, governance and management Year to 31 March 2018

Members of Council

Council members constitute directors of the charity for the purposes of the Companies Act 2006 and trustees of the charity for the purposes of charity legislation.

Each member of Council has responsibility for monitoring the charity's activities in specific operational areas and constant regard is paid to refreshing the experience mix of members of Council to ensure that Council continually develops the skills required to contribute fully to the charity's advancement.

The following Council members were in office during the year to 31 March 2018 and served throughout that year except where shown:

Council members	Elected / Resigned
Dr Jim Asher – Chair	
Mike Dean – Vice Chair	
David Hanson – Honorary Treasurer	
Dr Andy Barker	Re-elected November 2017
Andrew Brown	
Kathryn Dawson	
Roger Dobbs	Re-elected November 2017
Dr Susan Foden	Re-elected November 2017
Karen Goldie-Morrison	
Michael Johnston	
Sue Smith	Re-elected November 2017
Nigel Symington	Re-elected November 2017
Ilija Vukomanovic	
Chris Winnick	

All members of Butterfly Conservation are eligible to seek election to Council at the Annual General Meeting (AGM).

One-third of Council members stand down each year on rotation and new Council members are elected at Butterfly Conservation's AGM in November.

New Council members receive a comprehensive induction pack. This pack is designed to provide Council members with an understanding of their roles and responsibilities. A detailed induction day is arranged to provide new Council members with a strategic and operational overview of Butterfly Conservation.

To familiarise themselves with the work of the charity they are invited to attend key meetings and events.

Annually the Chair holds one-to-one meetings with each Council member to discuss his/her contribution in the last year and to agree plans for self-development in the future. All Council members are invited and encouraged to undertake trustee-training seminars offered by external professionals and are offered subscriptions to relevant governance online magazines.

Structure, governance and management Year to 31 March 2018

A Council member skills audit is carried out each year to help identify future requirements and any gaps to ensure that Council has the necessary skills and is a diverse and effective board.

Council is responsible for identifying and recruiting new Council members who complement the expertise of existing members and who fill the gaps identified in the skills audit. Various methods are used to recruit new Council members, including advertising in our magazine, *Butterfly*, and the Branch email updates.

Council members declare all relevant interests and register them with the Company Secretary and, in accordance with Butterfly Conservation's Code of Conduct Policy, withdraw from decisions where a conflict of interest arises.

Responsibilities of Council

The members of Council (who are also directors of Butterfly Conservation for the purposes of company law) are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the members of Council 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 the group and of the income and expenditure of the group for that period.

In preparing these financial statements, the members of Council are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

Council members are responsible for keeping proper 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, the Charities and Trustee Investment (Scotland) Act 2005 and applicable Charities Accounts (Scotland) Regulations. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each member of Council confirms that:

- so far as the Council member is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- he/she has taken all the steps that Council members ought to have taken in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Structure, governance and management Year to 31 March 2018

Transactions involving Council members and related parties

All Council members give their time voluntarily and received no benefits from Butterfly Conservation during the year.

Details of transactions involving Council members and related parties are given in Note 12 and Note 25 to the attached financial statements.

Strategy and policy setting

Council determines the overall strategy and policy of Butterfly Conservation. Council meets three times a year.

Council delegates some of its powers to three committees: Governance, Investment and Remuneration. These report to Council. Two working groups: the Branch Communications Group and the Consultative Group report to the Chief Executive. The Risk Audit Group, which works on an *ad hoc* basis, reports directly to Council.

From time to time the Chief Executive initiates individual Task and Finish Groups designed to work on specific areas. These groups report directly to the Chief Executive and are made up of a mixture of members of staff, Council members and external individuals depending on the topic and their expertise.

Staff and Branches

The Chief Executive, assisted by the Senior Management Team, is responsible for the day-to-day management of Butterfly Conservation, acting under authority delegated to her by Council.

During the year we employed on average 78 members of staff (73 in 2016/17) who are grouped into four main work areas: Conservation, Engaging Supporters, Administration and Senior Management Team.

One of Butterfly Conservation's greatest strengths is the 15,000 active volunteers, who contribute towards our work. They carry out a variety of roles from monitoring and recording to delivering practical conservation programmes using their considerable knowledge and expertise. Many thousands of other people also take part in our major citizen science project, the Big Butterfly Count.

Our local action is co-ordinated by a UK wide network of 31 Branches and a European Butterfly Group. Each Branch is managed by a volunteer committee. Our dedicated Branch Committee members are true ambassadors for Butterfly Conservation and all the fantastic work we do. We are indebted to everyone who contributes to making our Branch network so strong and successful.

Branches and volunteers carry out most of the local conservation and development work in partnership with staff. Branches contribute to strategy and policy setting primarily through Branch Liaison meetings.

Branches provide excellent support to members in their local area, running a variety of interesting and inclusive activities. They provide many additional opportunities for volunteers to get involved and give us a vital presence at many varied events around the UK, inspiring people to find out more about our work.

Pay and Remuneration Policy

Butterfly Conservation is committed to ensuring that we pay our staff fairly and in a way that ensures we attract and retain the right skills to have the greatest impact in delivering our charitable objectives. The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the members of Council and the Senior Management Team.

Butterfly Conservation does not differentiate between men and women throughout the recruitment process and instead relies on pay grades based on the duties and responsibilities relating to the vacancy.

The results of the gender pay gap calculations for 2017/18 show that the full time equivalent average weekly earnings for men is 16% more than for women (£663 per week compared with £556). The 2017/18 full time equivalent median weekly earnings for men is also 16% more than for women (£632.83 per week compared with £531.35). The differential arises as more men hold senior positions within the organisation.

The charity's Pay and Remuneration Policy states how salary and pay awards are set, including remuneration for the Chief Executive and Senior Management Team.

The same benefits arrangements, including pensions, and terms and conditions apply to all employees, including the Senior Management Team. Pay bands and salary increments are reviewed annually against a number of other NGOs and using benchmarking tools widely available in the voluntary sector.

Further salary banding information on the Senior Management Team's remuneration is included in Note 12.

Council members are not remunerated but are reimbursed for reasonable out of pocket expenses (stated in Note 12).

Trading

Butterfly Conservation Trading Limited was incorporated in February 2010 to conduct trading activities in support of Butterfly Conservation's charitable activities. The company is registered in England and Wales under company number 07166835 and is a wholly-owned trading subsidiary. The directors of the trading company may decide to donate under Gift Aid part or all of its annual taxable profit to its parent charity, Butterfly Conservation. For the year ended 31 March 2018 the donation amounted to £44,505 (2017 - £62,247).

Thank you

We are extremely grateful to those individuals and organisations that have so generously supported the charity in 2017/18 including all of our donors who wish to remain anonymous. On behalf of everyone at Butterfly Conservation we would like to thank the following funders for their support:

A E H Salvesen's Charitable Trust	Miss Kathleen Beryl Sleigh Charitable Trust
B&Q plc	National Trust
Barclays Matched Fundraising Scheme	Natural England
Belightful Design Oy	Natural Resources Wales
Biffa Award	Naturetrek Limited
C James Cadbury Trust	Northern Ireland Environment Agency
Carmarthenshire County Council	Pen y Cymoedd Wind Farm Community Fund CIC
Cecil Pilkington Charitable Trust	P F Charitable Trust
Chapman Charitable Trust	Pilkington General Charity
Cornwall Council	Postcode Local Trust
Dartmoor National Park Authority	Rapanui
Dartmoor Preservation Association	Robert O Curle Charitable Trust
Dunsdon Farm	Rural Payments Agency
EB Scotland Limited	Santander Changemaker Fund
EcoCo Life	Scottish Natural Heritage
Enovert Community Trust	Severn Waste Environmental Fund
Environment Agency	Shropshire Hills Area of Outstanding Natural Beauty
Ernest Kleinwort Charitable Trust	Partnership
Everyclick Limited	Stroud District Council
Exmoor National Park Authority	Surrey Hills Area of Outstanding Natural Beauty
Forestry Commission England	SW Lakes Trust
Forestry Commission Scotland	The British Entomological & Natural History Society
Gloucestershire Naturalists Society	The Charles & Ann Fraser Charitable Trust
Groundwork UK	The D G Albright Charitable Trust
Habitat Aid	The Henocq Law Trust
Hampshire County Council	The Jack Patston Charitable Trust
Harper Collins Publishers	The John Swire 1989 Charitable Trust
HDH Wills 1965 Charitable Trust	The Lever Trust
Henry C Hoare Charitable Trust	The Orcome Trust
Heritage Lottery Fund	The Patsy Wood Trust
KMF Maxwell Stuart Charitable Trust	The Plum Trust
Lake District National Park Authority	The Reed Foundation
Learning Through Landscapes	The Royal Society for the Protection of Birds
Limit Watches	The Valentine Charitable Trust
Lower Mole Countryside Trust	The Walter Guinness Charitable Trust
Marjorie & Geoffrey Jones Charitable Trust	University of York
Marsh Christian Trust	Veolia Environmental Trust
Michael Marks Charitable Trust	

Acknowledgements 31 March 2018

Waitrose Limited
Waste Recycling Environmental Limited

Woodland Trust
Yorventure

Corporate Members

Beaven Brands Limited
Belightful Design Oy
Bewley & Merrett Funeral Directors
C J Wildbird Foods
Castlerigg Hall Caravan & Camping Park
Coda Systems Limited
Continental Landscapes
Elm Horticulture Limited
Ginger Dragon Limited

Holme for Gardens
Naturetrek Limited
Northumbrian Water
Opticron
Perrywood Garden Centre
TES Limited
The Weld Estate
Tobiz Products
Woodlands.co.uk

Acknowledgements 31 March 2018

Legacy gifts

Much of our successful conservation work is underpinned by the generosity of supporters who have left a gift in their Will. All gifts, whatever their size, are hugely valuable, making a lasting difference to butterfly and moth conservation.

We would like to thank our generous benefactors for these important gifts:

Legacies

Patricia Joan Bathurst
Jean Margaret Blair
Steve Blott
Dennis Stanley Burrows FRES
Anne Lise Campbell
Eleanor Campbell
Iris Daphne Cotgrove
Harry Trevor Eales
David R Gibling
Valerie Anne Gregson
Wilfred S Jones
Peter John Lewington

Deborah Rose Mason
Christopher Howard Paul
Kenneth James Powell
Anthony William Pratley
David C Ricketts
Ina Roe
Hazel Rouse
Robert Starling
Geoffrey Summers
Ronald Todd
Eric Wynn

Acknowledgements 31 March 2018

In Memory Gifts

Ronald George Bartlett

Derek Coomber

Edward John Cooper

Peter Creasey

Pearl Dennis

Peter Diment

Margaret Jean Duckworth

Ronald Fox

John H N Garland

Daphne Gibbons

Jean Harper

Evie Haywood

Joyce Heslop

Celia Holmes

Maurice Johnston Clarke Hughes

Stephen Lindsay Jeffcoate

M Jordan

Ken King

John Knowler

Ian Langford

Peter John Lewington

Phillip Lumley

Graham Mansell

Joan McCagney

David Peace

Dr Leslie William Purnell

Gordon Rich

Eric and Angela Rose

Derek Scott

Matthew Shepherd

Jacqueline Ann Steggall

Aileen Stevens

M Trapaud

Owen Tudor

Dave Walton

Stephen Watson

Dr Lawrence Webber

Bill Webster

Michael Richard Wellesley Sheehy

Val Weston

Doreen Elizabeth Wood

If you would like to find out more about leaving a gift in your Will then please call Sandra Muldoon direct on 01929 406002 or email smuldoon@butterfly-conservation.org

Report of the Council approved for on and behalf of Council:



Chair



Secretary

Approved by Council on: 14 July 2018

Independent auditor's report 31 March 2018

Independent auditor's report to the members of Council and members of Butterfly Conservation

Opinion

We have audited the financial statements of Butterfly Conservation (the 'charitable parent company') and its subsidiary company (collectively the 'group') for the year ended 31 March 2018 which comprise the group statement of financial activities, group and charitable parent company balance sheets and group statement of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 March 2018 and of the group's 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

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 members of Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the members of Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable parent 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.

Independent auditor's report 31 March 2018

Other information

The members of Council are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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 Report of the Council including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Report of the Council including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Council including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- ◆ proper and adequate accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of Council members' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the members of Council 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 Report of the Council and from the requirement to prepare a strategic report.

Independent auditor's report 31 March 2018

Responsibilities of Council

As explained more fully in the Responsibilities of Council statement included in the Report of the Council, the members of Council 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 members of Council 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 members of Council are responsible for assessing the group's and the charitable parent 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 members of Council either intend to liquidate the group or the charitable parent 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 and to the charity's members of Council (the trustees and directors of the charitable company) as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 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.

Buzzacott LLP

Amanda Francis (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

25 July 2018

Consolidated statement of financial activities Year to 31 March 2018

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2018 Total £	2017 Total £
Income from:						
Donations and legacies	1	833,116	251,850	—	1,084,966	1,109,762
Other trading activities	2	95,818	6,233	—	102,051	92,278
Investments and interest receivable	3	214,369	8,755	—	223,124	202,317
Charitable activities	4	—	—	—	—	—
Conservation activities - grants receivable	5	26,541	1,376,638	—	1,403,179	946,572
Contracts and royalties		161,815	105,798	—	267,613	364,541
Primary purpose trading		78,068	8,831	—	86,899	133,898
Membership subscriptions		938,445	—	—	938,445	842,591
Other sources		537	—	—	537	—
Total income		2,348,709	1,758,105	—	4,106,814	3,691,959
Expenditure						
Raising funds	6	139,099	3,417	—	142,516	190,463
Charitable activities		—	—	—	—	—
Conservation	7	1,026,593	2,348,849	—	3,375,442	2,987,638
Membership services	8	405,841	—	—	405,841	372,176
Total expenditure		1,571,533	2,352,266	—	3,923,799	3,550,277
Net income (expenditure) before investment (losses) gains		777,176	(594,161)	—	183,015	141,682
Net investment (losses) gains	15,17	(578)	—	(90,141)	(90,719)	693,188
Net income (expenditure)	11	776,598	(594,161)	(90,141)	92,296	834,870
Transfers between funds	20	(634,901)	634,901	—	—	—
Net movement in funds		141,697	40,740	(90,141)	92,296	834,870
Reconciliation of funds						
Total funds brought forward at 1 April 2017		5,234,256	1,516,654	5,461,136	12,212,046	11,377,176
Total funds carried forward at 31 March 2018		5,375,953	1,557,394	5,370,995	12,304,342	12,212,046

All of the group's activities derived from continuing operations during the above two financial periods.

The group has no recognised gains and losses other than those shown in the consolidated statement of financial activities.

Consolidated summary income and expenditure account Year to 31 March 2018

	2018 Total funds £	2017 Total funds £
Total income of continuing operations	4,106,814	3,691,959
Total expenditure of continuing operations	<u>(3,923,799)</u>	<u>(3,550,277)</u>
Net income for the period	183,015	141,682

Total income comprises £2,348,709 (2017 - £2,431,913) for unrestricted funds and £1,758,105 (2017 - £1,260,046) for restricted funds. A detailed analysis of income by source is provided in the consolidated statement of financial activities.

Detailed analyses of the expenditure are provided in the consolidated statement of financial activities and Notes 6, 7 and 8.

The consolidated summary income and expenditure account is derived from the consolidated statement of financial activities on page 49 which, together with the notes to the financial statements on pages 59 to 74, provides full information on the movements during the period on all the funds of the charity.

Group and charity balance sheets 31 March 2018

	Notes	Group		Charity	
		2018 £	2017 £	2018 £	2017 £
Fixed assets					
Tangible assets	14	1,347,876	1,344,806	1,347,876	1,344,806
Investments	15	5,370,995	5,461,136	5,370,996	5,461,137
		6,718,871	6,805,942	6,718,872	6,805,943
Current assets					
Stocks		7,073	6,735	6,496	5,875
Debtors	16	810,028	627,088	859,419	690,375
Investments	17	157,972	158,550	157,972	158,550
Cash at bank and in hand					
. Short term deposits and interest bearing accounts		4,023,158	4,075,680	4,023,158	4,075,680
. Current accounts		959,528	803,680	888,088	712,248
		5,957,759	5,671,733	5,935,133	5,642,728
Liabilities					
Creditors: amounts falling due within one year	18	(372,288)	(265,629)	(369,663)	(256,625)
Net current assets		5,585,471	5,406,104	5,565,470	5,386,103
Total net assets		12,304,342	12,212,046	12,284,342	12,192,046
The funds of the charity					
Charitable funds					
Capital funds					
Endowment funds	19	5,370,995	5,461,136	5,370,995	5,461,136
Income funds					
Restricted funds	20	1,557,394	1,516,654	1,557,394	1,516,654
Unrestricted funds					
. General fund		1,807,139	1,600,099	1,807,139	1,600,099
. Non-charitable trading funds		20,000	20,000	—	—
. Tangible fixed assets (including freehold nature reserves) fund	21	881,138	814,069	881,138	814,069
. Designated funds	22	2,667,676	2,800,088	2,667,676	2,800,088
Total funds		12,304,342	12,212,046	12,284,342	12,192,046

Approved by the Council of Butterfly Conservation, Company Registration Number 02206468 (England and Wales), and signed on its behalf by:



Chair

Approved on:
14 July 2018

Consolidated statement of cash flows Year to 31 March 2018

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(113,018)	(298,197)
Cash flows from investing activities:			
Investment income and interest received		221,328	198,144
Purchase of tangible fixed assets		(4,984)	—
Proceeds from the disposal of investments		—	93,631
Purchase of investments		—	(91,757)
Net cash provided by investing activities		216,344	200,018
Change in cash and cash equivalents in the year		103,326	(98,179)
Cash and cash equivalents at 1 April 2017	B	4,955,750	5,053,929
Cash and cash equivalents at 31 March 2018	B	5,059,076	4,955,750

Notes to the statement of cash flows for the year to 31 March 2018.

A Reconciliation of net income to net cash used in operating activities

	2018 £	2017 £
Net income (as per the statement of financial activities)	92,296	834,870
Adjustments for:		
Depreciation charge	1,914	2,969
Losses (gains) on investments	90,719	(693,188)
Investment income and interest receivable	(223,124)	(202,317)
(Increase) decrease in stocks	(338)	1,285
Increase in debtors	(181,144)	(156,097)
Increase (decrease) in creditors	106,659	(85,719)
Net cash used in operating activities	(113,018)	(298,197)

B Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand: current accounts	959,528	803,680
Cash at bank and in hand: short term deposits and interest bearing accounts	4,023,158	4,075,680
Cash held by investment managers	76,390	76,390
Total cash and cash equivalents	5,059,076	4,955,750

Principal accounting policies 31 March 2018

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2018 with comparative information provided in respect to the year 31 March 2017.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate the financial statements of Butterfly Conservation and its wholly owned subsidiary company, Butterfly Conservation Trading Limited, made up at the balance sheet date. The results of the subsidiary undertaking are consolidated on a line-by-line basis.

No separate statement of financial activities has been presented for the charity alone as permitted by Section 408 of the Companies Act 2006.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the members of Council and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- the estimates of the useful economic lives of tangible fixed assets used to determine the annual depreciation charge;
- the assumptions adopted by the members of Council and management in determining the value of any designations required from the charity's general unrestricted funds;
- the basis on which support costs have been allocated across expenditure headings; and
- the probability of the receipt by the charity of legacy income of which it has been notified of its entitlement.

Principal accounting policies 31 March 2018

Assessment of going concern

Council members have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. Council members have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The members of Council have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The members of Council are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 March 2019, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy set out in the Report of the Council for more information).

Income

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Income comprises donations; legacies; income from fundraising events, royalties and trading activities; investment income and interest receivable; and income from charitable activities including grants receivable, contracts for services, primary purpose trading and membership subscriptions.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Donations received from the Match Pot Appeal are credited to the statement of financial activities when received and an equivalent amount is transferred to the Match Pot Appeal, a designated fund. This fund is used across a broad range of the charity's activities to provide either the contributory third party or match funding required for landfill community funds and other conservation projects.

Donated goods are recognised at fair value unless it is impractical to measure this reliably in which case a derived value, being the cost of the item to the donor, is used. An equivalent amount is included as expenditure except where the donated good is a fixed asset in which case the corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the charity's accounting policies.

Principal accounting policies 31 March 2018

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having been transferred to the charity.

Each year, an amount equivalent to the unrestricted legacies credited to the statement of financial activities is transferred to the Legacy Fund, a designated fund. A transfer is made back to the general fund, equal to one third of the Legacy Fund balance, to finance general expenditure. However, if a legacy has not actually been received this part of the transfer is deferred.

Income from trading activities includes the income from corporate sponsorship and the sale of products of the charity's trading subsidiary. Such income is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Income from fundraising events and income from royalties is recognised when it is probable that the economic benefits will flow to the charity and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Grants from government and other agencies are included as income from charitable activities where these amount to a contract for services or where the money is given in response to a specific appeal or for a particular purpose. Grants from government and other agencies are included as donations where they are given with greater freedom of use, for example monies for core funding.

Principal accounting policies 31 March 2018

Income from primary purpose trading is recognised to the extent that it is probable that the economic benefits will flow to the charity and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Annual membership subscriptions are credited to the statement of financial activities on a receipts basis. This approach avoids any complexity that might be encountered if an accruals basis were applied and, in the opinion of the members of Council, results in a figure which is not materially different from that which would be achieved by using an accruals basis.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is stated inclusive of irrecoverable VAT.

Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, the direct cost of fundraising activities, expenditure of the charity's subsidiary company and an allocation of support costs.
- Expenditure on charitable activities comprises expenditure on the charity's primary charitable purposes as described in the Report of Council i.e. conservation and membership services. This includes both costs that can be allocated directly to such activities and an allocation of support costs.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of a finance function, human resources function, property management and information technology support.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support staff costs are allocated to the above expenditure headings based on the time expended by the support staff in the relevant areas. Other support and governance costs are allocated to expenditure in the same ratio as the direct costs.

Tangible fixed assets

All assets costing more than £2,000 and with an expected useful life exceeding one year are capitalised.

Principal accounting policies 31 March 2018

Depreciation is provided on cost at the following annual rates in order to write off each asset over its estimated useful life:

- Office equipment, vehicles, plant and machinery 20-25% straight-line

No depreciation is provided on freehold land.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted above, one of the financial risks faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value where the investment is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Stocks

Stocks of books and stationery for resale are valued at the lower of cost and estimated net realisable value.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Principal accounting policies 31 March 2018

Fund structure

The endowment fund comprises monies which must be held as capital indefinitely. The income therefrom may be used for general purposes and is credited directly to unrestricted funds.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions. Transfers between restricted funds and the tangible fixed assets fund are explained below. Transfers between restricted and other unrestricted funds are explained in note 20 to the financial statements.

The non-charitable trading funds comprise the profits retained in the trading subsidiary, Butterfly Conservation Trading Limited.

The tangible fixed assets fund represents the net book value of those tangible fixed assets which are not part of the endowment or restricted funds of the charity. Each year one tenth of the cost of all land purchased from restricted funds will be transferred to the tangible fixed assets fund unless there is a specific deed/covenant in place to de-restrict the asset. The charity has adopted a formal policy of assessing all assets donated, other than cash, and valuing for account purposes only those with material value to the charitable work of the organisation.

The designated funds are monies set aside out of the general fund and designated for specific purposes by Council. The policies for transfers to and from designated funds are explained above under "income and transfers to/from designated funds" or in Note 22 to the financial statements.

The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of Council.

Contributory Third Party (CTP) and Landfill Community Funds

Funds collected as third party contributions towards projects, which are funded by Landfill Community Funds, are not regarded as income but are shown as a liability on the balance sheet. They will be transferred in due course to the Landfill Operators in order to release further funds under the Landfill Community Funds scheme.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities in equal annual amounts over the lease term.

Pension costs

Contributions by the charity in respect of employees' personal pension plans and defined contribution schemes are charged to the statement of financial activities in the year in which the expenditure is incurred.

Notes to the financial statements Year to 31 March 2018

1 Income from donations and legacies

Group	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
Donations	351,473	251,836	603,309	671,721
Legacies	481,643	14	481,657	438,041
2018 Total funds	833,116	251,850	1,084,966	1,109,762
2017 Total funds	881,350	228,412	1,109,762	

2 Income from other trading activities

Group	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
Sale of goods/services - non-charitable material	31,720	6,233	37,953	8,817
Royalties and sponsorship - non primary purpose	19,431	—	19,431	32,279
Fundraising	44,667	—	44,667	51,182
2018 Total funds	95,818	6,233	102,051	92,278
2017 Total funds	92,278	—	92,278	

3 Income from investments

Group	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
UK common investment funds and unit trusts	200,646	—	200,646	174,892
Bank interest	13,723	8,755	22,478	27,425
2018 Total funds	214,369	8,755	223,124	202,317
2017 Total funds	191,808	10,509	202,317	

4 Income from charitable activities (comparative information)

For the year ended 31 March 2017, income from charitable activities included:

- Grants receivable in respect to conservation activities of £946,572 of which £10,837 was unrestricted and £935,735 was restricted (see note 5);
- Income from contracts and royalties of £364,541 of which £284,751 was unrestricted and £79,790 was restricted;
- Other primary purpose trading income of £133,898 of which £128,298 was unrestricted and £5,600 was restricted; and
- Membership subscriptions of £842,591 which were wholly unrestricted.

Notes to the financial statements Year to 31 March 2018

5 Conservation activities – grants receivable

Group	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
Biffa Award	—	93,905	93,905	53,669
Buckinghamshire Country Council	500	—	500	—
Calleva Foundation	—	—	—	5,000
Carmarthenshire County Council	—	6,593	6,593	6,593
Cemex UK Materials Limited	—	829	829	829
Ceredigion County Council	650	—	650	50
Cornwall Council	1,060	—	1,060	—
Cornwall Area of Outstanding Natural Beauty	—	—	—	3,000
Cory Environmental Trust	—	—	—	11,275
Cotswold Area of Outstanding Natural Beauty	—	—	—	552
Dartmoor National Park Authority	—	5,000	5,000	2,500
Dartmoor Preservation Association	—	1,000	1,000	—
Defence Infrastructure Organisation	—	829	829	4,329
EB Scotland Limited	—	14,855	14,855	—
EcoCo Life	—	18,975	18,975	1,418
Enovert Community Trust	—	15,417	15,417	—
Environment Agency	—	7,500	7,500	7,500
Environmental Recorders Group Fund	—	—	—	1,000
Ernest Kleinwort Charitable Trust	—	16,000	16,000	—
Esmée Fairbairn Foundation	—	—	—	39,500
Exmoor National Park Authority	—	5,000	5,000	—
Forestry Commission Scotland	—	41,000	41,000	64,000
Freedom Civil Asset Management	—	829	829	—
Friends of the Lake District	—	—	—	1,000
Gloucestershire Naturalists Society	1,000	—	1,000	—
Groundwork UK	—	1,000	1,000	—
Hampshire County Council	2,850	—	2,850	—
Heritage Lottery Fund	—	216,226	216,226	58,956
KMF Maxwell Stuart Charitable Trust	—	40,000	40,000	—
Lake District National Park Authority	—	8,583	8,583	4,950
Learning Through Landscapes	—	19,465	19,465	18,510
Lower Mole Countryside Trust	—	2,000	2,000	—
Magnox Limited	—	829	829	829
Meres & Mosses Landscape Partnership Scheme	—	—	—	1,198
National Trust	5,423	—	5,423	6,435
Natural England	—	324,331	324,331	206,058
Natural Resources Wales	—	74,297	74,297	70,391
Northern Ireland Environment Agency	—	50,673	50,673	51,298
Pembrokeshire County Council	400	—	400	400
Pen y Cymoedd Wind Farm Community Fund CIC	2,000	—	2,000	—
Postcode Local Trust	9,550	—	9,550	15,936
Balance carried forward	23,433	965,136	988,569	637,176

Notes to the financial statements Year to 31 March 2018

5 Conservation activities – grants receivable (continued)

Group	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
Balance brought forward	23,433	965,136	988,569	637,176
Robert Kiln Charitable Trust	—	250	250	—
Rural Payments Agency	—	45,783	45,783	36,727
Scottish Natural Heritage	—	77,279	77,279	58,829
Severn Waste Environmental Fund	—	—	—	6,500
Shropshire Hills Area of Outstanding Natural Beauty Partnership	900	1,000	1,900	—
South Bucks District Council	258	—	258	—
Stroud District Council	—	2,377	2,377	—
Surrey Hills Area of Outstanding Natural Beauty	—	2,500	2,500	—
Sussex Community Foundation	—	—	—	6,901
Tayside Biodiversity Partnership	200	—	200	—
The Cambridge Chrysalis Trust	—	—	—	10,000
The D'Oyly Carte Charitable Trust	—	—	—	5,000
The Ernest Cook Trust	—	—	—	13,850
The Patsy Wood Trust	—	103,542	103,542	—
The Royal Society for the Protection of Birds	—	6,637	6,637	1,725
The Summerfield Charitable Trust	—	—	—	5,000
Trust for Oxfordshire's Environment	750	—	750	—
University of York	1,000	4,000	5,000	5,000
Veolia Environmental Trust	—	35,041	35,041	60,356
Waste Recycling Environmental Limited	—	114,715	114,715	91,920
Woodland Trust	—	14,000	14,000	—
Worcestershire County Council	—	—	—	1,500
Worcestershire Wildlife Trust	—	—	—	1,138
Yorventure	—	4,378	4,378	4,950
2018 Total funds	26,541	1,376,638	1,403,179	946,572
2017 Total funds	10,837	935,735	946,572	

6 Expenditure on raising funds

Group	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
Staff costs (including support) (note 12)	62,173	—	62,173	103,592
Fundraising costs	16,035	3,376	19,411	32,017
Trading costs	25,337	41	25,378	20,625
Investment management charges	30,265	—	30,265	28,369
Other support costs (note 9)	5,289	—	5,289	5,860
2018 Total funds	139,099	3,417	142,516	190,463
2017 Total funds	187,831	2,632	190,463	

Notes to the financial statements Year to 31 March 2018

7 Expenditure on charitable activities: Conservation

	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
Staff costs (including support) (note 12)	1,022,068	1,081,178	2,103,246	1,839,244
Marketing and publicity	19,656	33	19,689	36,549
Management conservation	155,520	563,048	718,568	667,576
Information and education	64,143	4,000	68,143	29,386
Legal and professional	213	222	435	327
Other support costs (note 9)	(235,007)	700,368	465,361	414,556
2018 Total funds	1,026,593	2,348,849	3,375,442	2,987,638
2017 Total funds	1,036,586	1,951,052	2,987,638	

8 Expenditure on charitable activities: Membership services

	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
Staff costs (including support) (note 12)	185,370	—	185,370	176,196
Membership recruitment	21,099	—	21,099	17,532
Newsletter production and distribution	147,810	—	147,810	133,972
Membership servicing	36,129	—	36,129	32,864
Other support costs (note 9)	15,433	—	15,433	11,612
2018 Total funds	405,841	—	405,841	372,176
2017 Total funds	372,176	—	372,176	

9 Support costs

	Staff costs £	Other support costs £	2018 Total £	2017 Total £
Staff costs	823,316	—	823,316	807,185
Governance costs (note 10)	—	70,593	70,593	57,121
Other	—	415,490	415,490	374,907
	823,316	486,083	1,309,400	1,239,213
Attributed to:				
Expenditure on raising funds (note 6)	62,173	5,289	67,462	109,452
Expenditure on charitable activities				
. Conservation (note 7)	675,863	465,361	1,141,224	1,038,169
. Membership services (note 8)	85,281	15,433	100,714	91,592
	823,317	486,083	1,309,400	1,239,213

Notes to the financial statements Year to 31 March 2018

9 Support costs (continued)

Support staff costs are allocated to expenditure based on the time expended by support staff in the relevant areas of charitable activities.

Other support costs are allocated to expenditure on the same ratio as the direct costs associated with the relevant areas of charitable activity.

10 Governance costs

	2018 Total £	2017 Total £
Information and education	38,461	27,004
Legal and professional	21,598	17,941
Governance expenses	10,534	12,176
	70,593	57,121

11 Net income (expenditure)

This is stated after charging:

Group	2018 Total £	2017 Total £
Staff costs (note 12)	2,350,789	2,119,032
Auditor's remuneration		
· Statutory audit services	13,100	12,750
· Other services	1,360	2,780
Depreciation	1,914	2,969
Operating lease rentals	92,154	90,641

12 Employees, staff costs and remuneration of key management personnel

Group	2018 Total £	2017 Total £
Staff costs during the period were as follows:		
Wages and salaries	2,056,961	1,859,990
Social security costs	189,203	165,624
Other pension costs	101,199	93,418
	2,347,363	2,119,032
Agency staff costs	3,426	—
Total staff costs	2,350,789	2,119,032

Staff costs by function (after the allocation of those deemed support costs) were as follows:

Raising funds	62,173	103,592
Conservation	2,103,246	1,839,244
Membership service	185,370	176,196
	2,350,789	2,119,032

Notes to the financial statements Year to 31 March 2018

12 Employees, staff costs and remuneration of key management personnel (continued)

One employee earned between £60,000 and £70,000 per annum (including taxable benefits but excluding employer pension contributions) during the period (2017 – one employee earned between £60,000 and £70,000 per annum). Pension contributions of £3,350 (2017 - £2,946) were paid into personal pension schemes in respect of this individual during the year.

The average number of employees, analysed by function after allocating support costs, was as follows:

Group	2018 Total	2017 Total
Raising funds	3	5
Conservation	70	64
Membership services	5	4
	78	73

The key management personnel of the charity comprises the members of Council and the Senior Management Team. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £234,620 (2017 - £279,299).

A total of £3,589 was paid to two members of staff for redundancy payments in the year to 31 March 2018 (2017 - £9,465 to two employees).

No Council member received any remuneration in respect of their services as members of Council during the year (2017 - £nil). However:

- A total of £6,909 (2017 - £5,311) was reimbursed to (or paid by the charity on behalf of) 14 (2017 - 16) Council members for expenditure incurred on behalf of the charity.
- The charity has purchased insurance to protect the charity from any loss arising from the neglect or default of its trustees, employees and agents and to indemnify the members of Council or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity during the year totalled £845 (2017 - £830) and provides cover up to a maximum of £500,000 (2017 - £500,000).

No members of Council had any beneficial interest in any contract with the charity during the year (2017 – none).

13 Taxation

Butterfly Conservation is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

Notes to the financial statements Year to 31 March 2018

14 Tangible fixed assets

Group and charity	Freehold land £	Office equipment, plant and machinery £	Total £
Cost			
At 1 April 2017	1,342,557	14,845	1,357,402
Additions	—	4,984	4,984
Elimination of obsolete items	—	(10,256)	(10,256)
At 31 March 2018	1,342,557	9,573	1,352,130
Depreciation			
At 1 April 2017	—	12,596	12,596
Charge for year	—	1,914	1,914
On obsolete items eliminated	—	(10,256)	(10,256)
At 31 March 2018	—	4,254	4,254
Net book values			
At 31 March 2018	1,342,557	5,319	1,347,876
At 31 March 2017	1,342,557	2,249	1,344,806

Freehold land comprises a number of nature reserves managed by the charity. The disposal of a number of these reserves is subject to restrictive covenants.

A legal charge dated 30 May 2006 in favour of one of the charity's funders exists in relation to the freehold property known as Prees Heath Common.

15 Fixed asset investments

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Listed investments (note a)	5,370,995	5,461,136	5,370,995	5,461,136
Investment in subsidiary company (note b)	—	—	1	1
	5,370,995	5,461,136	5,370,996	5,461,137

Notes to the financial statements Year to 31 March 2018

15 Fixed asset investments (continued)

a) Listed investments and cash held for re-investment

Group and charity	Total £
Listed investments	
Market value at 1 April 2017	5,384,746
Net unrealised investment losses	(90,141)
Market value at 31 March 2018	5,294,605
Cash held by investment managers for re-investment	76,390
	5,370,995
 Cost of listed investments at 31 March 2018	 4,052,877

Listed investments held at 31 March 2018 wholly comprised holdings in unit trusts. Individual holdings of listed fixed asset investments which, at 31 March 2018, represented a material proportion of the total value of the fixed asset investment portfolio were as follows:

	Market value £	Proportion %
Schroder Charity Equity Fund	1,354,790	25.2
Schroder QEP Global Active Value Fund	1,240,451	23.1
Trojan Income Fund Class S	1,169,983	21.8
Charities Property Fund	621,132	11.6
M&G Strategic Corporate Bond Fund	526,329	9.8

b) Investment in subsidiary company

The charity holds 100% of the issued share capital of Butterfly Conservation Trading Limited. This holding was acquired on incorporation of the company on 23 February 2010.

Notes to the financial statements Year to 31 March 2018

15 Fixed asset investments (continued)

b) Investment in subsidiary company (continued)

The following is a summary of the financial statements of Butterfly Conservation Trading Limited for the year ended 31 March 2018, which have been included in the consolidated financial statements.

	2018 £	2017 £
Turnover	75,925	120,212
Cost of sales	(7,198)	(38,067)
Gross profit	68,727	82,145
Operating costs	(24,222)	(19,898)
Net profit for the year before Gift Aid and taxation	44,505	62,247
Gift Aid	(44,505)	(62,247)
Taxation	—	—
Profit for the financial period	—	—
Retained earnings at 31 March 2017	20,000	20,000
Retained earnings at 31 March 2018	20,000	20,000

At 31 March 2018 the company had a total called up share capital and retained earnings of £20,001 (2017 - £20,001).

16 Debtors

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Grants and other funding receivable	307,845	268,508	307,845	268,508
Prepayments and other accrued income	101,180	82,998	100,724	80,785
Legacies receivable	316,758	170,009	316,758	170,009
VAT recoverable	2,262	29,597	2,262	29,597
Amounts due from Butterfly Conservation Trading Limited	—	—	49,992	66,336
Investment income receivable	57,072	55,276	57,072	55,276
Primary purpose trading income receivable	145	836	—	—
Sundry debtors	24,766	19,864	24,766	19,864
	810,028	627,088	859,419	690,375

17 Current asset investments

Group and charity	Total £
Listed investments	
Market value at 1 April 2017	158,550
Net unrealised investment losses	(578)
Market value at 31 March 2018	157,972
Cost of listed investments at 31 March 2018	119,573

Notes to the financial statements Year to 31 March 2018

17 Current asset investments (continued)

Current asset investments held at 31 March 2018 comprised the following:

	Total £
UK common investment funds	157,972

Individual holdings of current asset investments which, at 31 March 2018, represented a material proportion of the total value of the current asset investment portfolio were as follows:

	Market value £	Proportion %
Common investment funds		
. COIF Charities Fixed Interest Fund	76,134	48.2
. COIF Charities Investment Fund	81,838	51.8

18 Creditors: amounts falling due within one year

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Social security and other taxes	56,440	46,129	56,440	49,672
Expense creditors	182,633	99,038	182,628	99,031
Accruals and deferred income	133,215	120,462	130,595	107,922
	372,288	265,629	369,663	256,625

The main deferred income relates to £52,104 received as attendance fees for the 2018 International Symposium which took place during April 2018.

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Opening balance	14,551	60,327	4,551	10,327
Cash received in the year	60,558	12,800	60,558	2,800
Amounts released	(10,000)	(58,576)	—	(8,576)
	65,109	14,551	65,109	4,551

Notes to the financial statements Year to 31 March 2018

19 Endowment funds

Group and charity	At 1 April 2017 £	Net investment gains/losses £	Transfers £	At 31 March 2018 £
The VWT Fund	5,461,136	(90,141)	—	5,370,995

The Charity, Butterfly Conservation, acts as trustee for an Endowment Fund called the VWT Fund. It is a capital restricted fund whereby the charity is entitled to apply only the income. The charity was appointed trustee of the Appointed Fund by a Deed dated 10 December 1991, amended by a Deed dated 31 January 2011, and was appointed trustee of the VWT Fund by a Charity Commission Scheme dated 28 May 2010. In 2014/15 the Appointed Fund was closed and the funds transferred to the VWT Fund. Income arising from the investments of this fund is credited in the statement of financial activities (unrestricted funds) and may be applied towards the charity's charitable objectives at the discretion of the Council.

20 Restricted funds

The income funds of the charity include restricted funds comprising the following to be applied for specific purposes:

Group and charity	At 1 April 2017 £	Income £	Expenditure £	Fund transfers £	At 31 March 2018 £
Action for Threatened Moths	503	118,080	(139,689)	41,881	20,775
All the Moors Butterflies	39,963	116,030	(121,872)	2,500	36,621
Back from the Brink Project	-	167,567	(131,445)	4,500	40,622
Biodiversity Action Plans – Butterflies	20,319	134,530	(171,915)	25,000	7,934
Building Sites for Butterflies	-	75,511	(1,142)	-	74,369
Connecting the Drabs and the Dukes	5,938	43,628	(36,632)	-	12,934
Development in Scotland	87,257	299,598	(397,099)	146,073	135,829
Dukes of the Chilterns	34,223	5,570	(31,163)	-	8,630
Enviroparks Marsh Fritillary mitigation	208,774	1,854	-	-	210,628
Marsh Fritillaries Landscape Area	19,418	106	-	(10,000)	9,524
Munching Caterpillars Goes to Town	35,582	24,185	(48,039)	4,000	15,728
North Atlantic Coast	-	52,946	(10,668)	-	42,278
Prees Heath Fund	270,191	37,846	(19,342)	(10,000)	278,695
Region Fund South East England	13,100	15,406	(35,155)	16,500	9,851
Reserve Acquisition and Management Fund	411,939	20,321	(75,621)	(15,510)	341,129
Reserve Purchase	98,520	-	-	(32,840)	65,680
Restricted Legacies Fund	99,412	886	(199)	(1,681)	98,418
Ryton Wood Meadow Project - Warwickshire	6,094	2,809	(3,608)	-	5,295
Surrey Small Blue Project	32,690	39,975	(34,273)	10,000	48,392
The Blues and Browns of Polden Hills	42,802	2,334	(20,754)	500	24,882
Woodland Wings Project	-	38,851	(10,174)	2,500	31,177
Wyre Forest Project	-	39,128	(38,230)	10,000	10,898
Head Office Restricted Funds < £5,000	78,395	519,100	(1,023,114)	440,486	14,867
Branch Restricted Funds < £5,000	11,533	1,842	(2,129)	992	12,238
	1,516,653	1,758,103	(2,352,263)	634,901	1,557,394

20 Restricted funds (continued)

The specific purposes for which the significant fund balances (>£5,000) are to be applied are as follows:

- **Action for Threatened Moths**
To initiate, develop and implement conservation programmes on the most threatened moths (priority species) in England.
- **All the Moors Butterflies**
Covering the South West's threatened moorland butterflies and moths.
- **Back from the Brink Project**
A unique collaboration of eight partners to save 20 species from extinction and benefit over 200 more through 19 projects that span England.
- **Biodiversity Action Plans – Butterflies**
To initiate, develop and implement our conservation programmes on the most threatened butterflies (priority species) in England.
- **Building Sites for Butterflies**
To show how built development can enhance prospects for wildlife and help reverse decline by creating and maintaining high biodiversity grasslands.
- **Connecting the Drabs and the Dukes**
Restore vital habitat for two highly threatened species, the Drab Looper moth and Duke of Burgundy butterfly.
- **Development in Scotland**
To initiate, develop and implement our conservation programmes in Scotland.
- **Dukes of the Chilterns**
Restore the breeding habitat of the threatened Duke of Burgundy butterfly.
- **Enviroparks Marsh Fritillary mitigation**
To restore and maintain marshy grassland for the Marsh Fritillary Butterfly in Wales.
- **Marsh Fritillaries Landscape Area**
Restoring the Rhos pasture on the South Wales Coal Measures.
- **Munching Caterpillars goes to Town**
Engaging and educating children in the fascinating world of butterflies and moths.
- **North Atlantic Coast**
Habitat restoration to facilitate the re-introduction of the Large Blue to Devon and Cornwall coastal areas.

20 Restricted funds (continued)

- Prees Heath Fund
The safeguarding of the Silver-studded Blue butterflies at Prees Heath.
- Regional Fund South East England
To develop our conservation work in South East England
- Reserve Acquisition and Management Fund
To purchase and manage nature reserves.
- Reserve Purchase
The purchase of a butterfly reserve.
- Restricted Legacies Fund
Legacies reserved for a specific purpose.
- Ryton Wood Meadow Project
Habitat restoration and maintenance at Ryton Wood meadow.
- Surrey Small Blue Project
Habitat restoration to secure the future of the Small Blue Butterfly in Surrey.
- The Blues and Browns of Polden Hills
Saving two of the UK's most threatened butterflies.
- Woodland Wings Project
Conserving rare butterflies and moths of the East Midlands.
- Wyre Forest Project
Advising and supporting landowners for improved habitat management in the Wyre Forest.
- Head Office Restricted Funds <£5,000
All Head Office Restricted Funds with a balance less than £5,000.
- Branch Restricted Funds <£5,000
All Branch Restricted Funds with a balance less than £5,000.

Transfers between restricted and unrestricted arise for various reasons. The most common reasons are:

- A transfer from unrestricted to restricted funds where costs exceed the income received towards a specific project;
- A transfer from unrestricted to restricted funds where the charity has made a commitment to a specific project as part of a funding agreement; and
- A transfer from restricted to unrestricted funds when a restriction has been removed.

21 Tangible fixed assets (including freehold nature reserves) fund

This fund represents the net book value of those tangible fixed assets (including freehold nature reserves) forming part of unrestricted funds. The fund exists in order to emphasise that such assets are essential in enabling the charity to fulfil its charitable objectives. The value of such assets, therefore, should not be regarded as expendable in order to meet the day to day liabilities of the charity. The fund balance changes each period by an amount equal to the movement in the net book value of the relevant tangible fixed assets.

22 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by Council for specific purposes:

Group and charity	At 1 April 2017 £	New designations £	Utilised/ released £	At 31 March 2018 £
Branch Fund	309,493	73,475	(162,911)	220,057
Commitments to Conservation Projects Fund	955,000	561,800	(614,600)	902,200
Legacy Fund	1,002,559	449,673	(378,540)	1,073,692
Match Pot Appeal Fund	533,036	68,073	(129,382)	471,727
	2,800,088	1,153,021	(1,285,433)	2,667,676

The specific purposes for which the funds are to be applied are as follows:

- **Branch Fund**
The Branch Fund comprises monies that Council has committed for work undertaken by the charity's Branches.
- **Commitments to Conservation Projects Fund**
A fund to support commitments made by Butterfly Conservation to conservation projects.
- **Legacy Fund**
The Legacy Fund comprises unrestricted legacies received by Head Office. Each year an amount equal to one third of the balance will be released to General Funds.
- **Match Pot Appeal Fund**
This fund is used across a broad range of the charity's conservation activities to provide either the contributory third party or match funding required for landfill community and other funded projects.

Notes to the financial statements Year to 31 March 2018

23 Analysis of net assets between funds

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	2018 Total £
Fund balances at 31 March 2018 are represented by:				
Tangible fixed assets	881,139	466,737	—	1,347,876
Fixed asset investments	—	—	5,370,995	5,370,995
Net current assets	4,494,814	1,090,657	—	5,585,471
Total net assets	5,375,953	1,557,394	5,370,995	12,304,342

Charity	Unrestricted funds £	Restricted funds £	Endowment funds £	2018 Total £
Fund balances at 31 March 2018 are represented by:				
Tangible fixed assets	881,139	466,737	—	1,347,876
Fixed asset investments	1	—	5,370,995	5,370,996
Net current assets	4,474,813	1,090,657	—	5,565,470
Total net assets	5,355,953	1,557,394	5,370,995	12,284,342

Unrealised gains on investments included above are as follows:

Group and charity	Unrestricted funds £	Restricted funds £	Endowment funds £	2018 Total £
Reconciliation of movements in unrealised gains on investments				
Unrealised gain at 1 April 2017	38,977	—	1,331,869	1,370,846
Less: net unrealised losses in period	(578)	—	(90,141)	(90,719)
Unrealised gains at 31 March 2018	38,399	—	1,241,728	1,280,127

24 Leasing commitments

Operating leases

At 31 March 2018 the group and charity had total future minimum lease payments under non-cancellable operating leases as follows:

Group and charity	Land and buildings		Other	
	2018 £	2017 £	2018 £	2017 £
Within one year	83,967	69,741	7,701	11,711
Within two to five years	173,391	185,995	5,675	4,391
After five years	30,891	10,207	—	—
	288,249	265,943	13,376	16,102

Notes to the financial statements Year to 31 March 2018

25 Related party transactions

During the year ended 31 March 2018, the charity received subscriptions from Council members and the Senior Management Team totalling £651 (2017 - £1,901).

During the year ended 31 March 2018, the charity received unrestricted donations from Council members and the Senior Management Team totalling £3,810 (2017 - £3,411) and restricted donations totalling £655 (2017 - £1,405).

26 Members' liability

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up, members are required to contribute an amount not exceeding £1.

Get Involved With Butterfly Conservation

Sign up to our monthly email newsletter *All Aflutter* for the latest butterfly and moth news, wildlife gardening tips, and special offers butterfly-conservation.org/enews

We can save butterflies and moths by working together to create a better environment for us all. Here are just some of the ways you can help:

- ◆ **Donate** – Every penny counts in the fight to save threatened species. Support our conservation work and secure the future for butterflies and moths.
- ◆ **Join** – Add your voice to our 34,000 members who are speaking up for butterflies and moths. Your local Branch will introduce you to the wildlife on your doorstep at guided walks, talks and conservation action days.
- ◆ **Remember butterflies in your Will** – Every gift, whatever the size, makes a real difference to our conservation work and helps ensure future generations experience the joy of watching butterflies and moths in the wild.
- ◆ **Garden** – You can add pollinator-friendly plants to any size outdoor space. Keep butterflies and moths airborne with nectar or help them raise the next generation by providing caterpillar food plants.
- ◆ **Volunteer** – From fence building to filling envelopes – we have volunteer tasks for all ages and abilities. Give time for butterflies and moths and help make a difference.
- ◆ **Monitor** – We pinpoint the species that need our help the most by tracking where and when butterflies and moths occur. Whether you butterfly watch for 15 minutes once a year or regularly walk a transect route, you can contribute to our recording schemes.
- ◆ **Fundraise** – Run a marathon or bake a cake – there are endless ways you can help raise funds and inspire others to support.

Visit butterfly-conservation.org for more information
or call 01929 400209

