

**Butterfly
Conservation**

**Annual Report and
Financial Statements**

31 March 2017

Company Limited by Guarantee
Registration Number
02206468 (England and Wales)

Charity Registration Number
254937 (England and Wales) and
SC039268 (Scotland)

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Overview by the Chair

Year to 31 March 2017



2016/17 has been a period of major changes for Butterfly Conservation. In December 2016, our Chief Executive, Dr Martin Warren OBE, retired. During his 23 years of service, Martin had a massive influence on shaping Butterfly Conservation into the professional and impressive organisation we know today. We owe Martin a huge debt of gratitude for all his unstinting work and wish him well in future endeavours with Butterfly Conservation Europe. Martin was succeeded as Chief Executive by Julie Williams appointed for an initial twelve-month period. Julie has worked for Butterfly Conservation for over 16 years and became Deputy Chief Executive in 2013. She has a deep understanding of Butterfly Conservation's work and has the skills required to drive the charity forward.

Externally we face the uncertain future of Brexit and the impact this may have on UK economics and environmental and habitat legislation, at a time of massive far-reaching political and social change.


Despite these changes and challenges, I am delighted to report that 2016/17 was another very successful year for Butterfly Conservation. We have continued to make excellent progress with restoring essential habitat for butterflies, moths and other wildlife to help maintain the health of the environment as a whole for people and for nature.

We secured our largest ever annual fundraising income and saw membership numbers increase to more than 30,000. Income from membership subscriptions reached its highest ever level in 2016/17, increasing by 16% from the previous year. We are very grateful to our members, supporters and funders for their ongoing help to progress our work to conserve butterflies and moths – thank you to all who have contributed in whatever way you can.

During the year Council developed Butterfly Conservation's long-term strategy to 2025 to clarify and simplify our core strategic objectives. This is being rolled out in all areas of Butterfly Conservation's work and is already shaping plans for the future. The strong partnership between staff and Branch volunteers continues to be fundamental to Butterfly Conservation's success and we aim to continue developing and strengthening this partnership as we move forward.

Our citizen science projects continue to encourage more people to take an interest in, and engage with, the natural world. We continue to extend our activities and projects further into urban areas, recognising the urgent need to respond to threats to those species we had considered as widespread.

Good governance in the way that we run Butterfly Conservation and active risk management further underpin our strategy, at a time of increasing scrutiny of the charity sector. Council remains committed to continuing to improve our systems to retain and grow a spirit of excellence in the way we operate.


Dr Jim Asher
Chair

15 July 2017

Overview by the Chief Executive

Year to 31 March 2017



We have achieved a lot together over the last 12 months during a time of significant change. Volunteers, members and supporters are at the heart of Butterfly Conservation and in 2016/17 they contributed over £11 million of volunteer effort across the UK and in Europe. I would like to thank our volunteers and staff who have provided the enthusiasm, knowledge, skills and dedication to enable us to achieve our objectives for the year.

2016/17 was a successful year for collaborative working. As an active member of the Species 2020 Group of wildlife non-governmental organisations (NGOs), we played our part in securing funding from the Heritage Lottery Fund (HLF) and other funders for the largest single nature-related project 'Back from the Brink'. Our partnership work with statutory agencies throughout England, Scotland, Wales and Northern Ireland continued and we worked hard to ensure species conservation stayed on the Government and funders' agenda. Although funding is becoming ever harder to secure in times of government cut-backs, it is encouraging that the value of our work and the importance of species is still recognised.

Our landscape-scale conservation projects have been very successful during the year creating thriving habitats for our most threatened species and providing wonderful spaces where people can experience the miracles of nature and the outstanding beauty of our wildlife.

UK Butterfly Monitoring Scheme records revealed that 2016 was the fourth worst year for butterflies on record; whilst Big Butterfly Count records identified that butterflies are declining more rapidly in urban areas than the countryside. This demonstrates why our citizen science campaigns are so important; we can all play a part in helping to inform where action is most needed. We put in place plans to strengthen our science and advocacy work and we continued to use our extensive moth and butterfly data sets to contribute to scientific research. We expanded our Munching Caterpillars education project, helping to create the next generation of nature lovers and conservationists.

On the financial front we successfully secured £3.7 million in funding and maintained our conservation spend at £3 million. Our dedication to conserving butterflies and moths remains stronger than ever and in order to respond to the many external challenges ahead we must continue to focus on maintaining a financially sustainable and outward looking organisation and we must work to develop our network of Branches and increase volunteer capacity.

The year ahead will be an exciting one, with plans to continue, strengthen and develop the excellent work that our volunteers and staff have already achieved.

Julie Williams
Chief Executive

15 July 2017

Report of the Council (including Strategic Report)

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Magdalen Hill Down Reserve (Photo: Nick Owens)



Volunteers during a work party at Aston Upthorpe (Photo: Jim Asher)

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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 2017.

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 61 to 67 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.

Our vision

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

Our mission

Butterflies and moths are a vital part of our wildlife heritage and are valuable as sensitive indicators of the health of our environment. The stark fact is that butterflies and moths continue to decline at an alarming rate, despite Butterfly Conservation's best efforts over the last 40 years. Our data shows they are declining faster than most other well-documented groups of plants and animals, so our task is both daunting and complex. For many species, we know what needs to be done to halt decline and support recoveries. In order to tackle these losses and achieve the aims of the charity, we have to dramatically increase our capacity and influence over the next few years. Our work will benefit other wildlife and the ecosystems upon which all life depends.

Our mission is to halt, and reverse, the decline in butterflies and moths, thereby helping to create a healthier environment in which we can all live, and build a strong and effective organisation capable of delivering our vision.

Our strategic aims for 2025

Butterfly Conservation's new top-level 2025 strategy was agreed by Council members in 2016. The strategy takes account of the progress and achievements of the previous 2020 Vision and provides an update of the future direction and approach we wish to take at the same time maintaining continuity of our current work.

At the top level of the strategy, the core aims of Butterfly Conservation 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.

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

1) Recover **threatened** butterflies and moths

We will achieve this by:

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

2) Increase numbers of **widespread** species

We will achieve this by:

- Carrying out research to better understand their needs and the threats they face;
- Influencing land use and agricultural policies that affect wider countryside species;
- Making habitat management advice for wider countryside species more widely available; and
- Maintaining and enhancing habitats for native Lepidoptera in both rural and urban environments.

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

We will achieve this 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; and
- Promoting the importance of connecting with nature for our mental and physical well-being.

4) Promote **international** conservation actions

We will achieve this by:

- Increasing our support for Butterfly Conservation Europe;
- Working with our partners in Ireland/Isle of Man/Scilly Islands/Channel Islands to promote joined up conservation action throughout the British Isles; and
- Supporting the conservation of butterflies and moths globally through international partnerships.

Our performance and plans for the future

The following section of the Report of Council outlines the breadth of work that Butterfly Conservation carried out in England, Wales, Scotland, Northern Ireland and Europe during 2016/17. Some 10% of our expenditure is attributable to work wholly in Scotland. 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.

Butterflies and moths are an integral part of our world. People enjoy seeing them in parks, gardens and the countryside. They are sensitive to change and their fortunes help us assess the health of our environment. Two-thirds of butterfly and moth species are in decline. This is a warning that must not be ignored.

Our work focusses on restoring habitats for all butterflies and moths, concentrating our efforts particularly on species most at risk of extinction, while also aiming to improve conditions for widespread species. We have an established record of reversing declines. Our research helps us inform people how to conserve and restore habitats. We run programmes for over 100 threatened species, we manage 36 nature reserves and advise on the management of more than 1,000 other important sites.

As butterflies and moths are good indicators of the health of the environment, our work has great public benefit and has an impact on a wide range of sectors in society. 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, policy-makers can maximise the benefits from publicly funded land management schemes, and the wider public increasingly understand how butterflies indicate the health of our environment. Our work has also contributed to human health and well-being by creating a greater number of quality habitats for wildlife that can be enjoyed by a greater number of people, reconnecting the public to nature.

On the following pages we are pleased to report the key achievements in 2016/17 against our four strategic objectives. We successfully achieved the objectives set out at the start of the year.



Slender-Scotch Burnet (Photo: Tom Prescott)



Dingy Skipper (Photo: Iain H Leach)

Recover **threatened** butterflies and moths

Threatened species are defined as butterflies and moths which are rare, in long term decline or both. Halting and reversing the decline of threatened species remains Butterfly Conservation's primary conservation objective. Our most threatened species are identified from distribution and abundance trends, using data collected largely by volunteers through our survey and monitoring programmes. Our recording schemes, which collate records from thousands of volunteers, continue to be the bedrock of our conservation and science work.

Butterfly Conservation's UK-wide Conservation Strategy currently identifies 24 butterfly and 103 moth species which are the highest priority for conservation action across the UK, and complements our Regional and Country Action Plans.

Reversing declining habitat quality through appropriate habitat management is one of our core conservation activities, and we increasingly apply such management at a landscape-scale in order to reduce the negative impacts of fragmentation and isolation. Our efforts are focussed primarily on the 73 priority landscapes where we stand the best chance of success, making habitats larger, better managed and better connected. We also focus effort on key remaining sites for very rare moth species where conservation action is essential for their survival.

The provision of site-specific, evidence-based advice to landowners and land managers is a key conservation delivery mechanism implemented by both our staff and Branch volunteers. Advice is backed up by a suite of advisory publications such as species factsheets and best practice habitat management guidelines. Habitat management intervention is our other key conservation delivery mechanism, with staff, contractors, Branches and partner organisations undertaking work on sites supporting threatened species.

None of this work could have been achieved without the support of our external funders, partner organisations, Branches, volunteers, members and supporters.



Westbury Beacon Reserve (Photo: Jim Asher)

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Key achievements in 2016/17

Butterfly Conservation started a review of its Conservation Strategy during 2016/17. This document will help guide the future decisions we make about our work on both threatened and widespread species.

During 2016/17 our staff undertook 1,750 site visits to over 750 sites across the UK, providing management advice, overseeing habitat management and monitoring the impact of our work on both the habitat and the targeted species. Many more site visits were carried out by our volunteers and Branch network. Our conservation staff worked in over 20 funded landscapes and on other conservation projects.

Recording and monitoring

The UK Butterfly Monitoring Scheme (UKBMS) celebrated its 40th anniversary in 2016. Since the scheme began, a remarkable 27 million butterflies have been counted during 380,000 visits to 4,425 sites. The scheme is now run in partnership with the Centre of Ecology and Hydrology (CEH) and the British Trust for Ornithology and a consortium of other government agencies.

2016's UKBMS trends demonstrated how we are successfully turning around the fortunes of some of our rarest species.

Alongside the UKBMS we continued to strengthen and increase our Butterflies for the New Millennium and National Moth Recording Schemes, which are still growing at over 1 million records per year.

Advocacy and policy work

On 14 September 2016, the State of Nature partnership officially launched its second report (*State of Nature 2016*) at the Royal Society in London, produced by a consortium of 53 diverse conservation organisations. Butterfly Conservation is a key partner, contributing population trends for butterflies and moths. State of Nature reports were also published for Scotland, Wales and Northern Ireland.



Sir David Attenborough and English MP Species Champions (Photo: RSPB)

As part of a drive to raise cross-party awareness of wildlife amongst politicians, we are now part of a joint initiative with other NGOs to appoint Species Champions for threatened species. So far, five Westminster MPs have adopted Lepidoptera species: Marsh Fritillary, Duke of Burgundy, Wood White, Small Copper and Striped Lychnis. In Scotland, 10 MSPs have signed up or renewed their pledge to help rare species,

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including the Small Blue and the Forester Moth. In Wales, three Assembly Members are supporting the High Brown Fritillary, Pearl-bordered Fritillary and the Welsh Clearwing. In Northern Ireland, the Cryptic Wood White has a champion in Stormont.

2016/17 saw us engaging more with the political landscape across the UK. In Northern Ireland we provided input to several key consultations on the forthcoming Programme for Government and continue to support environmental advocacy work through greater engagement with the Northern Ireland Environment Link (NIEL). We also worked closely with Wildlife Link and Greener UK.

England

We worked closely with our Branch volunteers in England to review species and landscape priorities through our Regional Action Plan process. They have been invaluable in helping to interpret species data, as well as highlighting local issues and opportunities and aligning the work of Branches with our UK Strategy.

We were delighted in March 2017 to hear that our application to HLF for the Back from the Brink project had been successful. In partnership with the Species 2020 Group of NGOs, we have developed a ground-breaking project aimed at stopping 20 species from becoming extinct and helping a further 204 threatened species. It also aims to inspire the next generation to care for England's most vulnerable wildlife. Effective partnership work saw Butterfly Conservation play a major role in generating publicity.

The Small Blue was the most threatened butterfly in the West Midlands region, being reduced to just three small colonies in 2009. Under a series of landfill (SITA Trust, CEMEX Community Fund, Veolia Environmental Trust) funded projects its fortunes have since been completely reversed. Volunteers and contractors have cleared over 42 hectares of scrub, sown 20kg of Kidney Vetch seeds and planted 13,000 plug plants across 49 sites. The results have been incredible, with the Small Blue spreading to 19 sites by 2016; a six-fold increase in numbers in just seven years. Many other species have benefitted including the Dingy and Grizzled Skipper butterflies and the Chalk Carpet moth, all colonising restored sites.



Small Blue habitat created on Southam Bypass, Warwickshire (Photo: Mike Slater)



The Small Blue butterfly (Photo: Keith Warmington)

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The Wood White is one of the fastest declining butterflies and is found on just 50 sites, with 21 of these in the West Midlands. In 2016/17 we received funding from HLF, The Cambridge Chrysalis Trust and Severn Waste Services to help boost the number of butterflies across Herefordshire, Worcestershire and Shropshire.

Through our Wood White project we are working with partner organisations including Forestry Commission England to reverse its declines in four landscapes in the West Midlands. This year we have started to restore its woodland habitat by establishing wider rides and more clearings across the landscape. In addition, a carefully planned programme of reintroductions is underway at up to four woodlands where natural recolonisation is unlikely, with the aim of establishing a network of strong colonies across the region.



*The Wood White habitat, Bury Ditches
(Photo: Butterfly Conservation)*



*The Wood White butterfly
(Photo: Keith Warmington)*

The UK's most threatened butterfly, High Brown Fritillary, is bucking the national trend in Exmoor's Heddon Valley, with numbers increasing following concerted habitat management through our Two Moors Threatened Butterfly Project, working closely with the National Trust. The butterfly has increased by 646% between 2002 and 2016, and it was recorded on a new site in 2016 following targeted scrub control.



*High Brown Fritillary
(Photo: Iain H Leach)*

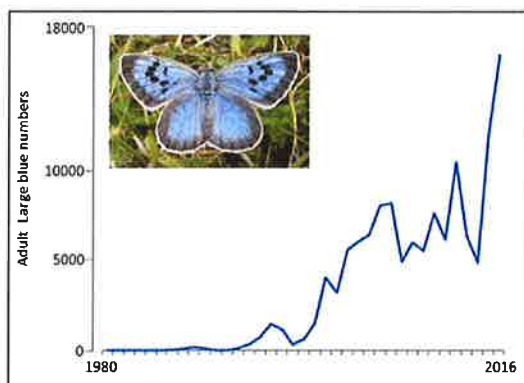


*Scrub control to remove gorse and
bramble on a High Brown Fritillary site
(Photo: Jenny Plackett)*

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Thanks to years of effort by Butterfly Conservation and its partners, the globally endangered Large Blue reached its highest numbers for 80 years in 2016. Since its extinction in 1976, the Large Blue has been restored to over 50 sites in South West England. These sites are carefully managed by us and a range of organisations, including both Gloucestershire and Somerset Wildlife Trusts and the National Trust. Biffa Award grants in the key Large Blue landscapes, the Polden Hills and the Cotswolds, have funded management, habitat assessments and monitoring across 25 sites. Over six hectares of limestone grassland have been restored by clearing scrub and controlling re-growth. Many other rare insects have also flourished as well as rare plants like the Fly, Frog and Musk Orchids.



Changes in Large Blue abundance in the UK 1980-2016

Scrub management in the Polden Hills, Somerset (Photo: Rachel Jones)

Scrub removal and burying nutrient enriched soil to create bare chalk habitat (mainly funded by Veolia Environmental Trust) on five locations along the A31 and adjacent highways below Butterfly Conservation's Magdalen Hill Down reserve in Hampshire has proved remarkably beneficial for the Striped Lychnis moth. In the four years prior to management the highest number of larvae recorded in any one year was six, but in the first summer following management 187 larvae were recorded in 2016. This dramatic increase can be attributed to ground disturbance, along with some seed sowing and plug planting, enabling Dark Mullein, the larval foodplant to grow with minimal competition.



Habitat creation for Striped Lychnis near Butterfly Conservation's Magdalen Hill Down reserve, Hampshire (Photo: Tony

Striped Lychnis larva (Photo: Peter Hall)

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Butterfly Conservation and Natural England (NE) have been working with several partners on Dungeness, Kent, to conserve the Sussex Emerald moth. Long-term monitoring highlighted that the moth was being lost from much of the site. In 2008 experimental habitat creation plots were established to confirm that the rise in the rabbit population was responsible. We have created rabbit exclosures and by 2016 six seeded plots were in place, four of these fenced. In 2016 larvae were found on three of the original four plots. Discussions are underway to determine how to build on this initial success and to roll this approach out over a wider area.



Sussex Emerald moth (Photo: David Walker)



Sussex Emerald habitat, Dungeness (Photo: Butterfly Conservation)

Through the Farmland Butterfly and Moth Initiative (FBMI), we have promoted the best management for priority butterflies and moths within the English Countryside Stewardship Scheme. In addition to our landscape project work, we have run training courses and liaised with over 70 NE advisers. In 2016 our staff gave advice on 402 sites for priority species where agri-environment schemes are active. We are also using the project to help some of our dwindling widespread species by improving habitats on farms and promoting measures to help pollinators.

During the last decade the Dark Bordered Beauty moth has declined by 90% at Strensall Common, North Yorkshire, its only English site. Thanks to funding from Yorventure, the Ministry of Defence, Yorkshire Wildlife Trust and the Environment Agency, volunteers have established 56 grazing exclosures using 'gen guards' to protect the remaining Creeping Willow and areas where the plant used to grow. Following this management, numbers of Dark Bordered Beauty in 2016 were the highest since 2011 with eight times more moths being found. There is no doubt that the Dark Bordered Beauty remains critically endangered at its last English site. Nevertheless, the summer of 2016 felt like a corner had been turned and it is hoped that 2017's counts will show beyond doubt that this species is in recovery mode.

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Volunteers erect a 'gen guard' at Strensall Common, North Yorkshire (Photo: Libby Shakeshaft)



The Dark Bordered Beauty moth (Photo: Mark Parsons)

The Wyre Forest Facilitation Group progressed in 2016/17. The group now has 45 members (compared to 10 in 2015) and 83 local landowner contacts. Twelve events were run in 2016/17 including training days on woodland management and wild pollinators. Seven group members submitted Countryside Stewardship applications. The project is well on its way to building a landscape of interested landowners who are keen to work together for wildlife which includes beneficial management for our key Lepidoptera.



Woodland management demonstration (Photo: Mike Williams)



Pearl-bordered Fritillary (Photo: Neil Hulme)

Scotland

Our Bog Squad volunteers successfully carried out restoration work on a dozen peatland sites across Scotland through the Scottish Government's ambitious Peatland Action programme, managed by Scottish Natural Heritage (SNH).

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Wester Moss (Photo: Butterfly Conservation)



Bog Squad volunteers (Photo: Paul Kirkland)

2016 was the fifth year of a monitoring project funded by Forestry Commission Scotland to enable population trends for the Chequered Skipper and Pearl-bordered Fritillary to be calculated. This involved 165 visits by 27 different recorders.

Effective implementation of action plans began for the Small Blue, Northern Brown Argus, Forester moth, Kentish Glory and the Small Dark Yellow Underwing thanks to our SNH funded Butterflies and Moths for a Healthy Environment project.

Wales

Butterfly Conservation continues to contribute to mapping Marsh Fritillary habitat in Wales to focus our landscape conservation efforts. Thanks to local authority funding in 2016/17 we completed a landscape study of eastern and northern Carmarthenshire and parts of Neath Port Talbot. This work demonstrates the links between populations in Carmarthenshire in the West and Mid Glamorgan showing those metapopulations on which we need to focus in the future.



Caeau Ffos Fach (Photo: Martin Warren)



Silky Wave Moth (Photo: Mark Parsons)

Natural Resources Wales (NRW) funded the Surveillance of Monitoring Programme for Protected Species including Marsh Fritillary, Pearl-bordered Fritillary, Large Heath and Silky Wave moth. Our research work included searching Small-Leaved Lime Trees for scarce Hook-tip larvae in Monmouthshire. A cherry-picker enabled us to reach up to 18 metres into the treetops and confirmed the moth was breeding at the site.

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During the year we worked successfully with NRW to support the implementation of various landscape-scale projects, including the Rhondda Pilot Project which will deliver improvements to the Marsh Fritillary population and the Alun Valley Old Castle Down Landscape for High Brown Fritillary. Volunteers and contractors carried out habitat management for threatened butterflies and moths on over 30 sites.

Northern Ireland

The Northern Ireland Environment Agency (NIEA) continues to be an important supporter of our work in Northern Ireland, providing funding for our Lepidoptera in Landscapes project and wider initiatives. During 2016 NIEA helped support our local moth recorders in gathering essential information to ensure Northern Ireland is fully represented in Butterfly Conservation's Atlas of Britain and Ireland's Larger Moths, which is to be published in 2018. NIEA has also supported our wider engagement with the All-Ireland Pollinator Plan, a significant strategy both locally and internationally which underpins habitat improvement works for pollinators and is likely to greatly increase the nectar and foodplant resources for our widespread species. Our Polli:Nation project is led by outdoor education specialists Learning Through Landscapes (LTL). In the year we worked with 32 schools in Northern Ireland, encouraging both pupils and teachers to increase their knowledge and make positive practical changes to their school grounds that will benefit butterflies, moths and other invertebrates.

We continued to co-ordinate long-term surveys and monitoring for Northern Ireland's butterflies and moths including the Marsh Fritillary. Work has begun on the site dossier for this threatened species, the first time we have developed such a resource in Northern Ireland and information which is key to underpinning the new Environmental Farming Scheme and wider INTERREG funded conservation projects in Northern Ireland.



Marsh Fritillary (Photo: Jim Asher)

Nature Reserves

Butterfly Conservation has a network of 36 reserves across the UK covering 793 hectares of key butterfly and moth habitat, successfully managed with the help of our local Branches, volunteers and our partner organisations. The reserves safeguard threatened species and are used to demonstrate good habitat management for Lepidoptera and other wildlife. We continued to use our reserves to engage the local community and our partners with our conservation work and provide places where people can enjoy butterflies and moths and connect with nature.

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In 2016 Butterfly Conservation opened a new reserve, Westbury Beacon in Somerset, a refuge for the nationally declining Dingy and Grizzled Skippers and for Chalkhill Blues. We also celebrated our 10th anniversary of purchasing the Prees Heath reserve, where we have been undertaking a major restoration project to reinstate heathland and grassland vegetation across much of the site. The reserve is the last sanctuary for the Silver-studded Blue butterfly in the Midlands. With a huge input from our Branch volunteers we continued to work across all our nature reserves to manage them in the best possible way to maintain their threatened butterflies, moths and other important wildlife.

A programme of work has been underway for several years at our Wester Moss reserve near Stirling to stop it from drying up and becoming covered in scrub. The work has successfully benefitted the Large Heath and other specialist peatland flora and fauna. Two years ago there were no pools on site and no records of breeding dragonflies. In 2016/17 the new pools created by the bund have allowed the colonisation of at least six species of dragonfly, including Common and Southern Hawker, Common and Black Darter, and Emerald and Blue-tailed Damselflies.

The third year of Marsh Fritillary habitat restoration at our Median Farm nature reserve took a big step forward. Fifteen work parties and 12 bonfires by the dedicated volunteers cleared huge quantities of brash where we are rescuing marshy grassland from scrub. In the open grassland, the warm, wet winter produced phenomenal vegetation growth. Cows were brought in for 14 weeks and did a fantastic job demolishing the rank grasses. The fields will take a few years to recover from such drastic action by which stage colonisation of Marsh Fritillary from our adjacent Caeau Ffos Fach reserve will be possible.



Alners Gorse Reserve (Photo: Butterfly Conservation)

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Future priorities

- Complete final revisions to the Conservation Strategy, country and regional action plans and disseminate to our Branches, partners and the wider public. A full review of our conservation priorities and delivery will take place after the strategy is approved.
- We are able to report on where Butterfly Conservation staff have provided advice or carried out site-specific work, but do not have a system in place to capture the huge amount of practical management, public engagement and training events undertaken by Branch volunteers. To address this, we plan to start working with at least two Branches initially to explore how we can use Geographic Information Systems (GIS) to record the extraordinary conservation action and training achieved every year by Branch volunteers. This is a high priority for the coming year.
- Start the Back From the Brink partnership projects in the Cotswolds to conserve the Duke of Burgundy and Large Blue butterflies; in Rockingham Forest to conserve several threatened species and potentially reintroduce the Chequered Skipper butterfly; in the Brecks to conserve several rare and threatened moths; and in Dorset, Gloucestershire and Wiltshire to conserve the Barberry Carpet moth.
- Implement new landscape-scale projects including the All the Moors Butterflies project in Devon, Somerset and Cornwall; the Tamar Valley project to conserve the Heath Fritillary butterfly; a Polden Hills project to conserve the Large Blue butterfly; a project to conserve the Silky Wave moth in the Avon Gorge; and the North Downs project in Surrey to conserve the Small Blue butterfly.
- Develop new landscape-scale projects including North East England for the Small Blue; Cannock Chase for the Small Pearl-bordered Fritillary; East Midlands Brownfields for the Dingy Skipper and Grizzled Skipper; Yardley-Whittlewood Ridge for the Wood White; Thames Basin Heaths for the Silver-studded Blue; Chiddingfold Forest for the Wood White; Kent Moths for a suite of rare and threatened moths; and Lough Neagh for the Cryptic Wood White.
- Begin work on our first landscape-scale project in Scotland: Lanarkshire's Large Heaths and Mosses project 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.
- Work closely with our joint partners, Royal Society for the Protection of Birds (RSPB) and Buglife, in a new project "Rare Invertebrates in the Cairngorms" on six rare and threatened insects in the national park including Dark Bordered Beauty and Kentish Glory.
- In Wales we will continue to work with NRW to improve monitoring and surveillance of European and protected species and increase the number of volunteers involved in conservation, recording and surveying of Lepidoptera.

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- Implement our new European funded 'Co-operating Across Borders Biodiversity' (CABB) partnership project with RSPB and Birdwatch Ireland, working across the border counties to conserve the Marsh Fritillary butterfly and a range of other important invertebrates.
- In Northern Ireland we will complete the Marsh Fritillary site dossier and continue to co-ordinate the long-term survey and monitoring projects for butterflies and moths, including the new Butterfly Atlas 2021 initiative with our partners across the island.
- Set up a Nature Reserves Task & Finish Group to review and update our Nature Reserves Strategy.
- With support from our volunteers continue to use our nature reserves to demonstrate our conservation work and encourage the public to enjoy the great outdoors.



Volunteers discussing habitat management (Photo: Butterfly Conservation)

Increase numbers of widespread species

Introduction

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. Numbers have declined more seriously in the south than the north. Two-thirds of 337 species assessed had declined and 61 species had declined by over 75%.

The halting of the decline of species in the general countryside is one of the conservation community's biggest challenges. Butterfly Conservation plays an important part in this, and our monitoring and survey work helps provide the evidence base showing that more needs to be done in the countryside, in our urban parks, open spaces and in gardens.

There is a large research need associated with these declines. The role of neonicotinoids, climate change, nitrogen deposition and the general management of the countryside are just a few to which we continue to contribute.

Without doubt one of the main reasons why widespread species continue to decline is land use policy in the UK and we continue to provide evidence and to work with our NGO partners lobbying the various UK Governments on a range of relevant policy issues.



Tiger Moth (Photo: Mark Parsons)



Gatekeeper (Photo: David Dennis)

Key achievements in 2016/17

Our scientists continued to gather evidence and published over 15 high quality scientific papers including a study on the impacts of climate change on national biodiversity population trends and one on how different types of organisms respond differently in time to climate change. A paper highlighting the correlation between the use of neonicotinoid insecticides and the declines of widespread butterflies was also published.

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A paper using the results of our monitoring programmes data from urban areas demonstrated that, thanks to the huge effort of our volunteers we can produce an indicator for how species are faring in our towns and cities. Unfortunately the results suggest they are declining at an even faster rate than in the countryside.

In 2016/17, work started in earnest to develop an Atlas of Britain and Ireland's Larger Moths to be published in 2018.

A new PhD student with Exeter University started in late 2016 undertaking research on the Lulworth Skipper and the decline in widespread grass-feeding species.

We have negotiated a new pilot project to undertake some experimental trials of management for widespread species of the countryside on a private lowland estate which will help us research, promote and advocate the right management based on scientific evidence.

In Scotland, our Urban Butterfly project has engaged in many aspects of species conservation, including maintaining the best sites for butterflies.

A strong conservation partnership, consisting of Amphibian and Reptile Conservation Trust, Bat Conservation Trust, Buglife, Bumblebee Conservation Trust, Butterfly Conservation, Plantlife, RSPB and The Wildlife Trusts, has developed a website, FarmWildlife, which is offering best practice guidance that benefits all wildlife, and stems from extensive experience across the partnership in managing land for wildlife.



Both Butterfly Conservation's two new engagement campaigns 'Plant Pots for Pollinators' and the 'Garden Butterfly Survey' are primarily aimed at increasing awareness of and improving the environment for widespread butterfly species. The widespread media coverage generated for the new campaigns over the course of 2016 served to dramatically increase general public awareness that many widespread butterflies are now also suffering alarming declines. All our communications for both campaigns championed the public's role in turning round these declines through direct action in their own outdoor spaces. Both schemes are in their infancy and, although they enjoyed respectable levels of engagement in their first years, we would expect public take-up to increase as both schemes mature.

big butterfly count

14th July - 6th August

The well-established Big Butterfly Count continued to raise awareness of widespread species and through social media support and a well-received national press release mid-way through the count, received strong public engagement levels with more than 36,000 people taking part.

We also successfully championed Butterfly Conservation's ongoing scientific work including a press release about the results of a research paper comparing the fortunes of common species in urban and countryside areas gaining widespread media coverage and generating significant social media activity.



Children taking part in the Big Butterfly Count (Photo: Butterfly Conservation)

Future priorities

- Maintain our world renowned survey and monitoring programmes and increase research outputs from the data collected.
- Work to ensure that butterflies and moths are widely used as indicators of biodiversity and a healthy environment, including the urban environment.
- Expand our programme of research studentships.
- Develop and expand the wider countryside pilot project and other research initiatives.
- Continue to disseminate farmland management advice.
- Produce best practice guides for habitat management.
- Ensure that the importance of moths, butterflies and other pollinators is more widely recognised and continue to work closely with partners in the Bee Coalition.

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- Support the retention of key environmental legislation as the UK leaves the EU and contribute to the development of agricultural policies across the devolved countries of the UK that put the protection and management of the environment at their heart.
- Continue to work with our elected representatives across the UK to promote the importance of species and their conservation.
- To continue working with local communities in Scotland to protect lowland peatlands and highlight their importance for a range of specialist Lepidoptera and the importance of peatland conservation.
- To identify further urban green spaces in need of improvement in Edinburgh, Glasgow, and other parts of Scotland's Central Belt.
- In 2018 we will be producing and publishing an Atlas of Britain and Ireland's Larger Moths. This is the first document of its kind and will provide an up-to-date distribution map and species account of over 800 larger moths. It will give individuals, moth recorders and conservation groups vital information to aid with the recording and conservation of many threatened species.



Pearl-bordered Fritillary larva (Photo: Nigel Kemp)



Excitement for this young boy with the Privet-hawk Moth (Photo: Butterfly Conservation)

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Inspire people to understand and deliver species conservation

Introduction

One of the core aims of Butterfly Conservation's 2025 Strategy is to inspire people to understand and deliver species conservation. To enable our core conservation and scientific work to continue we must fulfil five major objectives: raise awareness about why butterflies and moths are important; increase our member and volunteer base; increase education work; raise income to fund conservation and research work; and lastly, promote the importance of connecting with nature for wellbeing.

During 2016/17 we have made progress in each of these areas. However, it is imperative that we continue to increase efforts to raise awareness and inspire more people to support Butterfly Conservation as we move forward in order to achieve our aims.

Volunteers play a pivotal role in all areas of Butterfly Conservation's work. Our network of 31 Branches plus a European Interest Group is able to reach new audiences at a local level and enthuse people first hand with the massive number of events they organise each year. In addition, we have tens of thousands of people who submit their monitoring and recording data each year and thousands more who put their time and enthusiasm into our citizen science projects, such as Big Butterfly Count.

Branch volunteers are at the heart of our landscape-scale conservation work, allowing us to make far more impact and sustain projects in a way that would not be possible with staff alone. Our highly-skilled volunteers help develop and design projects using their detailed site knowledge, and complement the work of project-funded staff by leading events, passing on management advice and delivering practical habitat management, as well as monitoring the impact of our work. The structure of our volunteer Branches ensures a support network for new volunteers and landowner partners recruited through projects, providing a legacy of ongoing conservation work beyond the duration of funded projects.

Cuts to statutory funding and greater competition for grant funding now mean that income from members, supporters, Trusts and other funders is becoming increasingly critical to help finance the continued struggle to reverse the decline in butterflies and moths. Many thanks to all our members, supporters and funders for their kind and generous financial contributions; their ongoing support is very much appreciated.

In order for us to maintain our efforts to conserve butterflies and moths throughout the UK it is vital that we continue strengthening our public engagement, increasing our volunteer capacity and raising awareness about the benefits of getting outdoors and experiencing nature and the potentially devastating consequences of allowing butterflies and moths to decline further.

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December Moth (Photo: Iain H Leach)

Key achievements in 2016/17

Citizen science and public engagement

The seventh year of the Big Butterfly Count, sponsored by Waitrose Limited and John Lewis Partnership, was launched by Sir David Attenborough in London. The ongoing success of the Big Butterfly Count continues to enable us to reach and inspire new audiences whilst gathering important data on widespread butterflies. Over 36,000 people took part in 2016, counting over 396,000 butterflies. However, results showed worrying declines in our widespread butterflies, with numbers falling over the summer despite the UK experiencing weather conditions in which they usually thrive.

The Garden Butterfly Survey was relaunched in 2016, with a new online interface, to allow more people to take part. This long standing recording scheme asks people to count the butterflies in their garden over the course of a year. The number of participants doubled during the first year of the online survey with an amazing 58,000 sightings reported from 2,396 gardens. With ongoing sponsorship from B&Q plc we hope to see participation increase further during the course of 2017.

2016 also saw the launch of our new Plant Pots for Pollinators campaign aimed at encouraging people to plant containers with nectar plants for butterflies and moths. The campaign engaged with a varied audience, including families and schools, and demonstrated that it is possible to create a haven for butterflies and moths and other pollinating insects whether you have a large garden, small garden or no garden at all.

Another successful Moth Night saw events taking place across the UK to raise awareness about moths. Over 300 registered recorders and more than 500 members of the public took part over three days.

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The Urban Butterfly Project in Scotland was launched in April 2016 with the twin aims of enhancing urban habitats for butterflies and moths, and encouraging urban dwellers to record them. One stark finding was the almost complete absence of Common Blue and Small Copper from urban spaces, so these two species will be targeted for special action.



Garden butterfly planting (Photo: C Sutton)

2016 saw the launch of our Bake for Butterflies campaign. Lots of people took part in events around the country, baking, decorating and tasting cakes to raise money and awareness for Butterfly Conservation. We plan to make this an annual campaign and hope to see participation increase year on year.

Butterfly friendly plants have been planted on the roof of the Scottish Parliament and other Edinburgh buildings to provide rooftop homes for butterflies and benefit both widespread and threatened species in urban areas.

Volunteers

Volunteers across the UK contributed 175,678 days of effort to Butterfly Conservation during the year, this is equivalent to just over £11 million (equivalent to 799 full time staff) – a huge thank you to each and every volunteer who gave up their time to help Butterfly Conservation. Volunteers provide over 1.5 million records every year to our butterfly and moth world-renowned databases, and have published local atlases and annual butterfly and moth reports. We are massively indebted to all volunteers for their dedication and commitment to conserving butterflies and moths.

Inspiring a love of nature is vital and during 2016/17 our Branch volunteers across the UK ran more than 1,650 events attended by over 25,000 people. Events included walks, talks, field trips and work parties and provided attendees with knowledge and first-hand experience of species conservation.

Thanks to funding from the HLF, we started a new two-year project in Northern Ireland in 2016: The Butterfly Files. This project is aimed at developing our volunteer base in Northern Ireland, building capacity within our established recorders and discovering new recruits. Of all UK countries, Northern Ireland is the least well recorded. Our new volunteers will help us collect essential information so we can understand the abundance and distribution of butterflies and moths in Northern Ireland, which will enable us to prioritise conservation effort and help to focus further monitoring programmes.

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Volunteers in Northern Ireland (Photo: Butterfly Conservation)

Our Branch volunteers continued to write engaging newsletters for our members and supporters educating and inspiring them across the UK. In Wales for example, ten editions of the e-newsletter 'Frits about and other news' were distributed to over 700 butterfly enthusiasts around Wales and beyond.

Membership

In November 2016 membership reached a new high of 30,000, an increase of 70% in member numbers during the last five years. Membership retention remained on target at 90% for the year. We continued to run an annual member survey to keep up to date with member expectations and requirements. In 2016 survey feedback about *Butterfly* magazine led to some content changes being implemented to closer match member interests.

The 2016/17 membership result demonstrates the continued support for our work. It is the generous income from our supporters that allows us to protect and restore the most threatened species, continue our vital monitoring and recording work and helps us discover more about the disturbing decline in widespread butterflies and moths and how we can reverse this. We are indebted to all our members for their ongoing support.

Fundraising

Despite the continuing turbulent financial environment we managed to secure our highest ever fundraising income during the year. These funds have enabled us to press ahead with essential conservation projects and formulate plans to help develop and strengthen our staff and volunteer resources over the coming years. The majority of fundraising targets for the year were exceeded resulting in total confirmed future income of more than £4.3 million, including £1 million in funding for Butterfly Conservation's Back from the Brink project, which will be paid and accounted for over the next four years.

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Education

Following the completion of our flagship education project, Munching Caterpillars, the role of Senior Education Officer was created to take our education work forward. An Education Strategy was developed at the start of 2016, with the resources, focus and activities so successfully trialled in the Munching Caterpillars project at its core. Baseline work to identify and support Branches with the capacity to deliver education work is ongoing and new projects are being started. At the end of 2016, funding was secured from the Postcode Lottery Trust and Ernest Cook Trust to deliver a new project with an urban focus; Munching Caterpillars Goes to Town, was initiated by the Somerset and Bristol Branch. Engaging and hands-on workshops are set for delivery in inner-city Bristol schools, and a pop-up 'Caterpillar Café' will tour public and community events reaching thousands of children with the opportunity to enjoy and connect with nature.

Our Branch volunteers continue to make a significant contribution to our education work, delivering a range of activities from school visits to fun 'drop in' sessions at public and community events.



Bristol schoolchildren planting food and nectar plants in their school grounds (Photo: Matthew Brierley)

Media and raising awareness

Butterfly Conservation's ability to raise the public awareness about the plight of butterflies and moths continued to develop during 2016/17.

We consistently delivered widespread, high quality press coverage for Butterfly Conservation's diverse range of campaigns and research projects. More than 80 press releases were produced during the year, resulting in media coverage with an advertising value equivalent to more than £7.5 million.

Last year we focussed on using targeted digital media to improve the efficacy of Butterfly Conservation's conservation messaging. The Plant Pots for Pollinators campaign focussed on using social media, through Twitter, Facebook, Instagram and YouTube to empower the public to take simple steps to improve the environment for butterflies and moths in their own back gardens. Targeted Facebook advertising helped encourage healthy user engagement figures in our key campaign - the Big Butterfly Count.

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Our social media profile continues to punch well above its weight and remains a key engagement tool. Butterfly Conservation's Facebook page now has 137,000 'likes' compared to 100,000 at the same time last year – a rise of 37%. Our Twitter presence has grown more modestly with 45,000 at present compared to 38,000 followers at the same time last year – a rise of 18%.

Our email list has continued to grow during the year and now includes more than 100,000 contacts. Our *All Aflutter* e-newsletter is sent to over 75,000 people each month and includes seasonal information about gardening and species to see as well as details of our latest campaigns, projects and offers.

Future priorities

- Work to increase our volunteer capacity and secure funding for additional volunteer development officers to ensure the sustainability of our conservation priorities.
- Further promotion and support for the take-up of Munching Caterpillars style education activities by Branches. Plans are in hand for a very exciting project to use our Hampshire nature reserve as an outdoor classroom for the school children in Winchester.
- Develop a Building Sites for Butterflies project to disseminate best practice habitat management and creation for butterflies, moths and other wildlife in the built environment (e.g. management of roadside verges, parks, gardens and other greenspace).
- Develop a London Urban Lepidoptera project to increase public participation in survey, monitoring and practical conservation of the capital's butterflies and moths.
- A Digital Media Strategy will be introduced in 2017 to dovetail with Butterfly Conservation's 2025 Strategy, to ensure the charity remains relevant to all its audiences in the years to come. This will drive engagement with new and existing audiences, augment new and existing campaigns, harness digital innovations and help champion our conservation successes.
- We will continue to harness innovative digital media with Facebook and Instagram in particular which will help new and existing campaigns to mature and increase their reach.
- Increase public engagement through campaigns and media coverage including development of further urban projects. Further work will take place to sharpen Butterfly Conservation's key media messages with specific focus on communicating the health and wellbeing benefits of spending time in the natural world.
- Increase insight work to ensure we continue meeting the requirements and expectations of our existing members and supporters to maintain our excellent retention rate of 90% and to inform future membership recruitment campaigns to enable us to continue increasing membership by 8% per year.

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- Continue to develop new and innovative ways to raise funds for conservation work.



Lackey moth caterpillar (Photo: Bob Eade)

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Promote **international** conservation actions

Butterfly Conservation UK has developed a wide international network through a series of seven International Conferences that started in 1992. Over this time we have helped foster Lepidoptera conservation activities throughout the world and have provided advice and encouragement to several new country based organisations. We aim to continue this work in coming years and share the expertise that we have developed in the UK and Europe.

In 2004, we co-founded Butterfly Conservation Europe to act as an umbrella organisation to support this work. Butterfly Conservation Europe now has 45 partners in 36 countries and has produced a wide range of documents from policy documents to Red Lists and Recovery Plans. We continue to support Butterfly Conservation Europe financially and by allocating staff time each year. Full details can be found at www.bc-europe.eu

The main aims of Butterfly Conservation Europe are:

- Advocate improved policies and legislation;
- Safeguard and manage key sites;
- Stimulate and guide research;
- Organise surveys and monitoring;
- Disseminate information; and
- Publicise the issues and solutions.

Key achievements in 2016/17

We continued to play a leading role in the European Habitats Forum. Key inputs have been made into the reform of the Common Agricultural Policy in 2020 and implementing the EU Biodiversity Action Plan. We also supported the campaign on the “Fitness Check” of the EU Habitats Directive that is crucial to conserve butterflies and biodiversity across Europe. The campaign was successful as the Directive was found to be still fit for purpose by the EU and the focus must now be on proper implementation.

In 2016, Butterfly Conservation Europe established a European Butterfly Monitoring Scheme (eBMS) with the Centre of Ecology and Hydrology (CEH), including an online portal for data entry for new schemes across Europe. We are now populating the database from the 22 countries with existing schemes. We are also applying for funds to expand the scheme so that it is representative of Europe as a whole.

Butterfly Conservation Europe published an update of the European Grassland Indicator, using data from the eBMS. The report showed that 17 grassland indicator species had declined by 30% in the last 25 years, showing the steady deterioration and loss of grassland habitats across Europe. The full report can be found on the Gateway to Data section of the Butterfly Conservation Europe website. Butterfly Conservation Europe also published a Red List of Mediterranean butterflies with the International Union for Conservation of Nature that showed that 19 species (5%) are threatened but over 20 species could not be assessed due to lack of data. www.iucnredlist.org/initiatives/mediterranean

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On the fundraising front, Butterfly Conservation Europe supported a successful application for an EU Erasmus grant to our Turkish partner, Doga Koruma Merkezi (Nature Conservation Centre), for an education and training project involving Turkish students. We will share our expertise in citizen science, training and education.

During the year, we began organising our eighth International Symposium at Southampton from 6-8 April 2018 and a Butterfly Conservation Europe partner meeting in Lufen, Germany from 29 November to 2 December 2017.

Butterfly Conservation Europe also appointed a part-time Head of Development to help develop the Butterfly Conservation Europe network and stimulate further action across the continent.

We have also been working very closely with colleagues in the Republic of Ireland to collate butterfly and moth data across the island of Ireland including the first Red List for Ireland's Macro-moths (2016) and a new Butterfly Atlas project to support the future review of the Irish Butterfly Red List.

Future priorities

- Continue to work with colleagues in the European Habitats Forum to help implement the EU Biodiversity Strategy, including improving implementation of the EU Habitats Directive, influence EU policies, especially reform of the Common Agricultural Policy (CAP), and promote High Nature Value Farming and the role of butterflies as indicators.
- Develop the European Butterfly Monitoring Scheme with CEH and seek funding from the EU and continue to support butterfly monitoring in countries with no schemes, or fledgling schemes.
- Continue to press the EU for regular funding to produce a suite of butterfly indicators.
- Continue to input into the EU Biogeographical Zone process, especially those covering the Alps and Mediterranean.
- Mobilise European records of butterflies, so that they become available for research and conservation on a European, national and local level.
- Work with our partners in the Republic of Ireland on various joint-jurisdiction initiatives including Butterfly Atlas 2021, an innovative new atlas project that will support the review of the future Irish Red List for Butterflies, final verification and publishing of the Macro-moth Atlas of Britain and Ireland, and supporting and promoting the All-Ireland Pollinator Plan.

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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.

The Risk Audit Group reviews specific topics which have been selected by Council from the Strategic Risk Register. The Group reviews aspects of Butterfly Conservation's work on an ad hoc basis to ensure that each area of our operations is in good order. The Group makes recommendations, where appropriate, for change or improvement to Butterfly Conservation's policies, management and control processes.

Principal risks and uncertainties

Through the risk management process, Council members have 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;
- lack of adequate fundraising leading to reduced income; and
- poor financial management.

Council members consider 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 we produce numerous scientific papers to build an evidence base for impacts of climate and land use change. We are continually working with our partners from other NGOs, Wildlife Link across the UK and Greener UK to ensure existing environmental laws are secured when we leave the EU and to ensure the UK has the necessary governance arrangements in place for robust implementation and enforcement in future.

Lack of adequate fundraising leading to reduced income could seriously impact on Butterfly Conservation's ability to deliver its core conservation 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 currently starting year two of our three-year Fundraising Strategy. We will continue to grow our media presence to raise awareness of the plight of butterflies and moths and encourage individual giving.

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The risk of poor financial management, which could lead to fraud, financial loss or poor value for money, is mitigated by having strong financial policies and controls, and excellent contract management. We have regular training for staff and inductions for all Branch Volunteer Treasurers. Monthly management accounts are produced and reviewed and Council members are regularly informed about Butterfly Conservation's financial position. A robust IT Systems Policy is actioned alongside a tailor-made insurance policy, which ensures that our insurance needs are covered.

Butterfly Conservation's Fundraising Policy

The Fundraising Regulator (FR) has confirmed that a Fundraising Preference Service (FPS) will be introduced during 2017. This service will enable individuals to block contact from specific charities. Butterfly Conservation has registered with the FPS as part of the first round of charity registration and will continue to work with the FR to ensure the highest level of supporter care.

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

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 consented to receive fundraising material. Moreover all fundraising activity is conducted in-house where we can monitor 100% of activity to ensure that it adheres to the strict guidelines as 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. Therefore, we have no requirement to monitor fundraising activities carried out on our behalf.

Multiple commercial participators have been used on the basis of using Butterfly Conservation's logo and charitable work for promotional purposes. All agreements with commercial participators contain the caveat that the agreement can be terminated with immediate effect if the commercial participators do anything we believe could bring our reputation into disrepute.

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 17 complaints regarding aspects of our fundraising activities during the year. All complaints were fully investigated and a detailed response sent to individuals within seven days.

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 are in the process of acquiring explicit and active consent to receive

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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.

All staff must adhere to our 'Policy for Supporters in Vulnerable Circumstances', which 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 all supporters are treated fairly. If a member of staff believes that an individual lacks the capacity to make decisions then they are instructed not to process a donation, in line with the guidance from the IoF.

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 an opt-out and 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 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 the industry recommendations and look for further ways to improve its care.

Health & Safety

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

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.

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- Purchase, wherever possible, environmentally-preferable goods and services, and ensure that our publications are produced, where possible, 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 including their responsibility for ensuring sustainable lifestyles.

Financial overview

Financial review

The overall picture is one of a stable year with both income and expenditure very close to the levels of the previous year. If such a steady pair of totals should indicate that the charity coasted through the year it would be seriously misleading.

On the expenditure side, the cost-containment initiatives taken in the previous year delivered the intended result in financial terms, even though one or two of the actions needed to be reversed in order to support the delivery of all objectives. Once again we report the spending of just under £3 million on conservation out of a total spend of £3.6 million.

On the income side, the contribution of our members and supporters was again tremendous. Membership income (including Gift Aid) increased by 17%, a superb result in the prevailing economic climate, especially as it followed a 15% increase last year. Donations were down slightly from the previous year when the purchase of the reserve at Westbury Beacon attracted such good support.

The number of legacies notified at 25 was the highest ever and the legacy income recorded in these accounts shows a 39% increase to £438,000. As reported last year we have increased our fundraising activity in this area.

The external fundraising environment remains very challenging and it is therefore pleasing that we achieved our targets in nearly every one of the market sectors in which we need to be working. Such is the importance of this activity that a full report follows this review.

The investment income earned on our Endowment Fund was up slightly, but the feature here was the total return in the year of over 17% as the capital value benefitted from strong stock markets and the beneficial effect of the devaluation of sterling after the Brexit referendum.

Income from primary purpose trading included £30,000 from Waitrose Limited and John Lewis Partnership for the Big Butterfly Count, £15,000 from B&Q plc for the Garden Butterfly Survey and the final instalment of £40,000 from Marks and Spencer plc for the Butterfly Farm indicator project. Timing issues are responsible for the sharp increase in income from contracts and royalties, with delays in payments from

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the Single Payment and Environment Management Schemes last year resulting in two years' of payments being included in these accounts.

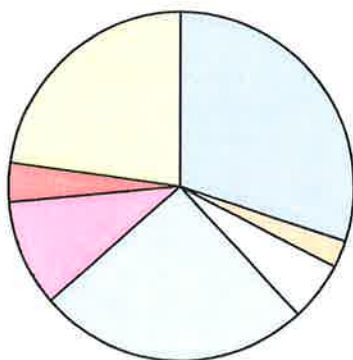
On our balance sheet at the year-end our General Funds showed an increase of 8%, in line with our strategic plan to increase them to meet our target level. The balance in Restricted Funds is down by 5% but the holding of over £1.5 million indicates that a continuation of much project work is assured. This is reinforced by the £2.8 million held in Designated Funds, up by £50,000 over the year, which are held to support conservation work at both Head Office and by our Branches.

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

Overall 2016/17 was a steady and pleasing year, benefitting from the 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.

How we raised our funds

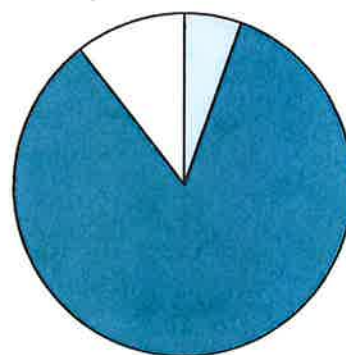
Total Income £3,691,959
(2015/16 £3,723,958)



□ Donations and legacies	£1,109,762
□ Other trading activities	£92,278
□ Investments	£202,317
□ Conservation activities- grants receivable	£946,572
□ Contracts and Royalties	£364,541
■ Primary purpose trading	£133,898
□ Membership subscriptions	£842,591

How we spent our funds

Total Expenditure £3,550,277
(2015/16 £3,586,117)



□ Raising funds	£190,463
■ Conservation	£2,987,638
□ Membership services	£372,176

Report of the Council (including Strategic Report)

Year to 31 March 2017

Fundraising review

The fundraising road ahead continues to look uncertain. 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 Fund and greater competition for all funding streams create a challenging fundraising environment as we move forward.

Despite ongoing economic challenges, our past conservation successes and excellent reputation enabled us to continue putting forward appealing and passionate cases for support. This resulted in Butterfly Conservation achieving its highest ever level of secured funding from a range of supporters and funders during the year. This facilitated implementation of all our planned conservation work.

During the year we received confirmation of grant funding for a number of projects throughout the UK, including over £300,000 from the HLF for the All the Moors Butterfly project in the South West and more than £67,000 for work on the Large Blue in the Poldens. In March 2017 we were delighted with the news that the partnership application to HLF and other funders for the 'Back from the Brink' £7.7 million collaborative project had been successful. Our share of this income, which will be channelled through funding partners, will be accounted for in future years.

Although opportunities to secure Landfill Communities Funding are decreasing we were fortunate to receive funding for six conservation projects during the year from Biffa Award, Waste Recycling Environmental Limited, Veolia Environmental Trust and Cory Environmental Trust. These projects will help ensure the survival of some of our most threatened species throughout the UK.

We are very grateful to NE, NRW, NIEA and SNH for their continued funding of Butterfly Conservation's conservation work across the UK.

Following implementation of plans to help increase funding levels from Trusts and Foundations we were delighted that secured income exceeded the £120,000 target set for the year.

Our members and supporters continue to provide generous donations to fund our conservation efforts. Donation income for the year exceeded the target of £500,000 by 34%. The Match Pot appeal in 2016/17 raised the highest amount in its seven year history, a very welcome and needed boost to help match fund grant income. We ran four Crowdfunder appeals during the year to raise funds for the Bog Squad Project in Scotland, the All the Moors Project in the South West, for research following the decline in butterfly numbers reported following results of the Big Butterfly Count and for work on the Duke of Burgundy on the North York Moors. Each appeal exceeded the initial target set and helped to attract a good proportion of new donors. December 2016 saw Butterfly Conservation take part in the Big Give Christmas Challenge for the first time. This was a very successful campaign reaching the £3,000 donation target in the first day. We plan to repeat this campaign in 2017 with an increased target.

We received over £46,000 in ticket sales from our two major raffles held during the year; although this was the one area that did not meet the fundraising target set we were pleased with the level of income.

Report of the Council (including Strategic Report)

Year to 31 March 2017

We saw a 39% increase in legacy income during 2016/17 compared to the previous year. Income from legacy gifts exceeded the target set by 46%; the number of legacy gifts also increased. The charity legacy consortium Legacy Foresight suggests that legacy donations across the UK could increase by as much as £50 million over the next two years due to an unusually high death rate in 2016. This supports our decision to increase staff time in promoting this important source of income. Over £20,000 was donated in memory of loved ones.

Waitrose Limited has generously confirmed its continued sponsorship of the Big Butterfly Count for 2017. B&Q plc began sponsoring the online Garden Butterfly Survey and the new Plant Pots for Pollinators campaigns launched in 2016 and we are delighted that it will continue this sponsorship for 2017/18. We have retained several of our low level corporate supporters but do not plan to invest additional staff time to increase this area. The partnership with National History Book Store (NHBS) to manage Butterfly Conservation's online shop facility continues to work effectively with the number of online orders increasing during the year.

We face enormous fundraising challenges in 2017/18 and beyond but will ensure our efforts are maintained across all disciplines to ensure we can secure funding to continue 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 ensure income continues to grow.

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 2017 we held investments in an Endowed Fund, classified as a fixed asset investment, with a market value (including cash held for re-investment) of £5,461,136 (2016 - £4,781,397) and other investments, classified as current asset investments with a market value of £158,550 (2016 - £145,101). The Endowed Fund is managed by Cazenove Capital Management.

The investment strategy is set by the members of 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.

The Investment Committee monitors investment performance and the level of income received and meets the manager as necessary, most recently in February 2017.

Report of the Council (including Strategic Report)

Year to 31 March 2017

Quantitative easing programmes in the Eurozone and Japan, which were continued throughout the year, provided a floor to markets and actions taken by the Bank of England immediately after the Brexit vote and by the Chinese authorities were also supportive. Global economic growth responded to these stimuli and also to the more expansionary fiscal policy promised by new US President Donald Trump. Markets in turn responded to this improved outlook and have held on to strong gains in the face of some concerns that President Trump's policy proposals may not be passed by Congress in full and by the US Federal Reserve starting to raise interest rates from the very low levels that have existed since the financial crisis of 2008/09.

Attention around the end of our financial year turned to the series of elections due in Europe, where the results in the Netherlands and France have provided reassurance rather than surprise, leaving markets calmer than for many years.

The total return of 17.3% achieved for the Endowed Fund in the year is viewed as very satisfactory, being well ahead of the 3% increase in the RPI and showing outperformance of our internal benchmark by around 1%.

Financial reserves policy

At 31 March 2017 Butterfly Conservation had total funds of £12,212,046 (2016 - £11,377,176).

These funds included our permanent endowment totalling £5,461,136 (2016 - £4,781,397), which was given to provide future income for Butterfly Conservation.

Restricted funds totalled £1,516,654 (2016 - £1,589,542) and represented assets, including freehold nature reserves, purchased in accordance with the terms of specific gifts amounting to £530,737 (2016 - £595,629).

Butterfly Conservation's unrestricted funds at 31 March 2017 amounted to £5,234,256 (2016 - £5,006,237).

However, these funds include £20,000 (2016 - £20,000) being the retained profits of Butterfly Conservation Trading Limited. These funds also include £814,069 (2016 - £752,146) 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.

Council has designated a total of £2,800,088 (2016 - £2,749,713) in the following funds:

Fund	£
Branch Fund	309,493
Commitments to Conservation Projects	955,000
Legacy Fund	1,002,559
Match Pot Appeal Fund	533,036
Total	2,800,088

Report of the Council (including Strategic Report)

Year to 31 March 2017

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 2018/19. 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 of monies that Council has committed to funding key conservation projects over the next year.

The funds available for meeting ongoing future expenditure therefore total £1,600,099 (2016 - £1,484,378).

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 calculated the financial contribution expected to be made over the next year to key conservation projects (£955,000). 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 Vision. Considering these factors, Council has calculated that the amount of financial reserves it needs to hold is £1.6 million (2016 - £1.5 million). During 2016/17 we have raised funds to increase the level of our financial reserves by £116k whilst also maintaining expenditure on our core objectives. In 2017/18 we will continue to implement our fundraising strategy to ensure we maintain our conservation effort and our financial reserves.

Strategic report approved for and on behalf of Council:



Dr Jim Asher

Chair

Approved by Council on:

15 July 2017

Reference and administrative information Year to 31 March 2017

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 Thelma Barlow 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 2017

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
	Sue Smith
	Nigel Symington
	Ilija Vukomanovic
	Chris Winnick

Senior Management Team

Chief Executive and Company Secretary	Julie Williams
Director of Conservation, Science & Policy	Dr Nigel Bourn
Director of Conservation & Regions Director, Scotland	Dr Sam Ellis Paul Kirkland

Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
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Investment managers	Cazenove Capital Management 31 Gresham Street London EC2V 7QA
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Principal bankers	NatWest plc 2 North Street Wareham Dorset BH20 4AL
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Solicitors	Stone King LLP Boundary House 91 Charterhouse Street London EC1M 6HR
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Structure, governance and management Year to 31 March 2017

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 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 2017 and served throughout that year except where shown:

Council members	Elected / Resigned
Dr Jim Asher – Chair	Re-elected November 2016
Mike Dean – Vice Chair	
David Hanson – Honorary Treasurer	
Dr Andy Barker	
Andrew Brown	Re-elected November 2016
Kathryn Dawson	Re-elected November 2016
Roger Dobbs	
Dr Susan Foden	
Karen Goldie-Morrison	Appointed November 2016
Michael Johnston	Re-elected November 2016
Alan Martin	Resigned July 2016
Dr Ian Small	Resigned November 2016 (end of tenure)
Sue Smith	
Nigel Symington	
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, the current financial position and future plans and objectives. An invitation is also issued to all Council members to attend for refresher training.

Members of Council (continued)

To familiarise themselves with the work of the charity they are invited to attend key meetings and events such as Branch Liaison Meetings. Council members also have the opportunity to meet staff and volunteers at both the AGM and Members' Day, and at the Strategic Planning Weekend, usually held in Dorset.

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.

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. A variety of methods are used for the recruitment of new Council members, including advertising in *Butterfly*, Butterfly Conservation's magazine, and the Branch email newsletters.

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

Responsibilities of Council (continued)

- 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.

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 26 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. It reviews the Strategy Plan at an annual Strategic Planning weekend.

Council delegates some of its powers to two committees: Governance and Investment. They report to Council. Three working groups: the Branch Consultation Group, the Consultative Group and the Reserves Working Group report to the Chief Executive. The Risk Audit Group, which works on an *ad hoc* basis, reports directly to Council.

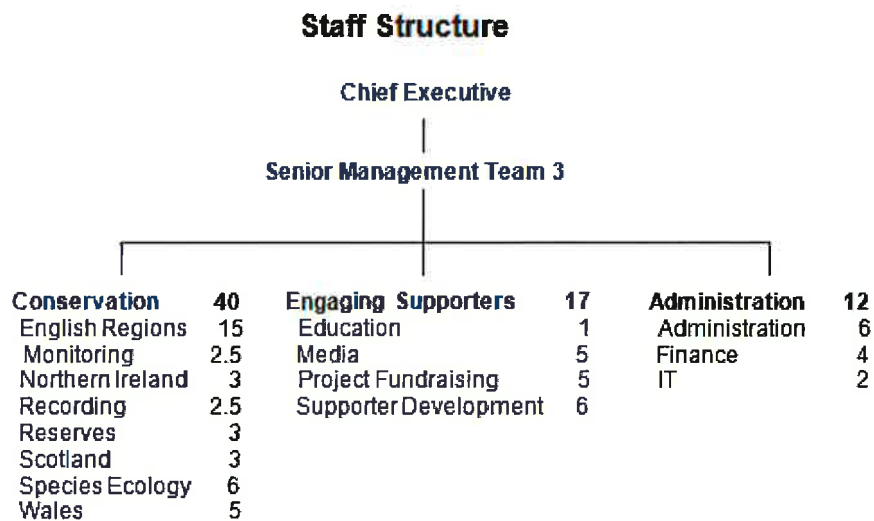
From January 2017 the Chief Executive initiated individual Task and Finish Groups designed to work on specific areas. These groups report directly to the Chief Executive and are made up of a mixture of members of staff, Council members and external individuals dependant on the topic and their expertise. She also set up a new UK Strategy Group, which consists of senior staff across the UK. The role of this group is to implement policies and share strategies across the UK, ensuring effective communications.

Structure, governance and management Year to 31 March 2017

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 73 members of staff (72 in 2015/16) who are grouped into three main work areas: Conservation, Engaging Supporters and Administration. The Conservation and Engaging Supporters Departments are based at both the Head Office located in Dorset and at offices throughout the UK. The Administration Team is based at Head Office.



This chart shows the number of staff employed (73) as 31 March 2017 (not Full Time Equivalent)

One of Butterfly Conservation's greatest strengths is its large number of active volunteers, over 15,000, who contribute towards our work. They carry out a variety of roles from national surveys to delivering our practical conservation programmes. Many thousands of other people also take part in our citizen science projects, such as Big Butterfly Count.

Our local action is co-ordinated by a UK wide network of 31 Branches and a European Interest Group for our work in Europe. Each Branch is managed by a volunteer committee and works through a network of volunteers. Branches of Butterfly Conservation carry out most of the local conservation and development work with advice and guidance from staff. Branches contribute to strategy and policy setting primarily through Branch Liaison meetings and Regional Conservation Days.

Volunteers are vital to the work Butterfly Conservation carries out each year and we are indebted to them for the huge expertise they bring and the work they carry out.

Pay and Remuneration Policy

Butterfly Conservation is committed to ensuring that we pay our staff fairly and in a way which 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.

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 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 2017 the donation amounted to £62,247 (2016 - £11,181).

Thank you

We are extremely grateful to those individuals and organisations who have so generously supported the charity in 2016/17 including all of our donors who wish to remain anonymous. On behalf of everyone at Butterfly Conservation we would like to thank the following for their support:

Abinger Parish Council	Colchester Natural History Society
Abington Avenue United Reformed Church	Cole & Son (Wallpapers) Limited
Alpha Financial Consultants	Community Foundation for Surrey
Altofts Methodist Church	Cornwall Area of Outstanding Natural Beauty
ASDA Foundation	Cory Environmental Trust
Aston Garden Club	Cotswolds Area of Outstanding Natural Beauty
Attwell Partners	Cranham Common Trust
Aviva Community Fund	Creaton Womens Institute
B&Q plc	Creature Candy
Barclays Bank plc	Dartmoor National Park Authority
Bardsey-cum-Rigton Womens Institute	Day For Night Films Limited
Barton Womens Institute	Defence Infrastructure Organisation
Basingstoke Natural History Society	Doctor & Mrs Alfred Darlington Charitable Trust
Beauchamp Middle School	Dulcie Denison Charitable Will Trust
Bedfordshire County Cricket Club	Dundee Naturalists Society
Benson Nature Group	Dunsdon Farm
Biffa Award	East Keswick Wildlife Trust
Bloomsbury Publishing plc	East Renfrewshire County Council
Bomere Heath Ladies Club	Easyfundraising.org.uk
BoxWild	EcoCo Life
Brampton View Care Home	Ecotricity Group Limited
Bristol Natural History Consortium	Environment Agency
British Broadcasting Corporation	Environmental Recorders' Group Fund
British Wildlife Publishing	Equinix Inc
Buntingford United Reformed Church	Esmée Fairbairn Foundation
Calleva Foundation	Everyclick Limited
Canal & River Trust	Fairfield Association
Cardiff Organic Gardeners	FCC Recycling (UK) Limited
Carmarthenshire County Council	Ferring Conservation Group
CarTakeBack	Focus Optics
Cecil Pilkington Charitable Trust	Forestry Commission England
Cemex UK Materials Limited	Forestry Commission Scotland
Ceredigion County Council	Formby Methodist Church
Cheshire Wildlife Trust	Formby Trefoil Guild
Chiltern Forest Golf Club	Fortis Remote Technology
Chloride Group Limited	Frampton Music Festival
Clacton Camera Club	Franciscan Community
Clapham & Patching Horticultural Society	

Acknowledgements 31 March 2017

Friends of Mewsbrook Park
Friends of Ness Gardens
Friends of the Lake District
From the Notebook Limited
Furness U3A
Gearrchoille Community Wood
Ardgay
Ginger Dragon Limited
Gisela Graham Limited
Goddard & Grant Jewellers Limited
Google Inc
Grange and District Natural History
Society
Grayson GB Limited
Green Circle Aggregates Limited
Green People
Greenwings Wildlife Holidays
Habitat Aid
Haines Hill Charitable Trust
Hampshire County Council
Hampshire Wildlife Trust
Harrogate & District Naturalists'
Society
HDH Wills 1965 Charitable Trust
Heart of England Forest
Heritage Lottery Fund
Hewlett Packard Enterprise
Higham and Rushden U3A
Hyde Housing Association
Ipplepen Garden Club
The J. & J.R. Wilson Trust
John Lewis Partnership
Kate Ashbrook Trust
Kendal Quaker Group
Kenwyn Community Fund (Kenwyn
Parish Council)
Kilmington Garden Club
Lacey Womens Institute
Lake District National Park Authority
Laspen Trust
Learning Through Landscapes
London and Lincolnshire Investments
Limited
Lymington Womens Institute
Magnox Limited
Margaret Davis Charitable Trust
Margaret Murdoch Charitable Trust
Marks & Spencer plc
Marsh Christian Trust
Marsh Gibbon Horticultural Society
Meres & Moses Landscape
Partnership Scheme
Merton & Huish Wildlife Group
Michael Marks Charitable Trust
Milltimber Gardening Club
Miss K M Harbinson's Charitable
Trust
Mrs M A Lascelles Charitable Trust
Nairn & District Gardening Club
National Biodiversity Data Centre
National Trust
Natural England
Natural Resources Wales
Natureguides
Naturetrek Limited
NFU Mutual
NHBS Limited
Nicol & Co Estate Agents Limited
North Dorset Ramblers
North London Organic Gardeners
North Nibley Music Festival Limited
Northern Ireland Environment Agency
Northumbrian Water
Nottinghamshire Wildlife Trust
Opticron
P F Charitable Trust
Paul Bassham Charitable Trust
Pembrokeshire County Council
Peter's Trust
Petersfield Wildlife Group
Postcode Local Trust
Rapanui
RBS Community Cashback
Robert O Curle Charitable Trust
Roger's Wildlife Rescue
Rotary Club of Gainsborough
Rowan Bentall Charitable Trust
Royal Society for the Protection of
Birds
Ryedale Natural History Society
Scotland's Gardens
Scottish Natural Heritage
Scottish Wildlife Trust
Severn Waste Environmental Fund
Shaw & Whitley Gardening Club
Sherbourne Rural Schools Cluster
Shere Parish Council
Shropshire Wildlife Trust
Sidcup Natural History Society
SSP Foundation

Acknowledgements 31 March 2017

St Andrew's Handbridge United Reformed Church	The University of the Third Age
St Mary's Catholic First School	The Walters Kundert Charitable Trust
Stickland's CE VA Primary School	The Ware Society
Sussex Community Foundation	Tori Ratcliffe Art
Sussex Wildlife Trust	Torquay Museum
The Banister Charitable Trust	Tulip Limited
The Barker-Mill Foundation	TWI Limited
The Blair Foundation	University of Edinburgh
The Cambridge Chrysalis Trust	University of York
The Clare Lees Trust	Veolia Environmental Trust
The Conservation Foundation	Viridor Limited
The D G Albright Charitable Trust	Waitrose Limited
The D'Oyly Carte Charitable Trust	Waste Recycling Environmental Limited
The Dartmoor Soap Company	Waterford Church
The Devonshire Association	Watkins & Doncaster
The Downton Banister Trust	Wayside Organics
The Ernest Cook Trust	Wedmore Badminton Club
The Fundraising Company Limited	Welwyn Garden City Winemakers Guild
The Gesingthorpe Trust	Wessex Water Limited
The John Jarrold Trust	West Horsley Parish Council
The John Swire 1989 Charitable Trust	West Lulworth Womens Institute
The Leggett Charitable Trust	Wildflower Favours
The Lever Trust	Winkleigh Biodiversity Group
The Mackintosh Foundation	Woodpeckers Trust
The Marlow Trust	Woodstock Natural History Society
The Martin Laing Foundation	Worcestershire County Council
The Orcome Trust	Worcestershire Naturalists' Club
The Plum Trust	Worcestershire Wildlife Trust
The Richmond Charitable Trust	Yorventure
The SGU3A Natural History Group	
The Summerfield Charitable Trust	

Corporate Members

Belightful Design Oy	Naturetrek Limited
Bewley & Merrett Funeral Directors	Northumbrian Water
Castlerigg Hall Caravan & Camping Park	Opticron
Coda Systems Limited	Orange Aero Limited
Cole & Son (Wallpapers) Limited	Perrywood Garden Centre
Continental Landscapes	Silver Trees Holiday Park
Elm Horticulture Limited	Sussex Country Gardener
Ginger Dragon Limited	The Weld Estate
Greenwings Wildlife Holidays	Tobiz Products
Holme for Gardens	Woodlands.co.uk
Isle of Eriska Hotel	Woodward Lakes and Lodges

Acknowledgements 31 March 2017

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

Nora and Peter Brack
Jeff Brown
Dr John Davis
Anne Patricia Dean
Michael Leslie Doorne
Martin Lane Fox
James Kay Gelsthorpe
Beatrice Gillam
Thomas Reginald Harman
Douglas A Heald
Margaret Ina James
Arthur William Jollands

Margaret Ann Landsberg
Roger Lane
Dr Albertine Malham
Terrence Mason
Susan Eleanor Standen McDougal
Jane Vivienne Powell
Inez Marina Monica Pugh
Barbara Joan Pyrah
John M F Rogers
Heather Standish Sowrey
Irene Marion Stewart
Roland Todd

Acknowledgements 31 March 2017

In Memory Gifts

Leslie Walker Allen
Colin Ivor Benford
Stephen Eric Blott
Patrick Boston
Jeffrey Marson Brown
William Cattle
Rita Chipper-Snelling
Dorothy Coleman
Edward John Cooper
Geoffrey Croft
Peter Farbridge
Margaret Heather Fox
Martin Lane Fox
Raymond Garrett
Valerie Anne Gregson
Robin James Hills
David Hinde
Maurice Hughes
Simon Johnson
Arthur William Jollands

Peter David Konitzer
Peter Lai
Shirley Lewer
Peter Leslie Long
Philip Lumley
Alison Maddock
Dr Albertine Malham
Dr Jennifer Middleton
Mrs Morris
Derek Newnham
Ronald Overton
Shirley Packham
Dr Anna Louise Powell
Anthony Pratley
John Walker Smith
Martin Smith
Kathryn Stones
Geoffrey Summers
John Tremlett
Joanna Walstow

If you would like to find out more about leaving a gift in your Will then please call John Lloyd direct on 01929 406012 or email jlloyd@butterfly-conservation.org

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



Dr Jim Asher
Chair



Julie Williams
Secretary

Approved by Council on:
15 July 2017

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

We have audited the financial statements of Butterfly Conservation for the year ended 31 March 2017 which comprise the consolidated statement of financial activities, the consolidated summary income and expenditure account, the group and parent charity balance sheets, the consolidated statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the members of Council as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the applicable Charities Accounts (Scotland) Regulations. Our audit work has been undertaken so that we might state to the charity's members and members of Council 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 charity, the charity's members as a body and the members of Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members of Council and auditor

The members of Council are trustees of the charity for the purposes of charity legislation and are also the directors of the charitable company for the purposes of company law. As explained more fully in the statement setting out the responsibilities of Council set out 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.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members of Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of Council including the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and applicable Charities Accounts (Scotland) Regulations.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the report of 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 parent charity 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 where the Companies Act 2006 and the applicable Charities Accounts (Scotland) Regulations require us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or 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.

Buzzacott LLP

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

28 July 2017

Consolidated statement of financial activities Year to 31 March 2017

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 Total £	2016 Total £
Income from:						
Donations and legacies	1	881,350	228,412	—	1,109,762	1,043,176
Other trading activities	2	92,278	—	—	92,278	100,685
Investments and interest receivable	3	191,808	10,509	—	202,317	201,169
Charitable activities	4					
· Conservation activities - grants receivable	5	10,837	935,735	—	946,572	1,283,961
· Contracts and royalties		284,751	79,790	—	364,541	289,395
· Primary purpose trading		128,298	5,600	—	133,898	80,253
· Membership subscriptions		842,591	—	—	842,591	721,893
· Other sources		—	—	—	—	3,426
Total income		2,431,913	1,260,046	—	3,691,959	3,723,958
Expenditure						
Raising funds	6	187,831	2,632	—	190,463	234,291
Charitable activities						
· Conservation	7	1,036,586	1,951,052	—	2,987,638	2,997,562
· Membership services	8	372,176	—	—	372,176	354,264
Total expenditure		1,596,593	1,953,684	—	3,550,277	3,586,117
Net income (expenditure) before investment gains (losses)						
		835,320	(693,638)	—	141,682	137,841
Net investment gains (losses)	15,17	13,449		679,739	693,188	(92,712)
Net income (expenditure)	11	848,769	(693,638)	679,739	834,870	45,129
Transfers between funds		(620,750)	620,750	—	—	—
Net movement in funds		228,019	(72,888)	679,739	834,870	45,129
Reconciliation of funds						
Total funds brought forward at 1 April 2016		5,006,237	1,589,542	4,781,397	11,377,176	11,332,047
Total funds carried forward at 31 March 2017		5,234,256	1,516,654	5,461,136	12,212,046	11,377,176

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.

Income from other sources for the year ended 31 March 2016 (the comparative period) comprised unrestricted income of £2 and restricted income of £3,424.

Consolidated summary income and expenditure account Year to 31 March 2017

	2017 Total funds £	2016 Total funds £
Total income of continuing operations	3,691,959	3,723,958
Total expenditure of continuing operations	<u>(3,550,277)</u>	<u>(3,586,117)</u>
Net income for the period	141,682	137,841

Total income comprises £2,431,913 (2016 - £2,038,877) for unrestricted funds and £1,260,046 (2016 - £1,685,081) 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 57 which, together with the notes to the financial statements on pages 68 to 84, provides full information on the movements during the period on all the funds of the charity.

Group and charity balance sheets 31 March 2017

	Notes	Group		Charity	
		2017 £	2016 £	2017 £	2016 £
Fixed assets					
Tangible assets	14	1,344,806	1,347,775	1,344,806	1,347,775
Investments	15	5,461,136	4,781,397	5,461,137	4,781,398
		6,805,942	6,129,172	6,805,943	6,129,173
Current assets					
Stocks		6,735	8,020	5,875	7,496
Debtors	16	627,088	466,818	690,375	485,662
Investments	17	158,550	145,101	158,550	145,101
Cash at bank and in hand					
. Short term deposits and interest bearing accounts		4,075,680	4,014,782	4,075,680	4,014,782
. Current accounts		803,680	964,631	712,248	838,485
		5,671,733	5,599,352	5,642,728	5,491,526
Liabilities					
Creditors: amounts falling due within one year	18	(265,629)	(351,348)	(256,625)	(263,523)
Net current assets		5,406,104	5,248,004	5,386,103	5,228,003
Total net assets		12,212,046	11,377,176	12,192,046	11,357,176
The funds of the charity					
Charitable funds					
Capital funds					
Endowment funds	19	5,461,136	4,781,397	5,461,136	4,781,397
Income funds					
Restricted funds	20	1,516,654	1,589,542	1,516,654	1,589,542
Unrestricted funds					
. General fund		1,600,099	1,484,378	1,600,099	1,484,378
. Non-charitable trading funds		20,000	20,000	—	—
. Tangible fixed assets (including freehold nature reserves) fund	21	814,069	752,146	814,069	752,146
. Designated funds	22	2,800,088	2,749,713	2,800,088	2,749,713
Total funds		12,212,046	11,377,176	12,192,046	11,357,176

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

Dr Jim Asher
Chair

Approved on:
15 July 2017

Consolidated statement of cash flows Year to 31 March 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(302,370)	417,275
Cash flows from investing activities:			
Dividends and interest from investments		202,317	201,168
Purchase of tangible fixed assets		—	(105,014)
Proceeds from the disposal of investments		93,631	—
Purchase of investments		(91,757)	(18,544)
Net cash provided by (used in) investing activities		204,191	77,610
Change in cash and cash equivalents in the year		(98,179)	494,885
Cash and cash equivalents at 1 April 2016	B	5,053,929	4,559,044
Cash and cash equivalents at 31 March 2017	B	4,955,750	5,053,929

Notes to the statement of cash flows for the year to 31 March 2017.

A Reconciliation of net income to net cash (used in) provided by operating activities

	2017 £	2016 £
Net income (as per the statement of financial activities)	834,870	45,129
Adjustments for:		
Depreciation charge	2,969	3,419
Gains (losses) on investments	(693,188)	92,712
Dividends and interest from investments	(202,317)	(201,169)
Decrease (increase) in stocks	1,285	906
(Increase) decrease in debtors	(160,270)	526,402
Decrease in creditors	(85,719)	(50,124)
Net cash (used in) provided by operating activities	(302,370)	417,275

B Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	803,680	964,631
Notice deposits	4,075,680	4,014,782
Cash held by investment managers	76,390	74,516
Total cash and cash equivalents	4,955,750	5,053,929

Principal accounting policies 31 March 2017

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 2017 with comparative information provided in respect to the year 31 March 2016.

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 trustees 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;

Critical accounting estimates and areas of judgement (continued)

- the probability of the receipt by the charity of legacy income of which it has been notified of its entitlement; and
- the consideration of the probability of the charity becoming liable for the repayment of part or all of the £250,000 legacy it received in 2010 as further discussed within note 25 to these financial statements.

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 2018, 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.

Income (continued)

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.

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.

Income (continued)

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.

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.

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.

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 2017

1 Income from donations and legacies

Group	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
Donations	448,319	223,402	671,721	728,364
Legacies	433,031	5,010	438,041	314,812
2017 Total funds	881,350	228,412	1,109,762	1,043,176
2016 Total funds	717,650	325,526	1,043,176	

2 Income from other trading activities

Group	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
Sale of goods/services - non-charitable material	8,817	—	8,817	23,417
Royalties and sponsorship - non primary purpose	32,279	—	32,279	26,567
Fundraising	51,182	—	51,182	50,701
2017 Total funds	92,278	—	92,278	100,685
2016 Total funds	100,534	151	100,685	

3 Income from investments

Group	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
UK common investment funds and unit trusts	174,892	—	174,892	172,339
Bank interest	16,916	10,509	27,425	28,830
2017 Total funds	191,808	10,509	202,317	201,169
2016 Total funds	189,683	11,486	201,169	

4 Income from charitable activities (comparative information)

For the year ended 31 March 2016, income from charitable activities included:

- Grants receivable in respect to conservation activities of £1,283,961 of which £16,363 was unrestricted and £1,267,598 was restricted (see note 5);
- Income from contracts and royalties of £289,395 of which £217,004 was unrestricted and £72,391 was restricted;
- Other primary purpose trading income of £80,253 of which £75,748 was unrestricted and £4,505 was restricted; and
- Membership subscriptions of £721,893 which were wholly unrestricted.

Notes to the financial statements Year to 31 March 2017

5 Conservation activities – grants receivable

Group	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
Arnside & Silverdale AONB Partnership	—	—	—	76
Biffa Award	—	53,669	53,669	30,642
Brecon Beacons National Park Authority	—	—	—	205,031
British Science Association	—	—	—	350
Calleva Foundation	—	5,000	5,000	—
Carmarthenshire County Council	—	6,593	6,593	9,481
Cemex Community Fund	—	—	—	14,450
Cemex UK Materials Limited	—	829	829	829
Ceredigion County Council	50	—	50	650
Cornwall Area of Outstanding Natural Beauty	—	3,000	3,000	—
Cory Environmental Trust	—	11,275	11,275	—
Cotswold Area of Outstanding Natural Beauty	—	552	552	—
Cumbria County Council	—	—	—	10,000
Dartmoor National Park Authority	—	2,500	2,500	5,000
Defence Infrastructure Organisation	—	4,329	4,329	829
Dorset County Council	—	—	—	1,000
EcoCo Life	—	1,418	1,418	6,024
Environment Agency	—	7,500	7,500	5,000
Environmental Recorders Group Fund	1,000	—	1,000	—
Esmée Fairbairn Foundation	—	39,500	39,500	38,103
Exmoor National Park Authority	—	—	—	500
Forestry Commission	—	64,000	64,000	72,850
Freedom Civil Asset Management	—	—	—	829
Friends of the Lake District	—	1,000	1,000	—
Gloucestershire Environmental Trust	—	—	—	14,845
Grantscape (CWM Community & Environmental Fund)	—	—	—	4,102
Heritage Lottery Fund	—	58,956	58,956	195,314
Lake District National Park Authority	—	4,950	4,950	—
Learning Through Landscapes	—	18,510	18,510	11,239
Magnox Limited	—	829	829	829
Meres & Mosses Landscape Partnership Scheme	1,198	—	1,198	—
National Museums	—	—	—	873
National Trust	6,435	—	6,435	—
Natural England	—	206,058	206,058	215,000
Natural Resources Wales	—	70,391	70,391	73,442
Northern Ireland Environment Agency	—	51,298	51,298	53,623
Pembrokeshire County Council	400	—	400	750
Postcode Local Trust	—	15,936	15,936	—
Balance carried forward	9,083	628,093	637,176	971,661

Notes to the financial statements Year to 31 March 2017

5 Conservation activities – grants receivable (continued)

Group	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
Balance brought forward	9,083	628,093	637,176	971,661
Robert Kiln Charitable Trust	—	—	—	300
Royal Society for the Protection of Birds	—	1,725	1,725	18,128
Rural Payments Agency	(384)	37,111	36,727	22,136
Scottish Natural Heritage	—	58,829	58,829	57,858
Severn Waste Environmental Fund	—	6,500	6,500	—
SITA Trust	—	—	—	9,632
Southam Town Council	—	—	—	500
Staffordshire County Council	—	—	—	500
Sussex Community Foundation	—	6,901	6,901	—
The Bat Conservation Trust	—	—	—	18,155
The Cambridge Chrysalis Trust	—	10,000	10,000	—
The D'Oyly Carte Charitable Trust	—	5,000	5,000	—
The Ernest Cook Trust	—	13,850	13,850	—
The Patsy Wood Trust	—	—	—	30,000
The Summerfield Charitable Trust	—	5,000	5,000	—
University of York	1,000	4,000	5,000	8,000
Veolia Environmental Trust	—	60,356	60,356	62,124
Warwick Natural History Society	—	—	—	500
Waste Recycling Environmental Limited	—	91,920	91,920	76,219
Worcestershire County Council	—	1,500	1,500	—
Worcestershire Wildlife Trust	1,138	—	1,138	2,690
Yorventure	—	4,950	4,950	5,558
2017 Total funds	10,837	935,735	946,572	1,283,961
2016 Total funds	16,363	1,267,598	1,283,961	

6 Expenditure on raising funds

Group	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
Staff costs (including support) (note 12)	103,592	—	103,592	143,664
Fundraising costs	29,397	2,620	32,017	27,716
Trading costs	20,613	12	20,625	29,729
Investment management charges	28,369	—	28,369	26,243
Other support costs (note 9)	5,860	—	5,860	6,939
2017 Total funds	187,831	2,632	190,463	234,291
2016 Total funds	225,541	8,750	234,291	

Notes to the financial statements Year to 31 March 2017

7 Expenditure on charitable activities: Conservation

	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
Staff costs (including support) (note 12)	909,988	929,256	1,839,244	1,822,843
Marketing and publicity	36,458	91	36,549	26,082
Management conservation	252,478	415,098	667,576	636,814
Information and education	28,620	766	29,386	33,271
Legal and professional	24	303	327	370
Other support costs (note 9)	(190,982)	605,538	414,556	478,182
2017 Total funds	1,036,586	1,951,052	2,987,638	2,997,562
2016 Total funds	1,027,461	1,970,101	2,997,562	

8 Expenditure on charitable activities: Membership services

	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
Staff costs (including support) (note 12)	176,196	—	176,196	163,689
Membership recruitment	17,532	—	17,532	16,329
Newsletter production and distribution	133,972	—	133,972	120,439
Membership servicing	32,864	—	32,864	42,912
Other support costs (note 9)	11,612	—	11,612	10,895
2017 Total funds	372,176	—	372,176	354,264
2016 Total funds	354,264	—	354,264	

9 Support costs

	Staff costs £	Other support costs £	2017 Total £	2016 Total £
Staff costs	807,185	—	807,185	880,193
Governance costs (note 10)	—	57,121	57,121	56,175
Other	—	374,907	374,907	439,841
	807,185	432,028	1,239,213	1,376,209
Attributed to:				
Expenditure on raising funds (note 6)	103,592	5,860	109,452	150,603
Expenditure on charitable activities				
· Conservation (note 7)	623,613	414,556	1,038,169	1,140,515
· Membership services (note 8)	79,980	11,612	91,592	85,091
	807,185	432,028	1,239,213	1,376,209

Notes to the financial statements Year to 31 March 2017

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

	2017 Total £	2016 Total £
Information and education	27,004	21,876
Legal and professional	17,941	23,286
Governance expenses	12,176	11,013
	<u>57,121</u>	<u>56,175</u>

11 Net income (expenditure)

This is stated after charging:

Group	2017 Total £	2016 Total £
Staff costs (note 12)	2,119,032	2,130,196
Auditor's remuneration		
· Statutory audit services	12,750	12,400
· Other services	2,780	2,290
Depreciation	2,969	3,419
Operating lease rentals	90,641	89,281

12 Employees, staff costs and remuneration of key management personnel

Group	2017 Total £	2016 Total £
Staff costs during the period were as follows:		
Wages and salaries	1,859,990	1,867,909
Social security costs	165,624	166,244
Other pension costs	93,418	94,174
	<u>2,119,032</u>	<u>2,128,327</u>
Agency staff costs	—	1,869
Total staff costs	<u>2,119,032</u>	<u>2,130,196</u>
Staff costs by function (after the allocation of those deemed support costs) were as follows:		
Raising funds	103,592	143,664
Conservation	1,839,244	1,822,843
Membership service	176,196	163,689
	<u>2,119,032</u>	<u>2,130,196</u>

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 (2016 – two employees earned between £60,000 and £70,000 per annum). Pension contributions of £2,946 (2016 - £8,123) 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	2017 Total	2016 Total
Raising funds	5	7
Conservation	64	60
Membership services	4	5
	73	72

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 the Council and the Senior Management Team. The total remuneration (including taxable benefits but excluding employer's pension contributions) of the key management personnel for the year was £239,437 (2016 - £252,870).

A total of £9,465 was paid to two members of staff for redundancy payments in the year to 31 March 2017 (2016 - £13,660 to two employees).

No Council member received any remuneration in respect of their services as members of Council during the year (2016 - £nil). However:

- A total of £5,311 (2016 - £4,613) was reimbursed to (or paid by the charity on behalf of) 16 (2016 - 17) Council members for personal 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 £830 (2016 - £826) and provides cover up to a maximum of £500,000 (2016 - £500,000).

No members of Council had any beneficial interest in any contract with the charity during the year (2016 – 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 2017

14 Tangible fixed assets

Group and charity	Freehold land £	Office equipment, plant and machinery £	Total £
Cost			
At 1 April 2016	1,342,557	17,094	1,359,651
Elimination of obsolete items	—	(2,249)	(2,249)
At 31 March 2017	<u>1,342,557</u>	<u>14,845</u>	<u>1,357,402</u>
Depreciation			
At 1 April 2016	—	11,876	11,876
Charge for year	—	2,969	2,969
On obsolete items eliminated	—	(2,249)	(2,249)
At 31 March 2017	<u>—</u>	<u>12,596</u>	<u>12,596</u>
Net book values			
At 31 March 2017	<u>1,342,557</u>	<u>2,249</u>	<u>1,344,806</u>
At 31 March 2016	<u>1,342,557</u>	<u>5,218</u>	<u>1,347,775</u>

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	
	2017 £	2016 £	2017 £	2016 £
Listed investments (note a)	5,461,136	4,781,397	5,461,136	4,781,397
Investment in subsidiary company (note b)	—	—	1	1
	<u>5,461,136</u>	<u>4,781,397</u>	<u>5,461,137</u>	<u>4,781,398</u>

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 2016	4,706,881
Additions at cost	91,757
Disposals at opening market value (proceeds £93,631; realised losses £7,072)	(100,703)
Net unrealised investment gains	686,811
Market value at 31 March 2017	5,384,746
Cash held by investment managers for re-investment	76,390
	5,461,136
Cost of listed investments at 31 March 2017	4,052,877

Listed investments held at 31 March 2017 wholly comprised holdings in unit trusts. Individual holdings of listed fixed asset investments which, at 31 March 2017, represented a material proportion of the total value of the fixed asset investment portfolio were as follows:

	Market value £	Proportion %
Schroder Charity Equity Fund	1,332,935	24.4
Schroder QEP Global Active Value Fund	1,291,908	23.7
Trojan Income Fund Class S	1,275,461	23.4
Charities Property Fund	582,251	10.7
M&G Strategic Corporate Bond Fund	529,033	9.7

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 2017

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 2017, which have been included in the consolidated financial statements.

	2017 £	2016 £
Turnover	120,212	83,284
Cost of sales	(38,067)	(46,349)
Gross profit	82,145	36,935
Operating costs	(19,898)	(25,754)
Net profit for the year before Gift Aid and taxation	62,247	11,181
Gift Aid	(62,247)	(11,181)
Taxation	—	—
Profit for the financial period	—	—
Retained earnings at 31 March 2016	20,000	20,000
Retained earnings at 31 March 2017	20,000	20,000

At 31 March 2017 the company had a total called up share capital and retained earnings of £20,001 (2016 - £20,001).

16 Debtors

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Grants and other funding receivable	268,508	173,083	268,508	173,083
Prepayments and other accrued income	82,998	132,798	80,785	129,637
Legacies receivable	170,009	89,597	170,009	89,597
VAT recoverable	29,597	—	29,597	—
Amounts due from Butterfly Conservation Trading Limited	—	—	66,336	24,996
Investment income receivable	55,276	51,103	55,276	51,103
Primary purpose trading income receivable	836	2,598	—	—
Sundry debtors	19,864	17,639	19,864	17,246
	627,088	466,818	690,375	485,662

17 Current asset investments

Group and charity	Total £
Listed investments	
Market value at 1 April 2016	145,101
Net unrealised investment gain	13,449
Market value at 31 March 2017	158,550
Cost of listed investments at 31 March 2017	119,573

Notes to the financial statements Year to 31 March 2017

17 Current asset investments (continued)

Current asset investments held at 31 March 2017 comprised the following:

	Total £
UK common investment funds	158,550

Individual holdings of current asset investments which, at 31 March 2017, 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	78,146	49.3
. COIF Charities Investment Fund	80,404	50.7

18 Creditors: amounts falling due within one year

	Group		Charity	
	2017 £	2016 £	2016 £	2015 £
Social security and other taxes	46,129	58,491	49,672	58,491
Expense creditors	99,038	119,827	99,031	119,539
Accruals and deferred income	120,462	173,030	107,922	85,493
	265,629	351,348	256,625	263,523

The main deferred income relates to £10,000 received from Waitrose Limited for sponsorship of Big Butterfly Count and £2,800 from Dorset Wildlife Trust for a service contract relating to 2017/18.

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Opening balance	60,327	78,903	10,327	38,903
Cash received in the year	12,800	58,576	2,800	8,576
Amounts released	(58,576)	(77,152)	(8,576)	(37,152)
	14,551	60,327	4,551	10,327

Notes to the financial statements Year to 31 March 2017

19 Endowment funds

Group and charity	At 1 April 2016	Net investment gains/losses	Transfers	At 31 March 2017
	£	£	£	£
The VWT Fund	4,781,397	679,739	—	5,461,136

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.

Notes to the financial statements Year to 31 March 2017

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 2016 £	Income £	Expenditure £	Fund transfers £	At 31 March 2017 £
All the Moors Butterflies	3,740	70,422	(37,199)	3,000	39,963
Biodiversity Action Plans – Butterflies	8,239	146,401	(156,321)	22,000	20,319
Connecting the Drabs and the Dukes	—	216	(278)	6,000	5,938
Development in Scotland	122,998	154,215	(253,272)	63,317	87,258
Dukes of the Chilterns	—	33,734	(3,511)	4,000	34,223
Environparks Marsh Fritillary mitigation	206,134	2,640	—	—	208,774
Fritillaries for the Future	41,444	1,482	(32,549)	—	10,377
Marsh Fritillaries Landscape Area	29,078	340	—	(10,000)	19,418
Munching Caterpillars Goes to Town	—	31,200	(3,618)	8,000	35,582
New Forest Fritillaries Project	11,229	48,754	(52,048)	—	7,935
Pant Quarry Reserve	7,999	93	—	(3,000)	5,092
Prees Heath Fund	257,182	23,886	(10,877)	—	270,191
Regional Funds –Northern England	10,188	45,781	(56,274)	25,195	24,890
Regional Funds – South East England	2,792	29,143	(52,635)	33,800	13,100
Reserve Acquisition and Management Fund	451,654	12,954	(21,509)	(31,160)	411,939
Reserve Purchase	131,360	—	—	(32,840)	98,520
Restricted Legacies Fund	107,457	1,368	—	(9,413)	99,412
Ryton Wood Meadow Project	6,641	336	(7,024)	6,141	6,094
Surrey Small Blue Project	7,220	19,970	—	5,500	32,690
The Blues and Browns of Polden Hills	—	43,034	(232)	—	42,802
West Midlands Wood White Project	51,043	23,648	(56,099)	2,000	20,592
Head Office Restricted Funds < £5,000	120,530	570,429	(1,209,157)	528,210	10,012
Branch Restricted Funds < £5,000	12,614	—	(1,081)	—	11,533
	1,589,542	1,260,046	(1,953,684)	620,750	1,516,654

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

- All the Moors Butterflies
Covering the South West's threatened moorland butterflies and moths.

20 Restricted funds (continued)

- **Biodiversity Action Plans - Butterflies**
To initiate, develop and implement our conservation programmes on the most threatened butterflies (priority species) in England.
- **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.
- **Environparks Marsh Fritillary mitigation**
To restore and maintain marshy grassland for the Marsh Fritillary Butterfly in Wales.
- **Fritillaries for the Future**
The conservation of Sussex's two rarest butterflies, the Pearl-bordered Fritillary and Small Pearl-bordered Fritillary.
- **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.
- **New Forest Fritillaries project**
To restore suitable breeding habitat for the Pearl-bordered Fritillary and Small Pearl-bordered Fritillary in the New Forest.
- **Pant Quarry Reserve**
Management of the Alun Valley for the High Brown Fritillary.
- **Prees Heath Fund**
The safeguarding of the Silver-studded Blue butterflies at Prees Heath.
- **Regional Funds – various regions of England & Northern Ireland**
To develop our conservation and education work in the respective regions.
- **Reserve Acquisition and Management Fund**
To purchase and manage nature reserves.
- **Reserve Purchase**
The purchase of a butterfly reserve.
- **Restricted Legacies Fund**
Legacies received for a specific purpose.

20 Restricted funds (continued)

- 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.
- West Midlands Wood White project
Habitat restoration to secure the future of the Wood White Butterfly in the West Midlands.
- 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 2016 £	New designations £	Utilised/ released £	At 31 March 2017 £
Branch Fund	300,010	34,950	(25,467)	309,493
Commitments to Conservation Projects	988,792	529,639	(563,431)	955,000
Legacy Fund	1,000,778	419,978	(418,197)	1,002,559
Match Pot Appeal Fund	460,133	180,248	(107,345)	533,036
	2,749,713	1,164,815	(1,114,440)	2,800,088

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**
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 2017

23 Analysis of net assets between funds

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 Total £
Fund balances at 31 March 2017 are represented by:				
Tangible fixed assets	814,069	530,737	—	1,344,806
Fixed asset investments	—	—	5,461,136	5,461,136
Net current assets	4,420,187	985,917	—	5,406,104
Total net assets	5,234,256	1,516,654	5,461,136	12,212,046

Charity	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 Total £
Fund balances at 31 March 2017 are represented by:				
Tangible fixed assets	814,069	530,737	—	1,344,806
Fixed asset investments	1	—	5,461,136	5,461,137
Net current assets	4,400,186	985,917	—	5,386,103
Total net assets	5,214,256	1,516,654	5,461,136	12,192,046

Unrealised gains on investments included above are as follows:

Group and charity	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 Total £
Reconciliation of movements in unrealised gains on investments				
Unrealised gains at 1 April 2016	25,528	—	648,909	674,437
Less: in respect to disposals in the year	—	—	(3,851)	(3,851)
Plus: net unrealised gains in period	13,449	—	686,811	700,260
Unrealised gains at 31 March 2017	38,977	—	1,331,869	1,370,846

24 Leasing commitments

Operating leases

At 31 March 2017 the group and charity had total future minimum lease payments under non-cancellable operating leases as follows:

Group and charity	Land and buildings		Other	
	2017 £	2016 £	2017 £	2016 £
Within one year	69,741	75,267	11,711	11,046
Within two to five years	185,995	226,091	4,391	13,323
After five years	10,207	27,005	—	—
	265,943	328,363	16,102	24,369

25 Contingent liability

In 2010 the charity was one of six charities named as a residuary beneficiary in a Will under which it received a legacy following the disposal of a property by the executors of the estate of the deceased. The legacy received by the charity was approximately £250,000. During the year ended 31 March 2014, the charity was informed of a legal challenge against the executors of the estate, a consequence of which may be that the Courts may direct that any legal costs in respect to the challenge should be met by the estate. As a consequence, a requirement to repay some or all of the legacy to cover such costs may arise. However, at the date of signing these financial statements it is not clear what the outcome of the challenge will be or whether any costs will be recouped out of the legacy received by the charity.

26 Related party transactions

During the year ended 31 March 2017, the charity received subscriptions from Council members and the Senior Management team totalling £1,901 (2016 - £751).

During the year ended 31 March 2017, the charity received unrestricted donations from Council members and the Senior Management team totalling £3,411 (2016 - £3,825) and restricted donations totalling £1,405 (2016 - £1,290).

27 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 30,000 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 foodplants.
- ◆ **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

