



Butterfly
Conservation

Saving butterflies, moths and our environment

Annual Report & Accounts 2014/15



www.butterfly-conservation.org

Company limited by guarantee. Registration number 2206468 (England)
Charity registered in England and Wales (254937) and in Scotland (SC039268)

Buzzacott
CHARTERED ACCOUNTANTS

**Butterfly
Conservation**

**Annual Report and
Financial Statements**

31 March 2015

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

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

Objectives and activities

Year to 31 March 2015

Overview by the Chair and Chief Executive

We are pleased to report another highly successful year for Butterfly Conservation during which we have continued to make significant progress in conserving butterflies and moths. Our work is important because it not only restores habitats for a wide range of wildlife, but also because it creates places where people can enjoy the beauty and wonder of nature.

Thanks to the continued backing of our supporters and funders, we have had our highest ever spend on conservation. We are especially grateful to our members who have donated record amounts to our appeals and to those who have been thoughtful enough to leave us gifts in their wills. This has helped towards offsetting the steady decline in Government funding that is affecting many charities across the UK.

The Big Butterfly Count was once again a huge success thanks to the support of our President, Sir David Attenborough. We have now engaged with well over 170,000 people through this scheme, deepening their understanding and appreciation of butterflies and the natural world around them. Our Munching Caterpillars project has also been a major achievement, helping more than 4,000 children to understand the miraculous life cycle of butterflies and moths.

Much of our work relies on the dedication and action of our volunteers who are co-ordinated by our network of 32 Branches. More than 15,000 people contribute to our butterfly and moth recording projects. These citizen science projects are among the largest in the world with an accumulated total of already over 28 million records. However, our volunteers achieve much more: by giving talks; running field trips and conservation work parties; attending shows; fundraising and sharing their local expert knowledge and enthusiasm. We are extremely grateful for their time and energy.

Our science and research programmes are vital to underpin our conservation work. During the year, we restructured our conservation team to strengthen our regional conservation presence in England, and to better integrate and further increase the impact of the conservation and monitoring work of our Branches. We also appointed a Branch Support Officer to strengthen our Branch network.

We are very conscious that the environment is a global concern to which society needs to give far more attention. We rely on nature and its myriad of species, to create a healthy world in which we all can live. To communicate this message and ensure better environmental policies, we are working more closely with our conservation partners, especially those who have a strong focus on conserving species. We will need a huge collective effort to conserve the natural world, and we are determined to play our part in achieving this wider goal.



Dr Jim Asher
Chair



Dr Martin Warren
Chief Executive

Objectives and activities

Year to 31 March 2015

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 2015.

The report set out on pages 3 to 39 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 49 to 52 of the attached financial statements and comply with the charitable company's Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005).

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 show that they are declining faster than most other well-documented groups of plants and animals, so our task is both daunting and complex. However, for many species, we know what needs to be done to halt declines. In order to tackle these losses and achieve the aims of the charity, Butterfly Conservation has to dramatically increase its capacity and influence over the next few years. Butterflies and moths are good indicators of the health of the environment, and our work will benefit other wildlife and the ecosystems upon which all life depends.

Our mission is to halt, and then reverse, the decline in butterflies and moths and to build a strong and effective organisation capable of achieving and sustaining this benefit, and helping to deliver a healthier environment in which we can all live and where butterflies and moths thrive and can be enjoyed by everyone, forever.

Our Strategic Aims for 2020

- 1) Halt and reverse the decline of threatened species of butterflies and moths in the UK.
- 2) Increase the numbers of butterflies and moths across the wider landscape.
- 3) Maintain efficient, scientifically robust, recording and monitoring schemes making the best use of modern technology and continuing to influence Government and wider decision-making on the environment for the benefit of all species.



Marbled White
Iain H Leach

Objectives and activities

Year to 31 March 2015

Our Strategic Aims for 2020 (continued)

- 4) Raise widespread awareness amongst the public and especially young people, about the role of butterflies and moths in contributing to a healthy environment and the need to conserve them now and in the future.
- 5) Play a major role in establishing sustainable resourcing for Butterfly Conservation Europe to fulfil a long-term role of conserving butterflies and moths across Europe.
- 6) Use our influence to support wider initiatives to conserve a healthy environment and ensure a secure future for both wildlife and people.
- 7) Significantly expand our member and supporter base to generate sustainable funds and give Butterfly Conservation a stronger voice at national and local levels. Our aspiration: 100,000 members/supporters.
- 8) Continue to develop our volunteer, branch and external networks so that they contribute significantly to all the above outcomes as well as addressing local needs.
- 9) Secure the substantial increase in funding and other resources needed to sustain Butterfly Conservation's work in the long term. Our aspiration: £10 million p.a. matched by volunteer effort equivalent to £20 million p.a.



Butterflies and moths are a
vital part of our wildlife



Six-spot Burnet
Rachel Scopes

Our Performance and Plans for the Future

The following section of the Report of Council outlines the wide breadth of work that Butterfly Conservation carried out in England, Wales, Scotland, Northern Ireland and Europe during the period 2014/15. 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 butterflies and moths 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 especially on species most at risk of extinction. 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, and we are involved in conserving our 35 reserves and more than 1,000 other important sites.

As butterflies and moths are good indicators of the health of the environment, our work also has great public benefit and 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 public increasingly know how butterflies indicate the health of our environment. Our work has also contributed to human health and wellbeing by creating a greater number of quality habitats for wildlife that can be enjoyed by a greater number of people.

On the following pages we are pleased to report the key achievements in 2014/15 against our five strategic objectives.



Brown Argus
Heath McDonald

Our Performance and Plans for the Future (continued)

Conserving threatened species in key sites and landscapes

A central part of our conservation strategy is to conserve threatened species that are at the greatest risk of extinction in the UK. We have focussed our effort on 73 key landscapes where we stand the chance of success by making habitats larger, better managed, and better connected. For our rarer species, we provide advice on important individual sites that are vital for their future survival, as well as directly undertaking habitat management in many of our key landscapes. In England, our staff visited over 600 different sites in 2013 (the last full year for which data are currently available), to provide management advice, facilitate agri-environment and woodland grant schemes, oversee management, undertake monitoring and develop new projects. Since 2008 our landscape scale projects have resulted in over 800 hectares of direct habitat improvements on 270 sites. As a result of this work, many threatened species are beginning to recover after decades of decline.

With excellent support from Scottish Natural Heritage and Forestry Commission Scotland we have provided extensive advice for farmers and crofters whose land supports our key species, particular in our Prime Areas for Lepidoptera.

We list below some of the external funders who have supported our projects, but none of them would have been possible without the active support, both financial and volunteer, of all the local Butterfly Conservation Branches.

Key Achievements in 2014/15

As a result of our Dukes on the Edge project, the highly threatened **Duke of Burgundy** has been saved from the brink of extinction in parts of South East England. Once widespread, more than half of its colonies in the region have become extinct in the last 30 years. In the last two years the butterfly has spread to at least six new sites in Sussex thanks to our Dukes on the Edge project funded by Heritage Lottery Fund, SITA Trust Landfill Communities Fund and donations to our Match Pot appeal. In Kent, the Duke was down to just two sites in 2003 but is now found on 12 sites as a result of the project.

Over the last five years, Butterfly Conservation has undertaken management at 27 sites for the **Duke of Burgundy** in the **North York Moors**. Populations have increased on core sites and are now the highest since monitoring began in the mid-1990s. The butterfly has also recolonised two former sites from which it has long been extinct, and been reintroduced at a third, while one new colony has also been discovered. Other colonisations have involved Dingy Skipper, Green Hairstreak and Pearl-bordered Fritillary.

The globally endangered **Large Blue**, has received a new lifeline from our work in the Polden Hills landscape of Somerset. This butterfly, which became extinct in the UK in 1979, has been reintroduced to a number of sites and has now naturally colonised a new site thanks to our work restoring the limestone grasslands that support both its Wild Thyme foodplant and the host ant species on which its caterpillar depends. This project has proved a huge success, considerably increasing the area of suitable habitat for the Large Blue, helping to ensure that the species will be able to survive future climatic changes.



Duke of Burgundy
Peter Eeles

Our Performance and Plans for the Future (continued)

Conserving threatened species in key sites and landscapes (continued)

Key Achievements in 2014/15 (continued)

Another highly threatened butterfly, the **Wood White** has responded well to management of woods across Northamptonshire, funded by SITA Trust and Grantscape (Mick George Landfill Community Fund) and donations to our Match Pot appeal. More than 9km of rides have been opened up in seven woods to create sunny edge habitats that are needed for successful breeding. The response has been remarkable with a ten-fold increase in adults in the last five years.

In Cumbria, populations of one of the UK's rarest moths, the **Netted Carpet**, are thriving again thanks to management by the National Trust with help and support from Butterfly Conservation and the University of Reading. The larvae feed on Touch-me-not Balsam and a key discovery is that the plant regenerates particularly well when soil is disturbed by winter trampling. Following the introduction of cattle on several sites at Coniston by the National Trust, both foodplant and larval numbers have increased substantially in the last decade. In recent years the partnership has also re-introduced the moth to sites around Derwent Water where it is now re-established.

Under our **Two Moors Threatened Butterfly Project**, we have monitored 110 sites, ensured positive management on 44 sites and held 28 volunteer work parties, training workshops and guided walks. As a result, the **High Brown Fritillary** had an excellent year in the Heddon Valley on Exmoor, with higher counts than in recent years and confirmed sightings at two sites where the butterfly has not been recorded since the 1990s. Record numbers were also seen at some sites in the Dart Valley on Dartmoor.

Since 2007, Natural England, Butterfly Conservation and partners have reintroduced the **Marsh Fritillary to eight Cumbrian sites** which had been brought into favourable management. At the start of this project, the Marsh Fritillary population in Cumbria had dwindled to a single larval web; in autumn 2014 over 2,000 webs were counted by volunteers.

In Scotland's Central Belt, **peatland habitats** provide homes for rare butterfly species such as the Large Heath and Small Pearl-bordered Fritillary. Past drainage, afforestation and peat cutting has left many of these sensitive habitats in danger of becoming too dry to support the specialised flora and fauna that usually thrive there. This year our dedicated team of volunteers dubbed the '**Bog Squad**', has been working hard to restore six lowland peatland sites across central Scotland, installing more than 50 water-retaining dams and clearing over five hectares of scrub along the way.



Habitat restoration in Brecks, Norfolk



High Brown Fritillary
Peter Eeles

Our Performance and Plans for the Future (continued)

Conserving threatened species in key sites and landscapes (continued)

Key Achievements in 2014/15 (continued)

In Wales, habitat management has focussed on Marsh Fritillary, High Brown Fritillary and Brown Hairstreak, and on woodland sites that have been managed by Natural Resources Wales for a range of priority butterflies and moths.

Our Future Priorities

Our main priority is to continue taking action for threatened species at a landscape scale which is vital to ensure their long term survival. We will also focus effort on key remaining sites for very rare moth species where specific management is essential to ensure survival.

The strategic framework for our conservation effort is provided by our Country and Regional Action Plans. These were produced at the turn of the millennium and we have begun the process of reviewing them. We are working closely with our Branches and through this process will reassess species' priorities and progress in delivering conservation across key landscapes, with a view to identifying potential new projects.

In 2015/16 we will continue to deliver landscape projects on the Morecambe Bay Limestones and the North York Moors in Northern England to conserve threatened fritillaries and the Duke of Burgundy.

In the East of England, management of lowland heathland near Ipswich will continue to help the Silver-studded Blue.

In South East England, a landscape project to reverse the decline of the Duke of Burgundy on the Chilterns has started and a new project to conserve the Pearl-bordered and Small Pearl-bordered Fritillaries in three different parts of Sussex has recently commenced.

In South West England, conservation effort on Dartmoor and Exmoor will continue into its second decade through the 'Two Moors Threatened Butterfly Project' and with a much wider 'All the Moor Butterflies' project encompassing Bodmin Moor beginning in 2015. Work to conserve the Large Blue in both the Polden Hills and the Cotswolds continues and a new project on the Isle of Portland will commence to restore habitat for the Silver-studded Blue.

In the West Midlands we have started to develop a new project to reverse the decline of the Wood White in one of its national stronghold areas in Shropshire, Herefordshire and Worcestershire.

In Scotland we are embarking on a new project to provide advice covering more than 20 key species on the vast Forestry Commission Scotland estate. This includes not only open woodland species such as Kentish Glory and Dingy Skipper, but species such as Narrow-bordered Bee Hawk-moth and Small Blue, which have significant populations that occur in clearings and forestry tracks.



Our Performance and Plans for the Future (continued)

Conserving threatened species in key sites and landscapes (continued)

Our Future Priorities (continued)

In Wales we will continue with key landscape projects through a new Joint Working Partnership with Natural Resources Wales. This will involve on-going work with private landowners to restore Marsh Fritillary habitat on a failed forestry plantation on the border of Neath, Port Talbot and Powys. We are developing further projects to restore more former High Brown Fritillary sites and to expand habitat management for a suite of scarce butterflies and moths in Monmouthshire.

In Northern Ireland we are developing an exciting cross-border Marsh Fritillary project with our partners in the Republic of Ireland. This initiative will identify the core range of the butterfly across northern counties and ensure targeted conservation action can be taken that will not only benefit this European protected species but other priority Lepidoptera such as Dingy Skipper and the Narrow-bordered Bee Hawk-moth. Throughout May and June 2015 we undertook ground-breaking work on the Cryptic Wood White in Northern Ireland, to research the ecology of the species and learn more about its mobility and habitat preferences.



Our main priority is to continue taking action for threatened species at a landscape scale



All our projects are delivered in partnership with government agencies, local councils, other NGOs, landowners, land managers, contractors, our local Branches and volunteers



Emperor Moth
Iain H Leach

Our Performance and Plans for the Future (continued)

Building the evidence base

In order to conserve butterflies and moths successfully, we need to base our work on sound scientific evidence. There are many challenges ahead, with the continuing loss of habitats, threats from climate change and from pesticides such as neonicotinoids that have been shown to have a serious effect on beneficial pollinating insects such as bees. There are also opportunities including new agri-environment schemes following reform of the EU Common Agricultural Policy.

Key Achievements in 2014/15

During the year, we created a Science and Research Directorate to bring together our Species Advisory Team with our Recording and Monitoring Teams. The aim is to ensure that we base our conservation effort on the best available evidence.

Our recording schemes, which collate records from thousands of volunteers, are the bedrock of our science work. A major milestone was hit this year when butterfly records reached 10 million, with records going back to 1690. But even this impressive total is outstripped by records from the National Moth Recording Scheme which reached the unprecedented total of 18.6 million. Together, these schemes provide the largest dataset on insects available anywhere in the world.

We have developed a new smartphone app which allows recorders to submit butterfly records directly from the field into a central database. The app has had extremely positive reviews from users and over 2,100 recorders submitted 30,000 records during the year. We expect these figures to grow substantially during 2015/16.

In April 2014 we held our largest ever international symposium, with 238 delegates from 28 countries and over 80 fascinating presentations from across the world. Keynote speakers reported on crucial topics such as the impact of GM maize on the iconic Monarch butterfly, how landscapes can be improved for moths, and the enormous scientific value derived from the long running UK Butterfly Monitoring Scheme. A selection of scientific papers from the Symposium have been included in a special issue of the *Journal of Insect Conservation*.

We have formed a partnership with the University of Kent for a Research Associate to be based with Butterfly Conservation to help build our capacity to analyse Butterfly Conservation's wealth of scientific data. We plan to develop new analytical techniques and produce a new suite of indicators as well as improve our ability to generate trends for our target sites and species.

We have also collaborated with 10 other Universities and Institutes on research into Lepidoptera. This includes supporting a PhD student at the University of Hull who is conducting research into the role of moths as pollinators and the impact of light pollution, a possible factor causing the decline of moths. As a result of these projects, we published more than 15 papers in leading scientific journals in addition to over 30 reports.



Green-veined White
Iain H Leach

Our Performance and Plans for the Future (continued)

Building the evidence base (continued)

Key Achievements in 2014/15 (continued)

We held the fourth meeting of Butterfly Conservation Europe partners to celebrate 10 years since the foundation of this pan-European sister organisation. Over this time, we have established a network of 45 partners in 36 countries, many doing active conservation work, monitoring butterflies in the field, engaging with the public and increasing knowledge. We are encouraging the development of Butterfly Monitoring Schemes in other countries. Schemes now exist in 22 countries, providing vital information on the state of butterflies across Europe. We have produced several important documents that help us to explain the decline and rapid changes occurring in butterfly populations across the continent.

Our Future Priorities

Having collected five more years of recording and monitoring data from 2010 to 2014 we will publish a new State of Butterflies report in the UK in 2015. This series of five-yearly reports is hugely influential, not just in setting our conservation priorities for the years ahead but in helping to inform policy makers, landowners and the public about our butterflies and the efforts made to conserve them. For the first time, we will also produce country reports for the devolved administrations.

We will continue to run our world-renowned recording schemes and work towards publishing the first ever UK national Moth Atlas to help celebrate Butterfly Conservation's 50th Anniversary in 2018, and a new Butterfly Atlas after the next five year recording period.

Our new Science and Research strategy will guide an exciting period of growth in this area as we seek to expand our collaborative work with Universities and Research Institutes. Our partnership with the University of Kent will increase our capacity to understand and use our extensive data sets.

Working with Butterfly Conservation Europe, we will encourage and support the expansion of butterfly monitoring throughout Europe to enable the continuing development of European as well as UK indicators.



Green Hairstreak
Matt Berry



We will continue to run
our world-renowned
recording schemes

Our Performance and Plans for the Future (continued)

Nature Reserves

Butterfly Conservation has a network of 35 reserves across the UK covering 785 hectares of key butterfly and moth habitat. They are managed with the help of our local Branches and volunteers and our partner organisations. We use these reserves to safeguard sites for threatened species, demonstrate good habitat management for Lepidoptera and other wildlife, and provide places where the public can enjoy butterflies and moths.

Key Achievements in 2014/15

This year saw the formal opening of our fantastic new nature reserve, **Rough Bank**, in Gloucestershire. It is home to a wonderful array of wildflowers as well as many butterflies and moths. At its opening in August, this flagship reserve was awarded the prestigious National Nature Reserve (NNR) status by Natural England; a designation only awarded to the most ecologically rich and important sites in the country.

At **Prees Heath** in Shropshire, our work to restore heathland from former arable land is looking very promising. Not only are the fields ablaze with purple heather but we had the first ever direct evidence this year of breeding by the rare Silver-studded Blue on the restored fields adjacent to the existing colony, when a caterpillar was found by a local student. This is the last colony in the whole of the English Midlands so expanding its habitat away from the existing runway strip will help ensure its long term survival. Two other species have also been added to those seen on the reserve – Green Hairstreak and Essex Skipper.

Our monitoring data showed that UK Priority Butterflies are doing significantly better on our reserves than on other sites, illustrating that our efforts are being successful on a broad scale. Species that are thriving especially well on our reserves include the Grizzled Skipper, Dingy Skipper and Small Blue.

It is not just butterflies that are doing well on our reserves. **Oaken Wood** in Surrey is the last UK site for the Betony Case-bearer, a micro-moth whose larvae live in “cases” on Betony. Thanks to conservation effort funded by Biffa Award, staff and Surrey Branch volunteers have worked together to double the area of suitable habitat in the last few years.

At **Mabie Forest** near Dumfries, the Pearl-bordered Fritillary is thriving extremely well, thanks to management work undertaken by Forestry Commission Scotland with our input. A run of favourable springs has allowed this beautiful butterfly to expand away from core areas to other parts of this working mixed forest.

Work continued to restore our new Wales reserve extension at **Median Farm** with cattle grazing for the first time in five years improving the habitat conditions for the Marsh Fritillary.

We encourage **visitors** to our nature reserves and many thousands come to enjoy butterflies, moths and other wildlife. We also run a series of field trips and educational events for schools and youth groups.



Small Blue
Rob Solomon

Our Performance and Plans for the Future (continued)

Nature Reserves (continued)

Our Future Priorities (continued)

Our main priority is to ensure that our nature reserves are managed in the best possible way to maintain their threatened butterflies, moths and other important wildlife species present. To achieve this during the year we plan to start a strategic review of the management and monitoring of our reserves.

Our Branches and volunteers will continue to organise work parties on our reserves and engage local people with our important conservation work. We will also try to assess the reasons for visits and evaluate people's experiences.

At our Wester Moss reserve near Stirling, we will be undertaking some major work to reduce water leakage from this important lowland peatland site.

We are hoping to buy an important site in Somerset that is close to one of our existing nature reserves. This will help us protect these sites and their important wildlife for future generations.



Chalk Hill Blue
Iain H Leach



Our Performance and Plans for the Future (continued)

Advocacy

The future of our butterflies and moths and other wildlife is strongly affected by Government and other policies that affect land use and the health of the environment. Butterfly Conservation works with a wide range of other organisations to help improve these policies not just for wildlife but also to ensure the future survival of life on Earth.

Key Achievements in 2014/15

We followed the ground-breaking State of Nature report published in 2013 with a Conference for Nature at Westminster in 2014, which brought together business leaders with other sectors of society to plan a better future for our wildlife. The Conference was organised by a consortium of NGOs and was addressed by our President, Sir David Attenborough. Sir David's key message was that the future was in our hands and that it was vital for all concerned about nature and the environment to work together to save the future beauty of the natural world.

In addition a State of Nature Conference was held in Scotland.

In Wales we have been working to ensure that a viable Nature Recovery Plan is developed, as well as representing the interests of butterflies and moths on the Wales Biodiversity Strategy Board and Pollinators Taskforce.

We have supported a campaign, spearheaded by the Royal Society for the Protection of Birds and The Wildlife Trusts for a Nature and Wellbeing Bill in England to ensure the protection of wildlife and wild spaces, and the future health of the nation. We backed a Rally for Nature in Westminster and efforts for all political parties to make commitments to save nature in their manifestos.

In Northern Ireland we have been working closely with the National Biodiversity Data Centre in Waterford to help develop and promote the All Ireland Pollinator Plan. We held a two-day 'Pollinator Pow-wow' event with a mix of international and local speakers, promoting a wide range of ways to engage with pollinators, including of course, butterflies and moths.

In Scotland we have been working with Wildlife and Countryside LINK colleagues to make our politicians more aware of our work and the threats our species face. More than half of the Members of the Scottish Parliament (MSPs) are now 'Species Champions', 14 of whom have adopted a butterfly or a moth.

Across the UK we have worked with agriculture departments and agencies to help design new agri-environment schemes that provide grants to farmers for managing land in an environmentally sensitive way, including maintaining important wildlife habitats. Most successfully in England, the new Countryside Stewardship Scheme contains a financial supplement for owners managing sites for 11 Priority butterflies and 24 Priority moths that are associated with farmland. We are now working with Natural England under the Farmland Butterfly Initiative to help provide advice for farmers entering the new scheme. In Scotland the scheme is more closely targeted, and this includes some key butterfly and moth habitats. We are also working with Butterfly Conservation Europe to support the European Habitats Forum work on improving European environmental policies and practice.



Elephant Hawk-moth
Iain H Leach

Our Performance and Plans for the Future (continued)

Advocacy (continued)

Our Future Priorities

During the coming year it will be important to work with the Government to improve wildlife and environmental policies. We will work with partners in the four Countryside Links to promote wildlife friendly policies. In England we will support our NGO partners in promoting the Wildlife and Wellbeing Bill and the Environment Bill in Wales.

We will also contribute to follow up work with the State of Nature partnership and produce reports on the drivers of change in our wildlife and possible solutions.

We will continue work in all four UK countries to develop their agri-environment programmes and make sure they deliver for butterflies and moths.



Adonis Blue
Tony Cox

Our Performance and Plans for the Future (continued)

Engaging Our Supporters

Butterfly Conservation relies on the passion and commitment of more than 15,000 volunteers, co-ordinated through our network of 32 Branches. Our Branches run a comprehensive programme of events such as field trips, talks and, work parties on reserves, as well as co-ordinating recording and monitoring activities. We owe them a huge debt of gratitude for this ongoing commitment to conserving butterflies and moths.

Key Achievements in 2014/15

Volunteers & Education

During 2014/15, our volunteers contributed a huge effort to our work, amounting to **168,317 days, equivalent to £10.54 million**. We have appointed a Branch Support Officer to help develop our Branch network, share best practice and provide training and materials. We have also increased the capacity of our Media Team to promote our work to a wider audience, including via social media, our website and regional publicity. In addition, we have increased the capacity of our fundraising and membership teams to raise more funds and supporters of our work.

This year's **Big Butterfly Count** reached more people than ever before: over 45,000 people took part and over 560,000 of the target butterflies and moths were counted. The smartphone app, launched last year, has already made an impact and over a quarter of all results submitted were sent directly from recorders' phones. Over the last five years, the count has engaged a large cross section of the public, including over 370,000 who visited the website, over 170,000 who downloaded the ID chart, and 125,000 people who have taken part. This cements the project as the largest survey of butterflies in the world.

Our flagship education project **Munching Caterpillars** has gone from strength to strength. Through visiting schools, and attending events, the aim of the project is to engage and enthuse children about the wonderful world of butterflies and moths and their fascinating life cycles. This year, the team has run 66 workshops in 14 schools across Dorset and Somerset, providing children with an opportunity to learn about, view and handle live specimens. In 13 of these schools, the team has also helped the children to develop their own butterfly-friendly gardens by planting caterpillar food plants and nectar-rich flowers. In total during 2014/15, the team has engaged with more than 4,000 children.

Our **Cheshire and Peak Branch** has a dedicated volunteer who has also worked with five primary schools in the Northwich area with the aim of getting children closer to nature. These children are growing plants to attract butterflies (fuel stations) and caterpillar food plants (munch boxes) so that they can watch the full life cycle of the insects. The schools are also being advised on how to plant areas to encourage butterflies and other pollinators.



Marbled White
Iain H Leach

Our Performance and Plans for the Future (continued)

Engaging Our Supporters (continued)

Key Achievements in 2014/15 (continued)

Membership & Supporter Development

We have continued to build on the success of our Supporter Development Plan, introduced in 2013/14.

Membership has risen by 75% since 2010, standing at just under 26,000 members at 31 March 2015. Our retention rate remains steady at 90%. The resulting growth in membership income continues to help increase our unrestricted funds, leading to our highest ever annual expenditure on our core objectives. The external fundraising environment remains uncertain and highly competitive, making this income more important than ever.

An extensive survey of our members helped inform a review and upgrade of our welcome pack and led to improved membership communications. More efficient and streamlined member processing has enabled us to reduce servicing costs per member.

We have also seen an increase of 25% in our Life Benefactors and have introduced a campaign to uplift members to our annual Benefactor category.

The Match Pot Appeal broke all previous records, resulting in nearly £200,000 of donations. This income will have a major impact on our ability to carry out and develop new conservation projects during the coming year.

Legacy income modestly increased again in the year to £562,073 (3% increase from 2013/14). An additional £12,000 was donated in memory of loved ones.

The Online Shop benefitted from a real boost in sales following a successful Christmas campaign.

We are indebted to our members and donors for their loyal support and generous donations – their help enables Butterfly Conservation to improve the health of our environment and restore habitat to conserve some of our most threatened butterfly and moth species.



Six-spot Burnet
Rachel Scopes

Our Performance and Plans for the Future (continued)

Engaging Our Supporters (continued)

Key Achievements in 2014/15 (continued)

Fundraising

A new Head of Project Fundraising and two new Fundraising Officers were recruited in the year. This increased capacity puts us in a much stronger position to meet the challenges of an increasingly competitive funding environment and to maximise the available fundraising opportunities.

Butterfly Conservation has continued to submit funding bids to a range of funders including the Landfill Communities Fund, Heritage Lottery Fund and Charitable Trusts. However, changing criteria within the Landfill Communities Fund combined with reductions in other funding pots mean that in the future we may not be able to depend so much on these funding streams as main sources of income for our conservation work.

During the year Landfill Communities Fund provided key funding for a number of projects. They included new grants from Biffa Award to secure the Large Blue in the Poldens; funding from Devon Waste Management, via Grantscape, to secure populations of Pearl-bordered Fritillaries in their stronghold of Devon; and support from Veolia Environmental Trust to restore suitable breeding habitat for the Striped Lychnis at Magdalen Hill Down.

The Heritage Lottery Fund has also played an important role in our work, providing a grant to support our Sussex Fritillaries project and funding for the development phase of a significant three-year project to safeguard seven of Britain's most threatened species across Dartmoor, Exmoor and Bodmin Moor. When the development stage is successfully completed, we hope to secure further funding for the delivery phase of this project.

We have been successful in securing new partnership working agreements with Natural Resources Wales and Scottish Natural Heritage.

In 2014/15 we started working with the Royal Society for the Protection of Birds and other wildlife NGOs to develop a fundraising application for a new collaborative £6 million species project in England, which we hope will be submitted in 2015/16.

We have introduced a new corporate strategy, revamped our corporate membership scheme and started to proactively research and approach companies which have a clear link to our work.



Our Performance and Plans for the Future (continued)

Engaging Our Supporters (continued)

Key Achievements in 2014/15 (continued)

Media & Raising Awareness

During the year we have made huge strides to develop a dynamic Media Department offering multimedia content to support major campaigns whilst raising awareness of Butterfly Conservation both regionally and nationally.

We created a new post of Regional Media Officer, which has generated a consistently high level of regional media coverage and raised awareness of the fantastic work of our Branches, our country and regional staff and our UK-wide projects. More than 50 regional press releases were generated from April 2014 and 85% of Branches are now active on both Facebook and Twitter.

For the first time, all key media campaigns are now fully supported with integrated video content. The standard of these videos has been sufficiently high that Sky News, ITV and BBC Breakfast ran our footage as part of wider packages on their national networks. As we operate in a crowded media market, offering high quality video content to our audiences for all national as well as major regional media campaigns is an absolute necessity.

Presenting a unified, engaging and consistent 'brand' is hugely important for Butterfly Conservation to influence environmental NGO peers, current and prospective funders, current and prospective members, decision makers and the wider public. We have created our first ever Brand Guidelines which will dovetail with and help Butterfly Conservation to achieve its 2020 strategy aims.

We have continued to generate high levels of national print and broadcast coverage for our major campaigns. The advertising value equivalent (AVE) for coverage for the 2014 Big Butterfly Count alone stood at just over £1.8 million with more than 570 print articles and 104 broadcast pieces generated.

'All Aflutter', Butterfly Conservation's regular email newsletter, has developed into a key engagement tool with regular features such as 'gardening' and 'what to see sections' generating significant click-through rates. As of March 2015 there are 67,700 monthly recipients of the e-newsletter compared to 52,551 for April 2014. 'All Aflutter' now carries video content when appropriate as well as guest articles from partners. This has helped widen the appeal of the newsletter to our readers.

We have continued to outperform much larger wildlife NGOs on both Twitter and Facebook. We now have 28,900 followers on Twitter (a rise of 45% from the previous year) and 38,000 'likes' on Facebook (a rise of 131% from the previous year).

Our new website continues to develop with the number of individual users visiting the site up 54% from 314,825 in April 2014 to 483,629 in March 2015. Development of the 'In Your Area' section of the website has resulted in more online content that is regionally specific. News, information about events, local contacts and web communities can be found with a simple postcode search, giving visitors a more personal and relevant experience.



Duke of Burgundy
Peter Eeles

Our Performance and Plans for the Future (continued)

Engaging Our Supporters (continued)

Key Achievements in 2014/15 (continued)

Media & Raising Awareness (continued)

The evolution of our *Butterfly* magazine continues with gardening writer Kate Bradbury, nature writer Peter Marren and wildlife writer Nick Baker now established as columnists. Following reader feedback, new features have been incorporated including the seasonal 'what to see' section. All major sections have had a re-design to modernise the look and feel of the publication.

We have raised awareness of the fantastic work of our Branches



Our Performance and Plans for the Future (continued)

Engaging Our Supporters (continued)

Key Achievements in 2014/15 (continued)

Our Future Priorities

Our volunteers will continue to be the foundation of our conservation action and monitoring activity. We will continue to develop our Branch network and further develop links between our active volunteers and Butterfly Conservation staff. We will introduce a new newsletter on the UK Butterfly Monitoring Scheme and give guidance to Branches on the contribution they can make in the implementation of our 2020 vision.

We will develop a new Education Strategy when our funding for the Munching Caterpillars project ceases at the end of 2015. We envisage developing new partnerships to promote our work as well as using our Branches and volunteers to continue working with local schools and providing information to children and families at shows and events. We will also be working closely with Learning Through Landscapes on their UK-wide Heritage Lottery Fund funded project Polli:Nation. This project will inspire young people across the UK to take action for pollinators by developing their identification and recording skills, encouraging creation of habitat on school grounds, and lobbying for positive action for pollinators in their local communities. We will be directly delivering this project in Northern Ireland on behalf of Learning Through Landscapes.

With the continued uncertainty about future statutory agency grant funding, increasing our membership numbers and growing our unrestricted income will be major objectives for 2015/16. This will ensure that we can build our financial reserves to continue our essential future conservation work. Understanding the needs and priorities of our members and supporters is crucial. We plan to increase engagement with them and seek their views on our work and how well we perform. During 2015/16 we plan to increase membership by at least 12% and maintain our excellent retention rate of 90%. We will also run two major raffles, one in the summer and one at Christmas, as well as introducing new fundraising initiatives to increase income. A series of events is programmed to engage with our key supporters, and we hope this, alongside an appeal to purchase a new nature reserve and our ever popular Match Pot appeal in the autumn, will have a positive effect on our donation income for the year. We will continue to add to the range of superb products on offer in our online shop and maximise opportunities to increase sales in the run up to Christmas.

The fundraising priorities for this year will focus on supporting our conservation work by raising £1.3 million towards project funding from major sources such as Landfill Communities Funding, Heritage Lottery Fund, Charitable Trusts, major donors and European funding, for example, INTERREG.

Corporate fundraising will continue to be a major focus. We will research and engage with those larger organisations that have the capacity to support larger projects, such as Big Butterfly Count.



Our Performance and Plans for the Future (continued)

Engaging Our Supporters (continued)

Key Achievements in 2014/15 (continued)

Our Future Priorities

In 2015/16 we will continue to increase awareness of butterflies and moths. Using social media and the support of our Branches and volunteers we hope to reach new audiences, including those in urban areas, with new citizen science initiatives. We will continue to develop our highly successful citizen science project Big Butterfly Count and we will be launching a new public engagement campaign – Plant Pots for Pollinators. Maintaining our already high level of press coverage both nationally and regionally will remain a priority objective for the Media Department. By March 2016 we will introduce a digital marketing strategy that will ensure we take advantage of new tools and technologies to help us engage with our supporters and ensure Butterfly Conservation keeps abreast of the fast moving digital world. We will review and improve Butterfly Conservation’s website and we plan to increase video content in our communications.



Emperor Moth
Iain H Leach



Help stop butterflies and moths disappearing

Your support can reverse declines and prevent further extinctions, creating a healthier and more colourful world for all of us.

Sign up to our email newsletter for the latest butterfly and moth news, gardening hints and tips, special offers and free resources to help you support our work butterfly-conservation.org/enews

Whether you have five minutes or five thousand pounds to give, you can help save butterflies, moths and the environment.

- **Donate** – Every penny counts in the struggle to save our most threatened species. Your generosity can secure the future for butterflies and moths.
- **Join** – Become a member and add your voice to the 26,000 others already supporting our work.
- **Remember us in your Will** – every gift, whatever the size, makes a real difference to our conservation work and will help ensure that future generations experience the joy of watching butterflies and moths in the wild.
- **Garden** – You can provide food and shelter for butterflies and moths even in a small outdoor space. Let us inspire you to transform your patch into a wildlife haven.
- **Volunteer** – There are opportunities to contribute to our work across the UK, with tasks for all ages and abilities - from photocopying to fence-building.
- **Monitor** – Whether you take part in the Big Butterfly Count in the summer or record moths all year-round, you can help us to learn more about which species need the most help.
- **Shop** – Buy beautiful books, clothes, home and garden wares from our online shop where 100% of the profits are used to fund vital conservation work.
- **Fundraise** – by fundraising for Butterfly Conservation whether running a marathon or selling delicious cakes, you can be confident that the money you raise will make a real difference to the long-term future of our threatened butterflies and moths.

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

Strategic report

Year to 31 March 2015

Risk management

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

During 2014/15 we have further strengthened our risk management framework. Council members receive regular reports on serious strategic risks to Butterfly Conservation and the actions taken to control them. The Strategic Risk Register is reviewed at each Council meeting.

Council has taken all reasonable steps to ensure major risks are identified and recorded in the Strategic Risk Register and that there are systems 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 each year to ensure that, over a period, 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.

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.

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:

- 1) Minimise the environmental effects caused by our operations and activities, by using energy and natural and non-renewable resources efficiently, and minimising waste and pollution.
- 2) Ensure staff use public transport wherever possible.
- 3) Select the most fuel efficient cars for use on essential fieldwork.
- 4) 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.
- 5) Establish recycling and composting facilities for all appropriate waste in each of our offices.
- 6) Demonstrate high standards of environmental care in the management of our reserves.
- 7) 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.

Green Hairstreak
Matt Berry

Financial overview

Against the backdrop of a generally difficult fundraising environment it is very pleasing to report that in 2014/15 –

- Our expenditure on conservation rose by 9.5% to a record level of £2.73 million;
- Our total expenditure rose by 11.5% to a record level of £3.46 million; and
- Our financial reserves increased by £260k to £1,164k, significantly closing the gap with our target figure of £1,250k.

These important achievements were made possible by the success of our fundraising activities across a very wide range in a financial climate which remained very challenging. While the statutory conservation agencies in all four parts of the United Kingdom remain under tough budgetary pressures, latterly most evident in Northern Ireland but almost certainly with more cuts to come in England & Wales, the quality of our work and the strong reputation of our staff and volunteers have stood us in good stead. We are extremely grateful to all these agencies for their continued support for our work.

Our members and supporters have contributed in full measure throughout the year as may be seen in the recruitment and renewal rates for members, in the spectacular success of our latest Match Pot Appeal, which has raised c£200k, and from the legacy income of £562k, up by £18k from last year's record of £544k. This expression of concern for the future of butterflies and moths and the determination that we can be trusted to be able to do something positive about it are both very encouraging.

The Big Butterfly Count project has attracted new supporters, some of whom have become members, some of whom contributed to our appeals and several of whom bought goods from our online shop which was re-launched during the year. Marks & Spencer plc made a generous donation towards the costs of developing the phone recording app and other features of the project, and for this we are most grateful.

There was a positive financial contribution from the International Symposium, details of which appear elsewhere in this report; the full value of this activity cannot be measured in financial terms alone.

On purely financial matters it is unhelpful that interest rates remain at historically low levels but the gentle economic recovery did drive a total return, capital plus income, of 10.5% on our Endowed Fund which was very welcome.

All this fundraising activity, which will continue in full in the current year, exists to support our conservation work. Mention has been made elsewhere in this report of a restructuring of our conservation staff during the year in which, most importantly, the number of staff engaged in this core activity was increased by 5 to 57. This investment supports both our scientific work and local conservation activities in partnership with our Branches and their volunteers.



Small Blue
Rob Solomon

Financial overview (continued)

The value we ascribe to the work of our thousands of volunteers in undertaking conservation, recording, public information etc. is estimated at over £10.54 million and we simply could not exist without it. The direct financial impact in our accounts is, however, quite modest. Branches raise just under £100k through their own endeavours, and also assist Head Office with some project fundraising, to which is added just over £100k from the branch element of membership subscriptions. The directly raised income amounts to around 2.5% of the total income in the accounts and the amount spent by Branches locally on conservation is around 5% of total spending. The great value and contribution of our Branches lies in people's expertise and time being given freely and for free.

In our Designated Funds we hold £348k to support future Branch activity and £1,393k to support over the next two years the Conservation Projects to which we are already committed. We have close to £1,500k from legacies and the Match Pot Fund Appeal and £1,164k in free reserves, to enable us to expand our conservation activity and to make reserve acquisitions such as Rough Bank when the opportunity arises, while continuing to seek project funding in a competitive environment. Every pound is hard won and carefully put to work. We are confident that our team of staff and volunteers will sustain our growing conservation activity, which is so badly needed to help the rapid decline of butterflies and moths.

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 2015 Butterfly Conservation held investments in an Endowed Fund, classified as a fixed asset investment, with a market value (including cash held for re-investment) of £4,869,149 (2014 - £4,559,650) and other investments, classified as current asset investments with a market value of £150,061 (2014 - £147,036). The Endowed Fund is managed by Cazenove Capital Management.

At the start of the financial year management of the Endowed Fund was split between two managers but, as mentioned in last year's report, a recommendation for change had been made to Council. This recommendation, to move to having the whole Fund managed by Cazenove, was accepted by Council and executed between July and September 2014.

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, 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 March 2015.



Chalk Hill Blue
Iain H Leach

Financial overview (continued)

Investment policy (continued)

With growth stagnant in Europe and slowing in emerging markets, the continuing recovery in the USA and to a lesser extent the UK were the only positive economic factors driving investment markets this year. However, the aggressive programme of Quantitative Easing (QE) in Japan throughout the year, and the announcement in December 2014 of a QE programme in the Eurozone, provided upward momentum to asset prices, particularly those of bonds in almost all markets and in US equities in particular.

The total return of 10.5% achieved for the Endowed Fund in the year is viewed as very satisfactory; it showed an outperformance of our internal benchmark of around 1.5%.

Reserves policy

At 31 March 2015 Butterfly Conservation had total funds of £11,332,047 (2014 - £10,732,476).

These funds included our permanent endowment totalling £4,869,149 (2014 - £4,559,650), which was given to provide future income for Butterfly Conservation.

Restricted funds totalled £1,379,469 (2014 - £1,588,843) and represented assets, including freehold nature reserves, purchased in accordance with the terms of specific gifts amounting to £558,024 (2014 - £620,407).

Butterfly Conservation's unrestricted funds at 31 March 2015 amounted to £5,083,429 (2013 - £4,583,983).

However, these funds include £20,000 (2014 - £9,597) being the retained profits of Butterfly Conservation Trading Limited. These funds also include £688,156 (2014 - £602,022) 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 £3,211,624 (2014 - £3,069,069) in the following funds:

Fund	£
Branch Fund	348,211
Commitments to Conservation Projects	1,392,592
Legacy Fund	1,150,919
Match Pot Appeal Fund	319,902
Total	3,211,624



Elephant Hawk-moth
Iain H Leach

Financial overview (continued)

Reserves policy (continued)

The Legacy and Match Pot Appeal Funds are Head Office designations of past legacies and donations used to finance general expenditure. The Branch Fund comprises monies that Council has committed for work undertaken by Butterfly Conservation's Branches. The Commitments to Conservation Projects comprises of monies that Council has committed to funding key conservation projects over the next two years.

The funds available for meeting ongoing future expenditure therefore total £1,163,650 (2014 - £903,295).

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;
- maintains funds to respond to conservation opportunities.

These funds equate to just over four months' operating costs.

During the year Council has evaluated Butterfly Conservation's financial risk and calculated the financial contribution expected to be made by Butterfly Conservation over the next two years to key conservation projects (£1,392,592). 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 2020 Vision. Considering these factors, Council has calculated that the amount of financial reserves it needs to hold is £1.25 million (2014 - £1.25 million). During 2014/15 we have raised funds to increase the level of our financial reserves by £260,355 whilst also increasing expenditure on our core objectives. In 2015/16 we will continue to implement our fundraising strategy to ensure we maintain our conservation effort and increase funds to achieve the financial reserve target.

Strategic report approved for and on behalf of Council:



Dr Jim Asher
Chair

Approved by Council on: 18 July 2015

Reference and administrative information Year to 31 March 2015

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
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 Mike Dilger Esq Clive P Farrell Esq Julian Gibbs Esq Ian Hardy MVO Anthony Hoare Esq Dr Harold Hughes OBE Dr Stephen Jeffcoate Chris Packham Esq Professor Jeremy Thomas Alan Titchmarsh MBE



Six-spot Burnet
Rachel Scopes

Reference and administrative information Year to 31 March 2015

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
	Michael Johnston
	Alan Martin
	Dr Ian Small
	Sue Smith
	Nigel Symington
	Neil Thompson
	Dr Mark Young

Senior Management Team

Chief Executive	Dr Martin Warren
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Deputy Chief Executive and Company Secretary	Julie Williams
Director of Species & Policy	Dr Nigel Bourn
Director of Conservation & Regions	Dr Sam Ellis
Director, Scotland	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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Brown Argus
Heath McDonald

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 incoming resources and application of resources, including the income and expenditure, of the group for that period. Under company law the members of Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including 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 the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

Council members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. 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.

Responsibilities of Council (continued)

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Council members are responsible for the maintenance and integrity of financial information included on the charitable company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2015 and served throughout that year except where shown:

Council members	Elected / Resigned
Dr Jim Asher – Chair	
Mike Dean – Vice Chair	
David Hanson – Honorary Treasurer	
Dr Andy Barker	Elected November 2014
Andrew Brown	
Kathryn Dawson	
Mike Dean	
David Dennis	Resigned November 2014 (end of tenure)
Roger Dobbs	
Dr Susan Foden	
Michael Johnston	
Alan Martin	Elected November 2014
Dr Ian Small	
Sue Smith	
Dr Simon Spencer	Resigned November 2014 (end of tenure)
Nigel Symington	
Neil Thompson	
Dr Mark Young	

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 5 to the attached financial statements.

Strategy and policy setting

Council determines the overall strategy and policy of Butterfly Conservation. Council meets four times a year. It reviews the Strategy Plan at an annual Strategic Planning weekend.

During the year Council members carried out a comprehensive review of the Committee and Working Group structure. All Terms of Reference were updated.

Following the review Council now delegates some of its powers to three committees: Conservation Strategy, Governance and Investment. They all report to Council. Three working groups: the Branch 2020 Action 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.

Pay & 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. During the year Council members introduced and implemented a new Pay and Remuneration Policy, which states how salary and pay awards are set, including remuneration for the Chief Executive and Senior Management Team.

Further salary banding information on the Senior Management Team remuneration is included in Note 5.

Council members

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

One-third of Council members stand down each year on rotation and new Council members are elected at Butterfly Conservation's Annual General Meeting (AGM) in November. During 2014/15 two new Council members, Dr Andy Barker and Alan Martin, were appointed and three Council members were re-elected for a further three-year term. Two Council members, David Dennis and Dr Simon Spencer, stood down during the year and Council would like to thank them for their valuable contributions.

David Dennis also stood down as Chair when he retired in November after a very busy three year period in office. Under his strong leadership the organisation continued to develop and deliver Butterfly Conservation's 2020 strategy, increasing considerably our conservation effort and our fundraising capacity; membership increased by over 40% during this period. He was the driving force in ensuring better communication links were established between our dedicated volunteers and staff. He was succeeded by the Vice Chair, Dr Jim Asher. Mike Dean was appointed Vice Chair.

Council members (continued)

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. To familiarise themselves with the work of the charity they are invited to attend key meetings and events such as National and Regional Conservation Days and 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 at Head Office.

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.

Adoption of the new Articles of Association

At the Annual General Meeting in November 2014, members adopted the new Articles of Association to replace the existing Memorandum and Articles of Association. For a copy of the Articles of Association please contact Head Office on 01929 400209 or email info@butterfly-conservation.org.

Staff and Branches

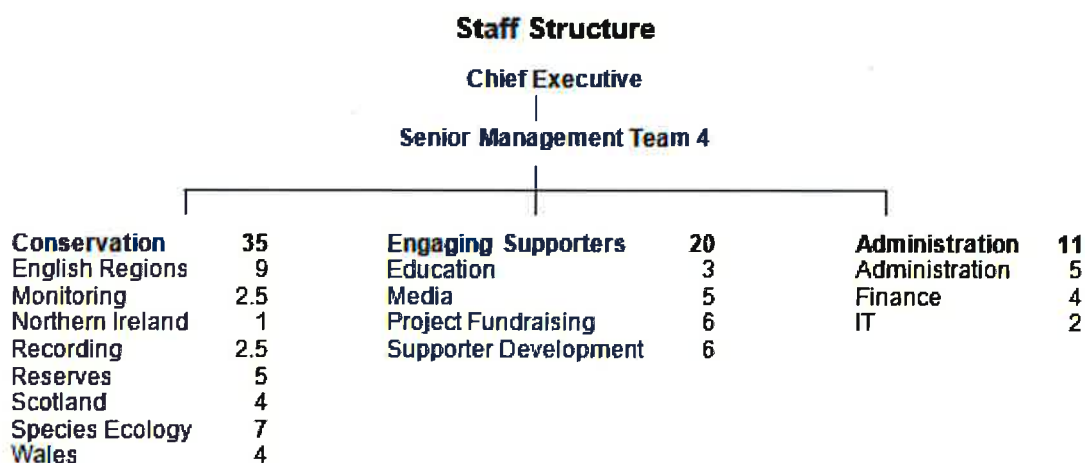
The Chief Executive, assisted by the Senior Management Team, is responsible for the day-to-day management of Butterfly Conservation, acting under authority delegated to him by Council.

During the year we employed on average 68 members of staff (62 in 2013/14) 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.



Emperor Moth
Iain H Leach

Staff and Branches (continued)



This chart shows the number of staff employed (71) at 31 March 2015 (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 National and Regional Conservation Days.

The Branch 2020 Action Group worked throughout the year to help develop a pool of expertise and working practices in local Branches.

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.

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 2015 the donation amounted to £79,878 (2014 - £29,446).



Green-veined White
Iain H Leach

Thank you

We are extremely grateful to those individuals and organisations who have so generously supported the charity in 2014/15. On behalf of everyone at Butterfly Conservation we would like to thank the following for their support:

AECOM UK Limited
Alton & District Probus Club
Alys & Graham Ferguson Trust
Anglian Water Services Limited
Arnside & Silverdale AONB Partnership
Ashtead Horticultural Society
Balmain Charitable Trust
Barclays Community Programme
Basingstoke NHS
Belvoir Fruit Farms Limited
Besselsleigh Wood Group
Biffa Award
Blackdown Hills AONB
BP Foundation
Bridport & District University of the Third Age
British Entomological and Natural History Society
British Wildlife Publishing
Carmarthenshire County Council
CC Group Communications Limited
Cecil Pilkington Charitable Trust
Cemex UK Materials Limited
Ceredigion County Council
Chapman Charitable Trust
Clacton & St Osyth Bird Watching Society
Clark Bradbury Charitable Trust
Cole & Son Limited
Coln Park LLP
Cornwall AONB
Creature Candy
Dartmoor National Park Authority
Defence Infrastructure Organisation
Dorset AONB Sustainable Development Fund
East Yorkshire Birdwatchers
Easyfundraising.co.uk
Ecotricity Group Limited
Environment Agency
Esmée Fairbairn Foundation
Everyclick Limited
Exmoor National Park Authority
Ferring Afternoon Townswomens Guild
Focus Optics
Forestry Commission England
Forestry Commission Scotland
Fortis Remote Technology
Fox and Hounds, Cattistock
Fox Lane Market Garden Co-operative
Freedom Civil Asset Management
Friends of Portsdown Hill
Gearchoille Community Wood
Gloucestershire Wildlife Trust
Grange & District Natural History Society
Grantscape (Coastal Recycling Community Fund)
Grantscape (CWM Community & Environmental Fund)
Grantscape (Mick George Community Fund)
Green Gardeners
Green Team
Green Tokens Scheme
Greenwings Wildlife Holidays
Habitat Aid
Halstock & District Gardening Club
Hampshire & Isle of Wight Wildlife Trust Limited
Hampshire County Council
Hampshire Wildlife Trust
Harrogate & District Naturalists' Society
Heritage Lottery Fund
Higher Heath Tuesday Club
Holcombe Ladies Evening Club
Ideal Homes
Isle of Wight Stroke Club
John Coates Charitable Trust
John Ellerman Foundation
Kinetica Energy Limited
Kinkerswell Natural History Society
Lantra

Acknowledgements 31 March 2015



Small Blue
Rob Solomon

Laspen Trust
Leicestershire Wildlife Trust Limited
Lower Mole Countryside Trust
Magnox Limited
Marks & Spencer plc
Marsh Christian Trust
Menston Methodist Church
Milborne St Andrew Primary School
Miss K M Harbinson's Charitable Trust
Miss Kathleen Beryl Sleigh Charitable Trust
Mrs M A Lascelles Charitable Trust
Mrs M Maxwell-Stuart's Charitable Trust
National Council for the Conservation of Plants & Gardens
Natural England
Natural Resources Wales
Naturetrek Limited
Newent & District Beekeepers Association
Newmarket Cameo Club
NFU Mutual
North East Yorkshire Ecological Data Centre
Northern Ireland Environment Agency
Northern Ireland Environment Link Challenge Fund
Northumbrian Water
Oakdale Trust
Oxford Ornithological Society
P F Charitable Trust
Peters Trust
Portsmouth City Council
Red Dog Films
Rhondda Cynon Taf Environment Improvement Partnership
Robert Kiln Charitable Trust
Rode Major Horticulture Society
Rowan Bentall Charitable Trust
Royal Entomological Society
Royal Society for the Protection of Birds
Safron Walden Horticultural Society
Scottish Natural Heritage
Sherborne St John Womens Fellowship
SITA Trust
South Brent Birders
South Downs National Park Authority
Southern Gees Trust
Stone & District Wildlife Group
Sunderland & District Gardeners Society
Sussex Wildlife Trust
Teddington Methodist Church
Telegraph Media Group Limited
The Alpine Garden Society East Surrey Group
The Barker Mill Foundation
The Blair Foundation
The Clare Lees Trust
The Conservation Foundation (Wessex Water)
The D G Albright Charitable Trust
The Dartmoor Soap Company
The D'Oyly Carte Charitable Trust
The Ernest Kleinwort Charitable Trust
The Geoffrey Arnold of Longdon Memorial Trust
The Gordon Fraser Charitable Trust
The Hamamelis Trust
The John Spedan Lewis Foundation Trust
The John Swire Charitable Trust
The Leggett Charitable Trust
The Mackintosh Foundation
The Orcome Trust
The Orr Mackintosh Foundation
The P & C Hickinbotham Charitable Trust
The Patsy Wood Trust
The Reverend D B & C A Evans Trust
The Russell Trust
The William Dean Countryside & Educational Trust
Thomas Hardy School
University of Edinburgh
University of York
Vale of Glamorgan County Borough Council
Veolia Environmental Trust
Waitrose Limited
Warwick District University of the Third Age
Waste Recycling Environmental Limited
Wild Life World Limited
William Haddon Charitable Trust
Willow Beauty
Woodpeckers Trust
Wool Women's Institute
Worcestershire Wildlife Trust

Acknowledgements 31 March 2015

Corporate Members

Barnes Common Management Company	Ginger Dragon
Buglife	Holme Nurseries
Coda Systems Limited	Naturetrek Limited
Cole & Son Limited	Orange Aero Limited
Coln Park LLP	Silver Trees Holiday Park
Crowberry Consulting	The Weld Estate
Elm Horticulture Limited	Woodlands.co.uk
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Legacy Gifts

Much of our successful conservation work is underpinned by the generosity of supporters who have left Butterfly Conservation a gift in their Will. All gifts, whatever their size are valuable, making a real difference to the conservation of butterflies and moths.

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

Legacies

Sylvia Amner	Gweneth Mary Grantham
Carolyn Ann Bradley	Elaine Dorothy Holyoake
Dorothy Barnes	Mrs Kirk
John Richard Bell	Susan Mellor
William Edward Caton	Leslie Alfred Ost
John Barrington Cooke	Philip Aaron Pain
Edwin William Henry Gifford	Elizabeth Veith

In Memory Gifts

Mr R Ball	Brian Heaton
Bernice Begbie	Linda Jonas
Sylvia Bell	Professor E Lees
Mr J G Clark	Peter Milton
Robert Christopher Cook	Leslie Oakley
Betty Doughty	Michael O'Leary
Frank Leslie Melville Edwards	John Randall
Brian Oliver Gardiner	Ken Thompson
Peter Gardner	Richard Tustin
Joyce Gifford	Mr J N Williams
Matthew Hamer	Joyce Wilson

Acknowledgements 31 March 2015

If you would like to find out more about leaving Butterfly Conservation a gift in your Will then please call Helen Corrigan direct on 01273 453313 or email hcorrigan@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: 18 July 2015



Elephant Hawk-moth
Iain H Leach

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

We have audited the financial statements of Butterfly Conservation for the year ended 31 March 2015 which comprise the consolidated statement of financial activities, the consolidated summary income and expenditure account, the group and parent charity balance sheets, the consolidated cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Charities Accounts (Scotland) Regulations 2006. 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 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 2015 and of the group's incoming resources and application of resources, including 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 regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Independent auditor's report 31 March 2015

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) 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

29 July 2015

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities Year to 31 March 2015

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2015 Total £	2014 Total £
Incoming resources						
Incoming resources from generated funds	1					
· Voluntary income		944,424	133,040	—	1,077,464	998,062
· Activities for generating funds		105,414	7	—	105,421	70,499
· Investment income and interest receivable		173,449	11,378	—	184,827	231,412
Incoming resources from charitable activities						
· Conservation activities - grants receivable	2	16,372	1,166,377	—	1,182,749	1,265,598
· Contracts and royalties		266,716	107,220	—	373,936	335,194
· Other primary purpose trading		177,325	4,675	—	182,000	95,351
· Membership subscriptions		626,129	—	—	626,129	545,881
Other incoming resources		—	—	—	—	204
Total incoming resources		2,309,829	1,422,697	—	3,732,526	3,542,201
Resources expended						
Cost of generating funds	3					
· Costs of generating voluntary income		145,294	32,767	—	178,061	159,545
· Fundraising trading: cost of goods sold and other costs		59,789	13,469	—	73,258	23,037
· Investment management costs		20,817	4,680	—	25,497	14,912
Charitable activities						
· Conservation		931,749	1,801,500	—	2,733,249	2,497,158
· Membership services		280,530	63,065	—	343,595	306,188
Governance		82,518	18,980	—	101,498	97,610
Total resources expended		1,520,697	1,934,461	—	3,455,158	3,098,450
Net incoming (outgoing) resources before transfers	4	789,132	(511,764)	—	277,368	443,751
Transfers between funds	13	(302,390)	302,390	—	—	—
Net incoming (outgoing) resources before net investment (losses) gains		486,742	(209,374)	—	277,368	443,751
Net investment (losses) gains		12,704	—	309,499	322,203	170,861
Net movement in funds		499,446	(209,374)	309,499	599,571	614,612
Balances brought forward at 1 April 2014		4,583,983	1,588,843	4,559,650	10,732,476	10,117,864
Balances carried forward at 31 March 2015		5,083,429	1,379,469	4,869,149	11,332,047	10,732,476

Consolidated statement of financial activities (continued) Year to 31 March 2015

	2015 Total funds £	2014 Total funds £
Statement of historical cost net movement in funds		
Net movement in funds (page 43)	599,571	614,612
Unrealised gains on investments	(345,020)	(83,646)
Difference between realised gains/losses based on historical cost and the actual realised gains/losses based on the revalued amounts	412,519	90,788
Historical cost net movement in funds	667,070	621,754

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 and therefore no separate statement of total recognised gains and losses has been presented.

Consolidated summary income and expenditure account Year to 31 March 2015

	2015 Total funds £	2014 Total funds £
Total income of continuing operations	3,732,526	3,542,201
Total expenditure of continuing operations	<u>(3,455,158)</u>	<u>(3,098,450)</u>
Net income for the period	277,368	443,751

Total income comprises £2,309,829 (2014 - £1,992,411) for unrestricted funds and £1,422,697 (2014 - £1,549,790) 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 note 3.

The consolidated summary income and expenditure account is derived from the consolidated statement of financial activities on page 43 which, together with the notes to the financial statements on pages 53 to 67, provides full information on the movements during the period on all the funds of the charity.

Group and charity balance sheets 31 March 2015

	Notes	Group		Charity	
		2015 £	2014 £	2015 £	2014 £
Fixed assets					
Tangible assets	7	1,246,180	1,222,429	1,246,180	1,222,429
Investments	8	4,869,149	4,559,650	4,869,150	4,559,651
		6,115,329	5,782,079	6,115,330	5,782,080
Current assets					
Stocks		8,926	8,354	8,256	8,112
Debtors	9	993,220	756,176	1,003,286	788,498
Investments	10	150,061	147,036	150,061	147,036
Cash at bank and in hand					
. Short term deposits and interest bearing accounts		3,528,981	3,632,080	3,528,981	3,632,080
. Current accounts		937,002	769,891	864,378	681,362
		5,618,190	5,313,537	5,554,961	5,257,088
Creditors: amounts falling due within one year	11	(401,472)	(363,140)	(358,245)	(316,289)
Net current assets		5,216,718	4,950,397	5,196,717	4,940,799
Total net assets		11,332,047	10,732,476	11,312,047	10,722,879
Represented by:					
Funds and reserves					
Charitable funds					
Capital funds					
Endowment funds	12	4,869,149	4,559,650	4,869,149	4,559,650
Income funds					
Restricted funds	13	1,379,469	1,588,843	1,379,469	1,588,843
Unrestricted funds					
. General fund		1,163,650	903,295	1,163,649	903,295
. Non-charitable trading funds		20,000	9,597	—	—
. Tangible fixed assets (including freehold nature reserves) fund	14	688,156	602,022	688,156	602,022
. Designated funds	15	3,211,624	3,069,069	3,211,624	3,069,069
Total funds		11,332,047	10,732,476	11,312,047	10,722,879

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: 18 July 2015

Consolidated cash flow statement Year to 31 March 2015

	Notes	2015 £	2014 £
Net cash (outflow) inflow from operating activities	A	(106,119)	432,059
Returns on investments and servicing of finance	B	159,759	225,821
Capital expenditure and financial investment	B	67,813	7,906
Management of liquid resources	B	103,099	(591,930)
Increase in cash	C	224,552	73,856

Notes to the cash flow statement for the year to 31 March 2015.

A Adjustment of net incoming resources for the year before net investment gains to net cash (outflow) inflow from operating activities

	2015 £	2014 £
Net incoming resources for the year before net investment gains	277,368	443,751
Depreciation charge	4,267	3,763
Interest receivable	(25,853)	(58,808)
Investment income receivable	(158,974)	(172,604)
Investments donated during the year	(28,711)	—
Increase in stocks	(572)	(63)
(Increase) decrease in debtors	(211,976)	37,847
Increase in creditors	38,332	178,173
Net cash (outflow) inflow from operating activities	(106,119)	432,059

Consolidated cash flow statement Year to 31 March 2015

B Gross cash flows

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	25,853	58,808
Investment income received	133,906	167,013
	<u>159,759</u>	<u>225,821</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(28,018)	(13,116)
Payments to acquire investments	(1,827,483)	(635,683)
Receipts from the disposal of investments	1,923,314	656,705
	<u>67,813</u>	<u>7,906</u>
Management of liquid resources		
Decrease (increase) in short term deposits	103,099	(591,930)

C Analysis of changes in cash

	At 1 April 2014 £	Cash flows £	At 31 March 2015 £
Cash at bank and in hand	769,891	167,111	937,002
Cash held by investment managers	35,620	57,441	93,061
	<u>805,511</u>	<u>224,552</u>	<u>1,030,063</u>
Liquid resources	3,632,080	(103,099)	3,528,981
Balance at 31 March 2015	<u>4,437,591</u>	<u>121,453</u>	<u>4,559,044</u>

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, and in accordance with the requirements of the Companies Act 2006. Applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in the preparation of the financial statements.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate the financial statements of Butterfly Conservation and its subsidiary company, Butterfly Conservation Trading Limited, made up at the balance sheet date.

Incoming resources and transfers to/from designated funds

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. 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.

Grants from government and other agencies have been 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.

Legacies are included in the statement of financial activities when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified. 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 fund balance, to finance general expenditure. However, if a legacy has not actually been received this part of the transfer is deferred.

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.

Incoming resources and transfers to/from designated funds (continued)

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 and other conservation projects.

Donations of assets, including investments, are brought into the financial statements at their market value as at the time of their gift.

No separate statement of financial activities has been presented for Butterfly Conservation (the charity) alone, as permitted by s408 of the Companies Act 2006 and paragraph 397 of SORP 2005. Butterfly Conservation had total incoming resources of £3,732,526 (2014 - £3,542,201) and net incoming resources of £599,571 for the year ended 31 March 2015 (2014 - £614,612).

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Resources expended comprise the following:

- a. The costs of generating funds comprise the costs associated with generating voluntary income, fundraising trading costs and the fees paid to investment managers in connection with the management of the charity's listed investments. It includes costs that can be allocated directly to such activities and those indirect costs necessary to support them (see d. below).
- b. The charitable activities comprise expenditure on the charity's primary charitable purposes as described in the Report of Council i.e. conservation and membership services.

It includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them (see d. below).

- c. Governance costs comprise the costs incurred with the governance arrangements of the charity. These costs include audit, legal advice, costs associated with meeting constitutional and statutory requirements and the costs associated with the strategic management of the charity.
- d. Support costs are those costs which enable fund generating and charitable activities to be carried out. These costs include finance, human resources, property management and information technology. Where expenditure incurred relates to more than one cost category it is apportioned using the most appropriate basis.

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 an incoming resource 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.

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

Investments are included on the balance sheet at their market value at the end of the financial period. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities 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.

Fund accounting

The endowment funds comprise 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 13 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.

Fund accounting (continued)

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 "incoming resources and transfers to/from designated funds" or in note 15 to the financial statements.

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 stakeholder schemes are charged to the statement of financial activities in the year in which the expenditure is accrued.

Liquid resources

Liquid resources represent term deposit accounts held with banks registered in the United Kingdom.

Notes to the financial statements Year to 31 March 2015

1 Analysis of income from generated funds

Group	Unrestricted funds £	Restricted funds £	2015 Total £	2014 Total £
Voluntary income				
Donations	435,746	79,645	515,391	454,008
Legacies	508,678	53,395	562,073	544,054
	944,424	133,040	1,077,464	998,062
Activities for generating funds				
Sale of goods/services - non-charitable material	30,603	7	30,610	14,197
Royalties and sponsorship - non primary purpose	41,222	—	41,222	24,190
Fundraising	33,589	—	33,589	32,112
	105,414	7	105,421	70,499
Investment income and interest receivable				
UK equities	14,180	—	14,180	52,914
Overseas equities	6,908	—	6,908	5,171
UK government stock and fixed interest	8,608	—	8,608	16,212
UK common investment funds	129,278	—	129,278	98,307
	158,974	—	158,974	172,604
Bank interest	14,475	11,378	25,853	58,808
Total	173,449	11,378	184,827	231,412

2 Conservation activities – grants receivable

Group	Unrestricted funds £	Restricted funds £	2015 Total £	2014 Total £
ADAS	—	—	—	728
Arnside & Silverdale AONB Partnership	—	33,950	33,950	48,492
Arquiva Limited	—	—	—	900
Biffa Award	—	43,246	43,246	33,985
Blackdown Hills AONB	—	1,039	1,039	—
British Entomological and Natural History Society	310	—	310	—
Cannock Chase AONB	—	1,194	1,194	—
Carmarthenshire County Council	—	8,365	8,365	3,815
Cemex UK Materials Limited	—	640	640	728
Ceredigion County Council	650	—	650	865
Clackmannanshire & Stirling Environment Trust	—	—	—	2,296
Cornwall AONB	—	5,000	5,000	—
Dartmoor National Park Authority	—	5,500	5,500	5,000
Defence Infrastructure Organisation	—	803	803	—
Dorset AONB Sustainable Development Fund	—	2,000	2,000	—
Environment Agency	—	5,000	5,000	1,000
Esmée Fairbairn Foundation	—	36,993	36,993	35,915
Exmoor National Park Authority	—	6,218	6,218	6,000
Forestry Commission	4,140	71,300	75,440	77,503
Freedom Civil Asset Management	—	804	804	—
Balance carried forward	5,100	222,052	227,152	217,227

Notes to the financial statements Year to 31 March 2015

2 Conservation activities – grants receivable (continued)

Group	Unrestricted funds £	Restricted funds £	2015 Total £	2014 Total £
Balance brought forward	5,100	222,052	227,152	217,227
Gloucestershire Wildlife Trust	—	5,155	5,155	—
Grantscape (Coastal Recycling Community Fund)	—	14,065	14,065	—
Grantscape (CWM Community & Environmental Fund)	—	3,405	3,405	25,527
Grantscape (Mick George Community Fund)	—	1,786	1,786	14,601
Hampshire & Isle of Wight Wildlife Trust Limited	—	2,400	2,400	2,550
Hampshire County Council	2,074	—	2,074	1,208
Heritage Lottery Fund	—	95,756	95,756	93,672
John Ellerman Foundation	—	30,000	30,000	30,000
Lantra	—	90	90	—
Magnox Limited	—	804	804	728
Meres & Mosses Landscape Partnership Scheme	—	—	—	27,471
Natural England	—	216,000	216,000	214,800
Natural Environment Research Council	—	—	—	500
Natural Resource Wales	—	101,041	101,041	123,000
North York Moors National Park Authority	—	—	—	9,000
Northern Ireland Environment Agency	—	67,122	67,122	65,569
Northern Ireland Environmental Link Challenge Fund	3,240	3,600	6,840	—
Pembrokeshire County Council	—	—	—	844
Portsmouth City Council	150	—	150	150
Rhondda Cynon Taf Environment Improvement Partnership	434	—	434	—
Royal Society for the Protection of Birds	—	13,114	13,114	11,728
Scottish Natural Heritage	761	102,987	103,748	88,501
SITA Trust	—	140,309	140,309	185,329
South Downs National Park Authority	1,700	—	1,700	6,537
Sussex Wildlife Trust	90	—	90	—
Sylvia Waddilove Foundation UK	—	—	—	1,000
The Conservation Foundation (Wessex Water)	—	750	750	—
The Co-operative	—	—	—	12,500
The Patsy Wood Trust	—	30,000	30,000	30,000
The Redwing Trust	—	—	—	30,000
University of Oxford	—	—	—	2,000
University of York	2,500	2,500	5,000	5,000
Vale of Glamorgan County Borough Council	—	1,200	1,200	1,200
Veolia Environmental Trust	—	18,990	18,990	—
Wales Biodiversity Partnership	—	—	—	1,300
Waste Recycling Environmental Limited	—	93,251	93,251	63,656
Worcestershire Wildlife Trust	323	—	323	—
Total	16,372	1,166,377	1,182,749	1,265,598

Notes to the financial statements Year to 31 March 2015

3 Resources expended

	Basis of allocation	Generating voluntary income £	Fundraising trading £	Investment management costs £	Conservation £	Membership services £	Governance £	Total 2015 £	Total 2014 £
Group costs directly allocated to activities									
Staff costs	Direct	—	—	—	1,020,753	69,075	—	1,089,828	972,925
Fundraising	Direct	42,563	36,170	—	—	—	—	78,733	70,685
Membership recruitment	Direct	—	—	—	—	24,548	—	24,548	8,292
Marketing and publicity	Direct	—	—	—	18,304	—	—	18,304	10,017
Investment management charges	Direct	—	—	22,575	—	—	—	22,575	13,150
Management conservation	Direct	—	—	—	722,514	—	—	722,514	695,863
Information and education	Direct	—	—	—	75,051	—	31,794	106,845	75,738
Newsletter production and distribution	Direct	—	—	—	—	121,315	—	121,315	109,987
Membership servicing	Direct	—	—	—	—	25,492	—	25,492	17,841
Legal and professional	Direct	—	—	—	59	—	26,054	26,113	38,118
Other costs	Direct	—	—	—	—	—	13,031	13,031	11,683
Support costs allocated to activities									
Staff costs	Staff time basis	115,091	28,692	—	583,322	63,787	18,987	809,879	708,197
Other support costs	Pro-rata based on direct cost	20,407	8,396	2,922	313,246	39,378	11,632	395,981	365,954
		178,061	73,258	25,497	2,733,249	343,595	101,498	3,455,158	3,098,450

Notes to the financial statements Year to 31 March 2015

4 Net incoming (outgoing) resources before transfers

This is stated after charging:

Group	Unrestricted funds £	Restricted funds £	2015 Total £	2014 Total £
Staff costs (note 5)	1,056,135	843,572	1,899,707	1,681,122
Auditor's remuneration				
· Statutory audit services	12,100	—	12,100	11,775
· Other services	2,630	—	2,630	6,644
Depreciation	1,664	2,603	4,267	3,763
Operating lease rentals	53,426	3,017	56,443	71,785

5 Employees, staff costs and remuneration of Council members

Group	2015 Total £	2014 Total £
Staff costs during the period were as follows:		
Wages and salaries	1,666,008	1,479,925
Social security costs	141,703	128,077
Other pension costs	82,477	71,249
	1,890,188	1,679,251
Agency staff costs	9,519	1,871
Total staff costs	1,899,707	1,681,122
Staff costs by function were as follows:		
Generating voluntary income	115,091	88,890
Fundraising trading	28,692	14,569
Conservation	1,604,075	1,424,964
Membership services	152,862	133,904
Governance	18,987	18,795
	1,899,707	1,681,122

Two employees earned between £60,000 and £70,000 per annum (including taxable benefits but excluding employer pension contributions) during the period (2014 – one employee earned between £60,000 and £70,000 per annum). Pension contributions of £7,939 (2014 - £5,011) were paid into personal pension schemes in respect of these individuals during the year.

The average number of employees during the year was 68 (2014 – 61.5).

5 Employees, staff costs and remuneration of Council members (continued)

The average number of employees, analysed by function, was:

Group	2015 Total	2014 Total
Generating voluntary income	5.00	4.00
Fundraising trading	0.50	0.25
Conservation	57.00	51.75
Membership services	5.00	5.00
Governance	0.50	0.50
	68.00	61.50

No Council member received any remuneration in respect of their services as members of Council during the year (2014 - £nil). However:

- A total of £7,959 (2014 - £6,595) was reimbursed to (or paid by the Society on behalf of) 17 (2014 - 15) Council members for personal expenditure incurred on behalf of the Society.
- 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 trustees 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 £760 (2014 - £800) and provides cover up to a maximum of £500,000 (2014 - £500,000).

In addition, the charity received subscriptions and donations from Council members. As this is voluntary income, individual amounts are not separately disclosed.

No other members of Council had any beneficial interest in any contract with the charity during the year (2014 – none).

6 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 2015

7 Tangible fixed assets

Group and charity	Freehold land £	Office equipment, plant and machinery £	Total £
Cost			
At 1 April 2014	1,214,113	18,815	1,232,928
Additions	25,498	2,520	28,018
At 31 March 2015	1,239,611	21,335	1,260,946
Depreciation			
At 1 April 2014	—	10,499	10,499
Charge for year	—	4,267	4,267
At 31 March 2015	—	14,766	14,766
Net book values			
At 31 March 2015	1,239,611	6,569	1,246,180
At 31 March 2014	1,214,113	8,316	1,222,429

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.

8 Fixed asset investments

	Group		Charity	
	2015 £	2014 £	2015 £	2014 £
Listed investments (note a)	4,869,149	4,559,650	4,869,149	4,559,650
Investment in subsidiary company (note b)	—	—	1	1
	4,869,149	4,559,650	4,869,150	4,559,651

a) Listed investments and cash held for re-investment

Group and charity	Total £
Listed investments	
Market value at 1 April 2014	4,524,030
Additions at cost	1,827,483
Disposals at book value (proceeds: £1,884,824; losses: £23,008)	(1,907,932)
Net unrealised investment gains	332,507
Market value at 31 March 2015	4,776,088
Cash held by investment managers for re-investment	93,061
	4,869,149
Cost of listed investments at 31 March 2015	4,039,427

Notes to the financial statements Year to 31 March 2015

8 Fixed asset investments (continued)

a) Listed investments and cash held for re-investment (continued)

Listed investments held at 31 March 2015 comprised the following:

	Total £
UK equities	2,307,989
Overseas equities	1,041,873
UK bonds	690,606
Alternative investments - property	735,620
	4,776,088

Individual holdings of listed fixed asset investments which, at 31 March 2015, represented a material proportion of the total value of the fixed asset investment portfolio were as follows:

	Market value £	Proportion %
Schoder Charity Equity Fund	1,176,386	24.2
Trojan Income Fund	1,131,604	23.2
Schroder QEP Global Active Value Fund	1,041,873	21.4
M&G Strategic Corporate Bond Fund	523,602	10.8
Charities Property Fund	455,939	9.4

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.

The following is a summary of the financial statements of Butterfly Conservation Trading Limited for the year ended 31 March 2015, which have been included in the consolidated financial statements.

	2015 £	2014 £
Turnover	186,887	73,847
Cost of sales	(60,591)	(21,093)
Gross profit	126,296	52,754
Operating costs	(36,015)	(23,308)
Net profit for the year before Gift Aid and Taxation	90,281	29,446
Gift Aid	(79,878)	(29,446)
Taxation	—	—
Profit for the financial period	10,403	—
Retained profit at 31 March 2014	9,597	9,597
Retained profit at 31 March 2015	20,000	9,597

At 31 March 2015 the company had a total called up share capital and reserves of £20,001 (2014 - £9,598).

Notes to the financial statements Year to 31 March 2015

9 Debtors

	Group		Charity	
	2015 £	2014 £	2015 £	2014 £
Grants and other funding receivable	280,741	395,813	280,741	395,813
Prepayments and other accrued income	88,869	194,117	87,337	193,617
Legacies receivable	447,797	111,797	447,797	111,797
VAT recoverable	16,102	—	16,102	—
Amounts due from Butterfly Conservation Trading Limited	—	—	94,780	40,739
Investment income receivable	49,883	24,815	49,883	24,815
Primary purpose trading income receivable	48,000	—	—	—
Sundry debtors	61,828	29,634	26,646	21,717
	993,220	756,176	1,003,286	788,498

10 Current asset investments

Group and charity	Total £
Listed investments	
Market value at 1 April 2014	147,036
Additions at opening market value	28,711
Disposals at opening market value (proceeds: £38,390; gains: £191)	(38,199)
Net unrealised investment gains	12,513
Market value at 31 March 2015	150,061
Cost of listed investments at 31 March 2015	119,573

Current asset investments held at 31 March 2015 comprised the following:

	Total £
UK common investment funds	150,061

Individual holdings of current asset investments which, at 31 March 2015, 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 Investment Fund	77,249	51.5
. COIF Charities Fixed Interest Fund	77,813	48.5

Notes to the financial statements Year to 31 March 2015

11 Creditors: amounts falling due within one year

	Group		Charity	
	2015 £	2014 £	2015 £	2014 £
Social security and other taxes	45,680	52,613	45,680	52,613
Expense creditors	173,823	120,014	173,875	118,048
Accruals and deferred income	181,969	190,513	138,690	145,628
	401,472	363,140	358,245	316,289

12 Endowment funds

Group and charity	At 1 April 2014 £	Net investment gains/ losses £	Transfers £	At 31 March 2015 £
The Appointed Fund	1,867,774	(23,008)	(1,844,766)	—
The VWT Fund	2,691,876	332,507	1,844,766	4,869,149
	4,559,650	309,499	—	4,869,149

The Charity, Butterfly Conservation, acts as trustee for the two Endowment Funds, the Appointed Fund and the VWT Fund. These are capital restricted funds 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. During the year the Appointed Fund was closed and the funds transferred to the VWT Fund. Income arising from the investments of these funds 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 2015

13 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 2014 £	Incoming resources £	Resources expended £	Fund transfers £	At 31 March 2015 £
Action for Threatened Moths	63,788	95,982	(129,091)	800	31,479
All the Moors	—	6,801	(588)	—	6,213
Conservation Office – Wales	16,587	105,908	(153,639)	41,706	10,562
Development in Scotland	227,952	188,289	(236,781)	(6,620)	172,840
Fritillaries for the Future	—	45,759	(987)	—	44,772
Head of Regions Fund	55,630	70,835	(83,542)	24,606	67,529
Marsh Fritillaries Landscape Area	46,684	8,601	(16,801)	—	38,484
Pant Quarry reserve	12,940	1,417	(3,525)	—	10,832
Prees Heath Fund	249,452	19,931	(34,477)	19,000	253,906
Recording Project	126,137	61,989	(161,418)	34,000	60,708
Regional Funds - North of England	28,746	75,210	(88,842)	8,371	23,485
Reserve Acquisition and Management Fund	336,255	32,407	(52,642)	(4,365)	311,656
Reserve purchase	203,115	—	—	(38,915)	164,200
Restricted Legacies Fund	73,785	54,816	(238)	(9,186)	119,177
Ryton Wood Meadow Project	16,471	—	(8,091)	3,205	11,585
Striped Lychnis Project	—	19,020	—	—	19,020
Surrey Small Blue Project	5,504	5,786	(5,693)	1,700	7,297
Two Moors Project	6,990	36,218	(48,037)	10,000	5,171
Head Office Restricted Funds < £5,000	104,584	584,789	(903,059)	220,050	6,364
Branch Restricted Funds < £5,000	14,223	8,939	(7,010)	(1,962)	14,190
	1,588,843	1,422,697	(1,934,461)	302,390	1,379,469

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

- ◆ **Action for Threatened Moths**
To initiate, develop and implement our conservation programmes on the most threatened moths (priority species) in England.
- ◆ **All the Moor Butterflies**
A project to safeguard seven of Britain's most threatened UK BAP Priority Lepidoptera species across moorlands of South West England
- ◆ **Conservation Office - Wales**
To initiate, develop and implement our conservation work in Wales.
- ◆ **Development in Scotland**
To initiate, develop and implement our conservation programmes in Scotland.
- ◆ **Fritillaries for the Future**
The conservation of Sussex's two rarest butterflies, the Pearl-bordered Fritillary and Small Pearl-bordered Fritillary

13 Restricted funds (continued)

- ◆ **Head of Regions Fund**
To manage the development of our conservation and education work in the regions.
- ◆ **Marsh Fritillaries Landscape Area**
Restoring the Rhos pasture on the South Wales Coal Measures.
- ◆ **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.
- ◆ **Recording Project**
The operational management and project co-ordinator costs of recording butterflies and moths.
- ◆ **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.
- ◆ **Ryton Wood Meadow Project**
Habitat restoration and maintenance at Ryton Wood Meadow.
- ◆ **Striped Lychnis Project**
To restore the roadside verges of Magdalen Hill Down specifically to benefit the nationally scarce Striped Lychnis moth
- ◆ **Surrey Small Blue Project**
Habitat restoration to secure the future of the Small Blue Butterfly in Surrey.
- ◆ **Two Moors Project**
To ensure best possible management of threatened fritillaries on Dartmoor and Exmoor.

13 Restricted funds (continued)

- ◆ 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.

14 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.

15 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 2014 £	New designations £	Utilised/ released £	At 31 March 2015 £
Branch Fund	378,568	35,812	(66,169)	348,211
Commitments to Conservation Projects	1,427,863	259,692	(294,962)	1,392,592
Legacy Fund	1,016,246	505,678	(371,005)	1,150,919
Match Pot Appeal Fund	246,392	190,112	(116,602)	319,902
	<u>3,069,069</u>	<u>991,293</u>	<u>(848,738)</u>	<u>3,211,624</u>

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.

16 Analysis of net assets between funds

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	2015 Total £
Fund balances at 31 March 2015 are represented by:				
Tangible fixed assets	688,156	558,024	—	1,246,180
Fixed asset investments	—	—	4,869,149	4,869,149
Net current assets	4,395,273	821,445	—	5,216,718
Total net assets	<u>5,083,429</u>	<u>1,379,469</u>	<u>4,869,149</u>	<u>11,322,047</u>

Notes to the financial statements Year to 31 March 2015

16 Analysis of net assets between funds (continued)

Charity	Unrestricted funds £	Restricted funds £	Endowment funds £	2015 Total £
Fund balances at 31 March 2015 are represented by:				
Tangible fixed assets	688,156	558,024	—	1,246,180
Fixed asset investments	1	—	4,869,149	4,869,150
Net current assets	4,375,272	821,445	—	5,196,717
Total net assets	5,063,429	1,379,469	4,869,149	11,312,047

Unrealised gains on investments included above are as follows:

Group and charity	Unrestricted funds £	Restricted funds £	Endowment funds £	2015 Total £
Reconciliation of movements in unrealised gains on investments				
Unrealised gains at 1 April 2014	20,628	—	814,020	834,648
Less: in respect of disposals during the period	(2,653)	—	(409,866)	(412,519)
Add: net unrealised gains in period	12,513	—	332,507	345,020
Unrealised gains at 31 March 2015	30,488	—	736,661	767,149

17 Leasing commitments

Operating leases

At 31 March 2015 the charity had annual commitments under non-cancellable operating leases as follows:

Group and charity	Land and buildings		Other	
	2015 £	2014 £	2015 £	2014 £
Operating leases which expire:				
Within one year	32,255	8,034	—	686
Within two to five years	16,851	44,478	6,646	6,923
After five years	4,767	4,466	—	—
	53,873	56,978	6,646	7,609

18 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.

19 Liability of the members

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.