

Butterfly Conservation

Annual Report and Financial Statements

31 March 2022

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

Registered charity number 254937 (England and
Wales) and SC039268 (Scotland)

Contents

Reports

Reference and administrative information	1
Overview by the Chair	3
Overview by the Chief Executive	4
Report of Council	5
Independent auditor's report on the financial statements	27

Financial statements

Consolidated statement of financial activities	32
Comparative consolidated statement of financial activities	33
Balance sheet	34
Statement of cash flows	35
Principal accounting policies	36
Notes to the financial statements	43

Reference and administrative information

President	Sir David Attenborough OM CH CVO CBE FRS FSA
Vice-Presidents	Jim Asher Maurice Avent Nick Baker John F Burton FZS FRES DL Cbiol Dudley Cheeseman Sue Collins The Earl of Cranbrook PhD David Dennis Mike Dilger Clive P Farrell Julian Gibbs (sadly passed away in June 2021) David Hanson Ian Hardy MVO Chris Packham CBE Professor Jeremy Thomas Alan Titchmarsh MBE
Council Members (Directors and Trustees)	Karen Goldie-Morrison (Chair) Ilija Vukomanovic (Vice Chair) Nigel Symington (Honorary Treasurer)
Trustees	Glenn Allison Apithanny Bourne Hugh Ellerton Prof Laurence Harwood Dr Elaine King Simon Saville Chris Winnick
Senior Leadership Team	Julie Williams (Chief Executive and Company Secretary) Dr Kate Dent (Director of Engagement & Volunteering) Dr Dan Hoare (Director of Conservation) Russel Hobson (Director of Evidence & Policy) Lynne Mackintosh (Director of Finance & Operations)
Registered address	Manor Yard East Lulworth Wareham Dorset BH20 5QP
Company registration number	02206468 (England and Wales)

Reference and administrative information

Registered charity number	254937 (England and Wales) SC039268 (Scotland)
Website	butterfly-conservation.org
Twitter	@savebutterflies
Facebook	Facebook.com/savebutterflies
Instagram	Instagram.com/savebutterflies
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	NatWest plc 49 South Street Dorchester Dorset DT1 1DW
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street London EC1M 6HR
Investment managers	Cazenove Capital Management 1 London Wall Place London EC2Y 5AU

Overview by the Chair

It is clear that nature in the UK is under considerable threat from biodiversity loss, climate change and pollution.

To combat these threats, Butterfly Conservation works to conserve and recover butterfly and moth species and champion them for the benefit of both nature and people. We do this most effectively by working in partnership with a wide range of organisations and landowners to recover landscapes for nature.

Recently we have delivered significant results for threatened species through working with our Back from the Brink partners in England, and we seek to achieve the same through Species on the Edge in Scotland and Natur am Byth! in Wales. In addition, collaborative projects such as Brilliant Butterflies and Big City Butterflies focus on encouraging widespread species by creating new habitats like butterfly banks.

The Big Butterfly Count continues to connect more than 100,000 people each year to nature. These citizen scientists contribute important data to our monitoring schemes, which enable our science and research teams to adapt and develop the most effective conservation methods for species across the UK.

We also speak for species through our advocacy work. In 2021 we launched Grasslands+, a coalition with our partners - Plantlife and Bumblebee Conservation Trust - to save grasslands around the world. Species-rich grasslands are crucial in the fight against climate change as they hold around a third of the world's carbon. So, this new campaign will both raise their profile and demonstrate their importance in tackling the climate crisis and enhancing biodiversity.

Once again the key to our success this year has been the work, dedication and resilience shown by our staff and our UK-wide network of volunteers and members. All have been crucial to Butterfly Conservation's continued success in species conservation, and I thank them all.

Overview by the Chief Executive

There is no doubt that the last couple of years have been very challenging, but the natural world has provided solace and enjoyment for many people.

Butterfly Conservation's vision of a world where butterflies and moths thrive and can be enjoyed by everyone forever has never been more important. Our work and impact on finding ecological and climate solutions and creating opportunities and spaces for people to engage with nature is at the very heart of what we do.

During the year we launched Butterfly Conservation's most ambitious strategy to date. Over the next four years we are committed to delivering the biggest possible impact for nature. To do this we need to build on our successes and focus our resources. And people are the key to making this step change in nature conservation. I would like to take this opportunity to thank the people who consistently make positive change for us; our volunteers, branches and staff for their incredible achievements during the year and to our members and supporters for their continued support.

We cannot deliver the new strategy on our own. We need to collaborate more with existing and new partners, we need to engage and attract more people, we need to increase our research and we need to influence change with our advocacy work. This annual report provides concrete examples of how we are doing all that.

The challenge in 2022/23 is to ensure we have more sustainable funding. We need to be more lean and scalable with an improved infrastructure in place for our staff and volunteers. But we also have huge opportunities to make a difference for nature and for people. Nature is in crisis but by working together we can navigate the ambitious journey our new strategy has set us upon.

Report of the Council Year to 31 March 2022

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 2022.

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

The financial statements have been prepared in accordance with the accounting policies set out on pages 36-42 and comply with the charitable company's Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Council members confirm they have given due regard to the Charity Commission's guidance on public benefit and have considered how our aims and activities demonstrate this to fulfil our charitable objectives.

Our Vision

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

Our Purpose

We conserve and recover butterflies and moths and champion them for the benefit of nature and people.

Our Strategic Goals

- Halve the number of the UK's threatened species of butterflies and moths.
- Improve the condition of 100 of the UK's most important landscapes for butterflies and moths.
- Transform 100,000 wild spaces in the UK for butterflies, moths and people.

The Initiatives

We will deliver these Strategic Goals through a programme of Initiatives.

- Recover butterflies and moths
- Connect people to nature
- Unite for wildlife
- Tackle threats to nature
- Manage land sustainably

The Enablers

Our Enablers are the essential platform for achieving our Strategic Goals.

- Inspiring communications
- Sustainable funding
- Lean and scalable organisation
- High performing staff and volunteer team

Our Values

Our values underpin our culture, the way we do things and what we believe in.

- **Deliver Excellence**
We use our wealth of scientific evidence and practical experience to deliver positive change for butterflies, moths and nature. We are the experts you can trust us to give you the information you need.
- **Passionate**
Nature is at the heart of all we do. We are dedicated to delivering positive change to conserve butterflies, moths and our environment. We are relentless in the pursuit of our vision, seeking new ways to make a difference.
- **Inspiring**
We take action and speak up for what we believe in; we enable people to understand, enjoy and care for butterflies and moths.
- **Collaborate**
We will achieve our vision by building networks, communities and partnerships to deliver success for nature. Our culture champions and promotes inclusion, equality and diversity.

Our Year in Numbers

- 32 million larger moth records made in the National Moth Recording Scheme, the highest-ever number
- People spent 2.6 million hours recording butterflies and moths, which is equal to 1,477 full-time members of staff
- 38,053 hours spent counting butterflies by Big Butterfly Count participants, equivalent to 4.3 years
- 26,200 people reached by the Big City Butterflies project launch
- 10,558 people volunteered 160,967 hours, which is equal to 96 full-time members of staff
- 806 sites were visited by Butterfly Conservation staff, the highest since 2018
- 44 school workshops took place, reaching 1,301 children
- 1,917 sites being monitored by Butterfly Monitoring Scheme volunteers
- 195 new sites added to the Butterfly Monitoring Scheme
- 74 Green Recovery events reached 720 people who took part in 185 days of practical conservation work
- Chequered Skipper now occupies an area equivalent to 86 hectares
- 2,833 Fiery Clearwing eggs counted as part of Kent's Magnificent Moths project
- 10,083 moth foodplants grown as part of Kent Magnificent Moths project
- 15 scientific papers co-authored by Butterfly Conservation
- 80 organisations signed up the Grasslands+ campaign, and 8,000 emails sent to MP's

- 233 sites worked on across three landscapes on the Back from the Brink project, engaging 4,500 people
- 700 hectares of grazed land in the Cotswold influenced through the Back from the Brink project, and three new Large Blue sites identified

Recover butterflies and moths

Saving threatened species

At the heart of Butterfly Conservation's ambitious new strategy is the goal to halve the number of the UK's threatened species of butterflies and moths. Our UK conservation strategy identified 129 threatened species so at least 65 species, half this total, need to be prioritised for action over the next five years.

The new priority list includes many long-standing conservation priority species, such as High Brown Fritillary, Wood White and Black-veined Moth, and also some new species that have undergone significant declines in recent years, including Silvery Arches and Marsh Carpet moths. Species were selected based on threat level across their UK range, meaning that some regional priorities, such as Dingy Skipper and Argent & Sable, haven't been included. There will, however, be the opportunity to work on such species through the landscapes initiative.

The new programme will be wide-ranging, including additional survey and monitoring to understand the status of many of the moths, research to identify causes of decline, and on-the-ground conservation to be delivered with Branches, volunteers and project partners. Ultimately, we aim to make the future of these species more secure by 2030.

Revolutionising species research

In 2021/22 a new database was published which holds a wealth of vital ecological information on the butterflies and larger moths of Great Britain and Ireland. This database, which has been collated by Butterfly Conservation, incorporates important information about species' traits that previously existed across a wide range of sources such as field guides, books and journals. This new resource brings all this information together into one usable, digital document titled *Traits data for the butterflies and macro-moths of Great Britain and Ireland*, and focuses on 968 species in total.

A trait is a characteristic of a species such as forewing length or the number of caterpillar foodplants it can survive on. Other traits included in our database include life-cycle timings and habitat use. Distribution and abundance trends are also included. In addition to this Dr Phil Sterling, Barry Henwood and Bloomsbury Publishing kindly allowed us to use data on host plant use from their *Field Guide to the Caterpillars of Great Britain and Ireland*, making it possible to quickly answer questions such as 'how many species feed on oaks?'.

Recently, research has been conducted using species traits to understand patterns of population change or to explain and predict how butterflies and moths will respond to environmental changes, such as climate change, habitat fragmentation and artificial light at night. The new database will, therefore, open up many new possibilities for further research, and Butterfly Conservation is producing a scientific paper looking at many of these traits and species' population changes.

This database is available through the Environmental Information Data Centre website, operated by the UK Centre for Ecology and Hydrology, and will be updated as new information becomes available.

Monitoring threatened moths

The *Rare Moth Indicator* produces trends that are used by government alongside data from other schemes such as the United Kingdom Butterfly Monitoring Scheme (UKBMS) and the Farmland Bird Index to assess the health of wildlife in the UK. The number of species included

in the *Indicator* was initially quite small and we are now developing methodologies that allow additional species to be included. During 2021/22 existing datasets for Slender Scotch Burnet, New Forest Burnet, Forester Moth and Rosy Marsh Moth were added to the *Indicator* and monitoring of six further species was started. Trials were conducted on an additional dozen species, although not all are able to produce reliable trends.

As well as contributing to the *Rare Moth Indicator*, monitoring allows us to detect problems with site management. At one site for the rare Greenweed Case-bearer, counts of larvae dropped from 931 in 2013 to just one in 2018 due to over-grazing. Following discussions with the landowner, grazing levels were reduced and the larval count in 2021 has climbed to 326. Many dedicated volunteers contribute to the *Rare Moth Indicator*. In Scotland, nine hardy souls overcame very remote locations and the Scottish weather to prove that monitoring of the Mountain Burnet was possible, finding two new colonies in the process!

Connect People to Nature

From Brilliant Butterflies to Wild Spaces

The 'Brilliant Butterflies' project worked with partners and the local community to create a network of butterfly banks across South Croydon and Bromley including three in New Addington primary schools. At Fairchildes School, we cut into a slope on the playing fields to create a bank using chalk subsoil from the site. At Castle Hill and Applegarth schools the levelled playing fields meant imported chalk was needed to create suitable conditions for wildflowers to thrive.

The children of Fairchildes Primary School weren't afraid to get their hands dirty to help plant the large bank at their school with 200 plug plants of 11 different species that will be perfect for butterflies and caterpillars to feed on including the rare Small Blue.

This project is an early example of our ambitious goal of transforming 100,000 Wild Spaces for people, butterflies and moths. We have been working to describe how we define a Wild Space, how we record our progress and impact, how we equip people with the information and resources they will need. We want to empower anyone, anywhere, to transform a space – be it a balcony ten floors up, a community allotment or a school field like Fairchildes.

We're excited to welcome a Wild Spaces Manager to our team. They will lead efforts to secure funding, develop projects and partnerships and create new resources to bring the Wild Spaces goal to life.

Green Recovery for People and Nature in Morecambe Bay's Woodlands Project

The Morecambe Bay's Woodlands project has been offering wellbeing sessions to a variety of groups in the area since March 2021. These were being offered to help people connect to nature and the woodland environment. We particularly aimed to reach people from a variety of different socio-economic backgrounds so established links with local mental health charities. These included The Lighthouse based in Kendal, Adullam based in Lancaster and the Prop-up-Project, a charity based in Carnforth and Morecambe working with young people. We are now delivering regular monthly sessions for each group we work with, along with woodbank days which are open to all. Offering a range of sessions has been key in enabling attendees to connect with nature.

Activities ranged from practical habitat management of the sites, but also work with local artists to explore responses to their environment through printing and drawing. Art has been a tool to overcome a fear of moths or butterflies, to enable them to observe these fantastic creatures up close without being scared.

The project ended in June and we are seeking funding to continue to promote the wellbeing of both the people and the woodlands.

Urban meadows thrive with Helping Hands for Butterflies

Our 'Helping Hands for Butterflies' project in Scotland has had another great year, with a mix of online and in person events being offered to volunteers. It has been great to get back to in person events and everyone has been happy to be out, carrying out practical work for butterflies and moths. Our meadows have responded, with some of them now attracting an increased variety of wider-countryside species such as Ringlet, Meadow Brown, Small Heath and Small Copper.

As we near the end of the project, thoughts have turned to the lessons we've learned from Helping Hands for Butterflies. It has been hugely successful in recruiting and supporting volunteers; more people have found Butterfly Conservation for the first time through the project and we have offered many different opportunities to stay involved throughout the year. We're starting to look at how we can build on this and deliver even more urban Wild Spaces in the future!

Unite for Wildlife

Heath Fritillary in Kent

The last two summers have been the best years on record for the Heath Fritillary in Kent. A peak of 3,901 individual butterflies were counted in the woodlands of The Blean in North Kent during the last week of June 2021. The Heath Fritillary is one of the UK's rarest butterflies. It occurs in just four confined areas - Exmoor in Somerset, the Tamar and Lydford Valleys on the Cornwall/Devon border, North Kent and a complex of small woodlands in South Essex.

These superb results are the culmination of more than three decades of conservation action. In the early 1980s the species was on the brink of extinction from the UK. We have worked with woodland owners including RSPB, Wildlife Trust, and Forestry England to identify opportunities to expand and connect isolated colonies, ultimately leading to the strong populations we are now seeing.

These populations are now driving increased dispersal as the butterfly looks for more space. At least three woodlands have been newly colonised in Kent, with a highlight being the discovery in April 2021 of larvae at the Woodland Trust's newly planted Victory Wood. This former arable site overlooking the Thames Estuary will be an important link between existing woods in that landscape, and the Heath Fritillary has wasted no time in moving into this new space. As the butterfly extends its range we are working with more woodland owners and managers to ensure even more rich, open, sunny woodland is available.

Green shoots of recovery

In 2021/22 the Wales Green Recovery Fund enabled us to review our work in Wales to understand the gaps between our ambition and our capacity to deliver future work. We've also looked at where we need to do better: improving our engagement with diverse audiences, building new partnerships to help us make more impact where people live and work, and improving the way we use the Welsh language in our work. With these insights, our Wales team is now better equipped to deliver our strategic goals, building new partnerships to make an even greater impact for butterflies, moths and people.

In England, the Green Recovery Challenge Fund has underpinned the next phase of our exciting work to reintroduce the Chequered Skipper to Rockingham Forest. After successfully bringing back the butterfly to England, the next challenge is to establish a stronger population across a wider network of sites to ensure it can thrive here. Surveys in 2021 showed that the butterfly is still doing well here three years after the initial release and has spread further through these open woodlands.

Partnerships around the UK

Working with others is the best way for us to influence land management across a wider area and magnify our impact to halt the biodiversity crisis.

We've spent the last year helping to develop one of Scotland's biggest ever conservation projects. 'Species on the Edge' aims to recover a suite of 37 threatened and declining species, including New Forest Burnet, Slender Scotch Burnet, Transparent Burnet, Talisker Burnet, Northern Brown Argus, Small Blue and Marsh Fritillary. In partnership with NatureScot and six other charities we developed a coordinated conservation action plan and established relationships with landowners from Caithness to the Isle of Mull. We are now bidding for support from National Lottery Heritage Fund to deliver on these plans.

In Northern Ireland both of our key partnerships, *Cooperation Across Borders for Biodiversity* and *Lepidoptera in Our Landscapes*, funded by INTERREG and the Northern Ireland Environment Agency, have been extended into 2022, giving a further boost to our work on species including Marsh Fritillary, Large Heath and Cryptic Wood White.

We're also part of a major new project in Wales: *Natur am Byth!* This collaboration between charities and government aims to achieve Wales' largest natural heritage and outreach programme. This year we secured development funding and employed two officers planning conservation action and public engagement for one of the UK's rarest butterflies, High Brown Fritillary, in the Alun Valley, its last foothold in Wales.

Tackle Threats to Nature

Light pollution research

Light pollution affects everyone in the UK: 99.9% of people live under light polluted night skies and over three-quarters are unable to see the Milky Way where they live. It affects plants and animals too in many complex ways that science is only just starting to unravel. Over the past eight years, Butterfly Conservation has helped to fund and supervise two PhD students (Callum Macgregor and the late Douglas Boyes) researching the impact of artificial light at night on moths in collaboration with Newcastle University and the UK Centre for Ecology & Hydrology.

Through these projects, we have demonstrated that many nocturnal moths transport the pollen of a wide range of plants. However, streetlights disrupt this activity, for example by luring moths away from the vegetation, and can affect the pollination of plants. Most importantly, streetlights have a direct and significant impact on local moth populations, reducing caterpillar numbers by almost a half in illuminated hedgerows and one third on grassy road verges – the first study to show real-world impacts of light pollution on moth abundance. These projects have also developed new ways to identify pollen using DNA barcoding, which found that lighting reduces the activity of nocturnal caterpillars and that the current switchover to LED streetlights is causing further damage to local moth populations.

Supporting Science

Each butterfly encounter or moth trap unveiling provides a connection with nature. That moment can also live forever, observed as a scientific record. Thousands of observations of moths and butterflies flow through Butterfly Conservation's flagship recording schemes. These records provide us with evidence to underpin understanding and take action.

The Supporting Science project was made possible by Department of Digital, Culture, Media and Sport and National Lottery funding, distributed by The Heritage Fund as part of their Digital Skills for Heritage initiative. The project aims to strengthen our butterfly and moth data infrastructure. It will support recorders and volunteers who share and check butterfly and moth sightings with well-maintained digital tools and opportunities to refresh and share skills.

Over two thirds of County Recorders check relevant butterfly or moth records within iRecord. With the Field Studies Council (FSC) we created a new course for County Recorders, building on the popular FSC Biolinks' Discovering iRecord series. Initial feedback is good and will

inform development of iRecord training for butterfly and moth recording beginners and a follow up verification skills course.

During the year Supporting Science has also started to reimagine the Garden Butterfly Survey. Participants of this online citizen science survey share garden butterfly observations with us throughout the year. We have redesigned the website, so that records are now delivered directly to County Recorders for checking and feedback via iRecord, smoothing the dataflow.

We want the Garden Butterfly Survey to reflect the breadth and diversity of gardens and citizen scientists across the UK. We have expanded the survey to enable insights into all shapes and sizes of garden – including shared spaces around flats, community gardens and allotment plots. We're looking forward to getting to know the growing Garden Butterfly community better over the year ahead, connecting with them via newsletters and social media activity.

Grasslands+ campaign

In the run up to the COP 26 Climate Change conference in 2021, Butterfly Conservation joined forces with Plantlife and Bumblebee Conservation Trust to raise the profile of grasslands as an important means of tackling the biodiversity and climate crisis. As well as being important for some of our most threatened butterflies and moths, grassland conservation and restoration has a critical role in carbon sequestration and storage.

The campaign was targeted at UK politicians and gave the coalition a chance to explore new ways of collaborating and working with expert campaigners 89 Up. The campaign achieved significant press and social media coverage, reached almost every MP and saw Early Day Motions lodged in Westminster and Holyrood. For Butterfly Conservation we also learnt what makes a successful coalition campaign and that creating a separate identity for Grasslands+ can make joint campaigning more efficient.

Manage Land Sustainably

Extending our reach with Severn Trent

In 2021/22 we have launched a new three-year conservation partnership with Severn Trent called *Butterfly Mosaics*. This project will restore and enhance a variety of habitats at 60 sites across the Midlands to benefit at least 8 priority species. The work covers land managed by private landowners and other organisations as well as our own nature reserves. We have already visited 30 sites, in some cases, providing advice and support, but also funding targeted work to benefit Wood White, Small Pearl-bordered Fritillary, Dingy Skipper, Brown Hairstreak and Grayling, increasing the amount and the quality of suitable habitat for these species.

In Nottinghamshire, through our East Midlands Branch volunteers and Nottinghamshire Biodiversity Action group, conservation work parties have been held at 8 sites with the aim of increasing the availability of suitable egg laying sites to benefit Grizzled Skipper. While Warwickshire Branch volunteers worked with partners on key sites across the county to plant larval food plants for Wood White and other species.

Work was also carried out on our nature reserves including Prees Heath, Grafton Wood and Monkwood. At Prees Heath, we will appoint a consultant to investigate the feasibility of grazing. This would make management more sustainable and ensure the site continues to support a thriving Silver-studded Blue population long into the future.

With support from branch volunteers, we monitored the impact of winter management work and site advice, assessing the outcomes for habitat condition and priority species. By assessing what works we can improve our site advice and management and share examples with other land managers to broaden our reach even further. Overall, our ability to support

positive land management for butterflies and moths in the Midlands is reaching new heights.

Bringing species Back from the Brink

The innovative Back from the Brink partnership has come to an end after four years. Butterfly Conservation is hugely proud of the collective achievements of this programme. We led the delivery of three projects – in the Cotswolds, Rockingham Forest and for Barberry Carpet – and collaborated in several others as well as being part of the steering group that supported the whole programme. Overall, 96 species made conservation progress, including Chequered Skipper, Wood White, Duke of Burgundy and Large Blue. The partnership has also produced recommendations for the wider sector on how to measure success in species conservation. Working with landowners and land managers was key, with 865 landowners receiving specific advice on managing their lands for species, and 89 organisations involved as partners across England. From creating bare ground for Grey Carpet moth in the Brecklands of Suffolk, to planting new hedgerows for the Barberry Carpet moth in Wiltshire, finding ways to sustainably manage land with space for threatened species is at the heart of our work. The influence of this England-focused programme is now reaching across the UK as similar partnerships develop to find new ways of saving species.

Grazing without fences in the Cotswolds

Sustainable grazing is a vital tool to maintain the precious grassland habitats that support many butterflies and moths. One legacy of our work in the Cotswolds through the Back from the Brink project has been to help trial virtual fencing with the Painswick Beacon Conservation Group. The system replaces conventional fencing with GPS collars controlled through a mobile app to set a digital fence. This removes the need for electric fencing and allows the Dexter cattle that graze this large limestone grassland site, to be targeted where their grazing is needed to support both the Large Blue, re-introduced to the site in 2018, and Duke of Burgundy butterflies.

We've also helped the National Trust purchase GPS collars for their conservation grazing herd of Belted Galloways, some of which graze our Rough Bank nature reserve. This is allowing the National Trust to get grazing onto sites where installing fencing isn't feasible, creating habitat for Marsh Fritillary. It's a brilliant combination of traditional grazing and modern technology.

Enablers

The platform of success

There has been a considerable amount of work during 2021/22 to review where we are now and where we need to get to deliver our new strategy. This is reflected in our Enablers work this year.

Inspiring communications

Butterfly Conservation already achieves a huge amount of publicity for campaigns. This year our Big Butterfly Count was the biggest success yet but, for our ambitious new strategy to be successful, we need to build on such successes to publicise the brilliant work that our teams are carrying out all across the UK.

We have developed and are implementing a new and ambitious Marketing and Communications Strategy. This is based on extensive research into our audiences to attract, engage, convert and retain new people to help deliver our ambitious plans. We are also building a bigger team of talented and committed people who will use a diverse range of tools across all media channels to; support our fundraising aims, to raise awareness through producing compelling and interesting content and to communicate our mission and brand more widely to all of our stakeholders; including our members, supporters and donors. We know that the stories we tell create positive change in the world.

Lean and scalable organisation

To implement our new strategy, we have been restructuring teams across our Directorates. This began by bringing in a new Director of Finance and Operations. To deliver our Initiatives we have recruited new staff and altered existing staff roles. For instance, we hired a dedicated GIS specialist to provide training to staff and volunteers and in mobilising our data to increase advocacy impact.

We need to determine where we need to invest in technology to make us more efficient and a review of our digital infrastructure will be commissioned this year. Investing in access to new databases to find funders and getting new technologies up and running is critical to so many areas of our work – membership, volunteering and fundraising. Exploring ways of simplifying processes to remove duplication particularly in our finance systems and learning to embrace the positives associated with new ways of working.

We have undertaken a comprehensive review of our policies and our land management advice looking back over the last twenty years to see what can be ditched, what needs updating and what new advice we need for the land management hub and to aid the development of Wild Spaces. Finally we need to focus on our organisational sustainability, particularly with new ways of working.

High performing staff and volunteer team

We have put in place some of the groundwork to deliver this enabler. A new Head of People and Culture is in place to improve our recruitment and staff development; looking at all those processes that help staff achieve their potential. We also agreed Butterfly Conservation's first Equality, Diversity and Inclusion Statement of Intent with an action plan to deliver in the coming year.

We have resumed regular meetings with our Branch chairs and other committee members that were disrupted before Covid-19. There is a wider need for volunteer training so we have reviewed all our volunteer role profiles to ensure they are fit for the future and we are in the process of creating training resources for these and rolling this out to all volunteers in 2022. We are also keen to help our branches work better together, so we are developing an online forum for branches to help facilitate that, with much more planned to improve communication.

Sustainable funding

We have been expanding our fundraising capacity to deliver new areas of work. Many of the fundraising successes are throughout this report with many requiring a quick turn around and, of course, not every application is successful. Key to success with funders is having prepared projects that can be quickly submitted so we have developed a funding opportunity plan that includes, for instance, our project proposal to develop a Global Butterfly Index. It has been particularly difficult to find funding in Northern Ireland but an application to Dormant funds NI will increase our fundraising capacity.

Our individual giving team has reviewed our major donor programme, membership offer and legacy work. Another major area of new activity is around green investment and our new corporate officer will be responsible for this as well as developing our corporate relationships more widely. We have also been working towards Cyber Essentials accreditation to make us eligible for public sector contracts.

Future Priorities

2022-2023

- Commission a new volunteer database and make it ready for launch in 2023. Training and support will be provided early in 2023, helping volunteers to access necessary information and report their activities online or via an app.

- Launch a new volunteer training programme providing essential training for active volunteers and a range of supplemental training courses open to active and prospective volunteers to help develop specific interests and skills.
- We will assess existing participation in our Citizen Science projects to identify barriers to wider engagement, how to overcome them and assess the health & wellbeing benefits of taking part.
- We will review our landscape projects to date, examining the outcomes for habitats and species to improve the way we work at a landscape-scale.
- Develop our new land management hub and update our advice portfolio for different audiences.
- Expand our advocacy impact across the four UK countries with new staff deploying our evidence effectively.

2023- 2025

- We will run our first International Symposium in five years.
- Roll out our programme of Wild Spaces across the UK working with new partners, organizations and communities to make a real difference for butterflies and moths including linking with our Munching Caterpillars education programme.
- Continue our digital transformation; introducing new systems for handling our biological data, assessing habitat improvements and managing our finances and project development.
- Develop our research impact by applying our evidence to our advocacy work especially around land management schemes in each of the UK countries.
- We will have fully established a new landscapes programme to increase our impact in landscape-scale conservation action.

Beyond 2025

- We will publish a new Butterfly Atlas to celebrate 25 years since the ground-breaking Millennium Atlas was released

Risk Management

Risk management is well established and integrated into every aspect of our work. The Coronavirus crisis fully tested our business contingency planning and we implemented a Covid-19 contingency plan at the beginning of the pandemic, which has successfully delivered throughout the last two years.

Council takes all reasonable steps to ensure that major risks are identified and recorded in a Risk Register. The Risk Register is in two parts: operational risks, which are identified by management, and strategic risks on a wider scale, which may also be highlighted by Council. Operational risks are reviewed and updated quarterly by the Senior Leadership Team. Both parts of the register are reviewed four times per year by the Audit & Risk Sub-committee, with a report being submitted to each Council meeting. The Audit & Risk Sub-committee undertake a more robust, in-depth annual review of both the operational and strategic risk register in December to ascertain the principal risks facing Butterfly Conservation. These reviews ensure the risks are accurately described, no significant risks are omitted, suitable mitigations are in place and are being satisfactorily managed. Council is aware that such processes are designed to mitigate rather than to eliminate major risks and will continue to improve and refine risk management principles in all aspects of our work.

Principal Risks and uncertainties

- **Funding to deliver the 2026 Strategy**

Council considers the securing of funding to deliver the 2026 Strategy as the charity's major risk. Increased competition to existing and new funding streams and new members makes the fundraising effort more challenging and the economic downturn may have a detrimental effect on income levels, potentially seriously impacting Butterfly Conservation's ability to deliver its core objectives.

We have taken action to reduce costs as much as possible in 2021/22 and have applied for emergency funding, where available. We have developed a new strategy to 2026 which will include diversification of income streams to ensure we are less reliant on declining statutory funding from government agencies. We will increase our focus on unrestricted income and individual giving and will continue to maximise funding opportunities from campaigns and brand awareness through closer working between our fundraising, communications and conservation teams. We will also explore options for more partnership working and landscape projects, such as the Species on the Edge project in Scotland, and build relationships with potential major funders. We plan to invest in our fundraising capacity to ensure we have a healthy project pipeline and our strong membership recruitment and retention strategies are supported by high standards of customer care.

- **Covid-19**

Business continuity may be affected from further Covid-19 spikes through repeated lockdowns, confused government guidance, staff illness, and a reduction in income and membership. Increased home working and isolation can impact on staff morale and wellbeing. To help control these factors our business continuity plan was updated in January 2021 and is continually reviewed and different funding streams are being explored due to an increase in competition. Innovative methods were developed for online engagement and Butterfly Conservation's Head Office in Dorset remained open for essential work only. In September 2021 our Head Office was opened up to more staff, ensuring the safe working guidelines and desk rotas previously implemented remained in place.

Guidelines for field visits, events, recording and monitoring have been regularly updated to ensure compliance with changing regional and national guidance, and a 'Top Tips' document was introduced for branch events. We provided ongoing advice to volunteers, and this remains under regular review.

- **Organisational change and digital transformation**

Ineffective change management can cause poor communication and lack of engagement, weak line management structures can undermine staff objectives and pressures on staff can result in stress, loss of morale and enthusiasm. A loss of key staff can challenge effective management of Butterfly Conservation and its ability to recruit suitable replacements.

A new Head of People and Culture post was created and the post filled in October 2021 and is responsible for HR support, organisational development and change. New staff engagement platforms have been introduced including regular Q&A sessions with the CEO and Senior Leadership Team, weekly staff newsletters, staff lunch time talks, and an online social networking service to help keep staff connected. To ensure all staff continue to feel supported, and regularly updated of any changes, a review of the internal communications implemented during 2020 is being undertaken in 2022, and a People and Culture Strategy is being developed. Staff have access to an Employee Assistance Programme, mental health tools and online wellbeing pages. Mental Health Champions and First Aiders have been identified and training is underway.

Work programmes are used to monitor demands on staff, and workloads and stress levels are monitored by Line Managers every quarter. Time management sheets are used by all staff to ensure annual leave and time off in lieu is taken. Ongoing statutory and relevant training is provided to all staff through an internal training platform.

A full digital transformation review is planned to be undertaken during 2022/23 to ensure Butterfly Conservation is using technology to maximum effect to deliver the 2026 Strategy.

- **Impacts of the Climate & Biodiversity crises**

Failure to tackle climate and biodiversity crises can impact on Butterfly Conservation's reputation, guidance and operations. We continue to actively support and raise awareness for climate action within the UK and are currently working on our Sustainability Plan which will be launched in 2022/23.

Health & Safety

Butterfly Conservation's health and safety (H&S) policy, codes of practice and risk assessments are reviewed on a regular basis. The need for H&S training is assessed regularly and implemented for staff and volunteers. Where H&S incidents arise, they are properly followed up and reviewed by Council.

Safeguarding

Butterfly Conservation is committed to ensuring the safety and welfare of children and vulnerable adults. We will ensure our staff, volunteers and contractors comply with best practice and regulatory requirements across all the physical and virtual spaces where we operate. All suspicions or disclosures of abuse will be properly reported, recorded and acted upon. Our Safeguarding Policy is published on our website.

Equality, Diversity & Inclusion (EDI)

Our work on equality, diversity and inclusion (EDI) has progressed this year, discussing ways forward with our Rethink Nature network as well as contributing to the Wildlife and Countryside Link EDI project steering group to support development of a route map to help increase levels of ethnic diversity. This work also seeks to understand what is helping and hindering minority ethnic people from becoming a greater part of the environment sector.

Alongside this, a Statement of Intent has been developed for BC. This statement lays out our commitment to equality, diversity and inclusion and defines our call to action for all our staff and volunteers. Our three equality objectives describe the actions we will take in 2022/23 to live and breathe these commitments. Our first step will be to bring together a joint working group consisting of staff, volunteers, and members in 2022 to co-develop and implement a more detailed action plan.

Sustainability Policy

The development of Butterfly Conservation's new Sustainability Policy and Action Plan were put on hold in 2020/21 due to the pandemic. We are planning to launch the new policy in 2022/23 and it will look at reducing the impact of our work but also at how we mitigate our impact, adapt to climate change and increase our resilience. We will also consider how we monitor and report on our performance and the changes we are making. Sustainability should be a key objective of the organisation to ensure it is embedded in all our decision making.

Financial Review

Income decreased slightly by 2.9% to £4.35m (2021: £4.48m). Grant funding decreased by 7.2% to £1.10m (2021: £1.18m). Mainly due to various projects ending during the year, resulting in an overall reduction in payments received from funders such as Nature England.

Income from donations and legacies decreased by 7.8% to £1.25m (2021: £1.35m). Despite the pandemic and economic climate, we continued to have a good response to all our individual appeals and general donations (including Gift Aid). Membership subscription slightly increased by 2.3% to £1.27m (2021: £1.24m).

Expenditure remained at the same level at £4.27m (2021: £4.27m). This was partly due a planned reduction due to the pandemic and the start of the investment to deliver the Strategy. There has been 3.6% increase in total assets over the year. The capital value of our endowment fund increased by £0.29m to £5.59m (2021: £5.30m).

The result was a net income of £0.37m (2021: net income of £0.86m) and the closing total net assets were £12.31m (2021: £11.94m).

Fundraising Policy

We are registered with the Fundraising Regulator and comply with the key principles embodied in their Code of Fundraising as set out in our Fundraising Promise (butterfly-conservation.org/legal/our-fundraising-promise).

Several safeguards are in place for our supporters: we include data protection permission options and a three-point 'Our promise to you' on all fundraising materials; a detailed Supporter Guarantee can be found on our website (butterfly-conservation.org/legal/supporter-guarantee).

All fundraising is conducted in-house and we monitor activity to ensure it adheres to our strict guidelines. No external professional fundraiser or third-party organisation is engaged in fundraising activities on behalf of the charity. Corporate businesses have agreements in place to use Butterfly Conservation's logo for promotional purposes. All agreements can be terminated with immediate effect if the commercial participants do anything that could bring our reputation into disrepute. Butterfly Conservation operates a strict opt-in policy for all direct marketing in line with the EU General Data Protection Regulation. All direct mail fundraising communications sent out are covered by active, informed and specific permission by the individual. Supporters are offered the opportunity to revise consent preferences in each communication. We also monitor the level of asks sent out to ensure unreasonable requests are not made to any individual. All staff adhere to our Policy for Supporters in Vulnerable Circumstances, which provides guidance to help identify vulnerable individuals and ensure that all supporters are treated fairly. Butterfly Conservation has received a total of two complaints regarding aspects of our fundraising during the year. Both complaints were fully investigated, appropriate action was taken, and a detailed response was sent to individuals within seven days. We received one notification from the Fundraising Preference Service during 2021/22 and this was dealt with immediately.

Investment Policy

Our investment income is derived from an Endowment Fund intended to provide the charity with a permanent source of income. We are bound to invest this to seek a balanced return from income and capital growth: we aim for each to grow in line with inflation (CPI) over the long term. To achieve an appropriate balance between risk and return, we invest in a diversified portfolio of equities, bonds and alternative assets: a breakdown of investment holdings is given in Note 15. We invest through pooled funds and third-party managers.

On 31 March 2022 our Endowment Fund had a market value of £5.59m (2021: £5.30m). Trustees rely upon professional advice for fund selection and allocation. At their meeting on 10 June 2020 Council passed a resolution to invest on a Total Return basis. The initial value of the trust for investment and the initial value of the Unapplied Total Return were established on 31 March 2020. The initial value of the Trust for investment was determined at £3.09m by reference to our records: the Unapplied Total Return was calculated as the difference between that value and the portfolio value at 31 March 2020. To ensure that we meet our obligations to balance the needs of current and future beneficiaries, trustees agreed a policy that we should allocate 3.25% of the portfolio value, after investment management fees, to income each year. The balance of the Total Return is then allocated to the trust for investment. We took advice on this figure from Cazenove Charities.

Council has further resolved that we should follow the principles of socially responsible investment. We will do so by holding sustainable assets, in particular those that support the United Nations Sustainable Development Goals. We seek to engage, through our investment managers, with companies to encourage changing behaviours to reduce consumption and emissions. We have no direct and de minimis indirect exposure to companies with fossil fuel reserves (0% at 31 March 2022). We identified both ethical and financial reasons for taking this approach. A further consequence of this policy is a significant reduction in the carbon footprint of our portfolio. The total return on the endowed investments during the year to 31 March 2022 net of management charges amounted to £0.5m, of which £0.2m has been transferred to the revenue reserves of the charity under the Total Return approach for application (see Note 19 to the accounts).

Financial Reserves Policy

At 31 March 2022 Butterfly Conservation had total funds of £12.31m (2021: £11.94m). These funds included our permanent endowment totalling £5.59m (2021: £5.30m), which was given to provide future income for Butterfly Conservation. Restricted funds totalled £1.18m (2021: £1.23m) as set out in detail in Note 20 to the financial statements. A further £1.42m (2021: £1.15m) represents freehold nature reserves and other tangible and intangible fixed assets. Council has designated a total of £0.32m (2021: £0.28m) for the purposes as detailed in Note 22 to the financial statements. Butterfly Conservation's unrestricted funds at 31 March 2022 amounted to £5.54m (2021: £5.41m). These funds include £1.15m (2021: £1.15m) being the tangible fixed assets fund balance and £0.02m (2021: £0.02m) being the retained profits of Butterfly Conservation Trading Company. Both funds are central to Butterfly Conservation's charitable activities and the funds would not be available to meet future contingencies should they arise. The funds available for meeting ongoing future reserves, i.e., free financial reserves, therefore total £4.06m (2021: £4.00m). These free financial reserves are held to ensure that Butterfly Conservation:

- Support delivery of the 2026 Strategy
- maintains sufficient levels of working capital to allow for seasonal fluctuations.
- protects its essential conservation activities in the event of shortfalls in grant and general income within the next financial year; and
- maintains funds to respond to conservation opportunities.

These funds equate to approximately eight months' budgeted operating costs for 2022/23. 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 2026 Strategy. Considering these factors, Council has calculated that the amount of financial reserves it needs to hold is £3.5m (2021: £2.5m). The members of Council are therefore satisfied with the year end reserves position being higher than £3.5m due to the uncertainties around higher inflation, the ongoing pandemic, cost of living crisis and the economic impact of the war in Ukraine,. In 2022/23 we will continue to implement our Fundraising Strategy to maintain our conservation effort and financial reserves to the target level. However, with the ongoing

uncertainties that may have some negative impact on our finances during the next few years. Positive action is planned to mitigate potential reduction in income during this period.

How We Raised Our Funds

Total income £4.35m (2020/21 £4.48m)

• Donations and legacies	£1.25m
• Membership subscriptions	£1.27m
• Conservation activities – grants	£1.10m
• Contracts and Royalties	£0.35m
• Investments	£0.24m
• Primary Purpose Trading	£0.09m
• Other trading activities	£0.05m

How We Spent Our Funds

Total expenditure £4.27m (2020/21 £4.27m)

• Conservation	£3.65m
• Membership services	£0.39m
• Raising funds	£0.23m

Structure, Governance and Management

Members of Council

Council members constitute directors of the charity for the purposes of the Companies Act 2006 and trustees of the charity for the purposes of charity legislation. Each member of Council has responsibility for monitoring the charity's activities in specific operational areas and constant regard is paid to refreshing the experience mix of members of Council to ensure that Council continually develops the skills required to contribute fully to the charity's advancement.

The following Council members were in office during the year to 31 March 2022 and served throughout that year except where shown:

Council Members	Re-elected/Resigned
Karen Goldie-Morrison – Chair	
Mike Dean – Vice Chair	Resigned in November 2021
Ilija Vukomanovic – Vice Chair (from November 2021)	Re-elected in November 2021
Nigel Symington – Honorary Treasurer	Re-elected in November 2021
Glenn Allison	Elected in November 2021
Apithanny Bourne	Re-elected in November 2021
Hugh Ellerton – Treasurer-Elect (from Dec 2021)	
Dr Susan Foden	Resigned in November 2021
Prof Laurence Harwood	
Dr Elaine King	Elected in November 2021
Simon Saville	Re-elected in November 2021
Chris Winnick	Re-elected in November 2021

All members of Butterfly Conservation are eligible to seek election to Council at the Annual General Meeting (AGM). One-third of Council members (also known as trustees) stand down each year on rotation and new Council members are elected at Butterfly Conservation's AGM in November. New Council members receive comprehensive information to understand their roles and responsibilities to the charity. A detailed induction is arranged to provide new and re-elected Council members with a strategic and operational overview of Butterfly Conservation. The induction is also optional for all Council members to attend as a refresher.

A Board Buddy system was introduced in 2021 to assist new trustees joining Council to be paired with an existing trustee as a mentor. This system has been incorporated into the trustee cycle and forms part of the annual review process. To familiarise themselves with the work of the charity, Council members are invited to key meetings and events. During the Covid-19 crisis, meetings in person have not been possible, but trustees have been using video

conferencing facilities to ensure effective governance continues. The Chair holds annual review meetings with individual Council members, to discuss his/her contribution during the year and agree plans for self-development, as well as an annual Board performance review, which includes feedback from the Senior Leadership Team.

A trustee skills audit is undertaken each year to identify any gaps in expertise and highlight future requirements to ensure that Council has sufficient skills to operate as a diverse and effective Board. All Council members are encouraged to undertake training seminars from external professionals and are offered subscriptions to relevant governance resources.

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

Succession planning has been at the forefront of Council's agenda due to the Honorary Treasurer's forthcoming retirement in November 2022 and the Chair's anticipated retirement in November 2023. In December 2021, Council appointed Hugh Ellerton as Treasurer-Elect until the AGM in November 2022 when he will become the new Treasurer. This allows time to 'shadow' the current Treasurer through 2022.

In 2021, Council began its Chair succession and recruitment preparations. An external recruitment company was instructed in November 2021 to assist with recruiting a new Trustee with the potential to become, and interest in becoming, Chair. The new Trustee will be eligible for election at the 2022 AGM. The new Chair will then be selected from existing Trustees who put themselves forward for the position in 2023.

Due to ongoing Covid-19 restrictions, the AGM was held online for a second year in November 2021. Eligible members were able to vote on the Resolutions and Trustee Elections by proxy in advance of the AGM, and over 380 people attended.

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. Details of any relevant transactions can be found in Notes 11 and 25 of the accounts.

Council continues to adopt the Charity Governance Code (CGC), which assists charities to develop and maintain a high level of governance through continuous development.

Responsibilities of Council

The members of Council (who are also directors of Butterfly Conservation for the purposes of company law and trustees for the purpose of Charity law) are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the members of Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group for that period. In preparing these financial statements, the members of Council are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;

- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

Council members are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and applicable Charities Accounts (Scotland) Regulations. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each member of Council confirms that:

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

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

The members of Council are responsible for the maintenance and integrity of the corporate and financial information contained on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Strategy and Policy Setting

Council determines the overall strategy and policy of Butterfly Conservation. Council currently meets four times a year and these meetings have been held online during 2021/22 due to the Covid-19 restrictions. Council delegates some of its responsibilities to three committees who report back to Council with recommendations: Audit & Risk, Governance and Investment. From time to time the Chief Executive initiates individual Task and Finish Groups designed to work on specific areas. These groups report directly to the Chief Executive and are made up of a mixture of members of staff, Council members and external individuals depending on the topic and their expertise.

Staff and Branches

The Chief Executive, assisted by the Senior Leadership Team, is responsible for the day-to-day management of Butterfly Conservation, acting under authority delegated to her by Council. During the year, we employed on average 68 members of staff (79 in 2020/21) who are grouped into six main work areas: Conservation, Evidence & Policy, Engagement & Volunteering, Fundraising and Communications, Finance and Operations, Chief Executive's Office. Our local action is co-ordinated by a UK-wide network of 31 Branches and a European Butterfly Group. Each Branch is managed by a volunteer committee. Our dedicated Branch Committee members are true ambassadors for Butterfly Conservation and all the fantastic work we do. We are indebted to everyone who contributes to making our Branch network so strong and successful.

Pay and Remuneration Policy

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

Butterfly Conservation conducts a fair recruitment process, with clear person specifications for each role to ensure objective criteria are used to shortlist and interview applicants. In addition, this year there has been increased focussed on values-based interviewing to support our commitment to our values of Excellence, Passionate, Inspiring, and Collaborative. Individuals are recruited based on their commitment and alignment to our values, as well as their skills and technical expertise. This helps to reduce unconscious bias, creates a positive work environment, and enhances staff engagement and morale.

The results of the gender pay gap calculations for 2021/22 show that the full time equivalent weekly earnings for men is 16% more than women. The 2021/22 full-time equivalent median weekly earnings for men are also 14% more than for women. This demonstrates an improvement since 2020/21 when the mean and median gender pay gap was 19% and 17% respectively. The differential arises as currently more men hold senior positions within the organisation (61% of those falling in the upper pay quarter are men). The charity's Pay and Remuneration Policy states how salary and pay awards are set, including remuneration for the Chief Executive and Senior Leadership Team. The same benefits arrangements, including pensions, and terms and conditions apply to all employees, including the Senior Leadership Team. Pay bands and salary increments are reviewed annually against several other NGOs and using benchmarking tools widely available in the voluntary sector. Further salary banding information on the Senior Leadership Team's remuneration is included in Note 11. Council members are not remunerated but are reimbursed for reasonable out-of-pocket expenses (as stated in Note 11).

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 have elected to donate, in accordance with an agreed deed of covenant, all of its annual taxable profit to its parent charity, Butterfly Conservation, under Gift Aid. For the year ended 31 March 2022, the donation amounted to £49,551 (2021: £24,780).

Thank you

We are extremely grateful to all our members, supporters and funders and the organisations that have generously continued to support the charity in 2021/22, including all donors who wish to remain anonymous.

On behalf of Butterfly Conservation, thank you to everyone who supported our work. Unfortunately, we do not have space to individually name all funders but would like to acknowledge the following, who provided support of £1,000 or more:

Grant Funders

Carmarthenshire County Council
Ceredigion County Council
Cotswold Area of Outstanding Natural Beauty
Devon County Council
Fidra
Garfield Weston Foundation
Grantscape
Groundwork UK
Hampshire County Council
London Wildlife Trust
National Trust
Natural England
Northern Ireland Environment Agency
Plantlife
Postcode Local Trust
Rural Payment Agency
Scottish Forestry
Scottish Natural Heritage
The National Lottery Heritage Fund
The Royal Society for the Protection of Birds
Worcestershire Wildlife Trust

Charitable Trusts and Foundations

AEB Charitable Trust
Cambridge Chrysalis Trust
D G Albright Charitable Trust
DFN Charitable Foundation
GESS Charitable Trust
Henocq Law Trust
Miss Kathleen Beryl Sleigh Charitable Trust
P F Charitable Trust
Robert Kiln Charitable Trust
The Banister Charitable Trust
The Big Give Trust
The D S Smith Charitable Trust
The Hugh Fraser Foundation
The Jack Patston Charitable Trust
The John Swire 1989 Charitable Trust
The Lady Eda Jardine Charitable Trust
The Marlow Trust
The Orcome Trust
The Patsy Wood Trust
The Valentine Charitable Trust
The Walter Guinness Charitable Trust

Corporate Partners and Supporters

Animal Friends Insurance
B&Q plc
Charity Car
Ecclesiastical Insurance Offices Limited
Facebook
Habitat Aid
Highland Titles Limited
Naturetrek Limited
NHBS Limited
Papillon Dartmoor Distillery
Rapanui
STRI Ltd

Corporate Members

Highland Titles Nature Reserve
Naturetrek Limited
Stone King LLP
Wildflowers Scotland

Legacy gifts

Much of our successful conservation work is underpinned by the generosity of supporters who have left a gift in their Will. All gifts, whatever their size, are hugely valuable, making a lasting difference to butterfly and moth conservation. We would like to thank our generous benefactors for these important gifts:

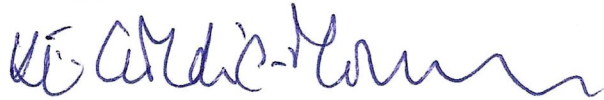
Legacies

Beryl Mary Serjeant (known as Billie)
Campbell Robert Smith
Carole Robinson
Claire Turner
Daphne Olive Graiff
David Andrew Barbour
David Morgan
David Philip Hooker
David William Gordon Sawyer
Elizabeth Green
Elizabeth Joan Mary Warren
Elizabeth Mariana Staley
Freda Janet Neal
Gwendoline Reavill
Janine Dunn
Kathleen Patricia Trasler
Maureen Osborne Hutton Irvine
Michael Alan Rockett
Michael George Nash
Molly Helen Kearns
Pauline Anne Stewart Haworth
Peter Allen Yeo
Robert William Norwood
Rodney Clyde Silk
Roger Charles Airey
Sheila Christine Dawsey
Sheila Elaine Hindley-Greaves
The Edward Geoffrey Montague Niblett Will Trust
Winifred Mary Oram

Report of the Council Year to 31 March 2022

If you would like to find out more about leaving a gift in your will, please call Amanda Brazington on 01929 406048 or email abrazington@butterfly-conservation.org

**Report of the council approved
for on and behalf of council:**



Karen Goldie-Morrison, Chair



Julie Williams, Secretary

Approved by Council on: 13 July 2022

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

Opinion

We have audited the financial statements of Butterfly Conservation (the 'charitable parent company') and of Butterfly Conservation and its subsidiary company (collectively the 'group') for the year ended 31 March 2022, which comprise the group statement of financial activities, the group comparative statement of financial activities, the group and charitable parent company balance sheets, the group statement of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 March 2022 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the members of Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the members of Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The members of Council are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the Report of the Council including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Report of the Council including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Council

As explained more fully in the Responsibilities of Council statement included in the Report of the Council, the members of Council (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members of Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of Council are responsible for assessing the group's and the charitable parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members of Council either intend to liquidate the group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's responsibilities for the audit of the financial statements (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the Audit Director (and Senior Statutory Auditor) ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our commercial knowledge and experience of the sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the group. These included but were not limited to the Charities Act 2011, Charities Accounts (Scotland) Regulations 2006 (as amended), Companies Act 2006 and data protection legislation.
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, inspecting legal correspondence and reviewing Member of Council meeting minutes.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

Auditor's responsibilities for the audit of the financial statements (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of member of Council meetings and
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's members of Council (the trustees and directors of the charitable company) as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

29th July 2022

Consolidated statement of financial activities Year to 31 March 2022

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2022 Total funds £'000	2021 Total funds £'000
Income from:						
Donations and legacies	1	1,191	54	-	1,245	1,351
Other trading activities	2	47	-	-	47	72
Investments & interest receivable	3	10	2	225	237	148
Charitable activities						
. Conservation activities – grants receivable	4	241	856	-	1,097	1,182
. Contracts and Royalties		294	61	-	355	310
. Primary purpose trading		83	11	-	94	121
. Membership subscriptions		1,270	-	-	1,270	1,241
Other sources		-	-	-	-	54
Total income		3,136	984	225	4,345	4,479
Expenditure on:						
Raising funds	5	207	4	13	224	249
Charitable activities						
. Conservation	6	2,535	1,115	—	3,650	3,643
. Membership services	7	392	-	—	392	378
Total expenditure	6	3,134	1,119	13	4,266	4,270
Net income (expenditure) before investment gains						
		2	(135)	212	79	209
Net investment gains	15,17	—	—	287	287	649
Net income (expenditure)	10	2	(135)	499	366	858
Transfer between funds	20	130	83	(213)	—	—
Net movement in funds		132	(52)	286	366	858
Reconciliation						
Total funds brought forward at 1 April 2021		5,411	1,231	5,299	11,941	11,083
Total funds carried forward at 31 March 2022		5,543	1,179	5,585	12,307	11,941

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

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

No summary income and expenditure account has been produced as the only difference to the statement of financial activities would be the omission of endowed income of £225,000 (2021: £128,000); endowed expenditure of £13,000 (2021: £26,000).

Comparative consolidated statement of financial activities Year to 31 March 2021

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2021 Total funds £'000
Income from:					
Donations and legacies	1	1,240	111	—	1,351
Other trading activities	2	72	—	—	72
Investments & interest receivable	3	14	6	128	148
Charitable activities					
. Conservation activities – grants receivable	4	50	1,132	—	1,182
. Contracts and Royalties		258	52	—	310
. Primary purpose trading		115	6	—	121
. Membership subscriptions		1,241	—	—	1,241
Other sources		54	—	—	54
Total income		3,044	1,307	128	4,479
Expenditure on:					
Raising funds	5	223	1	25	249
Charitable activities					
. Conservation	6	2,180	1,463	—	3,643
. Membership services	7	378	—	—	378
Total expenditure	6	2,781	1,464	25	4,270
Net income (expenditure) before investment gains					
		263	(157)	103	209
Net investment gains	15,17	19	—	630	649
Net income (expenditure)	10	282	(157)	733	858
Transfer between funds	20	(182)	297	(115)	—
Net movement in funds		100	140	618	858
Reconciliation					
Total funds brought forward at 1 April 2020		5,311	1,091	4,681	11,083
Total funds carried forward at 31 March 2021		5,411	1,231	5,299	11,941

Balance sheet 31 March 2022

	Notes	Group		Charity	
		2022 £	2021 £	2022 £	2021 £
Fixed assets					
Intangible fixed assets	13	60	80	60	80
Tangible fixed assets	14	1,364	1,374	1,364	1,374
Investments	15	5,585	5,299	5,585	5,299
		7,009	6,753	7,009	6,753
Current assets					
Stocks		7	7	7	7
Debtors	16	1,480	868	1,542	905
Cash at bank and in hand					
Short term deposits and interest bearing accounts		3,113	3,101	3,113	3,101
Current accounts		989	1,435	906	1,375
		5,589	5,411	5,568	5,388
Liabilities					
Creditors: amounts falling due within one year	18	(291)	(223)	(290)	(220)
Net current assets		5,298	5,188	5,278	5,168
Total net assets		12,307	11,941	12,287	11,921
Funds of the charity					
Capital funds					
Endowment funds	19	5,585	5,299	5,585	5,299
Income funds					
Restricted funds	20	1,179	1,231	1,179	1,231
Unrestricted funds					
General fund		4,057	3,970	4,057	3,970
Non-charitable trading funds		20	20	—	—
Tangible and intangible assets (including freehold nature reserves) fund	21	1,148	1,146	1,148	1,146
Designated fund	22	318	275	318	275
Total funds		12,307	11,941	12,287	11,921

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



Karen Goldie-Morrison
Chair

Date: 13 July 2022

Statement of cash flows Year to 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash (used in) provided by operating activities	A	(659)	259
Cash flows from investing activities			
Investment income and interest received		224	148
Purchase intangible fixed assets		—	(14)
Proceeds from the disposal of listed investments		238	6,046
Purchase of listed investments		(306)	(5,868)
Net cash provided by investing activities		156	312
Change in cash and cash equivalents in the year		(503)	571
Cash equivalents at 1 April 2021	B	4,608	4,037
Cash equivalents at 31 March 2022	B	4,105	4,608

Notes to the statement of cash flows for the year to 31 March 2022

A Reconciliation of net expenditure to net flows from operating activities

	2022 £	2021 £
Net income (as per the statement of financial activities)	366	858
Adjusted for:		
Depreciation and amortisation charge	30	31
Gains on investments	(287)	(649)
Investment income (net of management fees) and interest receivable	(224)	(148)
(Increase) decrease in debtors	(612)	316
Increase (decrease) in creditors	68	(149)
Net cash (used in) provided by operating activities	(659)	259

B Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand: current accounts	989	1,435
Cash at bank and in hand: short term deposits and interest bearing accounts	3,113	3,101
Cash held by investment managers	3	72
Total cash and cash equivalents	4,105	4,608

No separate reconciliation of net debt has been prepared as there is no difference between the net cash (debt) of the charity and the above cash and cash equivalents.

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

Basis of preparation

These financial statements have been prepared for the year to 31 March 2022 with comparative information provided in respect to the year 31 March 2021.

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

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

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements are presented in sterling and are rounded to the nearest one thousand.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate the financial statements of Butterfly Conservation and its wholly owned subsidiary company, Butterfly Conservation Trading Limited, made up at the balance sheet date. The results of the subsidiary undertaking are consolidated on a line-by-line basis. No separate statement of financial activities has been presented for the charity alone as permitted by Section 408 of the Companies Act 2006.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the members of Council and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- ◆ the estimates of the useful economic lives of both tangible and intangible fixed assets used to determine the annual depreciation and amortisation charges respectively;
- ◆ the assumptions adopted by the members of Council and management in determining the value of any designations required from the charity's general unrestricted funds;
- ◆ the basis on which support costs have been allocated across expenditure headings;
- ◆ the probability of the receipt by the charity of legacy income of which it has been notified of its entitlement; and
- ◆ the estimation of future income and expenditure flows for the purpose of assessing the charity's and group's going concern.

Assessment of going concern

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

The members of Council have considered the impact of the Covid-19 on the charity by assessing and reviewing future income streams, expenditure levels, and the level of free reserves.

Following this review, the members of Council are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 March 2022, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy set out in the Report of the Council for more information).

Income

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received. Income is deferred only when the charity must fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

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

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

Donated goods are recognised at fair value unless it is impractical to measure this reliably, in which case a derived value, being the cost of the item to the donor, is used. An equivalent amount is included as expenditure except where the donated good is a fixed asset, in which case the corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the charity's accounting policies. In accordance with the Charities SORP FRS 102, volunteer time is not recognised.

Income (continued)

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

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably, and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

In the event that the gift is in the form of an asset other than cash, or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having been transferred to the charity.

In April 2020 Council passed a resolution to transfer the balance held in the designated Legacy Fund to the general fund and additionally any income arising from new legacies received in the year to be allocated directly to the general fund. Previously, an amount equivalent to the unrestricted legacies credited to the statement of financial activities was transferred to the Legacy Fund, a designated fund.

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

Income from fundraising events and income from royalties is recognised when it is probable that the economic benefits will flow to the charity and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

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

Income (continued)

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

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

Expenditure

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

Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings.

The classification between activities is as follows:

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

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of a finance function, human resources function, property management and information technology support. Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

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

Intangible fixed assets

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

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

- ◆ Computer software 20% straight-line

Assets under the course of construction, including software under development, are not amortised until they are available for use.

Tangible fixed assets

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

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

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

No depreciation is provided on freehold land.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The charity does not acquire put options, derivatives, or other complex financial instruments.

The Council of Butterfly Conservation voted in July 2020 to adopt a policy of Total Return in the management of this fund as permitted by the Act and a special Charity Commission scheme. Under this policy, investment managers are given the flexibility to achieve maximum returns on investments whether this is through generating interest and dividends or through capital growth. Charities operating a Total Return policy can apply some of the capital growth on investments for charitable purposes, thereby enabling the Trustees to balance the current and future needs of charitable beneficiaries.

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

Stocks

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

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

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

Creditors and provisions

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

Fund structure

The endowment fund comprises monies that must be held as capital indefinitely.

Until 30 June 2020, the investment income therefrom (which was available for use for charity's general purposes) was credited directly to unrestricted funds, whilst any gains (or losses) on the original capital was credited (or debited) to (or from) the endowment fund.

Following a resolution of the members of Council on 10 June 2020, with effect from 1 July 2020, the charity has implemented a total return approach in respect of its endowment funds. The initial value of the trust for investment and the initial value of the Unapplied Total Return were established on 31 March 2020. The initial amount of the trust for investment was determined at £3.09m by reference to the charity's records: the Unapplied Total Return was calculated as the difference between that value and the portfolio value at 31 March 2020. All investment income, gains and losses are taken to the part of the fund representing the accumulated Unapplied Total Return in the first instance. The members of Council have agreed a policy to allocate 3.25% of the portfolio value, after investment management fees, from the Unapplied Total Return to the charity's unrestricted funds each year, and this is shown as a transfer between funds on the statement of financial activities.

Fund structure (continued)

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

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

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

The designated funds are monies set aside out of the general fund and designated for specific purposes by Council. The policies for transfers to and from designated funds are explained above under “income and transfers to/from designated funds” or in Note 22 to the financial statements. The general fund comprises those monies that may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of Council.

Contributory third party (CTP) and landfill community funds

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

Leased assets

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

Pension costs

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

1 Income from donations and legacies

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2022 Total £'000
Donations	524	54	—	578
Legacies	667	—	—	667
	1,191	54	—	1,245

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2021 Total £'000
Donations	557	106	—	663
Legacies	683	5	—	688
	1,240	111	—	1,351

2 Income from other trading activities

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2022 Total £'000
Sale of goods/services – non-charitable material	20	—	—	20
Royalties and sponsorship – non primary purpose	11	—	—	11
Fundraising	16	—	—	16
	47	—	—	47

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2021 Total £'000
Sale of goods/services – non-charitable material	27	—	—	27
Royalties and sponsorship – non primary purpose	24	—	—	24
Fundraising	21	—	—	21
	72	—	—	72

3 Income from investments and interest receivable

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2022 Total £'000
UK common investment funds and unit trusts	—	—	225	225
Bank interest	10	2	—	12
	10	2	225	237

3 Income from investments and interest receivable (continued)

<i>Group</i>	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>Endowment funds £'000</i>	<i>2021 Total £'000</i>
<i>UK common investment funds and unit trusts</i>	<i>1</i>	<i>—</i>	<i>128</i>	<i>129</i>
<i>Bank interest</i>	<i>13</i>	<i>6</i>	<i>—</i>	<i>19</i>
	14	6	128	148

4 Income from charitable activities: conservation activities – grants receivable

<i>Group</i>	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>2022 Total £'000</i>	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>2021 Total £'000</i>
Defence Infrastructure Organisation	8	1	9	—	1	1
Fidra	—	—	—	25	—	25
Garfield Weston Foundation	—	—	—	—	10	10
Grant Scape	—	—	—	—	15	15
International Union for Conservation of Nature	30	—	30	—	—	—
Kusumu Trust	—	9	9	—	—	—
London Wildlife Trust	—	—	—	—	48	48
National Trust	6	—	6	7	—	7
Natural England	181	118	299	—	484	484
Northern Ireland Environment Agency	—	30	30	—	50	50
Natural Resources for Wales	—	9	9	—	—	—
Postcode Local Trust	—	—	—	—	20	20
Rural Payments Agency	—	24	24	—	40	40
Scottish Borders Council	—	8	8	—	—	—
Scottish Forestry	—	1	1	—	6	6
Scottish Natural Heritage	1	61	62	—	66	66
Severn Trent Water Ltd	—	97	97	—	—	—
The Highland Council	—	6	6	—	—	—
National Heritage Lottery Fund	—	423	423	—	207	207
The Patsy Wood Trust	—	—	—	—	106	106
The Royal Society for the Protection of Birds	—	54	54	—	75	75
UK Centre of Ecology & Hydrology	4	1	5	—	—	—
Worcestershire Wildlife Trust	—	—	—	6	—	6
Grant received < £5,000	11	14	25	12	4	16
	241	856	1,097	50	1,132	1,182

5 Expenditure on raising funds

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2022 Total £'000
Staff costs (including support) (note 11)	143	—	—	143
Fundraising costs	49	4	—	53
Trading costs	8	—	—	8
Investment management charges	—	—	13	13
Other support costs (note 8)	7	—	—	7
	207	4	13	224

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2021 Total £'000
Staff costs (including support) (note 11)	146	—	—	146
Fundraising costs	44	1	—	45
Trading costs	21	—	—	21
Investment management charges	—	—	25	25
Other support costs (note 8)	12	—	—	12
	223	1	25	249

6 Expenditure on charitable activities: conservation

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2022 Total £'000
Staff costs (including support) (note 11)	1,881	471	—	2,352
Marketing and publicity	82	4	—	86
Management conservation	284	292	—	576
Information and education	42	6	—	48
Legal and professional	3	—	—	3
Other support costs (note 8)	243	342	—	585
	2,535	1,115	—	3,650

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2021 Total £'000
Staff costs (including support) (note 11)	1,718	727	—	2,445
Marketing and publicity	60	2	—	62
Management conservation	182	310	—	492
Information and education	63	—	—	63
Legal and professional	1	—	—	1
Other support costs (note 8)	156	424	—	580
	2,180	1,463	—	3,643

7 Expenditure on charitable activities: membership services

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2022 Total £'000
Staff costs (including support) (note 11)	172	—	—	172
Membership recruitment	4	—	—	4
Newsletter production and distribution	177	—	—	177
Membership servicing	26	—	—	26
Other support costs (note 8)	13	—	—	13
	392	—	—	392

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2021 Total £'000
Staff costs (including support) (note 11)	167	—	—	167
Membership recruitment	5	—	—	5
Newsletter production and distribution	148	—	—	148
Membership servicing	38	—	—	38
Other support costs (note 8)	20	—	—	20
	378	—	—	378

8 Support costs

	Staff costs £'000	Other support costs £'000	2022 Total £'000
Staff costs	1,022	—	1,022
Governance costs (note 9)	—	96	96
Other	—	509	509
	1,022	605	1,627
Attributed to:			
Expenditure on raising funds (note 5)	143	7	150
Expenditure on charitable activities			
. Conservation (note 6)	795	585	1,380
. Membership services (note 7)	84	13	97
	1,022	605	1,627

8 Support costs (continued)

	Staff costs £'000	Other support costs £'000	2021 Total £'000
Staff costs	912	—	912
Governance costs (note 9)	—	142	142
Other	—	470	470
	912	612	1,524
Attributed to:			
Expenditure on raising funds (note 5)	146	12	158
Expenditure on charitable activities			
. Conservation (note 6)	685	580	1,265
. Membership services (note 7)	81	20	101
	912	612	1,524

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

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

9 Governance costs

	2022 Total £'000	2021 Total £'000
Information and education	28	28
Legal and professional	62	110
Other governance expenses	6	4
	96	142

10 Net income (expenditure)

This is stated after charging:

Group	2022 Total £'000	2021 Total £'000
Staff costs (note 11)	2,667	2,758
Auditor's remuneration		
. Statutory audit services	15	14
. Non-audit services		
.. Tax compliance	3	7
.. HR consultancy	—	20
Depreciation and amortisation	30	31
Operating lease rentals	93	93

11 Employees, staff costs and remuneration of key management personnel

Staff costs during the period are as follows:

Group	2022 Total £'000	2021 Total £'000
Wages and salaries	2,235	2,362
Social security costs	196	208
Other pension costs	180	179
	2,611	2,749
Agency staff costs	56	9
Total staff costs	2,667	2,758
Staff costs by function (after the allocation of those deemed support costs) were as follows:		
Raising funds	143	146
Conservation	2,352	2,445
Membership services	172	167
	2,667	2,758

A total of £Nil was paid in redundancy payments (2021: £113,387) and this amount is included within wages and salaries above.

The number of employees whose emoluments exceeded £60,000 (including employer pension contributions) was:

	2022 Number	2021 Number
£70,001 - £80,000	1	1

Pension contributions of £5,818 (2021: £5,818) were paid into personal pension schemes in respect of these individuals during the year.

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

Group	2022 Total £'000	2021 Total £'000
Raising funds	4	6
Conservation	61	69
Membership services	3	4
	68	79

The key management personnel of the charity comprises the member of Council and the Senior Leadership Team. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £261,820 (2021: £261,170).

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

No Council member received any remuneration in respect of his or her services as members of Council during the year (2021: £nil). However:

- ♦ A total of £279 (2021: £2,421) was reimbursed to (or paid by the charity on behalf of) 11 (2021: 14) Council members for expenditure incurred on behalf of the charity.
- ♦ No members of Council had any beneficial interest in any contract with the charity during the year (2021: none).

12 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 various exemptions available to registered charities.

13 Intangible fixed assets

Group and charity	Software £'000	Total £'000
Cost		
At 1 April 2021 and 31 March 2022	100	100
Amortisation		
At 1 April 2021	20	20
Charge for year	20	20
At 31 March 2022	40	40
Net book values		
At 31 March 2022	60	60
At 31 March 2021	80	80

14 Tangible fixed assets

	Freehold land £'000	Office equipment, plant and machinery £'000	Total £'000
Group and charity			
Cost			
At 1 April 2021 and 31 March 2022	1,343	57	1,400
Depreciation			
At 1 April 2021	—	26	26
Charge for year	—	10	10
At 31 March 2022	—	36	36
Net book values			
At 31 March 2022	1,343	21	1,364
At 31 March 2021	1,343	31	1,374

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 dates 30 May 2006 in favour of one of the charity's funders exists in relation to the freehold property known as Pres Heath Common.

15 Fixed asset investments

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Listed investments (note a)	5,585	5,299	5,585	5,299
Investment in subsidiary company (note b)	5,585	5,299	5,585	5,299

a) Listed investments and cash held for re-investment

	2022 Total £'000	2021 Total £'000
Group and charity		
Listed investments		
Market value at 1 April	5,227	4,594
Additions at cost	306	5,868
Disposal proceeds	(237)	(5,865)
Realised (losses) gains	(1)	686
Disposals at opening market value	(238)	(5,179)
Net unrealised gains/(losses)	287	(56)
Market value at 31 March	5,582	5,227
Cash held by investment managers for re-investment	3	72
	5,585	5,299
Cost of listed investments at 31 March	5,342	5,245

15 Fixed asset investments (continued)

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

Listed investments held at 31 March 2022 wholly comprised holdings in common investments funds as follows:

	Market value £'000	Proportion %
Cazenove Charity Responsible Multi Asset Fund Accumulation units	1,093	20%
Cazenove Charity Responsible Multi Asset Fund Distribution units	4,489	80%

b) Investment in subsidiary company

The charity holds 100% share 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 2022, which have been included in the consolidated financial statements.

	2022 Total £'000	2021 Total £'000
Turnover	75	56
Cost of salaries	(9)	(13)
Gross profit	66	43
Operating costs	(17)	(19)
Net profit for the year before Gift Aid and taxation	49	25
Donation under a Gift Aid compliant Deed of Covenant	(49)	(25)
Taxation	—	—
Profit for the financial period	—	—
Retained earnings at 31 March 2021	20	20
Retained earnings at 31 March 2022	20	20

At 31 March 2022 the company had total called up share capital and retained earnings of £20,0001 (2021: £20,001).

16 Debtors

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Grants and other funding receivable	446	233	442	233
Prepayments and other accrued income	51	60	51	118
Legacies receivable	826	354	826	354
VAT recoverable	9	8	10	8
Amounts due from Butterfly Conservation Trading Limited	—	—	65	40
Gift Aid recoverable	140	60	140	—
Sundry debtors	8	153	8	152
	1,480	868	1,542	905

17 Current asset investments

	2022 Total £'000	2021 Total £'000
Listed investments		
Market value at 1 April	—	162
Disposal proceeds	—	(181)
Realised gains	—	19
Disposals at opening market value	—	(162)
Market value at 31 March	—	—
Cost of listed investments at 31 March	—	—

18 Creditors: amounts falling due within one year

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Social security and other taxes	58	51	58	51
Expense creditors	28	97	28	97
Accruals and deferred income	205	75	204	72
	291	223	290	220

Deferred income for 2021/22 related to DFN Charitable Foundation support of Big Butterfly Count of £16,667. There was no deferred income at 31 March 2021.

Movements on deferred income during the year was as follows:

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Opening deferred income balance	—	27	1	27
Cash received in the year	17	26	17	26
Amounts released to income	—	(53)	—	(53)
Closing deferred income balance	17	—	18	—

19 Endowment funds

	2022 Total £'000	2021 Total £'000
At April 2021	5,299	4,681
Less value of endowment at 30 June 2020	(3,086)	(3,086)
Opening value of unapplied total return at 1 July 2021	2,213	1,595
Add investment return: income	225	128
Add investment return: realised and unrealised gains (losses)	287	630
Less investment management costs	(13)	(25)
Total return before transfer to income	2,712	2,328
Less total return applied	(213)	(115)
Unapplied total return as at 31 March 2022	2,499	2,213
Add: value of endowment at 30 June 2020	3,086	3,086
Permanent endowment including unapplied total return as at 31 March 2022	5,585	5,299

The Council of Butterfly Conservation voted in July 2020 to adopt a policy of Total Return in the management of this fund as permitted by the Act and a special Charity Commission scheme. Under this policy, investment managers are given the flexibility to achieve maximum returns on investments whether this is through generating interest and dividends or through capital growth. Charities operating a Total Return policy are able to apply some of the capital growth on investments for charitable purposes, thereby enabling the Trustees to balance the current and future needs of charitable beneficiaries.

20 Restricted funds

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

Group and charity	At 1 April 2021 £'000	Income £'000	Expenditure £'000	Fund transfers £'000	At 31 March 2022 £'000
Back from the Brink Project	42	118	(153)	(5)	2
Big City Butterflies	33	87	(101)	4	23
Brilliant Butterfly Banks	21	—	(8)	—	13
Building Sites for Butterflies	84	1	(39)	—	46
Conservation Officer Wales	27	36	(74)	11	-
Development Scotland	11	112	(179)	69	13
Environparks Marsh Fritillary Mitigation	179	—	(51)	—	128
Kent's Magnificent Moths	78	59	(85)	—	52
Morecambe Bay Lime	110	15	(97)	5	33
North Atlantic Coast	8	—	—	—	8
Regional Development Officer Northern Ireland	6	85	(56)	—	35
Prees Heath Fund	281	14	(10)	—	285
Regional Development Officer North England	25	30	(22)	—	33
Regional Development Officer Greater London	20	38	(30)	—	28
Reserve Acquisition and Management Fund	62	5	—	(5)	62
Restricted Legacies	198	1	(3)	—	196
Cornwall Atlas Project	9	11	(19)	—	1
Ryton Wood Meadow Project – Warwickshire	14	—	(5)	—	9
Malvern Hill Lost Fritillary – West Midlands	6	20	(8)	(4)	14
Scottish Borderlands	—	18	—	—	18
Wyre Forest	—	97	(43)	—	54
Rockingham Forest	—	124	(51)	7	80
Supporting Science	—	59	(21)	—	38
Head Office Restricted Funds where closing balance <£5,000	15	54	(63)	2	8
Branch Restricted Funds where closing balance <£5,000	2	—	(1)	(1)	—
	1,231	984	(1,119)	83	1,179

20 Restricted funds (continued)

<i>Group and charity</i>	<i>At 1 April 2020 £'000</i>	<i>Income £'000</i>	<i>Expenditure £'000</i>	<i>Fund transfers £'000</i>	<i>At 31 March 2021 £'000</i>
<i>Back from the Brink Project</i>	19	333	(313)	3	42
<i>Big City Butterflies</i>	—	36	(4)	1	33
<i>Brilliant Butterfly Banks</i>	23	48	(50)	—	21
<i>Building Sites for Butterflies</i>	60	78	(54)	—	84
<i>Conservation Officer Wales</i>	—	27	—	—	27
<i>Development Scotland</i>	43	86	(275)	157	11
<i>Environparks Marsh Fritillary Mitigation</i>	209	1	(31)	—	179
<i>Kent's Magnificent Moths</i>	—	30	(4)	52	78
<i>Morecambe Bay Lime</i>	—	137	(31)	4	110
<i>North Atlantic Coast</i>	7	1	—	—	8
<i>Regional Development Officer Northern Ireland</i>	—	126	(136)	16	6
<i>Prees Heath Fund</i>	274	13	(6)	—	281
<i>Regional Development Officer North England</i>	47	13	(25)	(10)	25
<i>Regional Development Officer Greater London</i>	48	9	(49)	12	20
<i>Reserve Acquisition & Management Fund</i>	93	—	—	(31)	62
<i>Restricted Legacies</i>	199	1	(2)	—	198
<i>Cornwall – Atlas Project</i>	—	14	(7)	2	9
<i>Ryton Wood Meadow Project – Warwickshire</i>	17	3	(6)	—	14
<i>Malvern Hill Lost Fritillary – West Midlands</i>	5	1	—	—	6
<i>Head Office Restricted Funds where closing balance <£5,000</i>	44	350	(470)	91	15
<i>Branch Restricted Funds where closing balance <£5,000</i>	3	—	(1)	—	2
	1,091	1,307	(1,464)	297	1,231

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

Back from the Brink Project

A unique collaboration of eight partners to save 20 species from extinction and benefit over 200 more through 19 projects that span England.

Big City Butterflies

Big City Butterflies will inspire Londoners to discover butterflies and moths, and in doing so will connect them with nature and their local green spaces.

Brilliant Butterfly Banks

A public engagement and chalk grassland creation/restoration project in South West London with Wildlife Trust and Natural History Museum.

20 Restricted funds (continued)

Building Sites for Butterflies

To show how built development can enhance prospects for wildlife and help reverse decline by creating and maintaining high biodiversity grasslands.

Conservation Officer Wales

To deliver effective species recovery, target our actions and increase our volunteer capacity/stakeholder engagement.

Environparks Marsh Fritillary Mitigation

To restore and maintain marshy grassland for the Marsh Fritillary Butterfly in Wales.

Kent's Magnificent Moths

This vital project will help save some of the UK's most threatened moths by involving local people in targeted conservation action in six areas of East Kent, helping people discover, enjoy and protect the unique natural heritage around them.

Morecambe Bay Limestones

To promote the recovery of threatened species in Morecambe Bay by embracing a programme of innovative and sustainable habitat management by embracing a programme of innovative and sustainable habitat management.

North Atlantic Coast

Habitat restoration to facilitate the re-introduction of the Large Blue to Devon and Cornwall coastal areas.

Prees Heath Fund

The safeguarding of the Silver-studded Blue butterflies at Prees Heath.

Regional Development Officer Northern Ireland

To support work of our Northern Ireland Office.

Regional Development Officer North England

To support work of our North of England Regional Conservation Manager.

Regional Development Officer Greater London

To support work of our south-east and east of England Regional Conservation Managers to cover London.

Reserve Acquisition and Management Fund

To purchase and manage nature reserves.

Restricted Legacies Fund

Legacies reserved for a specific purpose.

Cornwall Atlas

Publication of the Cornwall Atlas.

Ryton Wood Meadow Project - Warwickshire

Habitat restoration and maintenance at Ryton Wood Meadow.

20 Restricted funds (continued)

Scottish Border

Examine how species recovery for threatened species contribute to a natural capital approach to land management and inform the new agri-environment schemes in Scotland.

Wyre Forest

Threatened species focus.

Rockingham Forest

Conservation focused on reintroduction of Chequered Skipper and habitat management for butterflies and moths.

Supporting Science

To improve data flow and increase participation in recording schemes.

West Midlands

Malvern Hill Lost Fritillary project.

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 is made where costs exceed the income received towards a specific project;
- ◆ a transfer from unrestricted to restricted funds is made 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 is made when a restriction has been removed.

21 Tangible and intangible fixed assets (including freehold and nature reserves) fund

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

22 Designated funds

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

	At 1 April 2021 £'000	New designations £'000	Utilised / released £'000	At 31 March 2022 £'000
Group and charity				
Branch fund	210	134	(26)	318
Legacy fund	65	—	(65)	—
	275	134	(91)	318

	At 1 April 2020 £'000	New designations £'000	Utilised / released £'000	At 31 March 2021 £'000
Group and charity				
Branch fund	242	52	(84)	210
Legacy fund	1,577	—	(1,512)	65
	1,819	52	(1,596)	275

23 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2022 Total £'000
Group				
Fund balances at 31 March 2022 are represented by:				
Intangible assets	60	—	—	60
Tangible fixed assets	1,088	276	—	1,364
Fixed asset investments	—	—	5,585	5,585
Net current assets	4,395	903	—	5,298
	5,543	1,179	5,585	12,307

23 Analysis of net assets between funds (continued)

<i>Group</i>	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>Endowment funds £'000</i>	<i>2021 Total £'000</i>
<i>Fund balances at 31 March 2021 are represented by:</i>				
<i>Intangible assets</i>	80	—	—	80
<i>Tangible fixed assets</i>	1,066	308	—	1,374
<i>Fixed asset investments</i>	—	—	5,299	5,299
<i>Net current assets</i>	4,265	923	—	5,188
	5,411	1,231	5,299	11,941

<i>Charity</i>	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>Endowment funds £'000</i>	<i>2022 Total £'000</i>
Fund balances at 31 March 2022 are represented by:				
<i>Intangible assets</i>	60	—	—	60
<i>Tangible fixed assets</i>	1,088	276	—	1,364
<i>Fixed asset investments</i>	—	—	5,585	5,585
<i>Net current assets</i>	4,375	903	—	5,278
	5,523	1,179	5,585	12,287

<i>Charity</i>	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>Endowment funds £'000</i>	<i>2021 Total £'000</i>
<i>Fund balances at 31 March 2021 are represented by:</i>				
<i>Intangible assets</i>	80	—	—	80
<i>Tangible fixed assets</i>	1,066	308	—	1,374
<i>Fixed asset investments</i>	—	—	5,299	5,299
<i>Net current assets</i>	4,245	923	—	5,168
	5,391	1,231	5,299	11,921

<i>Group and charity</i>	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>Endowment funds £'000</i>	<i>2022 Total £'000</i>
Reconciliation of movements in unrealised (losses) gains on investments				
Unreleased losses at 1 April 2021	—	—	(18)	(18)
Less: in respect of disposals in the year	—	—	(29)	(29)
Less: net unrealised losses in period	—	—	287	287
Unrealised gains at 31 March 2022	—	—	240	240

23 Analysis of net assets between funds (continued)

	Unrestricted funds	Restricted funds	Endowment funds	2021 Total
<i>Group and charity</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Reconciliation of movements in unrealised gains (losses) on investments</i>				
<i>Unrealised gain at 1 April 2020</i>	43	—	305	348
<i>Less: in respect of disposals in the year</i>	(43)	—	(267)	(310)
<i>Less: net unrealised losses in period</i>	—	—	(56)	(56)
<i>Unrealised losse at 31 March 2021</i>	—	—	(18)	(18)

24 Leasing commitments

At 31 March 2022 the group and charity had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Within one year	60	77	28	35
Within two to five years	155	47	10	49
After five years	16	24	—	—
	231	148	38	84

25 Related party transactions

During the year ended 31 March 2022, the charity received subscriptions from Council members and the Senior Leadership Team totalling £542 (2021: £333).

During the year ended 31 March 2022, the charity received unrestricted donations from Council members and the Senior Leadership Team totalling £8,625 (2021: £7,680) including gift in kind £Nil (2021: £Nil) and restricted donations totalling £Nil (2021: £200).

Details of other related party transactions are provided at Note 11. Beyond these, there were no other related party transactions during the financial year which require disclosure (2021: none).

26 Members' liability

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

Get involved with Butterfly Conservation

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

Subscribe to our biannual email newsletter, *Science News*, to explore the wide range of science we are involved in and how we apply this to our conservation projects: butterfly-conservation.org/sciencenews.

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

- **Donate** – Every penny counts in the fight to save threatened and widespread species. Support our conservation work to secure the future for butterflies and moths.
- **Join** – Add your voice to our 37,000+ members who are speaking up for butterflies and moths and supporting our work. Your local Branch will introduce you to the wildlife on your doorstep at guided walks, talks and conservation action days.
- **Remember butterflies in your Will** – Every gift, whatever the size, makes a real impact on our conservation work and helps ensure future generations experience the joy of watching butterflies and moths in the wild.
- **Gardening** – You can add pollinator-friendly plants to any size outdoor space. Provide nectar pit stops to keep butterflies and moths flying or help them raise their next generation by providing caterpillar food plants.
- **Volunteer** – From practical conservation and repairing fences to filling envelopes, we have volunteer tasks for all ages and abilities. Give your time for butterflies and moths and make a difference.
- **Monitor** – We identify the species that most need our help by tracking where and when butterflies and moths occur. Whether you spend 15 minutes taking part in the Big Butterfly Count or walk a regular transect route, you can contribute to our recording schemes.
- **Fundraise** – Run a marathon, bake a cake or open your garden – there are endless ways you can help raise funds and inspire others to support butterflies and moths for generations to come.

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