

Butterfly Conservation

Annual Report and Financial Statements

31 March 2023

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

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

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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 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) Hugh Ellerton (Honorary Treasurer) Glenn Allison Apithanny Bourne Prof Laurence Harwood Dr Elaine King Simon Saville Martin Spray CBE 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) Elvira Meucci-Lyons (Director of Fundraising & Communications)
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)
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Twitter	@savebutterflies
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Instagram	Instagram.com/savebutterflies
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Overview by the Chair

According to Butterfly Conservation's *State of Butterflies* report (2022) butterflies have disappeared from almost half the places in the UK they frequented 50 years ago. Between 1976 and 2019, butterflies in the UK lost 42% of their range and decreased by 6% in abundance.

Against this shocking background, Butterfly Conservation's purpose - to conserve and recover butterflies and moths and to champion them for the benefit of nature and people - acquires a new urgency. This urgency is expressed in our 2026 Strategy. We must be ambitious: because if we are not, we are otherwise committed to recording declines and extinctions in ever more detail.

The *State of Butterflies* also showed that carefully targeted and sustained conservation action has a real impact on species, and that we know how to help threatened butterflies and moths. Successes with the Chequered Skipper and Marsh Fritillary have restored them to historic habitats and extended their ranges. When partnered with another strategic goal - improving the condition of important landscapes for butterflies and moths - we have seen successes with projects such as our Bog Squad, Green Recovery and Kent's Magnificent Moths.

People need to see butterflies and moths. Otherwise, how can people understand them and help to conserve them and their habitats? Our third strategic goal is therefore to transform Wild Spaces for people, butterflies and moths, with a major focus on bringing nature into people's lives.

The Biodiversity Conference of the Parties (COP 15), held in late 2022, emerged with a global pact to protect 30% of the world's land and sea by 2030, stop extinctions and restore 30% of degraded environments.

Local and central government policy has an enormous impact on conservation success. There is hope that this 30 x 30 commitment, coupled with the relentless advocacy work of wildlife organisations (including Butterfly Conservation) against the UK government's recent prevarications, will be a powerful message to the government to deliver on its nature recovery promises and plans.

Combined with these forces, Butterfly Conservation's continued success in species conservation is due to the work, dedication and resilience shown by our staff and our UK-wide network of volunteers and members. I thank them all.

Overview by the Chief Executive

We continue to live in unsettling times, but what has remained constant is the urgent need for everyone to fight for the natural world that underpins our lives and our economy. Never has nature needed us more.

That's why Butterfly Conservation's work to inspire people to take action for butterflies and moths continues at pace - focusing on more butterflies and moths in recovery, more landscapes improving and more people taking action.

We now hold over 55 million moth and butterfly records gathered by tens of thousands of recorders. This data is invaluable, enabling us to carry out research and gain further insight into the ecology of butterflies and moths, and the impact of climate change on their habitats. Our research collaborations also support us to deliver a step change in understanding other key drivers of change like land use and pollution.

We know that reversing declines in butterflies and moths requires action at a landscape scale. We have recruited our first ever Landscapes Manager who will develop partnerships with key landowners, businesses and communities to improve habitats on a large scale; including urban landscapes, green infrastructure and brownfield sites.

Underpinning our strategy is the idea that everyone should be able to enjoy and value butterflies, moths and nature. So, we have set out to create 100,000 Wild Spaces by the end of 2026 to create and enhance the habitats butterflies and moths need, and provide a new route for us to reach local communities especially in urban areas. Looking to the future, our young people will also have a big role to play in helping deliver our mission and over the next year we will be creating many more opportunities for them to engage with us in our work.

Finally, we remain determined in our efforts to continue pressing governments around the UK to deliver better actions for nature, including providing adequate funding to ensure nature's recovery.

Our strategy is ambitious. but to tackle the nature and climate emergency we are facing we must take ambitious action. Together we are already making a difference.

To our members, our volunteers, our Branches, our Trustees, our partners, our funders and our dedicated staff – thank you – none of this would be possible without you.

Report of the Council Year to 31 March 2023

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 2023.

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 39-45 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

- 40,409 individual BC members
- 1,000 Wild Spaces registered by 31 March 2023
- 96,258 counts received in Big Butterfly Count
- 64,760 people took part in Big Butterfly Count
- 2,091 UK Butterfly Monitoring Scheme traditional transect sites monitored in 2022/23
- 270 new UK Butterfly Monitoring Scheme sites monitored for the first time in 2022/23
- Over 100,000 butterflies counted in Wider Countryside Butterfly Survey squares in 2022/23

- BC staff have been involved in 15 scientific papers across a wide range of subjects
- Rare moth recording scheme increased from 13 to 40 species in the last two years
- 1,666 individual site visits were carried out at 783 sites, which is equivalent to 4,429 hours of staff time
- 80.3% of visits were in England, 10.6% in Scotland, 4.3% in Northern Ireland, 4.3% in Wales
- 58.2% of visits were for butterflies, with 23.4% of visits for moths
- Visits targeted 30 butterfly species, 90 moth species and 12 species assemblages
- 1,572 people attending BC's butterfly and moth identification courses. 31.5% of people on the butterfly course, and 35.4% of people attending the moth course were under 35 years old
- 3,826 pieces of media coverage which is an increase of 10.8%
- 277 school children explored BC's Magdalen Hill Down reserve in Hampshire
- 1,729 school children enjoyed one of our workshops
- We directly engaged with 2,006 school aged children
- Big City Butterflies project delivered 33 community engagement events across London, reaching over 2,000 people
- Big City Butterflies project trained 170 Londoners in how to identify and record butterflies
- 10,747 people regularly volunteered 205,984 hours across our branches, staff and UK Monitoring Scheme, which is equivalent to 123 full time members of staff
- 50 volunteer conservation advisors giving land management advice
- 5% increase in people aged between 25-34 applying and being recruited into new roles
- A 13% increase in staff feeling encouraged to embed equality, diversity and inclusion into everyday work after delivering a staff workshop to raise awareness and understand privilege
- 19% increase in staff numbers

Recover butterflies and moths

Unlocking the power of our data

A new study led by Butterfly Conservation scientists has revealed complex patterns of change among Britain's larger moths. This research builds upon the creation, last year, of a 'traits' database that draws together a wealth of information about the life cycles and ecology of our Lepidoptera. Both achievements spring from Butterfly Conservation's new strategy, which recognises the crucial role that scientific research plays in underpinning our conservation work.

The study relates the characteristics, or traits, of moth species to long-term abundance and distribution trends calculated from the Rothamsted Insect Survey and National Moth Recording Scheme. These huge datasets mean that the resulting population trends are the most robust ever produced for moths, allowing us to look at associations with species traits in a more thorough way than has been possible before.

Our analyses revealed that woodland moths are doing relatively well, whereas those associated with moorland tend to be declining. In response to this finding, Butterfly Conservation have instigated further research in an effort to determine why moorland moths such as Clouded Buff and Grey Mountain Carpet are struggling. Another finding of the study was that generalist moths with a flexible life history – those that have a wide range of foodplants and several generations per year – are faring better than more specialised species. Moths with caterpillars that feed on lichens and algae also tend to be faring well, a finding consistent with previous studies. There were however many conflicting results, where a trait was associated with abundance trends but not with distribution trends or vice versa. Reviewing previous studies of moths from across Europe shows that such inconsistencies are common, leading us to conclude that traits-based approaches have limited value in predicting population declines.

The Biodiversity of Conifer Forests at Stourhead

A Butterfly Conservation led research project has investigated biodiversity in conifer dominated forestry at the Stourhead (Western) Estate and National Trust Stourhead Estate. The studied conifer forest is managed using a technique called irregular forestry, which is gradually becoming adopted across the UK. Techniques such as irregular forestry promote the development of structurally diverse forests with a mixture of conifer and broadleaved trees. The project found a surprising level of biodiversity at Stourhead. A total of 128 plants, 248 moths, 13 bats and 26 bird species were recorded. Regarding moths this total includes 27% of the larger moths associated with woodland, a higher percentage than expected as surveys were limited to a two-week period in July. The number of bat species recorded was particularly impressive and is equivalent to 76% of all UK resident species. The project also found four key habitat structural features were particularly important for increasing biodiversity in conifer dominated stands; (1) lower basal area which facilitates the development of an understorey, (2) inclusion of broadleaved trees within the forest, (3) providing a patchy and open canopy and (4) greater quantities of deadwood. The results of the project provide important considerations for management of commercial, conifer forests.

Connect People to Nature

Creating Wild Spaces in allotments

During 2023 we will work with The National Allotment Society who kindly approached Butterfly Conservation in 2022 after reading about our Wild Spaces Goal, enquiring if we could work together on some aspects that would be relevant to allotment holders. Consequently, a range of resources and communications will be jointly created, supporting a campaign that will inform and encourage butterfly and moth friendly inclusions within allotments, and highlighting the benefits of doing so for both people and wildlife. Of course, all participants will be encouraged to maintain their Wild Space in future years and register it with us.

New Volunteer Training Programme Launched

You could say that volunteers are the wings of Butterfly Conservation; they help us to go further, do more and increase our reach. They support every corner of the organisation; from practical conservation to recording, engagement and communication. It's vital that we invest in them, so they can help us create a world where butterflies and moths thrive and can be enjoyed by everyone, forever. This year has seen the launch of a new volunteer training programme, which allows volunteers to access videos and other resources to support them in their role. We have made the training available online where possible, as this is more flexible, accessible, reduces travel and the impact on the environment. We also now offer online drop-in sessions for volunteers, where questions can be answered directly by staff and everyone gets to meet new people. And, of course, our branches provide fantastic, local, in-person support too.

As well as benefitting existing volunteers, we hope this will make it easier for new people to volunteer with us, as the training will cover all the basic information they need – even if butterflies and moths are a completely new interest. Anyone interested in volunteering with Butterfly Conservation can now check our volunteer opportunities search.

Count butterflies, connect to nature

Each year the Big Butterfly Count involves tens of thousands of citizen scientists across the UK. The records they submit (an incredible 325,000 in 2022) contribute to the solid foundation of scientific evidence that underpins much of our work. While the benefits to butterflies and moths is clear, this year we have been exploring the impact that taking part in the count has on the participants themselves. In a new collaboration with the Nature Connectedness Research Group at Derby University, we measured changes in people's wellbeing and sense of connection to nature using questionnaires completed before and after taking part in the Big Butterfly Count. Nearly 400 volunteers took part in the research. The results are in, and we're really excited about them.

The study shows that participation is associated with increased nature connectedness, decreased anxiety and increased noticing of butterflies and nature. These improvements were linked to the strength of people's emotional experience of taking part. That's great news – as we've long suspected, taking 15 minutes out to count butterflies and moths is beneficial for you as well as helping conserve biodiversity. We're now considering how we might use these findings to enhance people's experience and maximise the benefits of taking part in future counts. We also hope that it will help us to reach new audiences and introduce even more people to the joys of observing and recording butterflies.

Participant quotations taken from the Derby report:

"I wish I had time to do more counts, as doing them really helps me relax and get my mind off things. Spending time alone with butterflies, identifying them and seeing how they interact with their environment is just the most amazing feeling." "It was lovely to just sit and observe and a joy when butterflies did appear."

"I love this because it's a chance to sit, relax, observe, just 'be' without doing anything else."

Bringing Wild Spaces to Schools across the UK

The launch of our plans to transform 100,000 Wild Spaces across the UK has brought lots of exciting opportunities for our work in schools. To date, our education projects and programmes have sought to introduce primary aged children to butterflies and moths through hands-on workshops and outdoor learning opportunities. We have planted nectar sources and food plants in raised beds and containers with the children, but in aligning our schools work with Wild Spaces we're now placing much greater emphasis on school grounds as viable potential habitat – and a fantastic learning resource. Over the year, we've had great fun testing new ways to introduce children to the habitat requirements of butterflies and moths – the importance of places to feed, breed and shelter. We've developed simple tools to help children survey their school grounds to identify which elements are missing and have been busy designing follow up lesson plans and resources for teachers.

We want to reach more children than ever before. Thanks to the generous support of individuals contributing to our Big Give fundraising appeal, we are ready to launch the 'Discover & Learn' hub – a new section of our website filled with ideas and resources for learning, creating and taking action. Many are linked to the national curriculums, but some are purely for fun and all will encourage children to forge a connection to nature.

Unite for Wildlife

Landscapes Programme – *Thinking bigger*

Our new landscapes programme, aiming to improve the condition of 100 landscapes for butterflies and moths, is a commitment to achieve more by expanding on some of our most successful work of recent years. We know that most threatened species survive as populations across patches of suitable habitat within a landscape. For them to thrive we need to improve the amount and the quality of habitat available, as well as improving connections between habitat patches to encourage species to move around. This has been the basis of our landscape-scale conservation action for the last 20 years and underpins much of our success in species recovery. But with biodiversity continuing to decline it is more important than ever that we help to build well-connected, species-rich landscapes that are more resilient to rapid changes in climate and can provide space for butterflies, moths and other wildlife to thrive.

We have identified 100 areas as priorities for our landscape-scale approach, some where we already have well-established partnerships and others where new collaborations will be needed to deliver measurably better habitats for butterflies and moths. This is shaping our conservation action, partnership development and fundraising to make an even greater impact for nature.

Landscape Case Study: High Brown Fritillary on Dartmoor

Recovering populations of threatened species is a challenge that requires sustained effort over many years. 2022 brought good news for our long-term landscape-scale conservation efforts on Dartmoor, where the High Brown Fritillary population was at a twenty-year high on some of its sites.

Since 2002 Butterfly Conservation ecologists and volunteers have conducted annual timed counts for this large and fast-flying butterfly which can be hard to track down on the steep bracken- and grass-covered slopes of its Dartmoor stronghold. By working in partnership with farmers, graziers, volunteers and local conservation partners we have provided detailed management advice and positive habitat management targeting High Brown Fritillary for 15 years across this landscape. In 2022, 13 of the 14 monitored sites were occupied, and five achieved their highest counts from the 20-year series with additional sightings of wandering individuals further afield showing the potential for colonization of new sites if they can be brought into suitable habitat condition. The long-term population trend for Dartmoor shows a significant increase of 165% since 2002, providing evidence that recovery is possible even for some of our most threatened butterflies.

Landscape Case Study: Kent's Magnificent Moths

Butterfly Conservation's biggest moth conservation project combines focused action for eight threatened species with activities in local communities to raise awareness of the wonder and value of moths. Supported by a grant from the National Lottery Heritage Fund, through collaboration with land managers and community groups we're taking new approaches to saving species at scale.

Our focus on improving habitats in grassland, woodland and shingle beaches for threatened species includes working to improve habitat quality and increase connectivity between sites, as well as examining how moths are responding to the rapidly changing climate. By training volunteers to search for eggs of the elusive Fiery Clearwing, we've demonstrated that it is rapidly changing its distribution and spreading inland, which could be critical to its survival as its former coastal colonies are vulnerable to flooding. We've also documented the increasing abundance of Black-veined Moth, which is colonizing grassland sites restored by farmers with the support of Natural England, and tracked the changing distribution of the Sussex Emerald as it too shifts inland.

The project provides opportunities for local volunteers to take an active role in conservation for some of the UK's rarest species, including more than 200 volunteers growing 1,500 foodplants for moth caterpillars, which have been planted out to improve breeding habitats. By harnessing the power of volunteers we can have more conservation impact, raise awareness of the unique moth fauna of the area and help people be a part of nature recovery on their doorstep.

Tackle Threats to Nature

COP 15

We took part in a joint NGO campaign in the lead up to the United Nations (UN) Biodiversity Conference, COP 15 in Montreal in December 2022. The conference was focused on how the world could halt and reverse biodiversity loss, one of the most pressing issues facing our planet. The COVID-19 pandemic had meant the conference had been severely delayed - we are already 2 years into the UN's Decade of Ecosystem Restoration.

People love nature and animals, but often they do not realise the threats that biodiversity faces, the nature loss we are already experiencing, or the consequences of rapid biodiversity loss. Neither do they readily connect biodiversity loss and climate change, which are inextricably linked.

The key aims of the campaign were to inform the public of the risks to biodiversity, the consequences of nature loss and the need to petition MPs to take action.

The campaign asked the UK government to support 5 key outcomes

- Halt and reverse the loss of biodiversity by 2030
- Set 2030 goals that will prevent extinctions, recover species populations, and retain and restore habitats
- Effectively protect 30% of land and sea for nature by 2030
- Set 2030 targets that will reduce the negative pressures humans put on nature globally by 50%, including from pollution and the unsustainable use of natural resources
- Provide the money and resources needed to restore nature, whilst empowering local people and indigenous communities, and holding countries accountable for their actions.

35,000 people signed up to the campaign and almost 200,000 people viewed the choreographed “murmuration” produced as part of the campaign. While the COP was running the Government announced a species abundance target for England, Scotland is now starting the process to identify targets for biodiversity restoration with the expectation that this will include a species target.

The State of the UK’s Butterflies 2022 Report

The latest comprehensive assessment of the UK’s butterfly populations was published by Butterfly Conservation in February. Using 23 million observations from citizen scientists gathered through our recording and monitoring schemes, the report charts long-term changes in the abundance and distribution of butterflies.

The overall results provide strong evidence of decline in UK butterflies since the 1970s. Almost twice as many species have decreased significantly in either abundance or distribution (or both) than have increased. Habitat specialist species, those restricted to particular habitats such as flower-rich grassland, heathland and woodland clearings, have fared especially badly. As a group, their distribution has decreased by over two-thirds (-68%) since 1976, while their abundance has dropped by over one-quarter (-27%) at monitored sites (many of which are nature reserves).

Wider countryside species, butterflies that can breed in the farmed countryside and in urban areas, have also declined but less severely. As a group they have decreased by 17% in abundance and 8% in distribution since 1976.

Thanks to the ongoing growth of the UK Butterfly Monitoring Scheme and Butterflies for the New Millennium (which incorporates verified records from projects such as Big Butterfly Count and Garden Butterfly Survey), we can now provide country-level trends in addition to the UK-level assessment. Declines dominate the separate results for England, Northern Ireland and Wales, and even in Scotland, where butterflies show an overall increase in abundance and distribution, habitat specialist species are in trouble.

Despite the gloomy picture painted by the long-term trends, numerous examples show that sustained and targeted species conservation can turn around the fortunes of threatened butterflies at site, landscape and national levels. The data generated by tens of thousands of recorders each year drives this conservation action as well as enabling us to monitor its impact.

Manage Land Sustainably

Legacies of the Building Sites for Butterflies Programme

As the Programme enters its fifth and final year, one of its legacies will be the drawing together of examples of good practice around the four countries of the UK. These will be presented as case studies and shared through the Land Use Portal. The Programme has given advice on creation of species-rich grasslands in the built environment and managing existing amenity grasslands to improve their biodiversity value. Much of the work has targeted road verges but has included advice on management of public parks and open spaces, restoration of quarries and landfills, and creation of butterfly banks. The emphasis has been on promoting native perennial wildflowers which provide foodplants and nectar for butterflies and moths.

One audience for the Programme has been the infrastructure construction industry. A key output has been the publication of the Institute of Civil Engineers 2023 Manual of Blue-Green Infrastructure, which includes a chapter on highways coauthored by Butterfly Conservation and National Highways. This chapter presents a challenge to orthodox approaches of amenity grassland creation and management, presenting a series of case studies. These will form the basis of the information to be used in the Land Use Portal.

Rowland Wood – Major woodland felling works to benefit Small Pearl-bordered Fritillary

Following the extinction of the Small Pearl-bordered Fritillary butterfly in South-East England in 2013, a group of dedicated volunteers from the Sussex Branch started a captive breeding and release programme.

When acquired in 2010, Rowland Wood, adjacent to our Park Corner Heath reserve was little more than a large area of densely planted conifers. Management has since looked to remove many of the conifers, replacing them with native broadleaved species, as well as creating, more, longer and wider woodland rides, essential for violets, the Small Pearl-bordered Fritillary butterfly's larval foodplant.

To support the continued management of the reserve, in 2022 a new woodland management plan was approved by the Forestry Commission and a new five-year £16,000 Countryside Stewardship agreement granted. During the autumn of 2022 more than 400 tonnes of conifers were felled and these will be sold this summer to produce sawn timber and chip wood for biomass boilers.

So a foothold has now been established at our Park Corner Heath and Rowland Wood reserve for the Small Pearl-bordered Fritillary, which is now the only known site in South-East England for this spectacular butterfly. During a two-and-a-half week period in May 2022, 53 adults were recorded on the wing.

Enablers

The platform of success

There has been a considerable amount of work during 2022/23 to review where we are now and where we need to get to deliver our new strategy.

Inspiring communications

In 2022 we published an updated *Red List* of British butterflies. This new *Red List* categorises half of Britain's remaining species as threatened (Endangered or Vulnerable) or Near Threatened. Unfortunately, five more species were classified as Threatened this year. This includes the Scotch Argus, which was classed as Vulnerable after its southerly ranges in northern England were reduced to just two sites. However, the list found some cause for optimism, with the Large Blue butterfly, which went extinct in Britain just over 40 years ago, now classed as Near Threatened following a successful reintroduction project.

The List garnered a lot of media attention for the charity including pieces on BBC Breakfast, BBC Radio 4 Today, The Times, Daily Telegraph, The Guardian, The Sun and The Scotsman. In all, there were over 650 separate pieces of national and regional media coverage on the *List* and what it means for butterflies.

Lean and scalable organisation

Our Digital Transformation Roadmap was developed during the year. This was produced by a seasoned IT professional (and Butterfly Conservation member). With that support onboard we have already moved into the development phase of our Digital Transformation Programme. This includes multiple projects including a Volunteer Database and Wild Spaces portal (both commissioned in the year) and will be followed by a Supporter platform, Land Use portal, and new finance system. We are consulting staff, volunteers and where appropriate external partners to ensure new systems are fit for purpose and will be introducing training programmes for all users as the roll out begins. These new systems will modernise the way Butterfly Conservation supports our members and volunteers, manages our fundraising, shares our expertise with the public and land managers and streamline our internal working practices.

High performing staff and volunteer team

We believe in providing opportunities for all through our Equality, Diversity and Inclusion (EDI) Statement of Intent. We worked closely with Rethink Nature and the Wildlife and Countryside Link to support a cross-organisational peer support network for under-represented groups.

We collected baseline data from three groups: volunteers, staff, and Big Butterfly Count participants, which identified three key under-represented groups we wish to prioritise: younger people, people from minority ethnic backgrounds, and people experiencing green space deprivation. In support of this work, we successfully secured funding from the National Lottery's Heritage Innovation Fund to help us find out how young people want to volunteer in conservation.

Our focus on values-based recruitment during 2022 has helped to increase the number of younger people applying and being recruited into our new roles. We have seen an increase of 5% in representation from people aged 25-34 in the last 12 months.

Sustainable funding

Despite another year of economic volatility creating an uncertain atmosphere for fundraising, our results remained on course thanks to the dedication of our staff and volunteers, and the generosity of our supporters who continued to support the charity, despite the hardships felt by many.

We received a good response to The Big Give, and to our 'emergency' appeal on the State of Butterflies report.

In the current climate it is more difficult than ever for charities to raise awareness of causes. We are getting ready to future-proof support and income for Butterfly Conservation by testing new meaningful ways to engage our supporters, encouraging dialogue and involvement, informing directly, and offering changes to give in other ways.

Data and insight will underpin our test and learn programmes of work, and this will be delivered through our new CRM, ensuring we stay agile and ready to amend our tactics and focus.

We will expand our work through innovative digital activities and campaigns alongside a refreshed membership product. A diversified fundraising portfolio will help us face future challenges and mitigate income shortfalls in the future.

Future Priorities

2023 - 2024

- Our work with partners on the Species on the Edge project in Scotland and Natur am Byth project in Wales will bring new opportunities for local communities to save threatened species from the sand dunes of the Scottish east coast to the grasslands of the Inner Hebrides and High Brown Fritillary in Wales.
- We will develop a landscapes programme and plan new projects with partners around the UK.

Report of the Council Year to 31 March 2023

- We are developing three research projects and implementing at least two of these – on pesticides and agri-environment schemes - in the coming year.
- We are launching our Wild Spaces campaign, making links with the National Allotments Association, to reach our target of 10,000 Wild Spaces pledged by the end of the year.
- We are implementing a new customer relationship management system as part of the upgrade to our IT systems.

2024-2026

- We will be reviewing our species priorities using the most up to date data to ensure we focus our conservation work on species most in need.
- We will be launching our land use hub with updated version of our excellent advice leaflets and knowledge from species experts, both staff and volunteers.
- Work will continue to further develop the landscapes programme by building collaborations so that by the end of 2026 it will contribute at least 60 engaged networks across the UK..
- We will further develop our advocacy campaigns, building on the work we are doing on trees and woodland and light pollution to focusing on grasslands and pesticides.
- We will be making our finance system more efficient by introducing a new finance package and streamlining our processes to focus our resources on conservation action.

Beyond 2026

- We will review our strategy to ensure it remains relevant, engaging and ambitious to drive our vision for the next five years.

Risk Management

Risk management is well established and integrated into every aspect of our work. Our business contingency planning was thoroughly tested during the Coronavirus crisis and a COVID-19 contingency plan was implemented at the start of the pandemic. This has continued to be updated and reviewed and has delivered successfully over the last three years.

Council takes all reasonable steps to ensure that major risks are identified and recorded in a Risk Register. In preparation for each Council meeting, the Audit & Risk Sub-committee reviews the full Risk Register and advises Council on the most significant risks, so that appropriate mitigating actions can be in place. Once a year, in December, the Audit & Risk Sub-committee undertakes a more robust, in-depth review of the Risk Register 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 delivered successfully over the last three years.

Principal Risks and uncertainties

- **Funding to deliver the 2026 Strategy**

Fundraising has become increasingly challenging. Post pandemic and with the Cost-of-Living crisis impacting so many people the fundraising environment has become more unpredictable, making defining suitable mitigations difficult. On top of this Butterfly Conservation has a new fundraising team and the ongoing challenge posed by our existing CRM which we are unable to use to its full potential.

- **External Environment**

The external environment is even more challenging than a year ago. This can be split into several strands:

The ongoing impacts of COVID-19 (and its ramifications) on employers – organisations have still not fully recovered from COVID-19 and we are still understanding how best to operate in a hybrid world. Maintaining organisational cohesion, employee well-being and collaborative working is challenging. It is a very tight labour market, and companies are finding it hard to recruit, and to agree terms.

The Cost-of-Living crisis is creating real hardships for employees and employers alike. All the above are having knock-on effects on Butterfly Conservation internally, especially relating to culture change. As with other employers, the long-term effects of remote/home working are being seen.

In addition, we face continuing uncertainty from the UK Government that is impacting tackling the nature crisis across the UK countries in areas such as Land Management schemes, the Retained EU Laws Bill and its potential ramifications. This makes it an extremely challenging environment for advocacy and policy work.

- **Conservation Delivery**

The Threatened Species Programme and Landscapes Programme are ambitious. As such, delivery was always going to be challenging especially as they depend on external factors such as mentioned above in the sections on fundraising and external environment. It is becoming apparent that the original deadlines will need constant reassessment to ensure delivery can be achieved. The key has always been to see a seismic shift not just in ambition but also conservation delivery and that remains a key focus in the year ahead.

- **Organisational Change and Development**

There are many internal changes that are required to deliver the strategy, both in the staff organisation and in branches. Some of these are structural changes needed to focus activity such as fundraising, processes changes such as new IT or systems to make us leaner. Some of these are about training and helping our staff with new ways of working, catching up on development plans that were derailed by COVID-19.

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. H&S updates are reviewed quarterly by the Audit & Risk Sub-committee and 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 ensure our staff, volunteers and contractors comply with best practice and regulatory requirements across all the physical and virtual spaces where we operate. A Safeguarding update is reviewed quarterly by the Audit & Risk Sub-committee and all suspicions or disclosures of abuse are 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) gained momentum this year. We signed up to the 'Route Map towards greater ethnic diversity in the environment sector' and took part in the first annual 'RACE (Racial Action for the Climate Emergency) Report' to help build a picture of diversity amongst staff and trustees of charities, trusts and foundations that work predominantly on environment, climate, and nature issues. The aim is to increase transparency and support action towards increasing diversity and inclusion.

We delivered a workshop to all staff in September 2022 to raise awareness and understanding of privilege, which supported a 13% increase in staff feeling encouraged to embed equality, diversity and inclusion into their day-to-day work.

An initial EDI Working Group met in January 2023 and is developing a more detailed action plan, including when and how to open the group to a wider group of volunteers and members.

Sustainability Policy

The development of Butterfly Conservation's new Sustainability Policy and Action Plan was put on hold in 2020/21 due to the pandemic and subsequent staff changes. We are undertaking a baseline audit in 2023/24 and will launch an Action Plan by the end of the financial year. The Action Plan 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 must be a key objective of the organisation to ensure it is embedded in all our decision making. However, we should follow a recognised process to ensure that changes we make are robust and open to scrutiny.

Financial Review

Income increased by 44.6% to £6.25m (2022: £4.35m). Grant funding increased by 12.7% to £1.24m (2022: £1.10m). We are extremely grateful for a wonderful £1m donation and a significant legacy. Income from donations and legacies increased by 131.2% to £2.89m (2022: £1.25m). This included a major donation of £1m to enable us to set up the Heather Corrie Lepidoptera Research Fund. Despite the pandemic, we continued to have a good response to all our individual appeals and general donations (including Gift Aid). Membership subscription income remained at the same level at £1.27m (2022: £1.27m).

Expenditure increased by 30.2%, to £5.56m (2022: £4.27m). During the year we increased our average headcount by 14: building capacity in the staff team was a strategic action to ensure we can deliver Butterfly Conservation's ambitious strategy.

The result was a net income of £0.39m (2022: £0.37m) and the closing total net assets were £12.70m (2022: £12.31m).

The balance on our endowment fund decreased by £302k to £5.28m (2022: £5.58m) due to unrealised losses.

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/our-fundraising-promise). 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 partners 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 one complaint regarding aspects of our fundraising during the year. This complaint was 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 2022/23 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 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 2023 our Endowment Fund had a market value of £5.28m (2022: £5.59m). The Trustees have appointed Cazenove Capital Management as professional investment managers to manage the Endowment Fund in accordance with the investment policies.

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 annually to allocate 3.25%, after fees, of the portfolio value to income and any remaining balance of the Total Return to be reinvested in the Endowment Fund; The percentage allocated to income is agreed each year with the investment managers, Cazenove Capital Management.

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 2023). 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.

Financial Reserves Policy

At 31 March 2023 Butterfly Conservation had total funds of £12.69m (2022: £12.31m). These funds included our permanent endowment totalling £5.28m (2022: £5.59m), which was given to provide future income for Butterfly Conservation. Restricted funds totalled £0.72m (2022: £1.18m) as set out in detail in Note 19 to the financial statements. A further £1.39m (2022: £1.42m) represents freehold nature reserves and other tangible and intangible fixed assets. Council has designated a total of £1.30m (2022: £0.32m) for the purposes as detailed in Note 20 to the financial statements. Butterfly Conservation's unrestricted funds at 31 March 2023 amounted to £6.69m (2022: £5.54m). These funds include £1.39m (2022: £1.15m) being the tangible fixed assets fund balance and £20,000 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 £3.99m (2022: £4.06m) These free financial reserves are held to ensure that Butterfly Conservation:

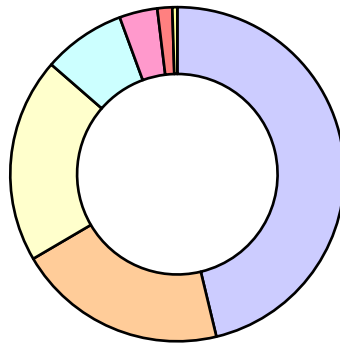
Report of the Council Year to 31 March 2023

- 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 six months' operating costs. 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 (2022: £3.5m). The members of Council are therefore satisfied with the year end reserves position. In 2023/24 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

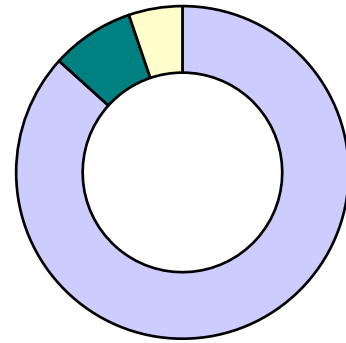
Total Income £6.25m
(2021/22 £4.35m)



■ Donations and legacies	£2.89m
■ Membership subscriptions	£1.27m
■ Conservation activities - grants	£1.24m
■ Contracts and Royalties	£0.50m
■ Investments	£0.23m
■ Primary purpose trading	£0.09m
■ Other trading activities	£0.03m

How we spent our funds

Total Expenditure £5.56m
(2021/22 £4.27m)



■ Conservation	£4.82m
■ Membership services	£0.45m
■ Raising funds	£0.29m

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 2023 and served throughout that year (and up to the date of approval of this report) except where shown:

Council Members	Re-elected/Resigned
Karen Goldie-Morrison – Chair	Re-elected in November 2022
Martin Spray - Chair Elect (from February 2023)	Elected in November 2022
Ilija Vukomanovic – Vice Chair	
Nigel Symington – Honorary Treasurer (until November 2022)	Retired in November 2022
Glenn Allison	
Apithanny Bourne	
Hugh Ellerton – Honorary Treasurer (from November 2022)	
Prof Laurence Harwood	Re-elected in November 2022
Dr Elaine King	
Simon Saville	
Chris Winnick	

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

Report of the Council Year to 31 March 2023

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. 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. Emphasis has been applied this year to attempt to increase the diversity amongst new Council members. Various methods are used including widespread advertising through national recruitment platforms and social media, as well as in *Butterfly* magazine, and the Branch email updates.

Succession planning has been at the forefront of Council's agenda due to the past Honorary Treasurer's retirement in November 2022 and the Chair's forthcoming retirement in November 2023. In November 2022, following several months as Treasurer Elect, Hugh Ellerton became Honorary Treasurer, taking over from Nigel Symington.

Council's Chair succession planning, and recruitment preparations began in 2021. An external recruitment company was used to assist with recruiting a new Trustee in 2022 with the potential to become, and interest in becoming, Chair. All existing Trustees were invited to put themselves forward for the position, and, following an election, Martin Spray was appointed as Chair Elect in January 2023. Martin assumed this position from the beginning of February, allowing him time to 'shadow' the current Chair until the AGM in November 2023 when he will become the new Chair.

The AGM was held in Huddersfield in November 2022. Due to ongoing COVID-19 restrictions, AGMs were held online in 2020 and 2021. This year, the AGM was held both in person and online. Eligible members were able to vote on the Resolutions and Trustee Elections by proxy in advance of the AGM, and just under 290 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 purposes 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 at least four times a year and some of these meetings were held online during 2022/23 due to COVID-19 considerations. 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 91 members of staff (77 in 2021/22) 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. In November 2022 we became an accredited Living Wage employer and are planning to undertake a pay and benefits review in 2023/24.

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, including 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 2022/23 show that the full time equivalent mean weekly earnings for men is 9% more than women. This demonstrates an improvement since 2021/22 when the mean weekly earnings for men was 16% more than women. The 2022/23 full-time equivalent median weekly earnings for men are 14% more than women. This remains the same as in 2021/22. The differential arises as currently 65% of our workforce is women, but more men hold senior positions within the organisation (64% of men fall within the top two pay quartiles). 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 2023, the donation amounted to £49,187 (2022: £49,551).

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 2022/23, 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

Blackdown Hills AONB
British Entomological Society
British Ecological Society
Buckinghamshire Community Foundation
Carmarthenshire County Council
Chapman Charitable Trust
Dartmoor National Park Authority
The David Family Foundation
Devon County Council
Dorset Area of Outstanding Natural Beauty
Esmé Mitchell Trust
Gleeson Homes

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Hampshire County Council
Mendip Hills Area of Natural Beauty
National Lottery Heritage Fund
National Trust
Natural England
Natural Resources for Wales
NatureScot
North York Moors National Park Authority
Northern Ireland Environment Agency
Pembrokeshire County Council
Pilkington General Charity
Rural Payments Agency
Scottish Forestry
Severn Trent Water Limited
South Downs National Park
South of Scotland Enterprise
Stirling Council
The Botanist Foundation
The Dulverton Trust
The Edward and Dorothy Cadbury Trust
The Highland Council
The Hiscox Foundation
The John Swire 1989 Charitable Trust
Worcestershire Wildlife Trust

Charitable Trusts and Foundations

The A E B Charitable Trust
Alfred William Charitable Trust
The Big Give Trust
Binks Trust
D G Albright Charitable Trust
DFN Charitable Foundation
Gordon Fraser Charitable Trust
Henocq Law Trust
J & JR Wilson Trust
The John William Hay Charitable Trust
Kathleen Beryl Sleigh Charitable Trust
Lochlands Trust
Marsh Charitable Trust
Martin Laing Foundation
Mrs M A Lascelles Charitable Trust
Orr Mackintosh Foundation Limited
Pump House Trust
Sabina Sutherland Charitable Trust
The Hugh Fraser Foundation
The Marlow Trust
The Reed Foundation

Corporate Partners and Supporters

Amazon
C J Wildlife
Give as You Live Limited
Habitat First Group
Hamton Decking Limited
NHBS Limited
Papillion Dartmoor Distillery
Rapanui
Richemont UK Limited
ROC Technologies Limited
Sophia Webster Limited

Corporate Members

AJB Funerals
Bathurst Estate
Blue Print Direct Mail
Ground Control Ltd
Highland Titles Nature Reserve
I can Lawn
Landscaping Solutions Limited
Northumbrian Water
Nurture Landscapes Limited
Propology Boutique Properties
The Botanist Foundation
The Friendly Seed Company Limited
The Mayfield Group Limited

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

Martin Eric Anthoney
Geoff Ashton
Ann Collier
Mrs J Davis
Patricia Mary Froud
David Liddle
Gwen Hargreaves
J C Heaps
Carole Evelyn Hodgson
Fay Katz
Margaret Manson

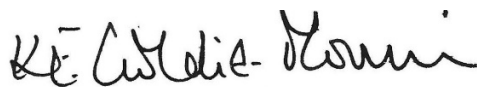
Report of the Council Year to 31 March 2023

James Howard Mason
Herbert William Terence Mayes
Joan McCagney
John McLaren
Terence W J Mullins
Sylvia Anne Niblett
Barbara Violet North
Frances Ann Ronald
Bridget Alyson Terry
Michael Drake Whitear
Arthur John Williams
Ian Gordon Woolsey
Peter Allen Yeo

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.

We are extremely grateful for a significant donation that has allowed Butterfly Conservation to set up the Heather Corrie Lepidoptera Research Fund to enhance our science and research work.

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



Karen Goldie-Morrison
Chair



Julie Williams
Secretary

Approved by Council on: 16 August 2023

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 2023, 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 true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 March 2023 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 cause significant doubt about the group's or the charitable parent company's ability to continue to adopt the going concern bases 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.

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 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;

Independent auditor's report on the financial statements 31 March 2023

- ◆ 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.

A handwritten signature in black ink that reads "Buzzacott LLP". The signature is written in a cursive style with a long horizontal line extending from the end of the "LLP".

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

8 September 2023

Consolidated statement of financial activities Year to 31 March 2023

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2023 Total funds £'000	2022 Total funds £'000
Income from:						
Donations and legacies	1	2,823	65	—	2,888	1,245
Other trading activities	2	31	—	—	31	47
Investments & interest receivable	3	39	11	178	228	237
Charitable activities						
. Conservation activities – grants receivable	4	389	850	—	1,239	1,097
. Contracts and Royalties		459	40	—	499	355
. Primary purpose trading		89	6	—	95	94
. Membership subscriptions		1,268	—	—	1,268	1,270
Total income		5,098	972	178	6,248	4,345
Expenditure on:						
Raising funds	5	276	—	13	289	224
Charitable activities						
. Conservation	6	3,513	1,311	—	4,824	3,650
. Membership services	7	444	—	—	444	392
Total expenditure		4,233	1,311	13	5,557	4,266
Net income (expenditure) before investment gains (losses)						
		865	(339)	165	691	79
Net investment (losses) gains	15,18	—	—	(302)	(302)	287
Net income (expenditure)	10	865	(339)	(137)	389	366
Transfer between funds	19,21	287	(122)	(165)	—	—
Net movement in funds		1,152	(461)	(302)	389	366
Reconciliation						
Total funds brought forward at 1 April 2022		5,543	1,179	5,585	12,307	11,941
Total funds carried forward at 31 March 2023		6,695	718	5,283	12,696	12,307

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 £221,000 (2022: £225,000); endowed expenditure of £13,000 (2022: £13,000).

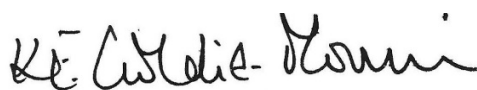
Comparative consolidated statement of financial activities Year to 31 March 2022

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2022 Total funds £'000
Income from:					
Donations and legacies	1	1,191	54	—	1,245
Other trading activities	2	47	—	—	47
Investments & interest receivable	3	10	2	225	237
Charitable activities					
. Conservation activities – grants receivable	4	241	856	—	1,097
. Contracts and Royalties		294	61	—	355
. Primary purpose trading		83	11	—	94
. Membership subscriptions		1,270	—	—	1,270
Total income		3,136	984	225	4,345
Expenditure on:					
Raising funds	5	207	4	13	224
Charitable activities					
. Conservation	6	2,535	1,115	—	3,650
. Membership services	7	392	—	—	392
Total expenditure	6	3,134	1,119	13	4,266
Net income (expenditure) before investment gains (losses)					
		2	(135)	212	79
Net investment (losses) gains	15,18	—	—	287	287
Net income (expenditure)	10	2	(135)	499	366
Transfer between funds	19,21	130	83	(213)	—
Net movement in funds		132	(52)	286	366
Reconciliation					
Total funds brought forward at 1 April 2021		5,411	1,231	5,299	11,941
Total funds carried forward at 31 March 2022		5,543	1,179	5,585	12,307

Balance sheet 31 March 2023

	Notes	Group		Charity	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fixed assets					
Intangible fixed assets	13	40	60	40	60
Tangible fixed assets	14	1,353	1,364	1,353	1,364
Investments	15	5,283	5,585	5,283	5,585
		6,676	7,009	6,676	7,009
Current assets					
Stocks		6	7	6	7
Debtors	16	1,363	1,480	1,389	1,542
Cash at bank and in hand					
. Short term deposits and interest bearing accounts		3,162	3,113	3,162	3,113
. Current accounts		2,125	989	2,083	906
		6,656	5,589	6,640	5,568
Liabilities					
Creditors: amounts falling due within one year	17	(636)	(291)	(640)	(290)
		6,020	5,298	6,000	5,278
Net current assets					
		12,696	12,307	12,676	12,287
Funds of the charity					
Capital funds					
. Endowment funds	18	5,283	5,585	5,283	5,585
Income funds					
. Restricted funds	19	718	1,179	718	1,179
Unrestricted funds					
. General fund		3,983	4,057	3,983	4,057
. Non-charitable trading funds		20	20	—	—
. Tangible and intangible assets (including freehold nature reserves) fund	20	1,393	1,148	1,393	1,148
. Designated fund	21	1,299	318	1,299	318
Total funds		12,696	12,307	12,676	12,287

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: 16 August 2023

Statement of cash flows Year to 31 March 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	A	957	(659)
Cash flows from investing activities			
Investment income and interest received		228	224
Proceeds from the disposal of listed investments		—	238
Purchase of listed investments		—	(306)
Net cash provided by investing activities		228	156
Change in cash and cash equivalents in the year		1,185	(503)
Change in cash equivalents at 1 April 2022	B	4,105	4,608
Change in cash equivalents at 31 March 2023	B	5,290	4,105

Notes to the statement of cash flows for the year to 31 March 2023

A Reconciliation of net expenditure to net flows from operating activities

	2023 £'000	2022 £'000
Net income (as per the statement of financial activities)	389	366
Adjusted for:		
Depreciation and amortisation charge	31	30
Losses/(gains) on investments	302	(287)
Investment income and interest receivable	(228)	(224)
Decrease (increase) in stocks	1	—
Decrease (increase) in debtors	117	(612)
(Decrease) increase in creditors	345	68
Net cash provided by (used in) operating activities	957	(659)

B Analysis of cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand: current accounts	2,125	989
Cash at bank and in hand: short term deposits and interest bearing accounts	3,162	3,113
Cash held by investment managers	3	3
Total cash and cash equivalents	5,290	4,105

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

The financial statements have been prepared for the year to 31 March 2023 with comparative information provided in respect of the accounts are laid out below.

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 high levels of inflation currently being experienced in the UK and the war in Ukraine on the charity in their assessment of 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 2023, 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	2023 Total £'000
Donations	1,524	65	—	1,589
Legacies	1,299	—	—	1,299
	2,823	65	—	2,888

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

2 Income from other trading activities

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2023 Total £'000
Sale of goods/services – non-charitable material	13	—	—	13
Royalties and sponsorship – non primary purpose	12	—	—	12
Fundraising	6	—	—	6
	31	—	—	31

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

3 Income from investments and interest receivable

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2023 Total £'000
UK common investment funds and unit trusts	—	—	177	177
Bank interest	39	11	1	51
	39	11	178	228

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>2022 Total £'000</i>
<i>UK common investment funds and unit trusts</i>	—	—	225	225
<i>Bank interest</i>	10	2	—	12
	10	2	225	237

4 Income from charitable activities: conservation activities – grants receivable

<i>Group</i>	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	2023 Total £'000	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>2022 Total £'000</i>
Defence Infrastructure Organisation	—	—	—	8	1	9
Esmé Mitchell Trust	—	6	6	—	—	—
International Union for Conservation of Nature	(30)	—	(30)	30	—	30
Kusumu Trust	—	—	—	—	9	9
Mendip Hills Area of Natural Beauty	20	—	20	—	—	—
Ministry of Defence	(8)	1	(7)	—	—	—
National Lottery Heritage Fund	—	483	483	—	423	423
National Trust	—	—	—	6	—	6
Natural England	326	3	329	181	118	299
Natural Resources for Wales	—	55	55	—	9	9
NatureScot	—	74	74	1	61	62
Northern Ireland Environment Agency	—	43	43	—	30	30
Rural Payments Agency	—	10	10	—	24	24
Scottish Borders Council	—	—	—	—	8	8
Severn Trent Water Limited	—	103	103	—	97	97
South of Scotland Enterprise	—	20	20	—	—	—
Stirling Council	—	5	5	—	—	—
The Dulverton Trust	35	—	35	—	—	—
The Highland Council	—	21	21	—	6	6
The Hiscox Foundation	—	37	37	—	—	—
The Royal Society for the Protection of Birds	—	(31)	(31)	—	54	54
The Swire Charitable Trust	25	—	25	—	—	—
UK Centre for Ecology & Hydrology	—	—	—	4	1	5
Grant received < £5,000	21	20	41	11	15	26
	389	850	1,239	241	856	1,097

5 Expenditure on raising funds

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2023 Total £'000
Staff costs (including support) (note 11)	198	—	—	198
Fundraising costs	60	—	—	60
Trading costs	10	—	—	10
Investment management charges	—	—	13	13
Other support costs (note 8)	8	—	—	8
	276	—	13	289

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

6 Expenditure on charitable activities: conservation

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2023 Total £'000
Staff costs (including support) (note 11)	2,485	521	—	3,006
Marketing and publicity	86	7	—	93
Management conservation	446	393	—	839
Information and education	52	2	—	54
Legal and professional	3	—	—	3
Other support costs (note 8)	441	388	—	829
	3,513	1,311	—	4,824

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

7 Expenditure on charitable activities: membership services

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2023 Total £'000
Staff costs (including support) (note 11)	194	—	—	194
Membership recruitment	1	—	—	1
Newsletter production and distribution	181	—	—	181
Membership servicing	55	—	—	55
Other support costs (note 8)	13	—	—	13
	<u>444</u>	<u>—</u>	<u>—</u>	<u>444</u>

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
	<u>392</u>	<u>—</u>	<u>—</u>	<u>392</u>

8 Support costs

	Staff costs £'000	Other support costs £'000	2023 Total £'000
Staff costs	1,337	—	1,337
Governance costs (note 9)	—	113	113
Other	—	737	737
	<u>1,337</u>	<u>850</u>	<u>2,187</u>
Attributed to:			
Expenditure on raising funds (note 5)	198	8	206
Expenditure on charitable activities			
. Conservation (note 6)	1,030	829	1,859
. Membership services (note 7)	109	13	122
	<u>1,337</u>	<u>850</u>	<u>2,187</u>

8 Support costs (continued)

	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
	<u>1,022</u>	<u>605</u>	<u>1,627</u>
<i>Attributed to:</i>			
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
	<u>1,022</u>	<u>605</u>	<u>1,627</u>

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

	2023 Total £'000	2022 Total £'000
Information and education	45	28
Legal and professional	48	110
Other governance expenses	20	4
	<u>113</u>	<u>142</u>

10 Net income (expenditure)

This is stated after charging:

Group	2023 Total £'000	2022 Total £'000
Staff costs (note 11)	3,398	2,667
Auditor's remuneration		
. Statutory audit services	20	14
.. Tax compliance	2	7
.. HR consultancy	30	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	2023 Total £'000	2022 Total £'000
Wages and salaries	2,842	2,235
Social security costs	289	196
Other pension costs	222	180
	3,353	2,611
Agency staff costs	45	56
Total staff costs	3,398	2,667
Staff costs by function (after the allocation of those deemed support costs) were as follows:		
Raising funds	198	143
Conservation	3,006	2,352
Membership services	194	172
	3,398	2,667

A total of £22,100 was paid in redundancy payments (2022: £Nil) and this amount is included within wages and salaries above.

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

	2023 Number	2023 Number
£70,001 - £80,000	—	1
£80,001 - £90,000	1	—
	1	—

Pension contributions of £6,400 (2022: £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	2023 Total £'000	2022 Total £'000
Raising funds	6	5
Conservation	81	69
Membership services	4	3
	91	77

The key management personnel of the charity comprises the members 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 £391,659 (2022: £297,189).

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 (2022: £nil). However:

- ◆ A total of £17,661 (2022: £4,580) was reimbursed to (or paid by the charity on behalf of) 11 (2022: 11) 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 (2022: 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 2022 and 31 March 2023	100	100
Amortisation		
At 1 April 2022	40	40
Charge for year	20	20
At 31 March 2023	60	60
Net book values		
At 31 March 2023	40	40
At 31 March 2022	60	60

14 Tangible fixed assets

Group and charity	Freehold land £'000	Office equipment, plant and machinery £'000	Total £'000
Cost			
At 1 April 2022 and 31 March 2023	1,343	57	1,400
Depreciation			
At 1 April 2022	—	36	36
Charge for year	—	11	11
At 31 March 2023	—	47	47
Net book values			
At 31 March 2023	1,343	10	1,353
At 31 March 2022	1,343	21	1,364

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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Listed investments (note a)	5,283	5,585	5,283	5,585
Investment in subsidiary company (note b)	—	—	—	—
	5,283	5,585	5,283	5,585

a) Listed investments and cash held for re-investment

Group and charity	2023 Total £'000	2022 Total £'000
Listed investments		
Market value at 1 April	5,582	5,227
Additions at cost	—	306
Disposal proceeds	—	(237)
Realised (losses) gains	—	(1)
Disposals at opening market value	—	(238)
Net unrealised gains/(losses)	(302)	287
Market value at 31 March	5,280	5,582
Cash held by investment managers for re-investment	3	3
	5,283	5,585
Cost of listed investments at 31 March	5,342	5,342

15 Fixed asset investments (continued)

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

Listed investments held at 31 March 2023 wholly comprised holdings in common investments funds. Individual holdings of listed fixed asset investments which, at the 31 March 2023, represented a material proportion off the total value of the fixed asset investment portfolio were as follows:

	Market value £'000	Proportion %
Cazenove Charity Responsible Multi Asset Fund Accumulation units	1,071	20.3
Cazenove Charity Responsible Multi Asset Fund Distribution units	4,209	79.7

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 2023, which have been included in the consolidated financial statements.

	2023 Total £'000	2022 Total £'000
Turnover	71	75
Cost of salaries	(5)	(9)
Gross profit	66	66
Operating costs	(16)	(17)
Net profit for the year before Gift Aid and taxation	50	49
Donation under a Gift Aid compliant Deed of Covenant	(50)	(49)
Taxation	—	—
Profit for the financial period	—	—
Retained earnings at 31 March 2022	20	20
Retained earnings at 31 March 2023	20	20

At 31 March 2023 the company had total called up share capital and retained earnings of £20,001 (2022: £20,001).

Notes to the Financial Statements Year to 31 March 2023

16 Debtors

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Grants and other funding receivable	284	446	284	442
Prepayments and other accrued income	114	51	111	51
Legacies receivable	778	826	778	826
VAT recoverable	10	9	11	10
Amounts due from Butterfly Conservation Trading Limited	—	—	76	65
Gift Aid recoverable	74	140	74	140
Sundry debtors	103	8	55	8
	1,363	1,480	1,389	1,542

17 Creditors: amounts falling due within one year

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Social security and other taxes	150	58	150	58
Expense creditors	264	28	270	28
Accruals and deferred income	222	205	220	204
	636	291	640	290

Movements on deferred income during the year was as follows:

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Opening deferred income balance	17	—	18	1
Cash received in the year	92	17	92	17
Amounts released to income	(17)	—	(18)	—
Closing deferred income balance	92	17	92	18

18 Endowment funds

	2023 Total £'000	2022 Total £'000
At April 2022	5,585	5,299
Less value of endowment at 30 June 2020	(3,086)	(3,086)
Opening value of unapplied total return at 1 July 2021	2,499	2,213
Add: investment return: income	178	225
Add: investment return: realised and unrealised (losses) gains	(302)	287
Less: investment management costs	(13)	(13)
Total return before transfer to income	2,362	2,712
Less: total return applied	(165)	(213)
Unapplied total return as at 31 March 2023	2,197	2,499
Add: value of endowment at 31 June 2020	3,086	3,086
Permanent endowment including unapplied total return as at 31 March 2023	5,283	5,585

18 Endowment funds (continued)

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.

19 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 2022 £'000	Income £'000	Expenditure £'000	Fund transfers £'000	At 31 March 2023 £'000
Brilliant Butterfly Banks	14	—	(7)	—	7
Butterfly Mosaics	53	104	(64)	—	93
Cornwall – Atlas Project	2	3	1	2	8
Development Scotland	19	118	(179)	76	34
Environparks Marsh Fritillary Mitigation	129	2	(15)	—	116
Innovation Fund	—	12	(5)	—	7
Kent's Magnificent Moths	53	64	(96)	—	21
North Atlantic Coast	8	—	—	—	8
Perth & Stirling Wild Spaces	—	46	(20)	—	26
Prees Heath Fund	285	4	(11)	(246)	32
Reserve Acquisition & Management Fund	62	—	—	(10)	52
Restricted Legacies	197	3	(11)	—	189
Ryton Wood Meadow Project – Warwickshire	13	8	(6)	—	15
Scottish Borderlands	18	27	(16)	—	29
Species on the Map	—	47	(27)	—	20
Supporting Science	38	49	(78)	—	9
Wild Spaces	—	37	(7)	—	30
Head Office Restricted Funds where closing balance <£5,000	280	445	(769)	61	17
Branch Restricted Funds where closing balance <£5,000	8	3	(1)	(5)	5
	1,179	972	(1,311)	(122)	718

19 Restricted funds (continued)

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

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

Brilliant Butterfly Banks

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

Butterfly Mosaics

To enhance a series of sites and improve their connectivity across East and West Midlands to benefit threatened butterfly species and priority moths.

Cornwall Atlas

Publication of the Cornwall Atlas

19 Restricted funds (continued)

Development Scotland

To deliver conservation and engagement in Scotland.

Enviroparks Marsh Fritillary mitigation

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

Innovation Fund

This project focusses on boosting young people's representation in Butterfly Conservation's volunteer workforce.

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.

North Atlantic Coast

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

Perth & Stirling Wild Spaces

To inspire people in a urban setting to develop wild spaces across Perth and Stirling for the benefit of butterflies and moths.

Prees Heath Fund

The safeguarding of the Silver-studded Blue butterflies at Prees Heath. The transfer from restricted funds to unrestricted funds represents the cessation of the original 15 year charge which was applied by Grantscape on the original transfer of the reserve to Butterfly Conservation.

Reserve Acquisition and Management Fund

To purchase and manage nature reserves.

Restricted Legacies Fund

Legacies reserved for a specific purpose.

Ryton Wood Meadow Project - Warwickshire

Habitat restoration and maintenance at Ryton Wood Meadow

19 Restricted funds (continued)

Scottish Borderlands

A partnership with Scottish Borders Council to examine how species recovery programmes for threatened species can contribute to a natural capital approach to land management and inform the development of new agri-environment schemes in Scotland. It is a focused landscape project with a development stage (concluding spring 2022) and a potential delivery phase running over several years.

Species on the Map

To measure the impact of conservation action on priority butterfly and moth species and their habitats in key landscapes across Northern Ireland.

Supporting Science

To improve data flow and increase participation in recording schemes.

Wild Spaces

To develop a portal with information and tools for public use to enable effective delivery of Wild Space projects.

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.

Other than with respect to the Prees Heath Fund transfer as explained above, other 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.

20 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.

21 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 2022 £'000	New designations £'000	Utilised £'000	At 31 March 2023 £'000
<i>Group and charity</i>				
Branch fund	318	64	(94)	288
Heather Corrie Lepidoptera Research Fund	—	1,000	(16)	984
Diarsia Fund	—	30	(3)	27
	318	1,094	(113)	1,299

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

22 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2023 Total £'000
<i>Group</i>				
Fund balances at 31 March 2023 are represented by:				
Intangible assets	40	—	—	40
Tangible fixed assets	1,332	21	—	1,353
Fixed asset investments	—	—	5,283	5,283
Net current assets	5,323	697	—	6,020
	6,695	718	5,283	12,696

22 Analysis of net assets between funds (continued)

<i>Group</i>	<i>Unrestricted funds</i> <i>£'000</i>	<i>Restricted funds</i> <i>£'000</i>	<i>Endowment funds</i> <i>£'000</i>	<i>2022 Total</i> <i>£'000</i>
<i>Fund balances at 31 March 2022 are represented by:</i>				
<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>	4,395	903	—	5,298
	5,543	1,179	5,585	12,307

<i>Charity</i>	<i>Unrestricted funds</i> <i>£'000</i>	<i>Restricted funds</i> <i>£'000</i>	<i>Endowment funds</i> <i>£'000</i>	<i>2023 Total</i> <i>£'000</i>
Fund balances at 31 March 2023 are represented by:				
<i>Intangible assets</i>	40	—	—	40
<i>Tangible fixed assets</i>	1,332	21	—	1,353
<i>Fixed asset investments</i>	—	—	5,283	5,283
<i>Net current assets</i>	5,303	697	—	6,000
	6,675	718	5,283	12,676

<i>Charity</i>	<i>Unrestricted funds</i> <i>£'000</i>	<i>Restricted funds</i> <i>£'000</i>	<i>Endowment funds</i> <i>£'000</i>	<i>2022 Total</i> <i>£'000</i>
<i>Fund balances at 31 March 2022 are represented by:</i>				
<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>Group and charity</i>	<i>Unrestricted funds</i> <i>£'000</i>	<i>Restricted funds</i> <i>£'000</i>	<i>Endowment funds</i> <i>£'000</i>	<i>2023 Total</i> <i>£'000</i>
Reconciliation of movements in unrealised gains on investments				
Unreleased gain at 1 April 2022	—	—	240	240
Less: in respect of disposals in the year	—	—	—	—
Less: net unrealised losses in period	—	—	(302)	(302)
Unrealised gains at 31 March 2023	—	—	(62)	(62)

22 Analysis of net assets between funds (continued)

<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>
<i>Reconciliation of movements in unrealised gains (losses) on investments</i>				
<i>Unrealised gain at 1 April 2021</i>	—	—	(18)	(18)
<i>Less: in respect of disposals in the year</i>	—	—	(29)	(29)
<i>Less: net unrealised losses in period</i>	—	—	287	287
<i>Unrealised losses at 31 March 2022</i>	—	—	240	240

23 Leasing commitments

At 31 March 2023 the group and charity had total future minimum lease payments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>		<i>Other</i>	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Within one year	62	60	27	28
Within two to five years	110	155	42	10
After five years	13	16	—	—
	185	231	69	38

24 Related party transactions

During the year ended 31 March 2023, the charity received subscriptions from Council members and the Senior Leadership Team totalling £537 (2022: £542).

During the year ended 31 March 2023, the charity received unrestricted donations from Council members and the Senior Leadership Team totalling £2,750 (2022: £8,625) including gift in kind £nil (2022: £nil) and restricted donations totalling £1,100 (2022: £nil).

Beyond these, there were no other related party transactions during the financial year which require disclosure (2022: none).

25 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 40,000+ 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.
- **Create and register your Wild Space** – Help us create 100,000 Wild Spaces by thinking about all the places you could create a Wild Space to transform the UK into a butterfly and moth friendly haven. It can be any size, and ideas could be pots on a patio or balcony, a window box, grass verge, school grounds, allotment plot or a village green.
- **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.