

BUTTERFLY CONSERVATION

England & Wales · Charity number 254937

Details

Other names	THE BRITISH BUTTERFLY CONSERVATION SOCIETY LIMITED
Status	Registered
Legal form	Charitable company
Company number	02206468
Registered	1968-03-07
Register	View on the Charity Commission register

Contact

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Email	info@butterfly-conservation.org
Website	www.butterfly-conservation.org

Activities

Objects: THE ADVANCEMENT OF EDUCATION AND FOR OTHER PURPOSES BENEFICIAL TO THE COMMUNITY;1. THE STUDY, CONSERVATION AND PRESERVATION OF NATURAL FAUNA AND FLORA PARTICULARLY SPECIES OF BUTTERFLIES AND MOTHS IN THE UNITED KINGDOM AND ELSEWHERE, BY CONSERVING THEM IN THE WILD BY SUCH MEANS AS ARE AVAILABLE INCLUDING WITHOUT LIMITATION THROUGH THE CREATION AND CONSERVATION OF NATURAL, SEMI-NATURAL OR OTHER HABITATS.2. TO PROMOTE, UNDERTAKE AND SPONSOR SCIENTIFIC STUDY AND RESEARCH INTO THE HABITS, DISEASES AND LIFE-CYCLES OF SUCH FLORA AND FAUNA AND PARTICULARLY BUTTERFLIES AND MOTHS AND THEIR LIFE-CYCLES IN RELATION TO AGRICULTURAL, HORTICULTURAL, INDUSTRIAL AND HUMAN PRACTICES AND ACTIVITIES AND TO DISSEMINATE THE RESULTS OF SUCH RESEARCH AS WIDELY AS POSSIBLE.3. TO PROMOTE OR UNDERTAKE CONSERVATION AND SOUND MANAGEMENT FOR THE BENEFIT OF THE PUBLIC GENERALLY OF LANDS OF ECOLOGICAL OR OTHER SCIENTIFIC IMPORTANCE.4. TO FOSTER INTEREST IN GOVERNMENTAL AND VOLUNTARY BODIES, EDUCATIONAL ESTABLISHMENTS AND THE PUBLIC GENERALLY IN PROBLEMS CONCERNING THE CONSERVATION OF NATURAL FLORA AND FAUNA AND PARTICULARLY BUTTERFLIES AND MOTHS.

Activities: The conservation of butterflies, moths and our environment

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Other Charitable Activities
- **What:** Environment/conservation/heritage
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** THE UNITED KINGDOM AND ELSEWHERE

- Austria
- Belarus
- Belgium
- Bulgaria
- Croatia
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Hungary
- Iceland
- Ireland
- Italy
- Lithuania
- Luxembourg
- Macedonia
- Netherlands
- Northern Ireland
- Norway
- Poland
- Portugal
- Romania
- Russia
- Scotland
- Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£6,060,000	£6,902,000	£11,868,000	109
2024-03-31	£6,616,000	£6,824,000	£12,826,000	106
2023-03-31	£6,248,000	£5,557,000	£12,696,000	91
2022-03-31	£4,345,000	£4,266,000	£12,307,000	68
2021-03-31	£4,479,402	£4,270,151	£11,940,798	79

Trustees

Name	Role	Appointed
Carrie Anne Hume		2024-11-09
Catrin Jayne Evans		2023-11-04
Dr Elaine King		2021-11-13
Dr Ruth Waters		2024-11-11
Dr Simon Robert Spencer		2025-11-15
Lynnette Leeson		2024-11-11
Professor Laurence Harwood		2019-11-16
Shaun Thomas		2024-11-09
Simon Saville		2018-11-10
Steve Almond		2024-11-09

Linked charities

- THE BUTTERFLY CONSERVATION FUND (254937-1)

BUTTERFLY CONSERVATION

England & Wales - Charity number 254937

Accounts

Butterfly Conservation

Annual Report and Financial Statements Accounts

31 March 2025

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 administration 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 Karen Goldie-Morrison David Hanson Ian Hardy MVO Dr Amir Khan Chris Packham CBE Professor Jeremy Thomas Alan Titchmarsh MBE
Council Members (Directors and Trustees)	Martin Spray CBE (Chair) Steve Almond Hugh Ellerton (Honorary Treasurer) Catrin Evans Prof Laurence Harwood Carrie Hulme Dr Elaine King Lynnette Leeson (co-opted) Simon Saville Shaun Thomas Dr Ruth Waters (co-opted)
Senior Leadership Team	Julie Williams (Chief Executive and Company Secretary) Natalie Bridge (Director of Fundraising & Communications) Steve Gray (Director of Engagement & Volunteering) Dr Dan Hoare (Director of Nature Recovery) Russel Hobson (Director of Business & Research)
Registered address	Manor Yard East Lulworth Wareham Dorset BH20 5QP
Company registration number	02206468 (England and Wales)
Registered charity number	254937 (England and Wales) SC039268 (Scotland)
Website	butterfly-conservation.org
Facebook	Facebook.com/savebutterflies
Instagram	Instagram.com/savebutterflies
X (formerly Twitter)	@savebutterflies
LinkedIn	Linkedin.com/company/butterfly-conservation

Reference and administration information

TikTok	@savebutterflies
YouTube	Youtube.com/savebutterflies
Auditor	Buzzacott Audit LLP 130 Wood Street London EC2V 6DL
Bankers	NatWest plc 49 South Street Dorchester Dorset DT1 1DW
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street London EC1M 6HR
Investment managers	Cazenove Capital Management 1 London Wall Place London EC2Y 5AU

Overview by the Chief Executive Officer

Finding a positive and optimistic path towards the future feels difficult given the current global economic situation, the volatile geopolitical backdrop, and the many other challenges organisations are facing but Butterfly Conservation is doing just that. This is not the time to reduce our ambition to restoring butterflies and moths in landscapes across the UK. And not just in the countryside, our determination to see more butterflies and moths in urban towns and cities is as strong as ever.

In 2024 Big Butterfly Count results revealed the lowest numbers on record and we declared a national 'Butterfly Emergency', highlighting the hugely concerning decline in numbers. We must continue to lobby governments to deliver the global target to protect 30% of the Earth's land and ocean areas by 2030. To do this we need to galvanise an army of supporters to be the voice for nature, to call for urgent action so this target is not watered down.

People are the key to everything we do and want to achieve. Over the next year we will be developing our volunteer network to give us more capacity to increase our conservation effort and provide the data that fuels vital research. For this to happen we need to inspire more people to care and take action for nature in the areas they live and work.

Our Youth Panel will be helping us understand how we can connect and engage young people in our work and importantly how we give them a voice to stand up for butterflies and moths as the future advocates of our planet.

We are a smaller organisation than we were last year, with less resources and with no signs that the external economic environment will improve in the next 12 months. Despite this we are determined to continue to deliver meaningful impact in turning around the declines of butterflies and moths and connecting more people to the wonders and joy of them both for their own wellbeing and also so they will be inspired to take action.

We can only deliver impact and raise awareness because of the loyal support of our members, our donors, our supporters, our Branch committees, our volunteers, our President Sir David Attenborough, our Vice Presidents and our dedicated staff team, I thank all of you for supporting Butterfly Conservation and for believing we can make a positive difference for butterflies, moths and for people.

Julie Williams CEO

Overview by the Chair

There has never been a more important time to ensure our work is delivering impact so that we can achieve our mission of conserving butterflies and moths and connecting people to nature. As we come to the end of the 2024/25 financial year, it's a good opportunity for me to reflect on what Butterfly Conservation has delivered against our Strategy which we introduced in autumn 2020.

We have delivered greater impact in landscape-scale conservation than at any time in our history. In 2024 we delivered conservation action in at least 64 landscapes across the UK, up from c35 in 2020. This means we have increased geographic coverage for conservation delivery across the UK, with a significant investment and greater staff capacity and delivery in Scotland, Wales and Northern Ireland. The number of sites we reach with conservation advice continues to increase, and went up 21% to 950 sites last year.

Through our Threatened Species Programme we have worked systematically to improve the fortunes of more than 65 species through staff-led species recovery actions; on top of this our Branches and volunteers contributed massively to this programme and also made an impact for dozens of other local priority species.

We have invested more in research with a dedicated research team including our first ever post-doctoral researcher and submitted our first research fellowship application. We co-authored 55 papers since 2021, and have had more PhD students in our new BC Research Lab than ever before.

We have engaged more people in our work through volunteering and inspiring them to act to help butterflies and moths. We have reached several thousand people, with a particular focus on people living in areas of green space deprivation. In the last year just one of our projects alone created space for butterflies and moths in the grounds of 37 primary schools in deprived areas of Bristol and Weston-super-Mare.

The serious decline of butterflies and moths means that we must continue to deliver impact in all areas of our work. None of this work would be possible without the support of our dedicated volunteers, our Branches, our loyal members, our funders, our partners, our donors, our supporters and our hardworking staff team. I thank you all.

Martin Spry CBE Chair

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 2025.

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 33 to 38 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

We will deliver the Strategic Goals through a programme of Initiatives and Enablers.

The 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

- **500,000+** social media followers (doubled from 2023/24)
- **2,332** people have had the opportunity to discover butterflies and moths and connect with nature through Wild Spaces community engagement activities
- **10** young people aged between 16-25 joined our first ever Youth Panel
- **2,178** advisory visits to 1,016 sites across the UK
- **8,510** hectares of habitat managed across the UK
- **£727,000** secured for Scottish Borderlands project
- **42,601** nature lovers signed our letter to Government demanding a ban on neonicotinoid pesticides
- **143,241** Big Butterfly Counts completed
- **186,001** records submitted via the iRecord app
- **3,208** number of volunteers
- **2,443** children involved in creating a Wild Space for butterflies and moths in their school grounds
- **57,000** unique visitors accessing our online Discover and Learn resources and activity guides
- **41,000+** members supporting our work
- **6** new PhD projects developed with Butterfly Conservation

Goal 1: Halve the number of UK's threatened species of butterflies and moths

Introduction

We have always had the ambition to improve the fortunes of threatened species. This strategic goal has focused effort on systematically improving the status of 65 of the UK's most threatened butterflies and moths. Over the last four years we have taken a targeted approach to species recovery for nearly 50 species, assessing our progress using the framework of a 'Species Recovery Curve'. This recognised standard for species recovery takes a step-by-step approach to identifying the drivers of species declines, researching and testing solutions and scaling them up to help populations recover.

Individual threatened species which have been moved along species recovery curve

Conservation progress can look very different for individual species depending on their ecology and range: for example, a relatively widespread butterfly like Marsh Fritillary, present in all four UK countries, requires a different approach from a micro-moth known from just a single site. Our work tackles both these extremes.

For Marsh Fritillary, recovery work has a varied focus in different parts of its range: In the well-studied habitat networks of Dartmoor we support farmers in tailoring agri-environment schemes to coordinate habitat condition at a landscape-scale; in Scotland improving monitoring is the top priority, so we can understand where it is most at risk and where to target conservation effort. While in Cumbria, despite poor weather in 2024, the butterfly is thriving following a reintroduction in 2007 and stretching its wings into a range of grasslands, some conventionally grazed as farmland and others being restored for nature recovery aims.

The Greenweed Piercer, a moth known from just a single site in Somerset, trail management has taken place to improve habitat condition, with larval numbers increasing in the last year. Fundamental insights into suitable habitat management could be the difference between survival and extinction for such a rare species.

The Bright Wave moth illustrates how threatened species could take advantage of changing climates to broaden their niche. Formerly restricted to coastal shingle in Kent, this moth has recently expanded its range with a large population discovered in restored wildflower meadows. Finding larvae this year has helped us understand how it uses this new niche, and what meadow management is required to ensure it prospers here.

Improving UK monitoring of Marsh Fritillary

Species monitoring is key to understanding how populations of butterflies and moths are responding to local habitat changes and large-scale threats such as climate change. Until recently, a lack of monitoring activity meant we were struggling to understand how Marsh Fritillary populations were faring across the UK. Thanks to the efforts of staff and volunteers, we can now produce trends for each country for the first time.

In Scotland, the number of monitored sites increased from 13 in 2019 to 49 in 2024, where 24 volunteers counted 910 larval webs. The number of monitored sites has also increased in Northern Ireland, contributing to country and UK trends, whilst in Wales we have a better understanding of Marsh Fritillary distribution as colony surveys have risen.

Continued long-term monitoring in England contributes to a population trend spanning more than 40 years. While the overall UK abundance trend is stable through that period, there is significant variability between nations and more signs of progress in the short-term trend across much of the UK.

Understanding Large Heath populations in Northern Ireland

Large Heath *Coenonympha tullia* is a focus of our threatened species programme in all four UK countries. Peatlands cover 12% of the land area of Northern Ireland, and although many of them are degraded there has been a surge in peatland restoration to help meet our biodiversity and carbon commitments. This offers huge potential for habitat restoration and peatland biodiversity including butterflies and moths, so we're working to assess where recovery actions are most needed and how to monitor the impact of conservation action.

In 2021, we established our first Single Species Transect for Large Heath at Peatlands Park, Area of Special Scientific Interest (ASSI), working with our partners NIEA (Northern Ireland Environment Agency). At the same time an Interreg VA peatland project 'CANN' (Collaborative Action for the Natura Network) was delivered by Ulster Wildlife and some key volunteer recorders. We aim to support the creation of a fourth transect in 2025 with RSPB through their peatland restoration programmes. Improving standardised monitoring allows us to track the population and gather evidence of effective habitat management, critical steps in the species recovery curve for Large Heath. With a clearer picture of what is needed to move things forward for Large Heath in Northern Ireland we have worked with partners to develop collaborative funding bids for improved conservation delivery for peatland species.

Targeted habitat improvements for High Brown Fritillary on Exmoor

Our 'Reviving Heddon Valley's Fritillaries' project took place across north-west Exmoor and focussed on restoring the fortunes of the High Brown Fritillary, one of our most threatened UK butterflies. Working with our partners at the National Trust, our project officer Ellie Wyatt delivered management across 11 sites to improve the fortunes of the High Brown Fritillary and support its journey to recovery.

We delivered:

- >5km of fencing at three sites to facilitate conservation grazing
- 1.5 ha of scrub clearance at three sites
- 5.6 ha improved breeding habitat by planting out over 500 Common-dog Violets and sowing over 6,000 seeds on three separate sites
- 69 ha of enhanced grassland/bracken habitat through grazing, scrub clearance and bracken management
- 5 ha of enhanced native woodland by coppicing and pollarding, improving connectivity between breeding habitat patches
- 33 volunteer work parties, surveys, and outreach events, engaging 347 people

PhD student projects - Building a Butterfly Conservation research network

Research has long been an important part of Butterfly Conservation's work – it's vital that our action and advice is based on sound scientific evidence. Over the past year, six new students started PhD projects developed with Butterfly Conservation.

Based at universities across the UK from Kent to Aberdeen, and supported by our scientists, these new researchers are exploring diverse topics covering ecology, conservation, genetics, and statistics, to help tackle the ongoing declines of butterflies and moths. Along the way they will learn scientific skills and grow in confidence to become the successful future researchers needed to help bring about nature recovery.

The new PhD projects seek answers that will have practical applications in our work, including:

- a better understanding of the impacts of agricultural pesticides, moorland burning and nitrogen pollution on moths
- improved techniques to analyse citizen-science records
- the best ways to mitigate light pollution and manage limestone grasslands.

Several projects continue previous research, such as examining the genetics of the recently established Chequered Skipper population in Northamptonshire to increase the success of future insect reintroductions.

Supported by Butterfly Conservation's Heather Corrie Fund, this thriving network of new researchers will help deliver evidence-based solutions to conserve the UK's butterflies and moths.

Goal 2: Improve the condition of 100 of the most important landscapes for butterflies and moths

Introduction

Our landscape-scale partnership work spans an enormous range of habitats and species in every corner of the UK. We were active in at least 64 landscapes in 2024-25, and although historically our effort has been skewed towards England (due in part to funding availability), our pipeline of projects in development is increasing our impact in Wales, Scotland and Northern Ireland too. BC's approach is built on sound evidence, following the 'Lawton principles' to make habitat networks bigger, better and more connected and using butterfly and moth populations as indicators of success.

Borderlands project in Scotland – finding new solutions for the Northern Brown Argus

The south of Scotland is a UK stronghold for Northern Brown Argus, home to around 40% of the UK population and around half the Scottish population. In 2016, Barry Prater, the then chair of Butterfly Conservation's East Scotland Branch, co-ordinated volunteers to determine the status of the butterfly in the Scottish Borders.

Between 2016 and 2022, 326 surveys were conducted by 44 volunteers to 167 colonies. These surveys covered 93% of all known sites and identified that half of them were under threat due to encroachment of bracken or scrub, overgrazing, and particularly new afforestation schemes incentivised through green finance initiatives. It was clear the Northern Brown Argus needed our help.

A pilot project, 'Farmers, Landowners, Northern Brown Argus and Species-rich Grassland', was put forward to the Natural Capital Scotland Programme, part of the Borderlands Inclusive Growth Deal. Following three years of preparation, the pilot was approved with £727,000 of funding and, in February 2025, a Species-rich Grassland Project Officer, Apithanny Bourne was appointed to deliver the six-year project.

The project will trial techniques to manage and restore the species-rich grassland in which the Northern Brown Argus thrives. It will also investigate sources of green funding, including Biodiversity Net Gain initiatives, and explore ways of reshaping the incentives that drive land use across the region. We will continue monitoring the fortunes of the butterfly as the project progresses.

Butterfly Conservation is the lead partner of this exciting project, working alongside Scottish Borders Council, farmers, volunteers and several interested organisations.

Northamptonshire species recovery work

Funded by Natural England, we've worked at 17 sites across two landscapes in the Midlands, Rockingham Forest and South Northamptonshire. This work has improved habitats for a whole host of butterfly species, including Wood White, Dingy Skipper and Grizzled Skipper as well as the rare moths Concolorous and Liqueur Piercer.

Over 16 hectares and 18 kilometres of woodland edge and grassland habitat has been managed since the project began in autumn 2023.

These specialist butterflies and moths can only be found in places where all of their particular needs are met. They require specific configurations of sunny, sheltered habitat on the edge of woodland or in clearings, or light grassland rich in their preferred nectar sources and plants to lay eggs on. By carrying out forestry work and scrub clearance on grassland, we help to protect vulnerable

populations of these butterflies and moths from local extinction. We have also sought to create habitat 'stepping stones' through the landscape, allowing species to more easily expand their range.

Habitat work came to an end in March 2025. However, this simply marks completion of the construction phase, when machinery moves out of woodlands and nature comes back in. In the coming years, our new features will regenerate and mature, and the benefits of this work will be fully realised.

Beyond our target species, a wide array of invertebrates, animals further up the food chain, reptiles, and plants will also benefit from Butterfly Conservation's work as we seek to leave a lasting legacy in the Midlands at a time when nature needs us most.

New initiatives

Northern Ireland species recovery partnership

The Northern Ireland Species Recovery Partnership (NISRP) brings together environmental organisations with statutory agencies to address both the conservation and policy issues affecting high-priority species.

The partnership represents extensive expertise in species conservation, nature policy, legislation, data and evidence, and will engage with a wider group to create a clear understanding of what's needed to deliver species recovery in Northern Ireland. Critically, it will be able to pull on policy and funding levers, alongside conservation action, to enable the recovery of high-priority species.

Butterfly Conservation is the expert partner representing butterflies and moths. Our approach will be informed by the priority landscapes identified within our Northern Ireland Conservation Strategy. This priority landscape mapping represents a detailed evidence-based assessment of risks and priorities. It's very useful for local planning and flagging priority species, and ties in perfectly with the approach of the new partnership.

Action plans will form the basis of a bid to deliver critical action for species recovery, similar to projects already underway in Scotland (Species on the Edge), Wales (Natur am Byth), and the completed project in England (Back from the Brink)

Branch success stories

Branches play an integral role in delivering Landscape Recovery. Since the launch of Butterfly Conservation's Strategy, Branches have formulated landscape plans detailing essential actions and have identified partners and landowners essential to delivering those actions. These plans are invaluable to our fundraising teams who can take steps to bring in income that underpins that work.

Branches make invaluable contributions to our funded, landscape-scale projects, e.g. surveying, monitoring, assessing habitats and undertaking management for High Brown Fritillaries in the Alun Valley; managing sites across West Midlands, East Midlands and Warwickshire for species including Wood White and Grizzled Skipper; or enhancing Scottish and Irish mires to benefit Large Heath. Equally important, they also evidence their impact upon these species.

Better still, management work by Butterfly Conservation Branches is not only restricted to landscapes covered by funded projects. For example, management work by our Branches across the UK has helped to enhance prospects of Pearl-bordered Fritillary in the Border Hills and maintained thriving Duke of Burgundy populations in Yorkshire. And there are many other examples.

Branch experts prove valuable for partners requesting direction on how best to address butterfly and moth needs on sites they own or manage. This too enhances Butterfly Conservation's "footprint" in our priority landscapes.

Goal 3: Transform 100,000 wild spaces in the UK for people butterflies and moths

Introduction

The goal to create Wild Spaces across the UK to help butterflies and moths thrive has enabled us to build a growing programme of engagement work reaching people and communities new to Butterfly Conservation. Through projects in London, Bristol, Leeds and Perth and Stirling, we have created spaces in partnership with councils, community groups and schools that have been accessed and enjoyed by many thousands of people living in areas of green space deprivation.

We have more than 4,500 Wild Spaces registered at wild-spaces.co.uk, whilst our wider work connecting people with nature reached 3,400 individuals in 2024. Here are some examples of this work.

Celebrating Long-standing Volunteers

In 2024/25 we celebrated Mike Slater's 50-year volunteering anniversary. Mike began with us as a Transect Surveyor, and has had a significant impact on butterflies in Warwickshire by working with many landowners and running practical conservation groups. He still surveys up to 15 transects, has written a book and helps to evidence the impact of volunteer work in the county. He's improved around 300 sites and because of his work with fellow volunteers, priority species such as Small Blue, Dark Green Fritillary and Brown Hairstreak have increased in range in Warwickshire. Widespread species have benefitted too, including Marbled White, Small Copper and Red Admiral.

The impact of Big City Butterflies

Our Big City Butterflies project was delivered over four years across 17 central London Boroughs. The project supported communities to discover butterflies and moths and connected people to nature and their local green spaces.

Two project officers delivered an ambitious programme of events, workshops and training across the project's three work streams – habitat improvements for community green spaces, increased recording and monitoring activity, and school and community engagement. Achievements included:

- 98 community events were enjoyed by 2,285 people
- 96 workshops inspired 1,950 primary school children
- 742 people learned new skills through 68 identification and recording workshops
- 232 people improved their knowledge through 21 habitat management workshops
- 78 sites were improved for butterflies and moths, totalling 27,375ha of habitat

The project has demonstrated how positive outcomes for butterflies, moths and people can be achieved in an urban landscape by working collaboratively with local authorities, volunteer groups and communities.

Big City Butterflies: Volunteer Impact

Big City Butterflies provided an incredible 259 opportunities for people to volunteer, resulting in 3,574 hours of additional support for the project.

One volunteer said "I think the minute you start getting interested in moths and butterflies, you then realise that they're very endangered. You become interested, and then you realise we're facing a bit of an emergency, and so you want to help. A lot of people have said they are going to look out for them more, and a lot of people have learned about Butterfly Conservation, people that maybe wouldn't have heard of them before."

Empowering Communities

Volunteers in Bristol have helped to transform 4 unloved and overgrown beds at a local primary school into a varied and vibrant Wild Space, packed with herbs, nectar-rich plants and wildflowers.

The school is one of 47 to be taking part in our Bristol and Weston Wild Spaces project, which is all about connecting people to nature and empowering communities to take action for butterflies and moths in urban locations.

The beds had been untouched for years, so whilst it was hard work, the effort invested has created a calm space for teachers and pupils to enjoy and hopefully see some butterflies.

Connecting people to nature

When people care about and feel connected to nature, they act for nature. That's the simple premise behind our work to provide people with opportunities to connect to nature through delivery of our Wild Spaces and wider engagement projects and activities. With every Wild Space created, new pathways to nature connection are opened.

"The wildflower meadow has become a beautiful focal point for our community. Visitors have enjoyed sitting here on sunny days, enjoying the natural, relaxing environment in a highly urban area."

"I'm a full-time carer. Creating habitats in my garden and recording are things I can do at home which integrates with my caring role. I enjoy seeing and recording the butterflies and noting where they are headed and which plants they like and I'm getting better at telling the difference between some species."

This year we have continued to facilitate nature connection through our online learning offer, Discover and Learn, with over 57,000 unique visitors accessing our learning resources and activity guides.

Wild Spaces – Working with schools and young people

"This is nice because I love plants and insects, but I've never really done anything like this before." – Quote from a young participant

On a sunny day in September, at Walliscote Primary in Weston-Super-Mare, we worked with their 'Green Team' to create a Wild Space where butterflies and moths can thrive in their small playground.

As we planted bulbs and wildflower seeds in some new planters, one of the children wanted to tell us how much she was enjoying the experience. In one sentence (see above), she perfectly encapsulated the need for projects like ours in Bristol and Weston primary schools, and the huge impact the sessions have for children living in greenspace deprived areas.

So many of the children we have worked with have said similar things to us about how infrequently they get to connect with nature. How can we expect the next generation to care for nature if they don't get to experience it?

Since it began last year, the Bristol and Weston project has engaged over 1,700 children in 70 workshops, as well as empowering 114 teachers and volunteers to look after and get the most out of them for the benefit of the whole school community, and butterflies and moths too.

Brown Hairstreak returns to Hertfordshire for the first time in 25 years

Diligent egg hunting by volunteers in the Hertfordshire & Middlesex Branch has resulted in the first records of this species in the county for 25 years. The butterfly has been spreading rapidly across Middlesex since the first record in 2015.

The Branch are now in touch with the Woodland Trust, who manage the site where eggs have been found, and are advising on suitable management for the butterfly.

Delivering Impact

Introduction

In a year marked by both urgency and action, Butterfly Conservation stepped up in powerful ways to respond to the alarming decline in butterflies and moths. From declaring a UK-wide Butterfly Emergency to influencing government policy, our work continues to create real change. This report also marks the exciting launch of our Youth Panel, as we build a movement that empowers the next generation to support us in championing butterflies and moths.

Butterfly Emergency

In September Butterfly Conservation announced a UK-wide Butterfly Emergency. Sparked by the results of the Big Butterfly Count, which recorded the worst year for butterflies in its 14-year history, and in recognition of the long-term decline of many of the UK's butterfly species.

A campaign was launched to bring about an end to the use of toxic neonicotinoid pesticides on crops. Despite the known impact these chemicals have on butterflies, bees and other wildlife, the UK Government has repeatedly permitted their 'emergency' use on sugar beet. Butterfly Conservation wrote an open letter to Steve Reed, Secretary of State for Environment, Food and Rural Affairs, calling for a complete ban without exceptions and it was signed by an impressive 42,601 supporters.

In January 2025 the Government announced it would not be authorising the emergency use of neonicotinoids for that year. While a complete ban has yet to be implemented, the Government has committed to implementing one and it is possible we may have seen the last of these toxic chemicals on UK crops.

It's a great example of how Butterfly Conservation uses its expert voice to highlight the decline in butterflies and generate action to change policy at the highest level.

Youth Panel launch

It has been an exciting year for our Youth Engagement work with the launch of our first Youth Panel. Ten young people aged between 16 and 25 from all corners of the UK have come together to help us connect and engage with a new generation of supporters and volunteers.

What a year they've had. Two panel members took the lead at the Restore Nature Now protest in June, giving a heartfelt speech to the crowds as they gathered. In July, they came together for a residential in Dorset with the aim of connecting as a group, learning more about the work of Butterfly Conservation and enjoying some fieldtrips and visits from staff, volunteers and local experts.

Following their official launch later in the year, the Panel spoke to members at our AGM and took part in numerous television and radio interviews. Most recently, the first edition of the Youth Panel Zine (an informal, mini magazine), Chattypillar was circulated to a mailing list of young people interested in our work. And that's just a few of their highlights! We're delighted to have them with us and look forward to seeing their work develop and progress.

Butterfly Conservation's Big Butterfly Count 2024

Butterflies appeared to be in short supply during the summer of 2024. That was what supporters were contacting Butterfly Conservation to tell us, and it is also what the results of Butterfly Conservation's Big Butterfly Count revealed.

Despite it being the worst summer in the history of the Big Butterfly Count for butterflies, people took part in their thousands. A whopping 85,927 participants recorded a total of 143,241 Big Butterfly Counts during the three-week counting period.

The Big Butterfly Count 2024 was launched at our Manor Yard office with a frenzy of media activity and a live broadcast across our social media channels hosted by Chris Packham CBE, Indy Kiemel Greene and Leanna Fernandez.

We generated over 2,000 pieces of media coverage and had more than 158,000 unique visitors to our website.

With it being such a poor year for butterflies we were able to use the results of the 2024 Big Butterfly Count to highlight the long-term decline in butterfly numbers and declare a nationwide Butterfly Emergency.

Restore Nature Now

We attended the Restore Nature Now demonstration in London in June 2024, marching alongside colleagues, supporters, volunteers and other likeminded organisations to call on the government to take action to Restore Nature Now.

In the lead up to the General Election, we produced a Manifesto for Butterflies and Moths, asking the next UK Government to take important action to halt and reverse the decline in species.

Future priorities

2025-26

Nature recovery

We will develop a Nature Recovery Strategy to demonstrate the unique contribution the expertise of Butterfly Conservation can make to nature recovery across the UK, working collaboratively in partnership with other organisations. We will maintain the strength of our biological data and share evidence of our impact on species and landscapes.

Inspire people to act

We will continue to develop new opportunities for people from under-represented groups, including people from ethnic and mixed ethnic backgrounds and people living in areas of green space deprivation, to connect to nature through engagement with butterflies and moths. This will help create a new generation of supporters and volunteers for Butterfly Conservation.

2026-28

Build a sustainable funding model

We will develop and deliver a Fundraising Strategy to help increase and diversify income. This will be supported by a strengthened brand and case for support. We will seek new income opportunities, including corporate partnerships and exploring green finance.

Create an inclusive & resilient organisation

To help build inclusivity and resilience within Butterfly Conservation we will develop new learning and development opportunities for staff, Trustees and volunteers, deliver a Sustainability Action Plan, and ensure equality, diversity and inclusivity in all aspects of our work.

Beyond 2028

Deliver our new strategy

Following consultation with staff, volunteers and external stakeholders (and approval from our Council), we will commence delivery of a new strategy and develop a business plan to achieve the high-level conservation and engagement objectives it contains.

Risk management

The Senior Leadership Team works closely with our Trustees and staff to coordinate a robust approach to risk management. Business planning processes incorporate thorough risk management, with all major risks identified and mitigation measures recorded in a Risk Register.

The Risk Register is regularly reviewed by the Audit & Risk Sub-committee, which in turn updates Council on the most significant risks identified and the actions to help address them agreed. The Audit

& Risk Sub-committee also undertakes an annual in-depth review to identify the principal risks facing the organisation and report these to Council.

This process helps to ensure all major risks are identified and appropriate mitigations agreed. Whilst the most significant risks cannot be eliminated, with suitable actions in place the potential impact can be reduced. Our risk management procedures remain under annual review to help ensure ongoing improvement in this important area of work.

Principal risks and uncertainties

Fundraising

The external fundraising environment has been extremely challenging for charities across the voluntary sector for quite some time. There is no sign this will change in the short or medium term. Future budget projections for Butterfly Conservation have therefore been set accordingly, with prudent income targets and planned reductions in expenditure. Work is also underway to diversify income streams, avoid over-reliance on any one income source and maximise contributions to general funds.

Staffing

Recruitment to some key roles remains challenging, including fundraising, finance and people services. Given the need to reduce overall expenditure, all recruitment over the last year has required Senior Leadership Team approval in advance, based on the provision of a strong business case. Where restricted funds have been secured for a project-specific role, such roles have joined on a fixed-term contract aligned to the duration of the funding.

Organisational Change Programme

Despite tight cost controls in place across Butterfly Conservation, a reduced level of income has meant it has been necessary to also reduce expenditure accordingly. Given the organisation's highest cost is staffing, this resulted in a compulsory redundancy process in early 2025. Such a process is always highly regrettable and stressful for both the staff directly affected and their colleagues. External support was made available to all staff during the process. As a result of both tight control of recruitment throughout the year and the redundancy process, Butterfly Conservation was around 25% smaller in terms of staff numbers on 1st April 2025 compared to twelve months earlier.

Sector Positioning & Impact Delivery

The past year has seen ongoing shifts in policy priorities and statutory funding opportunities with a direct impact on Butterfly Conservation. These include a shift away from support for threatened species, less funding for species recovery and weak government land-use policies. Many partner organisations and funding bodies have also experienced similar financial pressures. This has required the organisation to adapt and find new ways to ensure the relevance of our work and impact we deliver on the ground – for butterflies, moths and people.

Health and safety

Butterfly Conservation commissioned a Health and Safety (H&S) Audit in 2024. Recommendations from this audit have been reviewed and shared with the Audit and Risk Sub-committee, who are responsible for reviewing H&S incidents on a quarterly basis. The Audit made recommendations for continuing improvements, and these are being rolled out on the basis of level of risk. The H&S policy is reviewed annually and codes of practice and risk assessments have been refreshed and continue to be reviewed on a regular basis. The need for H&S training is assessed regularly and implemented for staff and volunteers. For the latter we are sharing further training through our volunteer portal, Assemble.

Safeguarding

Butterfly Conservation has both a moral obligation and a legal duty of care to ensure that all children and vulnerable adults are safe and protected from harm whilst on Butterfly Conservation premises or participating in any Butterfly Conservation-led work and/or activity. 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. We have clear procedures in place for reporting, recording and acting upon any safeguarding allegations, concerns or queries. Our Safeguarding Policy is published on our website along with contact details for our Designated Safeguarding Lead and Officer.

Equality, diversity and inclusion (EDI)

Our work on equality, diversity and inclusion progressed further during 2024-25 and remains an important priority for the organisation. This year we published an EDI Strategy on our website, the delivery of which is supported by an Action Plan that identifies further steps we will take to improve equality, diversity and inclusion across all aspects of our work.

We have also continued to collaborate with other organisations through Wildlife and Countryside Link and published a RACE report for the third consecutive year highlighting progress made and areas for continued improvement.

Having established Butterfly Conservation's first Youth Panel in 2024, we have also consulted the panel members on our approach to equality, diversity and inclusion as part of the development of a Youth Involvement Action Plan.

With funding from the Joint Nature Conservation Committee (JNCC), we have also developed a GIS mapping tool of our engagement activity across the UK, allowing us to measure and report the distribution of our work with communities in areas of green space deprivation for the first time.

Sustainability policy

The implementation of Butterfly Conservation's new Sustainability Policy and Action Plan was not progressed in the year. With the shift from half our staff based in offices pre-Covid 19 to staff predominately home working, we are to move our Head Office to much smaller and more energy efficient premises, once suitable premises can be found. This will mean a reset in the planned development of our Sustainability Strategy so it better reflects our new ways of flexible working.

Financial review

Income decreased by 8% to £6.06m (2024: £6.62m). Income from donations and legacies decreased by 23% to £2.32m (2024: £3.00m). Legacy income saw a reduction following an exceptional year in 2024. However we were fortunate that despite the challenging financial and political climate, we continued to have a good response to all our individual appeals and general donations (including Gift Aid). Along with membership subscription income which increased by 8% to £1.34m (2024: £1.24m). Grant funding also increased by 10% to £1.51m (2024: £1.37m).

Expenditure increased by 1%, to £6.90m (2024: £6.82m). During the year we increased our average headcount by 3, focussing effort on our charitable activities.

The result was a net expenditure of £0.96m (2024: net income of £0.13m) and the closing total net assets were £11.87m (2024: £12.83m).

The balance on our endowment fund decreased by £113k to £5.49m (2024: £5.61m) due to falling investment markets.

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 (available on our website).

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.

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 General Data Protection Regulation (GDPR). 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 did not receive any complaints regarding aspects of our fundraising during the 2024/25 financial year. We received one notification from the Fundraising Preference Service 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 2025 our Endowment Fund had a market value of £5.49m (2024: £5.61m). 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 2025). 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 2025 Butterfly Conservation had total funds of £11.87m (2024: £12.83m), which is made up of:

- Permanent Endowment fund at 31 March 2025 of £5.49m (2024: £5.61m) which was given to be retained for the benefit of Butterfly Conservation as a capital fund and to provide income for the Charity.
- Restricted funds at 31 March 2025 of £0.44m (2024: £0.40m) to be applied to the specific purpose(s) intended by the donor.
- Unrestricted reserves at 31 March 2025 of £5.94m (2024: £6.82m) available to be applied at the discretion of the Trustees to any of Butterfly Conservation's charitable purposes, made up of:
 - General funds i.e. free financial reserves of £3.78m (2024: £4.37m).
 - Fixed assets of £1.46m (2024: £1.37m) and Retained profits from Butterfly Conservation Trading of £20,000 (2024: £20,000). Both funds are central to Butterfly Conservation's charitable activities and not available to meet immediate future contingencies should they arise.
 - Designated funds of £0.68m (2024: £1.06m) to enhance our science and research work.

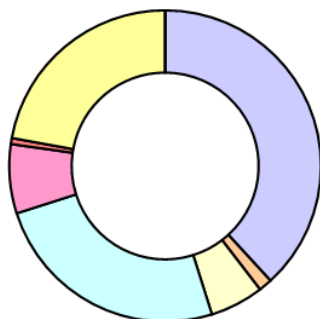
General funds i.e. free financial reserves are held to ensure that Butterfly Conservation:

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

These funds equate to 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, costs of inflation including the employer's national insurance contributions 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 six months, equivalent to £3.5m (2024: £3.5m). The members of Council are therefore satisfied with the year-end reserves position. In 2025/26 we will continue to implement our Fundraising Strategy and look at diversifying income to maintain our conservation effort and financial reserves to the target level. However, ongoing uncertainties 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

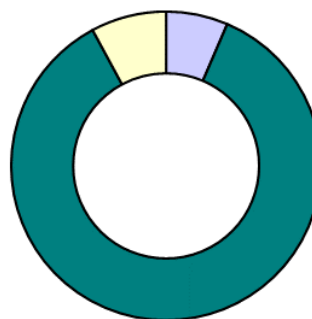
Total Income £6.10m
(2023/24 £6.62m)



Donations and legacies	£2.32m
Other trading activities	£0.84m
Investments	£0.34m
Conservation activities- grants receivable	£1.51m
Contracts and Royalties	£0.44m
Primary purpose trading	£0.04m
Membership subscriptions	£1.34m

How we spent our funds

Total Expenditure £6.90m
(2023/24 £6.82m)



Raising funds	£0.45m
Conservation	£5.91m
Membership services	£0.54m

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. Constant regard is paid to refreshing the experience mix of members 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 2025 and served throughout that year (and up to the date of approval of this report) except where shown:

Council Members	Elected/re-elected/resigned
Martin Spray - Chair	
Simon Saville – Vice Chair	Re-elected in November 2024
Hugh Ellerton – Honorary Treasurer	
Steve Almond	Elected in November 2024
Apithanny Bourne	Resigned in November 2024
Catrin Evans	
Prof Laurence Harwood	
Carrie Hume	Elected in November 2024
Dr Elaine King	Re-elected in November 2024
Lynnette Leeson	Co-opted in November 2024
Shaun Thomas	Elected in November 2024
Dr Ruth Waters	Co-opted in November 2024
Chris Winnick	Retired in November 2024

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 Council members with a strategic and operational overview of Butterfly Conservation.

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 attend key meetings and events, and all Council members are encouraged to undertake training seminars from external professionals and subscriptions to relevant governance resources are available.

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. During this year's trustee recruitment, emphasis was applied to attempt to increase the diversity amongst new Council members, and to attract potential applicants with skills in advocacy/lobbying, fundraising and marketing, environmental leadership, and financial experience, particularly in the charitable sector. Various methods were used including widespread advertising through national recruitment platforms and social media, as well as in Butterfly magazine, BC's website, and the Branch email updates

The AGM was held in Bristol and online in November 2024. Eligible members were able to vote on the Resolutions and Trustee Elections by proxy in advance of the AGM, and 90 members were recorded as present in person, while 85 members joined online. Our next AGM in November 2025 will be held online.

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 24 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. Under company law the members of Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the 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

- 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 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each member of Council confirms that:

- So far as the Council member is aware, there is no relevant audit information of which the charitable company's auditor is unaware
- 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 meets at least four times a year. During 2024/25 Council met six times – one of these meetings was held online, and five meetings were held in person. Council delegates some of its responsibilities to three committees which 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, branches and volunteers

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 CEO by Council. During the year, we employed on average 109 members of staff (106 in 2023/24) who are grouped into five main work areas:

- Business & Research
- Chief Executive's Office
- Engagement & Volunteering
- Fundraising & Communications
- Nature Recovery

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

Pay and remuneration policy

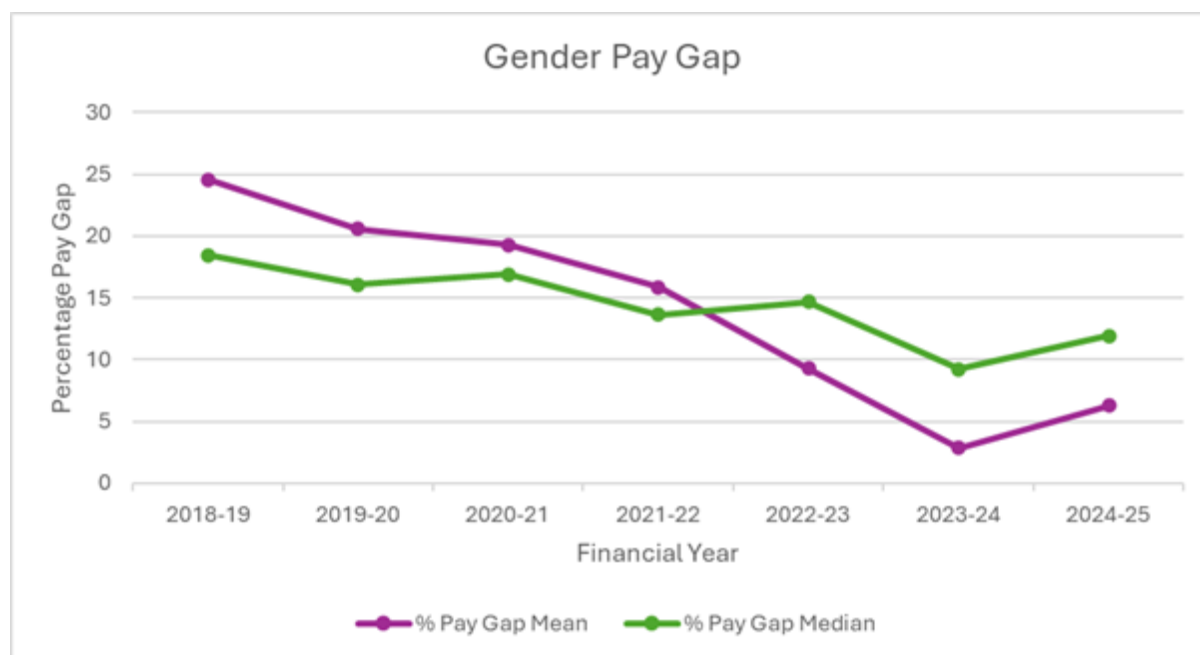
We are committed to ensuring that our pay and benefits are competitive to attract and retain the right skills to have the greatest impact in delivering our charitable objectives. The same benefits arrangements, including pensions, and terms and conditions apply to all employees, including the Senior Leadership Team. Pay bands and salary increments are reviewed annually against several other NGOs and using benchmarking tools widely available in the voluntary sector. We continue to be an accredited Living Wage employer. In 2024/25 we began a full pay and grading review and further work on the final salary structures and implementation will now take place during 2025/26.

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).

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. This includes 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 2024/25 show that the full time equivalent mean weekly earnings for men are 6% more than women. This demonstrates a widening of the gap since 2023/24, when the mean weekly earnings for men were 3% more than women. The 2024/25 full-time equivalent median weekly earnings for men are 12% more than women (compared to 9% in 2023/24). This is the first time since 2018/19 that we have seen a widening of the gap after a year-on-year improvement.

In 2024/25, whilst we have seen a continued move towards equality in the upper pay quarter and the lower middle pay quarters, we have seen an increase in men being paid in the upper middle pay quarter and fewer men in the lower pay quarter. This is where the difference lies. 68% of our workforce are women but more men hold senior positions within the organisation (64% of the men at BC fall within the top two pay quarters).



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 2025, the donation amounted to £13,084 (2024: £21,365).

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 2024/25, 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

Cairngorms National Park Authority
Carmarthenshire County Council
Ceredigion Country Council
Chapman Charitable Trust
Cornwall Council
Cranborne Chase National Landscape Office
Dacorum Borough Council
De Vlinderstichting
Dorset County Council
Forestry England
Hampshire County Council
National Heritage Lottery Fund
Natural England
Natural Resources Wales
NatureScot
North York Moors National Park Authority
Northern Ireland Environment Agency
Peter Sowerby Foundation
Rural Payments Agency
Scottish Borders Council
South Downs National Park Authority
SSE Renewables
The Botanist Foundation
The Highland Council
The John Swire 1989 Charitable Trust
Valencia Communities Fund

Charitable trusts and foundations

D G Albright Charitable Trust
Hamamelis Trust
Henocq Law Trust
J & J R Wilson Trust
Kathleen Beryl Sleigh Charitable Trust
Mrs M A Lascelles Charitable Trust
Sabina Sutherland Charitable Trust
The Barratt Foundation
The Gaynor Cemlyn-Jones Trust
The John William Hay Charitable Trust
The Marlow Trust
The Marsh Christian Trust
The Michael Marks Charitable Trust
The Oakdale Trust
The Reed Foundation
The Torrs Charitable Trust

The Valerie Ayton Charitable Trust
The William Haddon Charitable Trust

Corporate partners and supporters

Amber River Group Limited
Glastonbury Festivals Limited
Habitat First Group
Hooke Farm
Murton Grange Limited
Origin Enterprises
SLR Consulting Limited
Sula Innovation Limited
Yeo Valley Organic Farms

Corporate members

Breedon Group
British Flora
CJ Wildlife Limited
Ground Control Limited
Hallgarten & Novum Wines
LawnSmith Limited
Integrated Utility Supplies
Landscaping Solutions Limited
Mariposa Nature Tours
Meadfleet Limited
Nurture Landscapes Group
Stowe Family Law LLP
TES Limited
The Botanist Foundation
The Friendly Seed Company 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:

Martyn Clement Anderson
Antonia Therese Bagley
Susan Black
Robin Ashdown Carr
John Alexander Cochrane
Frances Catherine Cooke
Ceil Lothead Davidson
John Gent
Terrence Giles
Joan Gillian Gostick
Stephen Robert Hatch
Stephen Hibbard
Anthony Jones
Ellen Cora Kelsall
Peter Larnier
Patrick Martin
Booe Malague
Maureen Sheila Moulton
Barbara Linda Overton
John Oxenford
Patricia Elizabeth Parker

Sally Elizabeth Ann Quarterman
Michael Rattey
John Rickett
Dr George Satchwell
Anne Patricia Shapter
Rodney Clyde Silk
Michael Stuart Spittal
William Anthony Straker
Alma Tingle-Francis
Anne Heather Walshaw
Elizabeth Anne Webb
Michael Francis Wildish
Robert John Woodward

If you would like to find out more about leaving a gift in your will, please email the team at legacy@butterfly-conservation.org.

REPORT OF THE COUNCIL APPROVED FOR ON AND BEHALF OF COUNCIL



Martin Spray, Chair



Julie Williams, Secretary

Approved by Council on: 30th July 2025

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

Opinion

We have audited the financial statements of Butterfly Conservation (the 'charitable parent company') and its subsidiary company (collectively the 'group') for the year ended 31 March 2025, which comprise the consolidated statement of financial activities, the group comparative statement of financial activities, the group and charitable parent company balance sheets, the consolidated 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 2025 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

In auditing the financial statements, we have concluded that the members of Council's (i.e. the trustees') use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members of Council (i.e. the trustees) with respect to going concern are described in the relevant sections of this report.

Other information

The members of Council (who are the trustees of the charitable parent company for the purposes of charity law and the directors of the charitable parent company for the purposes of company law) 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, which is also the directors' report for the purposes of company law and includes 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, which is also the directors' report for the purposes of company law and includes 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 trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of Council

As explained more fully in the Responsibilities of Council statement included within the Report of the Council, the members of Council (who are also the directors of the charitable parent company for the purposes of company law and trustees of the charitable parent company for the purposes of charity 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;
- ◆ 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), and the Companies Act 2006.
- ◆ 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;
- ◆ reviewed 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

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.

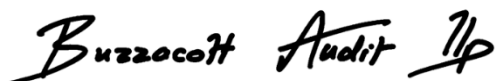
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance 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.

The image shows a handwritten signature in black ink that reads "Buzzacott Audit LLP". The signature is written in a cursive, flowing style.

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

Date: 15 October 2025

Consolidated statement of financial activities Year to 31 March 2025

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2025 Total funds £'000	2024 Total funds £'000
Income from:						
Donations and legacies	1	2,285	30	—	2,315	2,998
Other trading activities	2	84	—	—	84	105
Investments & interest receivable	3	145	8	184	337	307
Charitable activities						
. Conservation activities – grants receivable	4	352	1,159	—	1,511	1,365
. Contracts and Royalties		405	30	—	435	463
. Primary purpose trading		37	1	—	38	136
. Membership subscriptions		1,340	—	—	1,340	1,242
Total income		4,648	1,228	184	6,060	6,616
Expenditure on:						
Raising funds	5,18	435	—	11	446	391
Charitable activities						
. Conservation	6	4,412	1,501	—	5,913	5,893
. Membership services	7	543	—	—	543	540
Total expenditure		5,390	1,501	11	6,902	6,824
Net (expenditure) income before investment gains (losses)		(742)	(273)	173	(842)	(208)
Net investment (losses) gains	15,18	—	—	(116)	(116)	338
Net (expenditure) income	10	(742)	(273)	57	(958)	130
Transfer between funds	18,19	(137)	307	(170)	—	—
Net movement in funds		(879)	34	(113)	(958)	130
Reconciliation						
Total funds brought forward at 1 April 2024		6,817	402	5,607	12,826	12,696
Total funds carried forward at 31 March 2025		5,938	436	5,494	11,868	12,826

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 £184,000 (2024: £183,000) and endowed expenditure of £11,000 (2024: £11,000).

Balance Sheet 31 March 2025

		Group		Charity	
	Notes	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Fixed assets					
Intangible fixed assets	13	95	20	95	20
Tangible fixed assets	14				
. Freehold land		1,343	1,343	1,343	1,343
. Other tangible fixed assets		24	8	24	8
Investments	15	5,494	5,607	5,494	5,607
		6,956	6,978	6,956	6,978
Current assets					
Stocks		16	8	16	8
Debtors	16	1,700	2,408	1,714	2,455
Cash					
. Short term deposits and interest bearing accounts		778	1,189	778	1,189
. Money market accounts		2,286	1,797	2,286	1,797
. Current accounts		607	969	570	903
		5,387	6,371	5,364	6,352
Liabilities					
Creditors: amounts falling due within one year	17	(475)	(523)	(472)	(524)
Net current assets					
		4,912	5,848	4,892	5,828
Total net assets					
		11,868	12,826	11,848	12,806
Funds of the charity					
Capital funds					
. Endowment funds	18	5,494	5,607	5,494	5,607
Income funds					
. Restricted funds	19	436	402	436	402
Unrestricted funds					
.. General fund		3,780	4,371	3,780	4,371
.. Non-charitable trading funds		20	20	—	—
.. Tangible and intangible assets (including freehold nature reserves) fund	20	1,462	1,371	1,462	1,371
.. Designated fund	21	676	1,055	676	1,055
Total funds					
		11,868	12,826	11,848	12,806

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



Martin Spray
Chair

Date: 30 July 2025

Consolidated Statement of Cash Flows Year to 31 March 2025

	Notes	2025 £'000	2024 £'000
Cash flows from operating activities			
Net cash used in operating activities	A	(500)	(1,644)
Cash flows from investing activities			
Investment income and interest received		337	305
Net withdrawal from short term deposits		411	1,725
Proceeds from the disposal of investments		—	15
Purchase of intangible fixed assets		(95)	—
Purchase of tangible fixed assets		(23)	(10)
Net cash provided by investing activities		630	2,035
Change in cash and cash equivalents in the year		130	391
Change in cash equivalents at 1 April 2024	B	2,767	2,376
Change in cash equivalents at 31 March 2025	B	2,897	2,767

Notes to the statement of cash flows for the year to 31 March 2025

A. Reconciliation of net expenditure to net flows from operating activities

	2025 £'000	2024 £'000
Net income (as per the statement of financial activities)	(958)	130
Adjusted for:		
Depreciation and amortisation charge	27	32
Losses (gains) on investments	116	(338)
Investment income and interest receivable	(337)	(308)
Increase in stocks	(8)	(2)
Decrease (increase) in debtors	708	(1,045)
Decrease in creditors	(48)	(113)
Net cash used in operating activities	(500)	(1,644)

B. Analysis of cash and cash equivalents

	2025 £'000	2024 £'000
Current accounts	607	969
Money market accounts	2,286	1,797
Cash held by investment managers	4	1
Total cash and cash equivalents	2,897	2,767

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

Principal accounting policies

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 2025 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 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 2026, 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).

Principal accounting policies

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.

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.

Principal accounting policies

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

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

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

Annual membership subscriptions are credited to the statement of financial activities on a receipts basis. This approach avoids any complexity that might be encountered if an accruals basis were applied and, in the opinion of the members of Council, results in a figure 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.

Principal accounting policies

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

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

Stock 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,

Principal accounting policies

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.

Funds accounting

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

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.

Principal accounting policies

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	2025 Total £'000
Donations	783	30	813
Legacies	1,502	—	1,502
	2,285	30	2,315

Group	Unrestricted funds £'000	Restricted funds £'000	2024 Total £'000
Donations	684	50	734
Legacies	2,264	—	2,264
	2,948	50	2,998

2. Income from other trading activities

Group	Unrestricted funds £'000	2025 Total £'000	Unrestricted funds £'000	2024 Total £'000
Sales of goods/services - non-charitable material	8	8	29	29
Royalties and sponsorship – non-primary purpose	30	30	21	21
Fundraising	46	46	55	55
	84	84	105	105

3. Income from investments and interest receivable

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2025 Total £'000
UK pooled investment funds and unit trusts	—	—	184	184
Bank interest	145	8	—	153
	145	8	184	337

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2024 Total £'000
UK pooled investment funds and unit trusts	14	—	182	196
Bank interest	95	15	1	111
	109	15	183	307

4. Income from charitable activities: conservation activities – grants receivable

Group	Unrestricted funds £'000	Restricted funds £'000	2025 Total £'000	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>2024 Total £'000</i>
Natural Lottery Heritage Fund	—	551	551	—	349	349
Natural England	210	203	413	—	501	501
Natural Resources for Wales	18	85	103	5	45	50
Naturescot	—	178	178	—	166	166
Northern Ireland Environment Agency	—	59	59	—	54	54
Severn Trent Water Limited	—	—	—	—	35	35
The Hiscox Foundation	—	—	—	—	34	34
The Swire Charitable Trust	25	—	25	25	—	25
Grants received < £25,000	99	83	182	71	80	151
	352	1,159	1,511	101	1,264	1,365

5. Expenditure on raising funds

Group	Unrestricted funds £'000	Endowment funds £'000	2025 Total £'000
Staff costs (including support) (note 11)	331	—	331
Fundraising costs	70	—	70
Trading costs	18	—	18
Investment management charges	—	11	11
Other support costs (note 8)	16	—	16
	435	11	446

Group	<i>Unrestricted funds £'000</i>	<i>Endowment funds £'000</i>	<i>2024 Total £'000</i>
Staff costs (including support) (note 11)	265	—	265
Fundraising costs	81	—	81
Trading costs	24	—	24
Investment management charges	—	11	11
Other support costs (note 8)	10	—	10
	380	11	391

6. Expenditure on charitable activities: conservation

	Unrestricted funds £'000	Restricted funds £'000	2025 Total £'000
<i>Group</i>			
Staff costs (including support) (note 11)	3,263	585	3,848
Marketing and publicity	37	10	47
Management conservation	542	439	981
Information and education	130	19	149
Legal and professional	4	—	4
Other support costs (note 8)	436	448	884
	4,412	1,501	5,913

	Unrestricted funds £'000	Restricted funds £'000	2024 Total £'000
<i>Group</i>			
Staff costs (including support) (note 11)	2,923	521	3,444
Marketing and publicity	109	3	112
Management conservation	618	394	1,012
Information and education	264	34	298
Legal and professional	2	—	2
Other support costs (note 8)	605	420	1,025
	4,521	1,372	5,893

7. Expenditure on charitable activities: membership services

	Unrestricted funds £'000	2025 Total £'000	Unrestricted funds £'000	2024 Total £'000
<i>Group</i>				
Staff costs	271	271	247	247
Membership recruitment	6	6	7	7
Newsletter production and distribution	196	196	207	207
Membership servicing	50	50	65	65
Other support costs (note 8)	20	20	14	14
	543	543	540	540

8. Support costs

	Staff costs £'000	Other Support Costs £'000	2025 Total £'000
Staff costs	1,809	—	1,809
Governance costs (note 9)	—	190	190
Other	—	730	730
	1,809	920	2,729

Attributed to:

Expenditure on raising funds (note 5)	331	16	347
Expenditure on charitable activities			
• Conservation (note 6)	1,347	884	2,231
• Membership services (note 7)	131	20	151
	1,809	920	2,729

	Staff costs £'000	Other Support Costs £'000	2024 Total £'000
Staff costs	1,571	—	1,571
Governance costs (note 9)	—	127	127
Other	—	922	922
	1,571	1,049	2,620

Attributed to:

Expenditure on raising funds (note 5)	265	10	275
Expenditure on charitable activities			
• Conservation (note 6)	1,188	1,025	2,213
• Membership services (note 7)	118	14	132
	1,571	1,049	2,620

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

Our 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

	2025 Total £'000	2024 Total £'000
Information and education	47	36
Legal and professional fees	126	76
Other governance expenses	17	15
	190	127

10. Net income (expenditure)

This is stated after charging:

Group	2025 Total £'000	2024 Total £'000
Staff costs (note 11)	4,450	3,956
Auditor's remuneration		
.. Statutory audit services	21	20
.. Tax compliance	5	3
.. HR consultancy	44	57
Depreciation and amortisation	27	30
Operating lease rentals	81	66

11. Employees, staff costs and remuneration of key management personnel

Staff costs during the period are as follows:

Group	2025 Total £'000	2024 Total £'000
Wages and salaries	3,791	3,374
Social security costs	343	306
Other pension costs	296	271
	4,430	3,951
Agency staff costs	20	5
Total staff costs	4,450	3,956

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

Raising funds	331	265
Conservation	3,848	3,444
Membership services	271	247
	4,450	3,956

A total of £92,037 was paid in redundancy payments (2024: £nil) and this amount is included within wages and salaries above. Most redundancies took place towards the year-end and are included in the head count numbers reported below.

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

	2025 Number	2024 Number
£60,001 - £70,000	2	—
£80,001 - £90,000	—	1
£90,001 - £100,000	1	—

Pension contributions of £17,231 (2024: £6,720) were paid into personal pension schemes in respect of these individuals during the year.

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

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

Group	2025 Total £'000	2024 Total £'000
Raising funds	11	12
Conservation	91	87
Membership services	7	7
	109	106

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 £431,370 (2024: £443,471).

No Council member received any remuneration in respect of his or her services as members of Council during the year (2024: £nil). However:

- ♦ A total of £6,702 (2024: £279) was reimbursed to (or paid by the charity on behalf of) 13 (2024: 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 (2024: 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 2024	100	100
Additions	95	95
At 31 March 2025	195	195
Amortisation		
At 1 April 2024	80	80
Charge for year	20	20
At 31 March 2025	100	100
Net book values		
At 31 March 2025	95	95
At 31 March 2024	20	20

14. Tangible fixed assets

Group and charity	Freehold land £'000	Office equipment , plant and machinery £'000	Total £'000
Cost			
At 1 April 2024	1,343	67	1,410
Additions	—	23	23
At 31 March 2025	<u>1,343</u>	<u>90</u>	<u>1,433</u>
Depreciation			
At 1 April 2024	—	59	59
Charge for year	—	7	7
At 31 March 2025	<u>—</u>	<u>66</u>	<u>66</u>
Net book values			
At 31 March 2025	<u>1,343</u>	<u>24</u>	<u>1,367</u>
At 31 March 2024	<u>1,343</u>	<u>8</u>	<u>1,351</u>

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

15. Fixed asset investments

	Group		Charity	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Pooled investments (note a)	5,494	5,607	5,494	5,607
Investment in subsidiary company (note b)	—	—	—	—
	5,494	5,607	5,494	5,607

a) Pooled investments and cash held for re-investment

	2025 Total £'000	2024 Total £'000
Group and charity		
Market value at 1 April 2024	5,606	5,283
Disposals	—	(15)
Net (losses) / gains	(116)	338
Market value at 31 March 2025	5,490	5,606
Cash held by investment managers for re-investment	4	1
	5,494	5,607
Costs of listed investments at 31 March	5,311	5,342

Investments held at 31 March 2025 wholly comprised holdings in pooled investments funds as follows:

	Market value £'000	Proportion %
Group and charity		
Cazenove Charity Responsible Multi Asset Fund Accumulation units	1,180	21
Cazenove Charity Responsible Multi Asset Fund Distribution units	4,310	79
	5,490	100

b) Investment in subsidiary company

The charity holds 100% share of the issued share capital of Butterfly Conservation Trading Limited (£1). 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 2025, which have been included in the consolidated financial statements.

	2025 Total £'000	2024 Total £'000
Turnover	31	44
Cost of sales	—	(5)
Gross profit	31	39
Operating costs	(18)	(18)
Net profit for the year before Gift Aid and taxation	13	21
Donation under a Gift Aid compliant Deed of Covenant	(13)	(21)
Taxation	—	—
Profit for the financial period	—	—
Retained earnings at 31 March 2024	20	20
Retained earnings at 31 March 2025	20	20

16. Debtors

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Grants and other funding receivable	461	585	461	585
Prepayments and other accrued income	154	76	142	75
Legacies receivable	1,010	1,648	1,010	1,648
VAT recoverable	34	50	34	52
Amounts due from Butterfly Conservation Trading Limited	—	—	26	46
Gift Aid recoverable	26	35	26	35
Sundry debtors	15	14	15	14
	1,700	2,408	1,714	2,455

17. Creditors: amounts falling due within one year

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Social Security and other taxes	88	82	88	82
Expense creditors	264	229	264	233
Accruals and deferred income	123	212	120	209
	475	523	472	524

Movements on deferred income during the year was as follows:

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Opening deferred income balance	5	92	5	92
Cash received in the year	1	5	1	5
Amounts released to income	(5)	(92)	(5)	(92)
Closing deferring income balance	1	5	1	5

18. Endowment funds

	2025 Total £'000	2024 Total £'000
At 1 April 2024	5,607	5,283
Less: value of endowment at 30 June 2020	(3,086)	(3,086)
Opening value of unapplied total return at 1 July 2021	2,521	2,197
Add: investment income	184	183
Add: investment return: realised and unrealised gains (losses)	(116)	338
Less: investment management costs	(11)	(11)
Total return before transfer to income	2,578	2,707
Less: total return applied	(170)	(186)
Unapplied total return at 31 March 2025	2,408	2,521
Add: value of endowment at 30 June 2020	3,086	3,086
Permanent endowment including unapplied total return as at 31 March 2025	5,494	5,607

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 2024 £'000	Income £'000	Expenditure £'000	Funds Transfers £'000	At 31 March 2025 £'000
Environparks Marsh Fritillary Mitigation	108	4	(23)	—	89
Innovation Fund	5	123	(62)	—	66
Large Heath Recovery	—	144	(1)	—	143
Leeds Wild Spaces	34	27	(24)	10	47
Reserve Acquisition & Management Fund	68	—	(38)	(10)	20
Restricted Legacies	43	2	(1)	—	44
Head Office Restricted balances where closing balance <£25,000	120	902	(1,322)	291	7
Branch Restricted Funds where closing balance <£25k	24	26	(30)	—	20
	402	1,228	(1,501)	307	436

Group and charity	At 1 April 2023 £'000	Income £'000	Expenditure £'000	Funds Transfers £'000	At 31 March 2024 £'000
Butterfly Mosaics	93	38	(61)	—	70
Environparks Marsh Fritillary Mitigation	116	3	(11)	—	108
Leeds Wild Spaces	—	34	—	—	34
Reserve Acquisition & Management Fund	52	46	(20)	(10)	68
Restricted Legacies	189	4	—	(150)	43
Head Office Restricted balances where closing balance <£25,000	240	1,228	(1,275)	(138)	55
Branch Restricted Funds where closing balance <£25k	28	3	(5)	(2)	24
	718	1,356	(1,372)	(300)	402

The specific purposes for which the significant fund balances (>£25,000) are to be applied are as follows:

Environparks Marsh Fritillary mitigation

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

Innovation Fund

To boost the representation of young people in our volunteer workforce.

Large Heath Recovery

To test and strength the evidence base of the use of Large Heath as an indicator of successful bog restoration and provide best practice guidance for species recovery.

Leeds Wildspaces

To inspire people in an urban setting to develop wild spaces across Leeds for the benefit of butterflies and moths.

Reserve Acquisition and Management Fund

To purchase and manage nature reserves.

Restricted Legacies Fund

Legacies reserved for a specific purpose.

Head Office Restricted Funds <£25,000

All Head Office Restricted Funds with a balance less than £25,000

Branch Restricted Funds <£25,000.

All Branch Restricted Funds with a balance less than £25,000.

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

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

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 2024 £'000	New Designations £'000	Utilised £'000	At 31 March 2025 £'000
<i>Group and charity</i>				
Branch fund	221	—	(221)	—
Heather Corrie Lepidoptera Research	808	1	(154)	655
Diarsia fund	26	—	(5)	21
	1,055	1	(380)	676

	At 1 April 2023 £'000	New Designations £'000	Utilised £'000	At 31 March 2024 £'000
<i>Group and charity</i>				
Branch fund	288	57	(124)	221
Heather Corrie Lepidoptera Research	984	—	(176)	808
Diarsia fund	27	—	(1)	26
	1,299	57	(301)	1,055

Branch Fund

The Branch Fund comprises monies that Council has committed for work undertaken by the charity's Branches.

Heather Corrie Lepidoptera Fund

To support research that will help the needs of butterflies and moths and make an impact of their conservation.

Diarsia Fund

The Diarsia Fund supports young Lepidoptera scientists at the start of their careers.

22. Analysis of net assets between funds

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2025 Total £'000
Funds balances at 31 March 2025 are represented by:				
Intangible assets	95	—	—	95
Tangible fixed assets	1,362	5	—	1,367
Fixed asset investment	—	—	5,494	5,494
Net current asset	4,481	431	—	4,912
	5,938	436	5,494	11,868

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2024 Total £'000
Funds balances at 31 March 2024 are represented by:				
Intangible assets	20	—	—	20
Tangible fixed assets	1,334	17	—	1,351
Fixed asset investment	—	—	5,607	5,607
Net current asset	5,463	385	—	5,848
	6,817	402	5,607	12,826

Charity	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2025 Total £'000
Funds balances at 31 March 2025 are represented by:				
Intangible assets	95	—	—	95
Tangible fixed assets	1,362	5	—	1,367
Fixed asset investment	—	—	5,494	5,494
Net current asset	4,461	431	—	4,892
	5,918	436	5,494	11,848

Charity	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2024 Total £'000
Funds balances at 31 March 2024 are represented by:				
Intangible assets	20	—	—	20
Tangible fixed assets	1,334	17	—	1,351
Fixed asset investment	—	—	5,607	5,607
Net current asset	5,443	385	—	5,828
	6,797	402	5,607	12,806

Notes to the accounts

Group and Charity	Endowment funds £'000	2025 Total £'000	<i>Endowment funds £'000</i>	<i>2024 Total £'000</i>
Reconciliation of movements in unrealised gains (losses) on investments				
Unrealised gain at 1 April 2024	264	264	(62)	(62)
Less: net unrealised (losses) / gains in period and gains released on disposal	(116)	(116)	326	326
Unrealised gains at 31 March 2025	148	148	264	264

23. Leasing commitments

At 31 March 2025 the group and charity had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2025 £'000	<i>2024 £'000</i>	2025 £'000	<i>2024 £'000</i>
Within one year	53	62	36	50
Within two to five years	35	54	20	15
After five years	32	12	—	—
	121	128	56	65

The search for a new registered office remains ongoing.

24. Related party transactions

During the year ended 31 March 2025, the charity received subscriptions from Council members and the Senior Leadership Team totalling £578 (2024: £380).

During the year ended 31 March 2025, the charity received unrestricted donations from Council members and the Senior Leadership Team totalling £1,300 (2024: £788) including gift in kind £nil (2024: £nil) and restricted donations totalling £nil (2024: £nil).

Beyond these, there were no other related party transactions during the financial year which require disclosure (2024: 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.

26. Comparative consolidated statement of financial activities: Year to 31 March 2024

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2024 Total funds £'000
Income from:					
Donations and legacies	1	2,948	50	—	2,998
Other trading activities	2	105	—	—	105
Investments & interest receivable	3	109	15	183	307
Charitable activities					
. Conservation activities – grants receivable	4	101	1,264	—	1,365
. Contracts and Royalties		437	26	—	463
. Primary purpose trading		135	1	—	136
. Membership subscriptions		1,242	—	—	1,242
Total income		5,077	1,356	183	6,616
Expenditure on:					
Raising funds	5, 18	380	—	11	391
Charitable activities					
. Conservation	6	4,521	1,372	—	5,893
. Membership services	7	540	—	—	540
Total expenditure		5,441	1,372	11	6,824
Net income (expenditure) before investment gains (losses)		(364)	(16)	172	(208)
Net investment (losses) gains	15, 18	—	—	338	338
Net income (expenditure)	10	(364)	(16)	510	130
Transfer between funds	18, 19	486	(300)	(186)	—
Net movement in funds		122	(316)	324	130
Reconciliation					
Total funds brought forward at 1 April 2023		6,695	718	5,283	12,696
Total funds carried forward at 31 March 2024		6,817	402	5,607	12,826

Get involved

There are lots of ways you can get involved to help save butterflies, moths and the environment.

Donate

Support our conservation work to secure the future for butterflies and moths. Every penny counts.

Join

Become a member and join our community of people passionate about protecting butterflies and moths.

Remember butterflies in your will

Help us make sure future generations can experience the joy of seeing butterflies and moths in the wild.

Make space for nature

Create and register a Wild Space to help transform the UK into a haven for these beautiful creatures.

Monitor

Take part in the Big Butterfly Count or volunteer with your local branch to help us track the health of butterfly and moth populations.

Volunteer

Give the gift of your time. We need volunteers of all ages and abilities.

Fundraise

Open your garden to visitors, join in with our fundraising activities, or help us promote our appeals.

Follow us

We're on Facebook, Instagram, TikTok, and X at [@savebutterflies](#).

Find out more

For more information, visit butterfly-conservation.org.

Accounts

Butterfly Conservation

Annual Report and Financial Statements Accounts

31 March 2024

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 Dr Amir Khan Chris Packham CBE Professor Jeremy Thomas Alan Titchmarsh MBE
Council Members (Directors and Trustees)	Martin Spray CBE (Chair) Hugh Ellerton (Honorary Treasurer) Apithanny Bourne Catrin Evans Prof Laurence Harwood Dr Elaine King Simon Saville Chris Winnick
Senior Leadership Team	Julie Williams (Chief Executive and Company Secretary) Kim Archer (Deputy Director of Finance & Operations) Natalie Bridge (Interim Deputy Director of Fundraising & Communications) Dr Kate Dent (Director of Engagement & Volunteering) Dr Dan Hoare (Director of Conservation) Russel Hobson (Director of Evidence & Policy)
Registered address	Manor Yard East Lulworth Wareham Dorset BH20 5QP
Company registration number	02206468 (England and Wales)
Registered charity number	254937 (England and Wales) SC039268 (Scotland)
Website	butterfly-conservation.org
Facebook	Facebook.com/savebutterflies
Instagram	Instagram.com/savebutterflies
X (formerly Twitter)	@savebutterflies
LinkedIn	Linkedin.com/company/butterfly-conservation

Reference and administrative information

TikTok	@savebutterflies
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	NatWest plc 49 South Street Dorchester Dorset DT1 1DW
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street London EC1M 6HR
Investment managers	Cazenove Capital Management 1 London Wall Place London EC2Y 5AU

During 2023 we saw the hottest ever global temperatures July to September and the devastating effects of extreme weather patterns caused by climate change.

Meanwhile we are witnessing staggering biodiversity losses with species disappearing faster than ever in human history. In the UK we have experienced such significant biodiversity loss that we are now one of the most nature-depleted countries on Earth.

Climate change and habitat destruction are killing off animal and plant populations across the world. Report after report using biological data from millions of volunteers highlights that we are just not moving fast enough and that our politicians are not listening or acting. We can no longer wait for the Government to set the agenda; we need to change the conversation. Nature is in crisis.

At Butterfly Conservation we are already taking focussed action to ensure we play our part in protecting and restoring our butterflies and moths and encouraging more people to connect to nature.

“No one will protect what they don’t care about; and no one will care about what they haven’t experienced.”

- **Butterfly Conservation President Sir David Attenborough**

We are proud of the impact we are making. Butterflies and moths are extraordinary indicators of change. We are focusing on more butterflies and moths in recovery, more landscapes improving and more people taking action. We have the solutions and we are making a difference.

We now hold over 55 million moth and butterfly records gathered by tens of thousands of recorders. A huge, huge thank you to all the volunteers that tirelessly collect these records. This data enables us to carry out research. It is through the research we commission, lead and collaborate on that we find solutions to problems. How can we help a particular species to cope with climate change, what is the best way to manage land for butterflies and moths as well as trying to understand the impact of diffuse activity - like nitrogen deposition affecting the places butterflies and moths live.

We continue to work with the Wildlife & Countryside Link organisations across the UK, who provide a combined voice for all those who care about the natural world; lobbying hard to ensure environmental protections are not diminished. Our advocacy campaigns are not just distant conversations, they highlight how everyone can take part and show they care.

And we continue to work with others to develop Wild Spaces that help urban communities participate in helping butterflies and moths. If we want more people to care, we need to meet people where they live and work.

None of our work is possible without our committed volunteers and Branches, our hard working and passionate staff team, our funders, our partners and our loyal members. We thank you wholeheartedly for your tireless work to turn around the fate of our nation’s much-loved butterflies and moths.

We are feeling positive about the future, we hold a sense of hope. We are seeing more and more people become advocates for our planet. More people through our work are seeing the joy of the natural world and making the connection between modern life and nature. We are changing the conversation and inspiring others to care.

Martin Spray CBE Chair
Julie Williams CEO

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 2024.

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 32 to 37 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 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.

- **Collaborative**

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

- **>2,600** Wild Spaces registered through our dedicated website, including more than 80 schools with a registered Wild Space
- **94,229** participants in Big Butterfly Count 2023 – up 46% on 2022
- **>40,000** members
- **>250,000** social media followers
- **2,000** staff visits cross 952 sites to monitor threatened species and provide habitat management advice, up 21% on the previous year
- **>5,000** staff hours spent monitoring species, managing land, or giving advice to support priority species
- **62** priority species of butterfly and moth supported through targeted conservation action
- **>66,000** butterflies and 47 different species recorded by volunteers on our reserves in 2023
- **46 million** butterfly and moth records are now available to everyone via NBN Atlas – the UK's largest repository of public biodiversity data
- **23** different countries represented at our International Symposium, with 109 contributions in total – our highest ever figure
- **1,473** people registered on Assemble – our new online platform for volunteers – within two months of going live

Recover butterflies and moths

We've invested in our species recovery work by increasing our staff team across the UK. This has increased our capacity to support land managers, partner organisations and volunteers to take action for species. We've also developed a Threatened Species Programme, looking at threats for each species and identifying actions to rebuild healthy populations. Our record shows that sustaining targeted action can help some of our most at-risk species bounce back.

Kent's Magnificent Moths

When our Kent's Magnificent Moths project began, Bright Wave and Sussex Emerald moths were thought to breed only on limited coastal habitats within the UK. Following increased awareness of threatened moths in Kent, both species were unexpectedly discovered in a new inland landscape of native wildflower meadows, restored by local farmers with help from Natural England.

Fifteen years ago, these meadows were arable fields - this July, our volunteers recorded over 1,000 Bright Wave Moths in just one of them. As we continue to uncover the moths' requirements here, perhaps enabled by our changing climate, this exciting discovery offers hope that landscape restoration can encourage rare species to thrive.

Heath Fritillary

Heath Fritillary had a remarkable year on Exmoor, with the total number of butterflies recorded more than double that of any year since 2004, 2018 excepted. Small groups and individuals were recorded far from their usual sites, with 'wanderers' recorded in marginal habitat between core sites.

Some breeding areas had counts four times the number seen in recent years, and the butterfly returned to several sites where it hadn't been seen for a decade. Its return to the western reaches of the Grabbist-Wootton Ridge, following extensive scrub management, is particularly encouraging.

Moth detective work

For some extremely rare species, restricted to just one or two UK sites, we started recovery programmes with urgent action to uncover their requirements and safeguard populations. In recent years, staff and volunteers in Scotland have seen success working on a handful of highly threatened micro-moths, potentially finding the eggs of Silver Shade and the caterpillars of Tiree Twist for the first time in the wild.

We've also re-found Black Sober at its sole Scottish site, first found and last recorded in 1984 and 1985, and established monitoring for Affric Twitcher. Each example provides us with a better understanding of their ecology to help deliver appropriate conservation action.

Cumbria's Marsh Fritillaries

Following reintroduction in 2007, Cumbria's Marsh Fritillaries are thriving. In 2023, new colonies were found in Swindale, Wet Sleddale and Matterdale. With breeding reported at 35 sites, plus other adult sightings still to be checked, the butterfly is obviously doing well! Caterpillars from the reintroduction, originating from the last surviving Cumbrian butterflies, crossed with Scottish specimens from Islay, are sometimes found on very small scabious plants, situated in flushes, in webs containing very few larvae. This is perhaps a trait inherited from Scotland that now allows it to occupy landscapes in a way its predecessors couldn't.

Dark Bordered Beauty

Dark Bordered Beauty is a very rare and threatened moth that is only known from three small populations in Scotland and one in England. The moth is poor at dispersing, so natural colonisation of restored habitat short Aspen suckers, could take many years. Given this situation and knowing that the population at RSPB's Insh Marshes reserve was doing extremely well, the UK Dark Bordered Beauty Steering Group embarked on an approved Assisted Translocation to establish the moth at two new sites in the Cairngorms.

After many years of planning, the first release began in June 2023 with 160 caterpillars reared at the Highland Wildlife Park moved to a new location. Adults were subsequently recorded, proving some of the larvae had successfully completed their life cycle at the site, whilst further adults were also released. This exciting step is just the latest stage of our long-term collaborative work to enhance the fortunes of one of our rarest moths.

Connect people to nature

Wild spaces

2023 was an exciting year for our Wild Spaces programme. The launch of a dedicated website (wild-spaces.co.uk) was a significant milestone, with over 2,600 Wild Spaces now registered. Some Wild Spaces were led by our Branches, such as the wildflower meadow established by our Yorkshire Branch in Roundhay Park, Leeds. Our members and volunteers created Wild Spaces in gardens, local churchyards, parks and allotments from Orkney to the Isle of Wight.

In Perth and Stirling, our Wild Spaces project, funded by National Lottery Heritage Fund, engaged 1,051 people in 31 community events (including training sessions, moth mornings, discovery days and at the Stirling Science Festival), using demonstration Wild Spaces to inspire people to create a space of their own.

More than 80 schools across the UK have registered a Wild Space, and we will continue to focus on supporting schools to create many more in 2024.

Whilst Wild Spaces is open to everyone, our flagship urban projects focus on reaching young people aged 16-34, people from diverse backgrounds, and people at risk of green space deprivation. Our work across London boroughs, for example, has already created more than 60 Wild Spaces, including many community spaces in deprived areas for local people to access and enjoy.

Youth engagement

Thanks to the National Lottery Innovation Fund, we were able to bring together a group of young people and listen to what they had to say about the barriers they experience in engaging with environmental volunteering, and the kinds of opportunities that would excite and motivate them.

We recruited a Youth Engagement Officer to take this work forward, with the priority of creating our first Youth Panel. The Youth Panel will develop and test exciting new opportunities for youth representation within Butterfly Conservation. In return, they will gain new skills, experience, and an insight into the workings of our organisation.

We also trialled our first ever Youth Ranger Scheme on our Magdalen Hill Down nature reserve near Winchester. For three days in the summer holidays, eleven young people aged 13-17 experienced tasks and challenges faced by our conservation staff as they manage reserves. Whether clearing Clematis or learning butterfly identification skills, the young rangers approached it all with great enthusiasm.

Supporting Science

As part of our role running the UK's recording schemes, we need to keep pace with technology and support the people involved. To this end, we recently delivered the Supporting Science project, aided by the National Lottery Heritage Fund and the Department for Digital, Culture, Media & Sport.

For recorders, we ran two successful online identification courses and worked with artist Elisabetta Calabritto to publish a beautiful visual guide to our online recording options. The courses were part of an experimental new training pathway designed with Field Studies Council (FSC). To help address the increasing workload of County Recorders, who do vital work verifying records, we ran a special edition of FSC's Discovering iRecord course, and an iRecord verification course for newcomers. 20 graduates from the training pathway are now volunteering, supporting County Recorders as Verification Assistants.

To boost awareness and use of records, we also published two distribution datasets online. The 46 million records are now accessible via the NBN Atlas. They reflect the tremendous efforts of recorders and verifiers across the UK.

Unite for wildlife

Saving species and supporting lasting changes at a landscape scale isn't something Butterfly Conservation can do alone. We've made major progress in our collaborative work across the UK in the past year, starting new partnerships and developing others to make even more difference for butterflies, moths and people.

Species on the Edge

Species on the Edge is a partnership of seven species-focused conservation charities and NatureScot, dedicated to improving the fortunes of 37 priority species around Scotland's coasts and islands.

Butterfly Conservation is leading efforts for species including New Forest Burnet, Transparent Burnet, Marsh Fritillary, Small Blue and Northern Brown Argus from the Inner Hebrides to the East coast. Our shared work includes supporting actions for a range of plants, birds, bumblebees and other species, as well as community engagement that helps local people enjoy, understand and protect the special nature where they live.

This year we have delivered habitat management work parties, coordinated volunteer surveys, hosted the national launch of the Species on the Edge project and held a series of creative events using art to explore what nature means to people.

Natur am Byth!

2023 saw the start of a major project in Wales, 'Natur am Byth!', which translates as Nature Forever! This species recovery collaboration brings together nine conservation organisations, Natural Resources Wales, and local partners, working on species at risk of extinction and of particular importance to Wales. It combines species recovery actions with an outreach programme celebrating Cynefin – the distinct natural heritage that underpins communities across Wales.

Much of our work here focuses on High Brown Fritillary in its last stronghold in Wales, the Alun Valley. As well as supporting volunteers in managing the bracken and scrub mosaics the butterfly depends upon, the project has allowed us to use no-fence collars to facilitate cattle grazing on these complex sites.

Beyond Wales, we've been able to bring together our conservation experts from across the High Brown Fritillary's range in England to look at progress so far, share ideas on monitoring and habitat management, and ensure that what we learn here can benefit the butterfly at a UK level. We've also worked with Buglife and the Wildlife Trust of South & West Wales to improve habitat condition for the highly restricted Silky Wave moth on the Gower.

Both Species on the Edge and Natur am Byth! are supported by grants from the National Lottery Heritage Fund, as well as a host of other funders.

Working with landowners

Part of our work explores how existing funding mechanisms available to landowners can be geared towards species recovery. In England, our team work closely with Natural England staff to achieve suitable management for a range of butterflies and moths over large landscapes. In Kent, for example, our staff and volunteers support Natural England staff through advice and monitoring. This has shown how extensive restoration of arable farmland to species-rich grassland is delivering results for Duke of Burgundy and Black-veined Moth.

In the Cumbrian uplands, we help farmers and landowners access agri-environment schemes to fund habitat management for Duke of Burgundy, Marsh Fritillary, High Brown Fritillary, Small Pearl-bordered Fritillary, Chestnut-coloured Carpet and many more. Together we have developed a method of assessing sites, bringing landowners on board with the management work (including grazing and scrub control), monitoring results, and investigating the most effective management solutions.

These approaches offer the best hope that rare butterflies and moths can move around the landscape, adapt to changes in land-use and climate, and thrive into the future.

Tackle threats to nature

Cool moths

Species adapted to cooler UK climates are at high risk of extinction due to climate change. They are already restricted to higher latitudes and elevations, reducing their ability to move and track climate change. Around a tenth of the macro-moth species in Britain are naturally restricted to areas and habitats with cooler climates, and of these cool-adapted moths with GB distribution trends, 84% declined between 1970 and 2016, with climate change considered a possible cause.

Research led by Butterfly Conservation, in collaboration with Northumbria University, used records from the National Moth Recording Scheme over a 40-year period to identify how cool-adapted moths have shifted their distributions over time, and whether these changes are linked to temperature and precipitation. The analyses showed that the distributions of cool-adapted moths had, on average, shifted to higher latitudes and in a north-westerly direction, mirroring changes in temperature and precipitation.

These moth species were more likely to have been lost from the warmest areas of Britain but, notably, where rainfall was also high, cool-adapted moths were more likely to have survived. This highlights the importance of considering water availability in the landscape as part of climate change adaptation for biodiversity.

Changes in management, such as reducing overgrazing, increasing tree cover, slowing rivers, and blocking drainage ditches on peatlands, could help retain water and benefit cool-adapted moths and other wildlife, as well as increasing carbon capture and reducing flooding.

As climate change worsens, more areas in Britain will become characterised by high temperatures making interventions to increase water availability even more important to safeguard such species from extinction. This research also highlights the value of volunteer moth recorders, who have collected data over the past 40 years enabling such vital research to be undertaken.

Reaching international collaborators

Butterfly Conservation's 9th International Symposium, 'Conserving Lepidoptera in a Changing World,' was the biggest ever. It drew over 130 speakers and posters from 23 countries. The Symposium covered a wide range of topics, not just on the conservation of butterflies and moths, but also topics like public engagement, key drivers of declines, and using new technologies like remote moth traps and automatic photographic identification.

We followed this in July with a section of the 9th Biology of Butterflies Conference in Prague, Czech Republic. This focussed on butterfly monitoring, trends and indicators to support our work on developing a preliminary Global Butterfly Indicator describing the state of the world's butterflies.

The aim is to gather global butterfly monitoring datasets and publish an index in the Living Planet Index and/or Living Planet Report. Researchers and conservationists across Europe, and in countries such as Australia, Japan, South Korea, St. Eustatius and Vietnam, have shared data. The project has highlighted a lack of existing data in some of the world's most biodiverse areas. This work is being done in collaboration with the IUCN Butterfly & Moth Specialist Group, UK Centre for Ecology and Hydrology, de Vlinderstichting, the Zoological Society of London, and Butterfly Conservation Europe.

Through the EU-funded SPRING Project, Butterfly Conservation and our partners in Butterfly Conservation Europe have been able to support and expand butterfly monitoring across the continent. New schemes have emerged in Denmark, Lithuania, Latvia, Slovakia, Romania and Greece. The importance of this work has been recognised with the adoption of an EU grassland butterfly indicator to assess progress made in implementing the new Nature Restoration Law.

Manage land sustainably

A new Mendip super reserve

Two of our reserves, Westbury Beacon and Stoke Camp, have been designated as part of a new 'Super' National Nature Reserve. This includes 29 sites encompassing over 1,400 hectares of land running across the south-facing mosaic of grassland and woodland habitats of the Mendip Hills.

Sustainable management of Westbury Beacon could only truly be achieved with the aid of conservation grazing. Attempts over many years to install an internal water supply had been unsuccessful. But in 2023, working with a neighbouring landowner, 250 metres of pipe was laid to finally connect the site to the main. At a total cost of more than £20,000, the work was funded by a Farming in Protected Landscapes (FiPL) grant from the Mendip Hills AONB.

Enhancing the built environment

For butterflies and moths to thrive, we need to find ways to improve the built environment and land management. Testing practical solutions is at the heart of our work in this area. In 2023, we worked with National Highways to sow Kidney Vetch and Horseshoe Vetch seed - foodplants for the Small Blue and Chalkhill Blue - along a 500m section of the new A6 Houghton Regis bypass, which was left as bare chalk. This created a landscape scale connection between chalk pits in Bedfordshire with known colonies of these butterflies. Funding for the seed came from Highways Agency and the Bedfordshire branch of Butterfly Conservation.

In the east of England, the grassy banks of extensive drainage channels provide another opportunity for habitat enhancement. Four-spotted moth colonies were found along the south facing bank of the Maxey Cut, a flood relief channel near Peterborough. We are working with Langdyke Trust and the Environment Agency to manage the Cut by a combination of scraping bare patches and getting the timing of mowing right. The Maxey Cut is unusual habitat and there is potential for more colonies to be found along the numerous banks and ditches across fenland Cambridgeshire and Lincolnshire.

Thriving species

Prees Heath Common, Shropshire

[Infographic to show increase in Silver-studded Blue from 341 adults (2009) to 2135 (2023)]

Prees Heath Common is the only known site in West Midlands to support a large, thriving Silver-studded Blue population. Management at Prees Heath includes heathland mowing/cutting to retain a diverse age structure, management of undesirable species, scrub/tree management and bell-heather seed collection. These seeds will be scattered in 2024 as part of heathland restoration works, funded through Butterfly Mosaics, part of Severn Trent Water's Great Big Nature Boost. This follows the success of turf strip plots, created in 2019/20, where heathers successfully germinated.

As part of Butterfly Mosaics, we are also working with the Shropshire Wildlife Trust to ensure the Silver-studded Blue continues to grow at the neighbouring site, Prees Heath East, where small numbers of individuals have been recorded.

Grafton Wood, Worcestershire

[Infographic to show growth from 20 Wood White reintroduced in 2018, to 300 adults recorded in 2023]

In 2018, 20 Wood White adults were reintroduced to Grafton as part of a National Lottery Heritage Fund project. The success of the Wood White at Grafton Wood is the result of targeted conservation effort.

Volunteer work parties are held weekly at Grafton Wood between end of August and early March. During 2023, almost 530 hours of volunteer time focused on ride management to benefit Wood White and other priority species. 163 volunteer hours were spent focusing on blackthorn management to benefit Brown Hairstreak, along with a joint Butterfly Conservation and Worcestershire Wildlife Trust work party.

Over the last couple of years, contractors have managed additional areas of woodland ride within Grafton, as well as clearing sections of blackthorn in the adjacent privately owned SSSI orchard. Following blackthorn management in February 2023, 203 Brown Hairstreak eggs were found later that year in the orchard – the highest count for 18 years. All contractor costs have been funded through our Severn Trent Butterfly Mosaics project.

Enablers: the platform of success

Inspiring communications

Big Butterfly Count 2023 saw a 46% increase in participation on the previous year, with an incredible 94,229 people spending 15-minutes in a sunny spot recording the number and type of butterflies and day-flying moths they saw. This important citizen science project has now been running for 13 years. More than quarter of a million people now follow Butterfly Conservation through social media. When we ask, many of our supporters tell us they would like to do more campaigning – they want to help us have a stronger voice for butterflies and moths.

In February 2024 we launched a campaign on the impacts of light pollution on moths. There was information on the science behind the impact of light pollution, examples of actions people have taken, and advice on how individuals could both assess their own impacts and work to minimise the damage.

Sustainable funding

We've continued to develop our individual giving programme with some notable successes. The Big Green Match Fund appeal in April was awarded £30,000 Champion Funding to support our Landscape Programme and raised a total of £63,185 plus Gift Aid - one of our biggest single appeal successes to date. We also launched a Butterfly Conservation Weekly Lottery. This raised £20,500 in 2023/24 and we believe it has great potential for future growth.

Lean and scalable organisation

This year saw the launch of our Wild Spaces and Volunteer digital platforms. We've done extensive work to define what and how we need our supporter platform to work, and to examine available options. We identified improvements we need to make around General Data Protection Regulation (GDPR) compliance and have begun a review of the data we hold. We also undertook market research to inform the tender specification for a new Land Management Hub. This will be an online resource for land managers and advisors across the UK, giving easy access to our expert advice to help them improve their land for butterflies and moths. Time spent making the right decisions now will future proof the new systems and processes we introduce.

High performing staff and volunteer team

Focus on Volunteers

Towards the end of 2023, we launched a new web portal just for volunteers - Assemble. The system helps us provide the best support possible for our volunteers and streamlines processes, meaning as much money as possible goes to conservation rather than administration. It also allows us to share

news and training resources directly with volunteers, and to organise events for those who so generously give their time to benefit butterflies, moths, and the environment.

The 2023 Volunteer Awards were revamped to better reflect our volunteer community both present and future. The Awards now have six categories celebrating everything from community engagement to those who have made a substantial impact on a species or landscape. The Marsh Charitable Trust have been extremely supportive of our review and have increased the prize money for winners. Very well done to all those who won or received a Highly Commended certificate this year!

Future priorities

2024 - 2025

Threatened Species Review

To inform our work over the second half of the decade, we will use the most up-to-date data to ensure our conservation work stays focussed on the species most in need and is targeted where it can make the greatest impact.

Landscape recovery

We will develop new landscape recovery collaborations in areas including Wales and Northern Ireland, to improve our UK coverage and tackle species declines more effectively.

Youth Panel

We will establish our first ever youth panel, and co-create the full remit with participants. Made up of ten 16-24 year olds, they will be supported and encouraged to not only contribute to the work of Butterfly Conservation, but also to lead it. They will ensure young people feel valued, inspired and included in our work to save butterflies and moths.

Wild Spaces

We plan to develop and launch new projects in Northern Ireland and Wales, and will continue to work with partners including City Councils, NGOs and community organisations to help spread the word and increase the impact of Wild Spaces.

Broadening our community

We will monitor changes in our diversity through our work, in particular our success in reaching three target audiences – young people (aged 16-34), people from a minority ethnic background, and people experiencing green space deprivation.

Digital Innovation

We will roll out a new customer management system, a Land Management Hub and a new finance system. These will enable staff, volunteers and partners to use all our data in the most efficient ways possible while ensuring it is secure and the systems we use are fit for purpose.

2025 – 2027

Launch our refreshed strategy

We will launch our refreshed strategy to ensure Butterfly Conservation remains relevant and engaging and continues to build on our ambitious vision over the next five years.

Beyond 2027

Advocacy campaigns

We will review our advocacy work, looking at the impact it makes and the subjects we cover, to ensure they meet our needs in the political arena and take account of what the latest science tells us.

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 there has been a particular focus to ensure our IT disaster recovery planning is thoroughly up-to-date and fit for purpose.

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. We will continue to improve and refine risk management principles in all aspects of our work over the coming year.

Principal risks and uncertainties

Fundraising

Across the charity sector, there has been a reported 'cost of giving' crisis mirroring the cost-of-living crisis so many people are struggling with. The uncertainty in the fundraising environment is not just confined to pressure on individual budgets – the public sector is experiencing a severe squeeze on resources and environmental budgets are being reduced.

Staffing

Recruitment, particularly for corporate roles (i.e. non-conservation), is proving challenging. Competition is high across the employment market for roles like finance, and within the charity sector for roles like fundraising.

As an organisation, we have embraced remote working – partly to widen our employment pool. This, however, poses its own challenges. For example, it's taking longer to onboard new staff, and there are time and budget implications in creating vital opportunities for staff to meet in person.

We also have key staff on short-term contracts that, ideally, we would like to be able to fund from General Funds.

IT security

Within the broad area of Information Systems, trustees are particularly concerned about Cyber Security (especially fraud) and Data Privacy. The implementation of new digital platforms requires us to review our compliance with GDPR. This will impact on our staff and volunteers as we will need to introduce new processes and provide the relevant training.

Trustee succession

With two trustees stepping down for personal reasons and another due to end their term in November, the Board is looking at succession planning. This includes looking at those skills not adequately represented on the Board, and co-opting new members in advance of elections.

Health and 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. We have clear procedures in place for reporting, recording

and acting upon any safeguarding allegations, concerns or queries. Our Safeguarding Policy is published on our website along with contact details for our three Designated Safeguarding Officers.

Equality, diversity and inclusion (EDI)

Butterfly Conservation has begun a significant journey of improvement around equality, diversity and inclusion, and has undertaken several activities to support our ambitions to become an inclusive organisation that reaches diverse audiences.

This year we have continued to support the Route Map towards greater ethnic diversity in the environment sector, collaborating with Wildlife and Countryside Link partners. We have also participated in the RACE report for the second year to demonstrate our commitment to sharing data, transparency, and improvement. Our internal communications promote national awareness days and we have provided learning sessions on Neurodiversity and Menopause. We make reasonable adjustments for both new and existing staff.

In the latter part of 2023, an outline EDI strategy and action plan was put to a full organisational consultation, inviting all staff to engage in improving our diversity and inclusion. Feedback is being incorporated and will lead to a published EDI strategy and action plan setting out our activity for the next three years.

Our staff survey results in January 2024 show that 91% of our people feel they are encouraged to consider how they can embed equality, diversity and inclusion in their day-to-day work (increased from 58% in January 2023). This indicates that our work on equality and inclusion is having a positive impact on staff.

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. This year we received help from partners at Fit for the Future (National Trust, Chatsworth Estate and Royal British Legion) and produced a tender for a Sustainability Audit and Action Plan. This is now awaiting relevant staff to action. Alongside this we are developing a Sustainability Strategy that will help embed sustainability in all our decision-making and provide a platform for reporting.

Financial review

Income increased by 5.9% to £6.62m (2023: £6.25m). Grant funding increased by 10.2% to £1.37m (2023: £1.24m). We are extremely grateful for a significant legacy. Income from donations and legacies increased by 3.8% to £3.00m (2023: £2.89m). Despite the challenging financial and political climate, we continued to have a good response to all our individual appeals and general donations (including Gift Aid). Membership subscription income reduced marginally to £1.24m (2023: £1.27m).

Expenditure increased by 22.8%, to £6.82m (2023: £5.56m). During the year we increased our average headcount by 15 - 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 £0.13m (2023: £0.39m) and the closing total net assets were £12.83m (2023: £12.70m).

The balance on our endowment fund increased by £0.32m to £5.61m (2023: £5.28m) due to gains on investments.

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 (available on our website).

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.

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 General Data Protection Regulation (GDPR). 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 2023/24 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 2024 our Endowment Fund had a market value of £5.61m (2023: £5.28m). 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 2024). 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 2024 Butterfly Conservation had total funds of £12.83m (2023: £12.69m), which is made up of:

- Permanent Endowment fund at 31 March 2024 of £5.61m (2023: £5.28m) which was given to be retained for the benefit of Butterfly Conservation as a capital fund and to provide income for the Charity.
- Restricted funds at 31 March 2024 of £0.40m (2023: £0.72m) to be applied to the specific purpose(s) intended by the donor.
- Unrestricted reserves at 31 March 2024 of £6.82m (2023: £6.69m) available to be applied at the discretion of the Trustees to any of Butterfly Conservation's charitable purposes, made up of:
 - General funds i.e. free financial reserves of £4.37m (2023: £3.99m).
 - Tangible fixed assets of £1.37m (2023: £1.39m) and Retained profits from Butterfly Conservation Trading of £20,000 (2023: £20,000). Both funds are central to Butterfly Conservation's charitable activities and not available to meet immediate future contingencies should they arise.
 - Designated funds of £1.06m (2023: £1.30m) to support our Branches and two funds to enhance our science and research work.

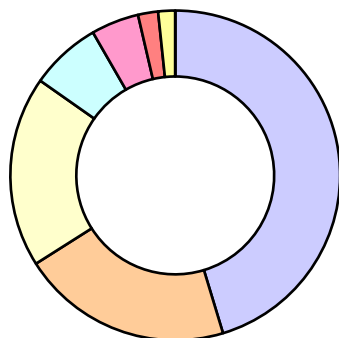
General funds i.e. free financial reserves are held to ensure that Butterfly Conservation:

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

These funds equate to 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 (2023: £3.5m). The members of Council are therefore satisfied with the year end reserves position. In 2024/25 we will continue to implement our Fundraising Strategy to maintain our conservation effort and financial reserves to the target level. However, ongoing uncertainties 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

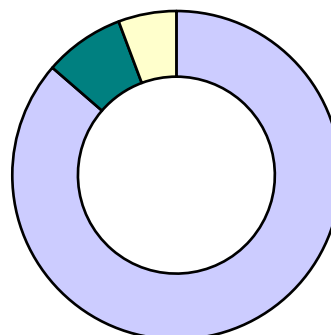
Total Income £6.62m
(2022/23 £6.25m)



Donations and legacies	£3.00m
Conservation Activities - Grants	£1.37m
Membership Subscriptions	£1.24m
Contracts and Royalties	£0.46m
Investments	£0.31m
Primary purpose trading	£0.13m
Other Trading Activities	£0.11m

How we spent our funds

Total Expenditure £6.82m
(2022/23 £5.56m)



Conservation	£5.89m
Membership Services	£0.54m
Raising Funds	£0.39m

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. Constant regard is paid to refreshing the experience mix of members 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 2024 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 until November 2023)	Retired in November 2023
Martin Spray (Chair Elect until November 2023, Chair from November 2023)	
Ilija Vukomanovic – Vice Chair until November 2023)	Resigned in November 2023
Hugh Ellerton – Honorary Treasurer	Re-elected in November 2023

Glenn Allison	Re-elected in November 2023 Resigned in January 2024
Apithanny Bourne	
Catrin Evans	Elected in November 2023
Prof Laurence Harwood	
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.

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 was 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 Chair's retirement in November 2023. In November 2023, following nine months as Chair Elect, Martin Spray became Chair, taking over from Karen Goldie-Morrison.

The AGM was held online in November 2023. Eligible members were able to vote on the Resolutions and Trustee Elections by proxy in advance of the AGM, and 163 people were recorded as present on the day. Next year, as in 2022, the AGM will be held both in person and online.

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
- 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
- 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 meets at least four times a year. During 2023/24 Council met five times – two of these meetings were held online, and three were held in person. 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 106 members of staff (91 in 2022/23) 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 our work. We are indebted to everyone who contributes to making our Branch network so strong and successful.

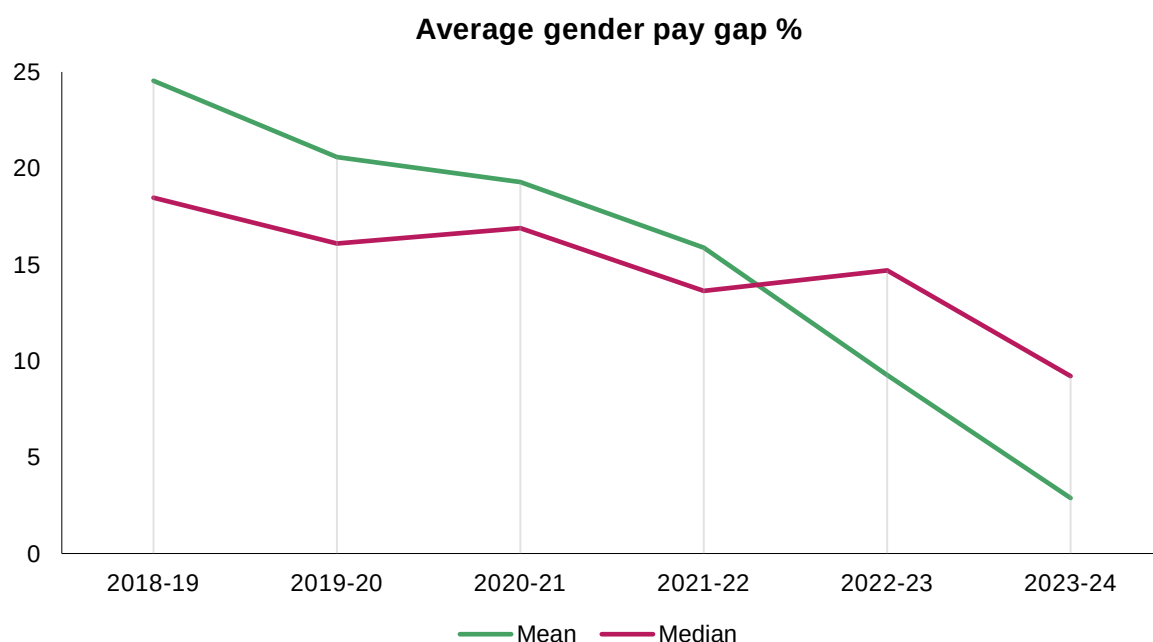
Pay and remuneration policy

We are 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. We continue to be an accredited Living Wage employer and in 2023/24 have reviewed and enhanced our staff benefits package to include occupational maternity and paternity pay, a paid volunteering day, death in service benefit, career break policy, and changes to our flexible working policy in line with new employment law. We are in the process of undertaking a full pay and grading review for implementation in 2024/5.

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. This includes 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 2023/24 show that the full time equivalent mean weekly earnings for men is 3% more than women. This demonstrates an improvement since 2022/23 when the mean weekly earnings for men was 9% more than women. The 2023/24 full-time equivalent median weekly earnings for men are 9% more than women (compared to 14% in 2021/22). The differential arises as currently 68% of our workforce are women, but more men hold senior positions within the organisation (60% 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 2024, the donation amounted to £21,365 (2023: £49,187).

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 2023/24, 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

Arnside & Silverdale National Landscape
Cairngorms National Park Authority
Carmarthenshire County Council

Ceredigion County Council
Cotswolds National Landscape
Exmoor National Park Authority
H D H Wills 1965 Charitable Trust
Hampshire County Council
National Heritage Lottery Fund
National Trust
Natural England
Natural Resources Wales
NatureScot
Neath Port Talbot County Borough Council
North York Moors National Park Authority
Northern Ireland Environment Agency
Pembrokeshire County Council
Rural Payments Agency
Severn Trent
South Downs National Park Authority
The Amber River Foundation
The Botanist Foundation
The Britford Bridge Trust
The Ernest Kleinwort Charitable Trust
The Highland Council
The Hiscox Foundation
The John Swire 1989 Charitable Trust
The Lawson Trust

Charitable trusts and foundations

D G Albright Charitable Trust
DFN Charitable Foundation
D'Oyly Carte Charitable Trust
Goldman Sachs Annual Giving Fund
Henocq Law Trust
Kathleen Beryl Sleight Charitable Trust
Kilpatrick Fraser Charitable Trust
Lady Eda Jardine Charitable Trust
Marsh Charitable Trust
The Chalk Cliff Trust
The David Family Foundation
The J & J R Wilson Trust
The Leslie Mary Carter Charitable Trust
The Orr Mackintosh Foundation
The Valerie Ayton Charitable Trust

Corporate partners and supporters

FatFace
Gilbert-Ash Limited
Habitat Aid
Henocq Law Trust
South Downs Natural Park
The Craignish Trust

Corporate members

The Botanist Foundation
Highland Titles Nature Reserve
CJ Wildlife Limited
Northumbrian Water
Landscaping Solutions Limited
The Bathurst Estate

Nurture Landscapes Group
Propology Boutique Properties
Mariposa Nature Tours
Stowe Family Law LLP
Integrated Utility Services
Gaia's Garden
Chiswick Park
Castelli Milano 1938 Limited
Hallgarten Wines Limited
Valley Provincial (Chalcraft Nurseries)

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:

Eileen Marjorie Allen
Nigel Bachman
Cordelia Banner
Barry Stuart Barnacal
John Bates
Margaret Joyce Bristow
Richard Colin Scott Burgess
Edmund Burke
Lady Lucy Bertha Chandler
Ronald Colenso
William John Farley-Hills
Margaret Caroline Field
Michael James Yates Foley
Norah Margaret Harper
Derek Michael Stanford Head
Jessie Hill
Sonia Hinton
William Arthur Howard
Dennis William Hudson
Michael Bernard Jones
Brian Lawrence
Jacqueline Makinson
Roger John Martin
John McLennan
Jane Wyatt Paul
Gillian Peachey
Dr Malcolm Pines
Kathleen Potterton
Susan Roberts
Terence John Robertson
Marian Rushton
Sylvia Ryman
Edna Veronica Salmon
Clem Shaw
Roger Smith
Trevor Standing
William Stevens
Phillip William Strachan
Margaret Taylor
John Lawrence Vetterlein
George Weir
Michael Richard White
Nicholas James Williams

If you would like to find out more about leaving a gift in your will, please email Alison Adams at aadams@butterfly-conservation.org.

**REPORT OF THE COUNCIL APPROVED
FOR ON AND BEHALF OF COUNCIL**

Martin Spray, Chair

Handwritten signature of Martin Spray in black ink.

Julie Williams, Secretary

Handwritten signature of Julie Williams in blue ink.

Approved by Council on: 17th July 2024

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

Opinion

We have audited the financial statements of Butterfly Conservation (the 'charitable parent company') and of Butterfly Conservation and its subsidiary company (collectively the 'group') for the year ended 31 March 2024, which comprise the consolidated statement of financial activities, the group comparative statement of financial activities, the group and charitable parent company balance sheets, the consolidated 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 2024 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

- ◆ the members of Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the members of Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable parent company's ability to continue to adopt the going concern 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 (who are the trustees of the charitable parent company for the purposes of charity law and the directors of the charitable parent company for the purposes of company law) 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, which is also the directors' report for the purposes of company law and includes 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, which is also the directors' report for the purposes of company law and includes 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 trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of Council

As explained more fully in the Responsibilities of Council statement included within the Report of the Council, the members of Council (who are also the directors of the charitable parent company for the purposes of company law and trustees of the charitable parent company for the purposes of charity 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;
- ◆ 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), and the Companies Act 2006.

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;
- ◆ reviewed 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

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, appearing to read 'Buzzacott LLP', with a stylized flourish at the end.

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

Date: 26 July 2024

Consolidated statement of financial activities Year to 31 March 2024

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2024 Total funds £'000	2023 Total funds £'000
Income from:						
Donations and legacies	1	2,948	50	—	2,998	2,888
Other trading activities	2	105	—	—	105	31
Investments & interest receivable	3	109	15	183	307	228
Charitable activities						
. Conservation activities – grants receivable	4	101	1,264	—	1,365	1,239
. Contracts and Royalties		437	26	—	463	499
. Primary purpose trading		135	1	—	136	95
. Membership subscriptions		1,242	—	—	1,242	1,268
Total income		5,077	1,356	183	6,616	6,248
Expenditure on:						
Raising funds	5,18	380	—	11	391	289
Charitable activities						
. Conservation	6	4,521	1,372	—	5,893	4,824
. Membership services	7	540	—	—	540	444
Total expenditure		5,441	1,372	11	6,824	5,557
Net income (expenditure) before investment gains (losses)						
		(364)	(16)	172	(208)	691
Net investment (losses) gains	15,18	—	—	338	338	(302)
Net income (expenditure)	10	(364)	(16)	510	130	389
Transfer between funds	18,19	486	(300)	(186)	—	—
Net movement in funds		122	(316)	324	130	389
Reconciliation						
Total funds brought forward at 1 April 2023		6,695	718	5,283	12,696	12,307
Total funds carried forward at 31 March 2024		6,817	402	5,607	12,826	12,696

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 £183,000 (2023: £225,000) and endowed expenditure of £11,000 (2023: £13,000).

Balance Sheet Year to 31 March 2024

	Notes	Group		Charity	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Fixed assets					
Intangible fixed assets	13	20	40	20	40
Tangible fixed assets	14				
. Freehold land		1,343	1,343	1,343	1,343
. Other tangible fixed assets		8	10	8	10
Investments	15	5,607	5,283	5,607	5,283
		6,978	6,676	6,978	6,676
Current assets					
Stocks		8	6	8	6
Debtors	16	2,408	1,363	2,455	1,389
Cash					
. Short term deposits and interest bearing accounts		1,189	2,914	1,189	2,914
. Money market accounts		1,797	248	1,797	248
. Current accounts		969	2,125	903	2,083
		6,371	6,656	6,352	6,640
Liabilities					
Creditors: amounts falling due within one year	17	(523)	(636)	(524)	(640)
Net current assets		5,848	6,020	5,828	6,000
Total net assets		12,826	12,696	12,806	12,676
Funds of the charity					
Capital funds					
. Endowment funds	18	5,607	5,283	5,607	5,283
Income funds					
. Restricted funds	19	402	718	402	718
. Unrestricted funds					
.. General fund		4,371	3,983	4,371	3,983
.. Non-charitable trading funds		20	20	—	—
.. Tangible and intangible assets (including freehold nature reserves) fund	20	1,371	1,393	1,371	1,393
.. Designated fund	21	1,055	1,299	1,055	1,299
Total funds		12,826	12,696	12,806	12,676

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

Martin Spray

Martin Spray
Chair

Date: 17th July 2024

Consolidated Statement of Cash Flows Year to 31 March 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Net cash (used in) provided by operating activities	A	(1,652)	957
Cash flows from investing activities			
Investment income and interest received		293	228
Proceeds from the disposal of investments		15	—
Purchase of tangible fixed assets		10	—
Net cash provided by investing activities		318	228
Change in cash and cash equivalents in the year		(1,334)	1,185
Change in cash equivalents at 1 April 2023	B	5,290	4,105
Change in cash equivalents at 31 March 2024	B	3,956	5,290

Notes to the statement of cash flows for the year to 31 March 2024

A Reconciliation of net expenditure to net flows from operating activities

	2024 £'000	2023 £'000
Net income (as per the statement of financial activities)	130	389
Adjusted for:		
Depreciation and amortisation charge	32	31
Losses/(gains) on investments	(338)	302
Investment income and interest receivable	(308)	(228)
(Increase) decrease in stocks	(2)	1
(Increase) decrease in debtors	(1,045)	117
(Decrease) increase in creditors	(121)	345
Net cash (used in) provided by operating activities	(1,652)	957

A Analysis of cash and cash equivalents

	2024 £'000	2023 £'000
Current accounts	969	2,125
Money market accounts	1,797	248
Short term deposits and interest bearing accounts	1,189	2,914
Cash held by investment managers	1	3
Total cash and cash equivalents	3,956	5,290

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.

Principal accounting policies Year to 31 March 2024

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 2024 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 cost of giving being experienced in the UK 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 2024, 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.

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 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

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.

Funds accounting

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

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	2024 Total £'000
Donations	684	50	734
Legacies	2,264	—	2,264
	2,948	50	2,998

Group	Unrestricted Funds £'000	Restricted funds £'000	2023 Total £'000
Donations	1,524	65	1,589
Legacies	1,299	—	1,299
	2,823	65	2,888

2. Income from other trading activities

Group	Unrestricted Funds £'000	2024 Total £'000	Unrestricted funds £'000	2023 Total £'000
Sales of goods/services - non-charitable material	29	29	13	13
Royalties and sponsorship – non-primary purpose	21	21	12	12
Fundraising	55	55	6	6
	105	105	31	31

3. Income from investments and interest receivable

Group	Unrestricted Funds £'000	Restricted funds £'000	Endowment funds £'000	2024 Total £'000
UK pooled investment funds and unit trusts	14	—	182	196
Bank interest	95	15	1	111
	109	15	183	307

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

4. Income from charitable activities: conservation activities – grants receivable

Group	Unrestricted funds £'000	Restricted funds £'000	2024 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2023 Total £'000
Natural Lottery Heritage Fund	—	349	349	—	483	483
Natural England	—	501	501	326	3	329
Natural Resources for Wales	5	45	50	—	55	55
Naturescot	—	166	166	—	74	74
Northern Ireland Environment Agency	—	54	54	—	43	43
Severn Trent Water Limited	—	35	35	—	103	103
The Dulverton Trust	—	—	—	35	—	35
The Hiscox Foundation	—	34	34	—	37	37
The Swire Charitable Trust	25	—	25	25	—	25
Grants received < £25,000	71	80	151	3	52	55
	101	1,264	1,365	389	850	1,239

5. Expenditure on raising funds

Group	Unrestricted funds £'000	Endowment funds £'000	2024 Total £'000
Staff costs (including support) (note 11)	265	—	265
Fundraising costs	81	—	81
Trading costs	24	—	24
Investment management charges	—	11	11
Other support costs (note 8)	10	—	10
	380	11	391

Group	Unrestricted 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

6. Expenditure on charitable activities: conservation

Group	Unrestricted funds £'000	Restricted funds £'000	2024 Total £'000
Staff costs (including support) (note 11)	2,923	521	3,444
Marketing and publicity	109	3	112
Management conservation	618	394	1,012
Information and education	264	34	298
Legal and professional	2	—	2
Other support costs (note 8)	605	420	1,025
	4,521	1,372	5,893

Group	Unrestricted funds £'000	Restricted 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

7. Expenditure on charitable activities: membership services

Group	Unrestricted funds £'000	2024 Total £'000	Unrestricted funds £'000	2023 Total £'000
Staff costs	247	247	194	194
Membership recruitment	7	7	1	1
Newsletter production and distribution	207	207	181	181
Membership servicing	65	65	55	55
Other support costs (note 8)	14	14	13	13
	540	540	444	444

8. Support costs

	Staff costs £'000	Other Support Costs £'000	2024 Total £'000
Staff costs	1,571	—	1,571
Governance costs (note 9)	—	127	127
Other	—	920	920
	1,571	1,047	2,618
Attributed to:			
Expenditure on raising funds (note 5)	265	10	275
Expenditure on charitable activities			
• Conservation (note 6)	1,188	1,025	2,213
• Membership services (note 7)	118	14	132
	1,571	1,049	2,620
	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
	1,337	850	2,187
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
	1,337	850	2,187

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

Our 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

	2024 Total £'000	2023 Total £'000
Information and education	36	45
Legal and professional fees	76	48
Other governance expenses	15	20
	127	113

10. Net income (expenditure)

This is stated after charging:

Group	2024 Total £'000	2023 Total £'000
Staff costs (note 11)	3,955	3,398
Auditor's remuneration		
. Statutory audit services	20	20
.. Tax compliance	3	2
.. HR consultancy	57	30
Depreciation and amortisation	30	30
Operating lease rentals	66	93

11. Employees, staff costs and remuneration of key management personnel

Staff costs during the period are as follows:

Group	2024 Total £'000	2023 Total £'000
Wages and salaries	3,374	2,842
Social security costs	306	289
Other pension costs	271	222
	3,951	3,353
Agency staff costs	5	45
Total staff costs	3,956	3,398

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

Raising funds	265	198
Conservation	3,444	3,006
Membership services	247	194
	3,956	3,398

A total of £nil was paid in redundancy payments (2023: £22,100) and this amount is included within wages and salaries above.

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

	2024 Number	2023 Number
£80,001 - £90,000	1	1

Pension contributions of £6,720 (2023: £6,400) were paid into personal pension schemes in respect of these individuals during the year.

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

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

Group	2024 Total £'000	2023 Total £'000
Raising funds	12	6
Conservation	87	81
Membership services	7	4
	106	91

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 £443,471 (2023: £391,659).

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 £279 (2023: £17,661) was reimbursed to (or paid by the charity on behalf of) 11 (2023: 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 (2023: 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 2023 and 31 March 2024	100	100
Amortisation		
At 1 April 2023	60	60
Charge for year	20	20
At 31 March 2024	80	80
Net book values		
At 31 March 2024	20	20
At 31 March 2023	40	40

14. Tangible fixed assets

Group and charity	Freehold land £'000	Office equipment , plant and machinery £'000	Total £'000
Cost			
At 1 April 2023	1,343	57	1,400
Additions	—	10	10
At 31 March 2024	<u>1,343</u>	<u>67</u>	<u>1,410</u>
Depreciation			
At 1 April 2023	—	47	47
Charge for year	—	12	12
At 31 March 2024	<u>—</u>	<u>59</u>	<u>59</u>
Net book values			
At 31 March 2024	<u>1,343</u>	<u>8</u>	<u>1,351</u>
At 31 March 2023	<u>1,343</u>	<u>10</u>	<u>1,353</u>

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

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

15. Fixed asset investments

	Group		Charity	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Pooled investments (note a)	5,610	5,283	5,610	5,283
Investment in subsidiary company (note b)	—	—	—	—
	5,610	5,283	5,610	5,283

a) Pooled investments and cash held for re-investment

	2024 Total £'000	2023 Total £'000
Group and charity		
Market value at 1 April 2023	5,283	5,582
Disposals	(15)	—
Net gains/(losses)	338	(302)
Market value at 31 March 2024	5,606	5,280
Cash held by investment managers for re-investment	1	3
	5,607	5,283
Costs of listed investments at 31 March	5,342	5,342

Investments held at 31 March 2024 wholly comprised holdings in pooled investments funds as follows:

	Market value £'000	Proportion %
Group and charity		
Cazenove Charity Responsible Multi Asset Fund Accumulation units	1,167	21
Cazenove Charity Responsible Multi Asset Fund Distribution units	4,440	79
	5,607	100

b) Investment in subsidiary company

The charity holds 100% share of the issued share capital of Butterfly Conservation Trading Limited (£1). 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 2024, which have been included in the consolidated financial statements.

	2024 Total £'000	2023 Total £'000
Turnover	44	71
Cost of sales	(5)	(5)
Gross profit	39	66
Operating costs	(18)	(16)
Net profit for the year before Gift Aid and taxation	21	50
Donation under a Gift Aid compliant Deed of Covenant	(21)	(50)
Taxation	—	—
Profit for the financial period	—	—
Retained earnings at 31 March 2023	20	20
Retained earnings at 31 March 2024	20	20

16. Debtors

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Grants and other funding receivable	585	284	585	284
Prepayments and other accrued income	76	114	75	111
Legacies receivable	1,648	778	1,648	778
VAT recoverable	50	10	52	11
Amounts due from Butterfly Conservation Trading Limited	—	—	46	76
Gift Aid recoverable	35	74	35	74
Sundry debtors	14	103	14	55
	2,408	1,363	2,455	1,389

17. Creditors: amounts falling due within one year

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Social Security and other taxes	82	150	82	150
Expense creditors	229	264	233	270
Accruals and deferred income	212	222	209	220
	523	636	524	640

Movements on deferred income during the year was as follows:

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Opening deferred income balance	92	17	92	17
Cash received in the year	5	92	5	92
Amounts released to income	(92)	(17)	(92)	(17)
Closing deferring income balance	5	92	5	92

18. Endowment funds

	2024 Total £'000	2023 Total £'000
At 1 April 2023	5,283	5,585
Less: value of endowment at 30 June 2020	(3,086)	(3,086)
Opening value of unapplied total return at 1 July 2021	2,197	2,499
Add: investment income	183	178
Add: investment return: realised and unrealised gains (losses)	338	(302)
Less: investment management costs	(11)	(13)
Total return before transfer to income	2,707	2,362
Less: total return applied	(186)	(165)
Unapplied total return at 31 March 2024	2,521	2,197
Add: value of endowment at 30 June 2020	3,086	3,086
Permanent endowment including unapplied total return as at 31 March 2024	5,607	5,283

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 2023 £'000	Income £'000	Expenditure £'000	Funds Transfers £'000	At 31 March 2024 £'000
Butterfly Mosaics	93	38	(61)	—	70
Environparks Marsh Fritillary Mitigation	116	3	(11)	—	108
Leeds Wild Spaces	—	34	—	—	34
Reserve Acquisition & Management Fund	52	46	(20)	(10)	68
Restricted Legacies	189	4	—	(150)	43
Head Office Restricted balances where closing balance <£25,000	240	1,228	(1,275)	(138)	55
Branch Restricted Funds where closing balance <£25k	28	3	(5)	(2)	24
	718	1,356	(1,372)	(300)	402

Group and charity	At 1 April 2022 £'000	Income £'000	Expenditure £'000	Funds Transfers £'000	At 31 March 2023 £'000
Butterfly Mosaics	53	104	(64)	—	93
Development Scotland	19	118	(179)	76	34
Environparks Marsh Fritillary Mitigation	129	2	(15)	—	116
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
Scottish Borderlands	18	27	(16)	—	29
Wild Spaces	—	37	(7)	—	30
Head Office Restricted balances where closing balance <£25,000	408	628	(987)	63	112
Branch Restricted Funds where closing balance <£25k	8	3	(1)	(5)	5
	1,179	972	(1,311)	(122)	718

The specific purposes for which the significant fund balances (>£25,000) are to be applied are as follows:

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.

Environparks Marsh Fritillary mitigation

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

Leeds Wildspaces

To inspire people in an urban setting to develop wild spaces across Leeds for the benefit of butterflies and moths.

Reserve Acquisition and Management Fund

To purchase and manage nature reserves.

Restricted Legacies Fund

Legacies reserved for a specific purpose.

Head Office Restricted Funds <£25,000

All Head Office Restricted Funds with a balance less than £25,000

Branch Restricted Funds <£25,000.

All Branch Restricted Funds with a balance less than £25,000.

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

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

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 2023 £'000	New Designations £'000	Utilised £'000	At 31 March 2024 £'000
<i>Group and charity</i>				
Branch fund	288	57	(124)	221
Heather Corrie Lepidoptera Research	984	—	(176)	808
Diarsia fund	27	—	(1)	26
	1,299	57	(301)	1,055

	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	—	1,000	(16)	984
Diarsia fund	—	30	(3)	27
	318	1,094	(113)	1,299

Branch Fund

The Branch Fund comprises monies that Council has committed for work undertaken by the charity's Branches.

Heather Corrie Lepidoptera Fund

To support research that will help the needs of butterflies and moths and make an impact of their conservation.

Diarsia Fund

The Diarsia Fund supports young Lepidoptera scientists at the start of their careers.

22. Analysis of net assets between funds

Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2024 Total £'000
Funds balances at 31 March 2024 are represented by:				
Intangible assets	20	—	—	20
Tangible fixed assets	1,334	17	—	1,351
Fixed asset investment	—	—	5,607	5,607
Net current asset	5,463	385	—	5,848
	6,817	402	5,607	12,826

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

Charity	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2024 Total £'000
Funds balances at 31 March 2024 are represented by:				
Intangible assets	20	—	—	20
Tangible fixed assets	1,334	17	—	1,351
Fixed asset investment	—	—	5,607	5,607
Net current asset	5,443	385	—	5,828
	6,797	402	5,607	12,806

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

Group and Charity	Endowment funds £'000	2024 Total £'000	Endowment funds £'000	2023 Total £'000
Reconciliation of movements in unrealised gains (losses) on investments				
Unrealised gain at 1 April 2023	(62)	(62)	240	240
Less: net unrealised gains/losses in period and gains released on disposal	326	326	(302)	(302)
Unrealised gains at 31 March 2024	264	264	(62)	(62)

23. Leasing commitments

At 31 March 2024 the group and charity had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Within one year	62	62	50	27
Within two to five years	54	110	15	42
After five years	12	13	—	—
	128	185	65	69

24. Related party transactions

During the year ended 31 March 2024, the charity received subscriptions from Council members and the Senior Leadership Team totalling £380 (2023: £537).

During the year ended 31 March 2024, the charity received unrestricted donations from Council members and the Senior Leadership Team totalling £788 (2022: £2,750) including gift in kind £nil (2023: £nil) and restricted donations totalling £nil (2023: £1,100).

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.

26. Comparative consolidated statement of financial activities: Year to 31 March 2023

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

Get involved

There are lots of ways you can get involved to help save butterflies, moths and the environment.

Donate

Support our conservation work to secure the future for butterflies and moths. Every penny counts.

Join

Become a member and join our community of people passionate about protecting butterflies and moths.

Remember butterflies in your will

Help us make sure future generations can experience the joy of seeing butterflies and moths in the wild.

Make space for nature

Create and register a Wild Space to help transform the UK into a haven for these beautiful creatures.

Volunteer

Give the gift of your time. We need volunteers of all ages and abilities.

Monitor

Help us track the health of butterfly and moth populations, so we can target our effort where it's needed most.

Fundraise

Run a marathon, bake a cake or open your garden to visitors.

Follow us

We're on Facebook, Instagram, TikTok and X as @savebutterflies.

Find out more

For more information, visit butterfly-conservation.org.

Accounts

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

Overview by the Chair

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.

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.

- 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:

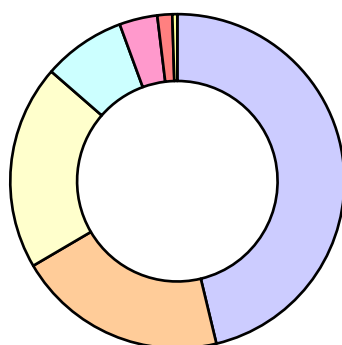
Report of the Council Year to 31 March 2023

- 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

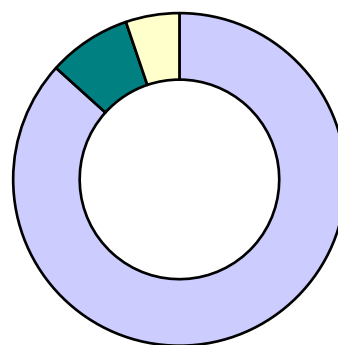
Total Income £6.25m
(2021/22 £4.35m)



■ 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.

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

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

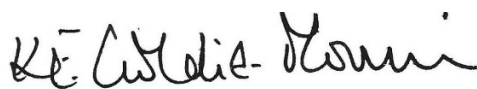
Report of the Council Year to 31 March 2023

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 cast 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;

- ◆ 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 stylized, with the letters "B" and "L" being particularly prominent and connected to the rest of the name.

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).

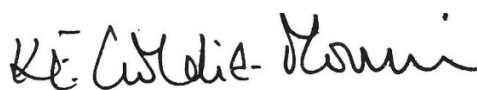
Comparative consolidated statement of financial activities Year to 31 March 2022

	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)
Net current assets		6,020	5,298	6,000	5,278
Total net 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)

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

4 Income from charitable activities: conservation activities – grants receivable

Group	Unrestricted funds £'000	Restricted funds £'000	2023 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2022 Total £'000
Defence Infrastructure Organisation	—	—	—	8	1	9
Esme 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
	444	—	—	444

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

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
	1,337	850	2,187
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
	1,337	850	2,187

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>
Attributed to:			
Expenditure on raising funds (note 5)	143	7	150
Expenditure on charitable activities			
. Conservation (note 6)	795	585	1,380
. Membership services (note 7)	84	13	97
	<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	—

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).

16 Debtors

	Group		Charity	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'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	2022	2023	2022
	£'000	£'000	£'000	£'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	2022	2023	2022
	£'000	£'000	£'000	£'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	2022
	Total	Total
	£'000	£'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)

Group and charity	At 1 April 2021 £'000	Income £'000	Expenditure £'000	Fund transfers £'000	At 31 March 2022 £'000
<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)	—
	1,231	984	(1,119)	83	1,179

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
Group and charity				
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
Group and charity				
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
Group				
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 £'000</i>	<i>Restricted funds £'000</i>	<i>Endowment funds £'000</i>	<i>2022 Total £'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 £'000</i>	<i>Restricted funds £'000</i>	<i>Endowment funds £'000</i>	<i>2023 Total £'000</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	5,303	697	—	6,000
	6,675	718	5,283	12,676

<i>Charity</i>	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>Endowment funds £'000</i>	<i>2022 Total £'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 £'000</i>	<i>Restricted funds £'000</i>	<i>Endowment funds £'000</i>	<i>2023 Total £'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	2022	2023	2022
	£'000	£'000	£'000	£'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.

BUTTERFLY CONSERVATION

England & Wales - Charity number 254937

Accounts

Butterfly Conservation

Annual Report and Financial Statements

31 March 2022

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

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

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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 Julian Gibbs (sadly passed away in June 2021) David Hanson Ian Hardy MVO Chris Packham CBE Professor Jeremy Thomas Alan Titchmarsh MBE
Council Members (Directors and Trustees)	Karen Goldie-Morrison (Chair) Ilija Vukomanovic (Vice Chair) Nigel Symington (Honorary Treasurer)
Trustees	Glenn Allison Apithanny Bourne Hugh Ellerton Prof Laurence Harwood Dr Elaine King Simon Saville Chris Winnick
Senior Leadership Team	Julie Williams (Chief Executive and Company Secretary) Dr Kate Dent (Director of Engagement & Volunteering) Dr Dan Hoare (Director of Conservation) Russel Hobson (Director of Evidence & Policy) Lynne Mackintosh (Director of Finance & Operations)
Registered address	Manor Yard East Lulworth Wareham Dorset BH20 5QP
Company registration number	02206468 (England and Wales)

Reference and administrative information

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

Overview by the Chair

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

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

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

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

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

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

Overview by the Chief Executive

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

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

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

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

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

Report of the Council Year to 31 March 2022

The Council of Butterfly Conservation presents its report together with the consolidated financial statements of the charity and its trading subsidiary, Butterfly Conservation Trading Limited, for the year ended 31 March 2022.

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

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

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

Our Vision

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

Our Purpose

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

Our Strategic Goals

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

The Initiatives

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

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

The Enablers

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

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

Our Values

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

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

Our Year in Numbers

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

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

Recover butterflies and moths

Saving threatened species

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

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

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

Revolutionising species research

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

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

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

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

Monitoring threatened moths

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

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

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

Connect People to Nature

From Brilliant Butterflies to Wild Spaces

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

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

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

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

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

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

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

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

Urban meadows thrive with Helping Hands for Butterflies

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

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

Unite for Wildlife

Heath Fritillary in Kent

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

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

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

Green shoots of recovery

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

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

Partnerships around the UK

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

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

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

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

Tackle Threats to Nature

Light pollution research

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

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

Supporting Science

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

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

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

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

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

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

Grasslands+ campaign

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

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

Manage Land Sustainably

Extending our reach with Severn Trent

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

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

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

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

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

Bringing species Back from the Brink

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

Grazing without fences in the Cotswolds

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

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

Enablers

The platform of success

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

Inspiring communications

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

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

Lean and scalable organisation

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

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

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

High performing staff and volunteer team

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

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

Sustainable funding

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

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

Future Priorities

2022-2023

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

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

2023- 2025

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

Beyond 2025

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

Risk Management

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

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

Principal Risks and uncertainties

- **Funding to deliver the 2026 Strategy**

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

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

- **Covid-19**

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

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

- **Organisational change and digital transformation**

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

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

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

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

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

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

Health & Safety

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

Safeguarding

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

Equality, Diversity & Inclusion (EDI)

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

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

Sustainability Policy

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

Financial Review

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

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

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

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

Fundraising Policy

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

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

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

Investment Policy

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

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

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

Financial Reserves Policy

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

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

These funds equate to approximately eight months' budgeted operating costs for 2022/23. Council has reviewed the charity's Financial Reserves Policy with the designation of this money and has also taken into consideration the continued reduction in statutory agency funding and the need to invest financial resources into achieving our 2026 Strategy. Considering these factors, Council has calculated that the amount of financial reserves it needs to hold is £3.5m (2021: £2.5m). The members of Council are therefore satisfied with the year end reserves position being higher than £3.5m due to the uncertainties around higher inflation, the ongoing pandemic, cost of living crisis and the economic impact of the war in Ukraine,. In 2022/23 we will continue to implement our Fundraising Strategy to maintain our conservation effort and financial reserves to the target level. However, with the ongoing

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

How We Raised Our Funds

Total income £4.35m (2020/21 £4.48m)

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

How We Spent Our Funds

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

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

Structure, Governance and Management

Members of Council

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

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

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

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

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

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

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

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

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

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

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

Council members declare all relevant interests and register them with the Company Secretary and, in accordance with Butterfly Conservation's Code of Conduct Policy, withdraw from decisions where a conflict of interest arises. Details of any relevant transactions can be found in Notes 11 and 25 of the accounts.

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

Responsibilities of Council

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

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

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

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

Each member of Council confirms that:

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

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

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

Strategy and Policy Setting

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

Staff and Branches

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

Pay and Remuneration Policy

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

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

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

Trading

Butterfly Conservation Trading Limited was incorporated in February 2010 to conduct trading activities in support of Butterfly Conservation's charitable activities. The company is registered in England and Wales under company number 07166835 and is a wholly owned trading subsidiary. The directors of the trading company have elected to donate, in accordance with an agreed deed of covenant, all of its annual taxable profit to its parent charity, Butterfly Conservation, under Gift Aid. For the year ended 31 March 2022, the donation amounted to £49,551 (2021: £24,780).

Thank you

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

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

Grant Funders

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

Charitable Trusts and Foundations

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

Corporate Partners and Supporters

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

Corporate Members

Highland Titles Nature Reserve
Naturetrek Limited
Stone King LLP
Wildflowers Scotland

Legacy gifts

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

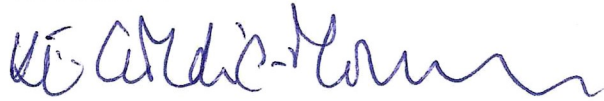
Legacies

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

Report of the Council Year to 31 March 2022

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

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



Karen Goldie-Morrison, Chair



Julie Williams, Secretary

Approved by Council on: 13 July 2022

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

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Council

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Use of our report

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

A handwritten signature in black ink, appearing to read 'Buzzacott LLP', with a long horizontal line extending from the end of the signature.

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

29th July 2022

Consolidated statement of financial activities Year to 31 March 2022

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

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

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

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

Comparative consolidated statement of financial activities Year to 31 March 2021

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

Balance sheet 31 March 2022

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

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



Karen Goldie-Morrison
Chair

Date: 13 July 2022

Statement of cash flows Year to 31 March 2022

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

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

A Reconciliation of net expenditure to net flows from operating activities

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

B Analysis of cash and cash equivalents

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

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

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

Basis of preparation

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

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

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

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

Basis of consolidation

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

Critical accounting estimates and areas of judgement

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

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

Assessment of going concern

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

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

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

Income

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

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

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

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

Income (continued)

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

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

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

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

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

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

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

Income (continued)

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

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

Expenditure

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

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

The classification between activities is as follows:

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

Allocation of support and governance costs

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

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

Intangible fixed assets

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

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

- ◆ Computer software 20% straight-line

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

Tangible fixed assets

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

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

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

No depreciation is provided on freehold land.

Investments

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

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

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

Stocks

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

Debtors

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

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

Cash at bank and in hand

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

Creditors and provisions

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

Fund structure

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

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

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

Fund structure (continued)

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

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

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

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

Contributory third party (CTP) and landfill community funds

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

Leased assets

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

Pension costs

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

1 Income from donations and legacies

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

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

2 Income from other trading activities

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

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

3 Income from investments and interest receivable

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

3 Income from investments and interest receivable (continued)

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

4 Income from charitable activities: conservation activities – grants receivable

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

5 Expenditure on raising funds

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

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

6 Expenditure on charitable activities: conservation

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

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

7 Expenditure on charitable activities: membership services

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

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

8 Support costs

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

8 Support costs (continued)

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

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

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

9 Governance costs

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

10 Net income (expenditure)

This is stated after charging:

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

11 Employees, staff costs and remuneration of key management personnel

Staff costs during the period are as follows:

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

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

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

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

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

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

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

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

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

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

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

12 Taxation

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

13 Intangible fixed assets

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

14 Tangible fixed assets

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

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

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

15 Fixed asset investments

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

a) Listed investments and cash held for re-investment

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

15 Fixed asset investments (continued)

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

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

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

b) Investment in subsidiary company

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

The following is a summary of the financial statements of Butterfly Conservation Trading Limited for the year ended 31 March 2022, which have been included in the consolidated financial statements.

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

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

16 Debtors

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

17 Current asset investments

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

18 Creditors: amounts falling due within one year

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

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

Movements on deferred income during the year was as follows:

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

19 Endowment funds

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

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

20 Restricted funds

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

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

20 Restricted funds (continued)

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

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

Back from the Brink Project

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

Big City Butterflies

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

Brilliant Butterfly Banks

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

20 Restricted funds (continued)

Building Sites for Butterflies

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

Conservation Officer Wales

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

Environparks Marsh Fritillary Mitigation

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

Kent's Magnificent Moths

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

Morecambe Bay Limestones

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

North Atlantic Coast

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

Prees Heath Fund

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

Regional Development Officer Northern Ireland

To support work of our Northern Ireland Office.

Regional Development Officer North England

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

Regional Development Officer Greater London

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

Reserve Acquisition and Management Fund

To purchase and manage nature reserves.

Restricted Legacies Fund

Legacies reserved for a specific purpose.

Cornwall Atlas

Publication of the Cornwall Atlas.

Ryton Wood Meadow Project - Warwickshire

Habitat restoration and maintenance at Ryton Wood Meadow.

20 Restricted funds (continued)

Scottish Border

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

Wyre Forest

Threatened species focus.

Rockingham Forest

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

Supporting Science

To improve data flow and increase participation in recording schemes.

West Midlands

Malvern Hill Lost Fritillary project.

Head Office Restricted Funds < £5,000

All Head Office Restricted Funds with a balance less than £5,000.

Branch Restricted Funds < £5,000

All Branch Restricted Funds with a balance less than £5,000.

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

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

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

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

22 Designated funds

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

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

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

23 Analysis of net assets between funds

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

23 Analysis of net assets between funds (continued)

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

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

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

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

23 Analysis of net assets between funds (continued)

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

24 Leasing commitments

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

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

25 Related party transactions

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

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

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

26 Members' liability

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

Get involved with Butterfly Conservation

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

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

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

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

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

Accounts

Butterfly Conservation

Annual Report &
Accounts 2020/21



Butterfly
Conservation

Saving butterflies, moths and our environment



Robbie Labanowski, Cover Image: Simon Noll

Welcome

Overview by the Chair Karen Goldie-Morrison

This was my first full year as Chair and what a year it has been, both personally and professionally. During the first two months of the pandemic in the UK, Butterfly Conservation had found itself with projects cancelled, funds delayed and staff on furlough. We acted quickly to review our whole operation. We had to reduce costs and we have emerged leaner, but we are in a stronger financial position than if we had taken no remedial action.

As funders opened their doors again, Butterfly Conservation achieved significant fundraising successes. One of these projects is Big City Butterflies. It will inspire Londoners to discover butterflies and moths and, in so doing, connect them with nature and their local green spaces. People – their needs, interests and behaviours – are as important to this project as habitat management, surveying and monitoring.

Big Butterfly Count is Butterfly Conservation's high-profile annual citizen science project. Between mid-July and mid-August 2020 over 110,000 people spent more than 36,000 hours counting over 1.4 million butterflies and moths. We need people to share the joy of seeing butterflies and moths, because when people connect with nature themselves, they are more inclined to protect and care for it in the future.

Partnership is at the heart of Butterfly Conservation's work. Through Rethink Nature we've developed a 'Back from the Brink'-style project in Scotland. 'Species on the Edge' will see us working with NatureScot on an ambitious four-and-a-half-year programme to secure the future of a suite of endangered coastal and island species through habitat restoration and public engagement.

I began writing this statement on the day that 'The Economics of Biodiversity: The Dasgupta Review' was published. The review stressed that to avoid climate disaster we need to redefine what prosperity is. The climate and biodiversity

crises are two sides of the same coin. The coming year will see two UN conventions, COP15 and COP26, the latter hosted by the UK. In England, the Agriculture and Environment bills also try to encourage and reflect the public goods the environment provides. As the Dasgupta Review states, 'our economies are embedded in nature, not external to it'.

Climate and biodiversity solutions, public health and economic recovery are interdependent. Butterfly Conservation will continue to work with its partners to ensure that the UK government demonstrates global leadership in its commitment to species conservation as part of the world's response to the biodiversity and climate crisis everywhere.

On Council, we held a series of online away days to define the priorities for Butterfly Conservation over the next few years, particularly in the light of the state of nature in the UK and globally. I am pleased that during this financial year we completed a piece of work on Purpose and Impacts with the trustees and the Senior Leadership Team working together in online workshops over several weeks. This work will feed into the development of Butterfly Conservation's plans for the coming years.

Butterfly Conservation has come through a difficult year but is now ready to meet the challenge with renewed vigour. My thanks go to staff, trustees and our volunteers for working through this together and to our members for staying with us.



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

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

Overview

Year to 31 March 2021

Chief Executive
Julie Williams



2020/21 will be remembered as perhaps the most extraordinary year in our lifetime. Butterfly Conservation has been affected by loss of income and an inevitable slowing down of our work. One major effect was the sad departure of 11 valued staff. I would like to thank them for all their hard work and wish them well with their future careers.

The pandemic has shone a spotlight on the critical balance between people and nature. Our newly formed Engagement and Volunteering Directorate connected with at least 55,000 people in this very challenging year – running work parties, online training events and delivering educational sessions in schools.

Volunteers are fundamental to Butterfly Conservation: the community of dedicated recorders who contribute nearly three million biological data records each year; the hardy souls who work in all weathers to improve habitats for some of our threatened butterflies and moths; and, of course, our Branch volunteers who work so hard representing Butterfly Conservation at a local level. However, we must broaden our reach and appeal to under-represented groups. Ensuring that everyone has access to nature also means that Butterfly Conservation must implement changes to the way we approach equality, diversity and inclusion (EDI).

During the year there was considerable media coverage around the nature crisis, including the eye-opening documentary *Extinction – The Facts*, by Butterfly Conservation’s President, Sir David Attenborough. Indeed, *The State of Britain’s Larger Moths 2021* report highlighted that 33% of larger moths have declined in abundance over the last 50 years; the nature crisis has not gone away during the pandemic.

Butterfly Conservation has long championed a landscape scale approach to conservation.

Many others are now promoting extensive landscape restoration policies and initiatives. These provide great opportunities for biodiversity but we need to ensure that species are central, with butterflies and moths as an indicator of their success. Over the last year we have worked across more than 50 landscapes, with over 30 projects saving species including the Large Blue in the Cotswolds and the Duke of Burgundy in the North York Moors.

Butterfly Conservation has also been involved in a number of advocacy campaigns, including a call for a ban on burning on peatlands. We were delighted when, in January this year, Highways England agreed to adopt the methods from our Building Sites for Butterflies project into their major project instructions.

None of our work would be possible without the dedication of our volunteers and our staff and I’d like to take this opportunity to thank them for their hard work and commitment during the last year. I would also like to thank our members and funders for their continued support. There is no denying the scale of the challenge ahead. I echo Sir David Attenborough’s sentiments: “If we work together, we can create a future in which we live in harmony with nature once again.” We will be ambitious in what we will deliver and the impact we will make – focusing our efforts on using evidence to influence and deliver conservation action. That will be at the core of our new 2026 Strategy.

Our mission has never been more relevant. Together, energised by our purpose, we will continue to build an ever-brighter future for butterflies and moths and for us all.

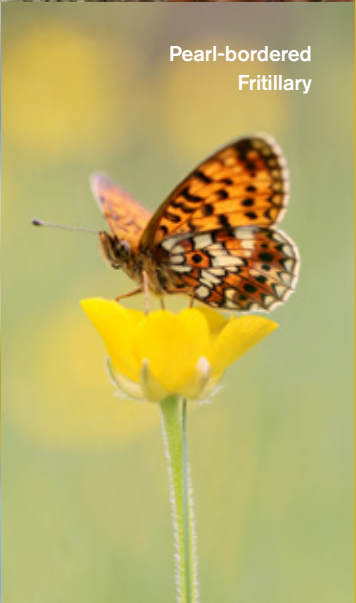
T.M. Attenborough



Oak Eggar



Hummingbird Hawk-moth



Pearl-bordered Fritillary



Orange-tip

Contents Report of the Council (including Strategic Report)

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Introduction

Butterfly Conservation Annual Report 2020/21

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 2021.

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

The financial statements have been prepared in accordance with the accounting policies set out on pages 61 to 66 of the financial statements and comply with the charitable company's Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

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.

SIR DAVID ATTENBOROUGH, BUTTERFLY CONSERVATION PRESIDENT

"Spending time with nature offers us all precious breathing space away from the stresses and strains of modern life; it enables us to experience joy and wonder, to slow down and to appreciate the wildlife that lives side-by-side with us.

"I have been privileged to have witnessed some truly breathtaking wildlife spectacles in far-flung locations, but some of my most memorable experiences have happened when I've been simply sitting and watching the wildlife that lives where I do.

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

David Attenborough



"Some of my most memorable experiences have happened when I've been simply sitting and watching the wildlife that lives where I do."

SIR DAVID ATTENBOROUGH

Our mission



RECOVER
threatened
butterflies
and moths



INCREASE
numbers of
widespread
species



INSPIRE
people to understand
and deliver species
conservation



PROMOTE
international
conservation
actions

OUR VISION

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

OUR PURPOSE

Butterfly Conservation conserves and recovers butterflies and moths and champions them for the benefit of nature and people.

OUR MISSION

Butterflies and moths are a vital part of our wildlife heritage and are valuable as sensitive indicators of the health of our environment. The stark fact is that butterflies and moths continue to decline at an alarming rate, despite Butterfly Conservation's best efforts over the last 52 years. Our data shows they are declining faster than most other well-documented groups of plants and animals, so our task is both daunting and complex. For many species, we know what needs to be done to halt the decline and support recovery. In order to tackle these losses and achieve the aims of the charity, we have to dramatically increase our capacity and influence over the next few years. Our work will benefit other wildlife and the ecosystems upon which all life depends.

We achieve these aims and provide practical solutions to the biodiversity crisis by:

Engaging with people of all ages and abilities to inform, educate and enable them to participate in the natural world. We encourage understanding of the value of healthy ecosystems and the wonders of biodiversity. We work with

people and communities to inspire change. We build partnerships with other conservation partners and influencers to deliver practical solutions. We connect with people via our public-facing campaigns and empower them to seek change for wildlife.

Supporting recording, monitoring and citizen science. In addition to our ongoing recording schemes we also run one of the most high-profile citizen science projects in the world – the Big Butterfly Count – every summer. For three weeks, over one hundred thousand people participate across the UK and this is vital for our understanding of shifting butterfly populations.

Empowering and enabling our world-class scientists to ensure their knowledge grows and is shared to save butterflies and moths. We are an evidence-led organisation and our scientists provide the stimulus and the advice we need to enable Butterfly Conservation to reach its goals.

Communicating and working with governments to advocate for nature. We seek policy changes by working with and challenging government and policy decision makers both in the UK and internationally in order to conserve and restore biodiversity.

Collaborating with land managers and landowners to ensure there is always room for nature. We engage in practical solutions for conservation issues. We work with those who work the land to ensure that their needs can also co-exist with nature's needs.



Training and developing our staff and volunteers to build our capacity for action. Our committed staff and volunteers work tirelessly to promote our goals across the UK and internationally. As an organisation we could not survive without our legions of volunteers and their dedication to conservation and biodiversity across the UK.

Working in tandem with our 31 UK Branches and our European Branch to ensure that their important work is supported and encouraged. Our Branches are of enormous importance in engaging with the public and businesses on the ground to show how Butterfly Conservation's work positively affects them. They are tireless in promoting our butterfly and moth recording and monitoring schemes and all other activities designed to support Butterfly Conservation.

WHY ARE BUTTERFLIES AND MOTHS SO IMPORTANT?
Butterflies and moths provide an essential insight in to the state of our world as we face the climate and biodiversity crisis. They require conservation in the UK and around the world for:

BEAUTY AND ENJOYMENT

People enjoy seeing butterflies both around their gardens and in the countryside.

BIODIVERSITY

Butterflies and moths are part of life on Earth and have been around for at least 50 million years. They are sensitive indicators of the health of our environment.

INSIGHT INTO THE NATURAL WORLD

For centuries, butterflies and moths have been used to investigate many areas of biological research, such as navigation, pest control, embryology, mimicry, evolution, genetics, population dynamics and biodiversity conservation.

CLIMATE CHANGE

Our butterfly data is a unique resource unmatched by any other insect group anywhere in the world. This has proved extremely important for scientific research on climate change.

ECOSYSTEM

Areas rich in butterflies and moths are rich in other wildlife. They are an important element of the food chain as prey for birds, bats and other animals, and play a role as pollinators.

EDUCATION

Butterflies and moths have fascinating life cycles, one of the wonders of nature, which are used in many countries to teach children about the natural world.

Our year in numbers



STATE OF MOTHS

The State of Britain's Larger Moths 2021 received widespread coverage. The report, a partnership with Centre for Ecology and Hydrology and Rothamstead Research, showed a third of our larger moths had declined significantly, especially in southern Britain. We reached over 4.7 million people about the report through newspapers and radio.



33%

decline in abundance of larger moths in last 50 years



55,000

people connected with Butterfly Conservation



17

butterfly banks built in Croydon as part of the Brilliant Butterflies project



55%

increase in use of the iRecord Butterfly app with 5,500 new users



23,766

visits to 4,151 sites since 2001



300

hectares of scrub cleared and put in



5,688

people enjoyed our mindful colouring competition



61

teachers attended Munching Caterpillars webinars

200

dams to restore lowland peat over seven years

2020
HIGHLIGHTS

£100,000

grant towards restoring Catfield Fen Nature Reserve

1,396

individual visits by staff to 735 sites

61

policy documents contributed to

BIG BUTTERFLY COUNT 2020

Between mid-July and mid-August 2020 over 110,000 people spent more than 36,000 hours counting over 1.4 million butterflies and moths.



145,249

counts, the biggest amount ever submitted



189%

increase in counts on 2019. On launch day 11,661 counts were submitted



4,000

messages on social media each week during the campaign



Common Blue

Getty Images

SOCIAL MEDIA



TWITTER

84,400
followers



FACEBOOK

198,035
followers



INSTAGRAM

74,000
followers

4,000

Barberry planted for threatened Barberry Carpet moth

1,505

people provided with road verge advice

6,256

downloads, making Insect A&E our most successful gardening campaign to date

Saving species in a tough year

BACK FROM THE BRINK PROJECT IN NUMBERS


4,000
new Barberry shrub plants planted


169
sites, exceeding our own plans by 30%


83%
of the moth's range has seen an improvement in habitat availability

Saving threatened species is not easy at the best of times, but the upheavals of 2020 presented unique challenges for our conservation staff, volunteers and partners. The pandemic delayed planned projects and reduced our staff capacity as we adjusted working conditions and furloughed some staff as part of our organisational response. It also restricted our ability to give conservation advice, carry out habitat improvements or monitor butterfly and moth populations or their habitats. Despite these challenges, we know that action for declining species cannot wait, and we were determined to get back to work as soon as it was safe to do so. It has been inspiring to see many of our long-established partnerships continuing to make progress, with many positive signs of the impact we make in reversing species declines.

Our Back from the Brink projects in Rockingham Forest and the Cotswolds produced fantastic results from reintroduction of Chequered Skipper and Large Blue, respectively. Both species were seen in good numbers following releases the previous year, and we were thrilled to celebrate the return of the Large Blue to Rodborough Common in Gloucestershire with the National Trust and other partners. Reversing long-term species declines takes time, so it's too early to see whether our third Back from the Brink project, focused on the Barberry Carpet moth, has led to population increases for this vanishing moth. Targeting new plantings of Barberry, the moth's key foodplant and the limiting factor in its recovery, we planted more than 4,000 plants across 169 sites, exceeding our plans by 30% and improving habitat availability across 83% of the moth's range.

SPECIES RECOVERY

The Marsh Fritillary is a high priority for conservation action across all four UK countries, and our work for this species in 2020 reflected this. Scotland holds a high proportion of the UK's Marsh Fritillaries, but understanding whether they are under threat is difficult because of the challenge of monitoring extensive and remote areas of habitat. Skilled volunteers help us monitor the butterfly by counting both adults and larval webs, allowing us to target management advice to those habitat networks that are most at risk.

The loss of our face-to-face training sessions threatened to undermine this work, but by offering online training programmes for monitoring Marsh Fritillary and other species, our Scotland team managed to reach new audiences even further afield. As a result, this year we supported new recruits in Argyll and the Inner Hebrides who helped us monitor 30 sites for the first time. ►

Getty Images



Southern Festoon



Getty Images

INTERNATIONAL – CORFU BUTTERFLY CONSERVATION (CBC)

This partnership of concerned residents and visitors launched the Corfu Butterfly Survey in 2021, a recording project that will ultimately lead to the production of a butterfly atlas of Corfu. The initiative is led by Dr Dan Danahar and supported by Butterfly Conservation, who helped secure an RES Goodman Award to develop the project's website, corfubutterflyconservation.org, enabling recorders to submit their sightings as well

as find out more about the ecology of the island's butterflies. During the year, CBC also worked with Butterfly Conservation and Butterfly Conservation Europe to produce an identification guide to Corfu's 75 butterfly species, which it hopes to publish in 2021/22 once funding is secured. Lee Durrell is supporting the project and it is hoped that it will be completed by the centenary of Gerald Durrell's birth in 2025.



PEARL-BORDERED FRITILLARY

In 2020 counts of Pearl-bordered Fritillary were the highest in more than 20 years in Whitbarrow, thanks to a succession of landscape-scale projects.

In Wales a new partnership is underway with a private landowner in the Brecon Beacons to restore 30 hectares of wet grassland habitat into condition for Marsh Fritillary, which should be able to colonise from nearby sites.

In Northern Ireland, our work on Marsh Fritillary is supported by the EU Interreg-funded Co-operation Across Borders for Biodiversity (CABB) project, a programme of work that embraces the fact that wildlife is not limited by political boundaries and includes work on sites in the Republic of Ireland. This four-year project has taken our work for Marsh Fritillary to a new level, helping farmers to create new management agreements, modifying grazing regimes and delivering 3,000m of new fencing to bring more than 25 hectares of land into favourable management.

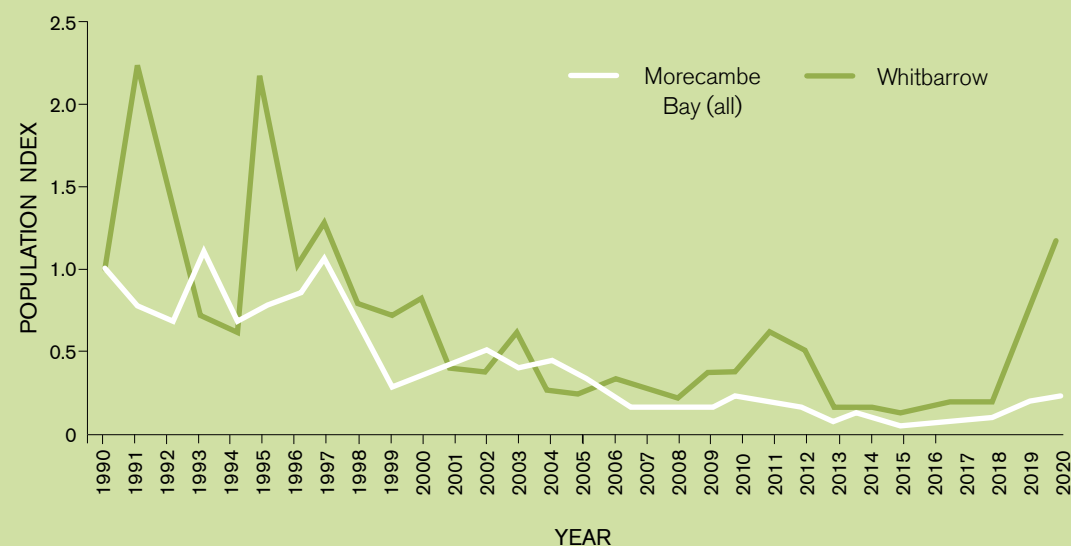


The Morecambe Bay Limestones in the northwest of England is a key hotspot for threatened butterflies and moths, and has seen more than 10 years of sustained project work to tackle their declines. After a succession of landscape-scale projects supported by a broad array of funders, we can now see signs of recovery at sites like Whitbarrow.

Whitbarrow is a 15km² woodland sitting on top of a limestone outcrop. By felling conifers, coppicing broadleaved trees and widening rides we have transformed the wood and improved connectivity with an extensive network of rides now reaching through the site. Transect recording by volunteers has been crucial here to record the impact of our work, provide feedback to landowners on the difference their actions have made, and to inform future management. This year Pearl-bordered Fritillary numbers at Whitbarrow were the highest since 1997.

A grant from Defra's Green Recovery Challenge Fund is supporting the next phase of our work in Morecambe Bay, focusing on sustainable woodland management to drive further restoration of habitats for butterflies and moths.

PEARL-BORDERED FRITILLARY – BUTTERFLY INDEX FOR WHITBARROW AND MORECAMBE BAY



Pearl-bordered Fritillary

SUPPORTERS OF OUR MORECAMBE BAY WORK INCLUDE



PRIORITY SPECIES AT MORECAMBE BAY

Our Morecambe Bay work has also been critical for other species, including:



HIGH BROWN FRITILLARY



DUKE OF BURGUNDY



WHITE-SPOTTED SABLE MOTH



“This year Pearl-bordered Fritillary numbers at Whitbarrow were the highest since 1997.”

Getty Images/Iain H Leach/Gilles San Martin/Bob Eade

The power of people



INSECT A&E CAMPAIGN

Dr Amir Khan launched Insect A&E in the spring of 2020. This was our most successful gardening campaign to date:



6,256
downloads



32,455
page views

POSITIVES FROM A DIFFICULT YEAR

When face-to-face engagement became impossible at the start of 2020, the challenge was on to find alternative ways of connecting with people. New skills were quickly mastered by our staff and before long our team began to offer a selection of pre-recorded lessons, short films, webinars, talks and online training courses. We could still inspire people to enjoy and take action for butterflies and moths – even if it had to happen from afar.

“I just wanted to thank you for the super resources that you sent. I have set the ‘Survival Tricks of Moths and Butterflies’ lesson for our P4 classes this week. The video is great!”

Primary school teacher

During 2020 we watched as the numbers of participants exceeded expectations and the positive feedback rolled in. There were other positives too: online delivery enabled more people to take part, as the barriers of time and accessibility were stripped away.

But it wasn’t all screen time. Thousands of people, young and old, entered our ‘Butterflies for Hope’ colouring competition, enjoying some

mindful moments with the beautiful, mandala-inspired artwork designed for us. Primary-aged children were invited to create caterpillar artworks from natural foraged items, winning nature explorer kits for their school.

For many people, 2020 has led to a greater appreciation of the green spaces and wildlife close to home. We found solace in nature and enjoyed the stories in the media of louder birdsong, pollution-free skies and deer and goats roaming the high streets.

“Instead of sitting in a car for an hour, I’ve spent that time wandering our local green lanes and footpaths. I’ve become much more aware of butterflies now.”

Butterfly Conservation supporter

Perhaps this is why we have seen such positive engagement and generosity from members and supporters. In particular, our work to explore how we can best connect with and support those with mental health challenges clearly resonated with many during this unusual year. As one donor wrote, “Nature heals and holds us when we fall”. ▶



THE YEAR IN NUMBERS



5,688
people engaged with our ‘Butterflies for Hope’ mindful colouring competition



61
teachers attended our online webinars as part of the Munching Caterpillars Scotland project



Ben Hanson

KEY FACT



910

people were engaged in the development stage of our Big City Butterflies project through a mixture of school visits, public and community events and training workshops taking part in activity and audience test trials. We aim to get almost 6,000 people involved with Big City Butterflies over four years

LOOKING AHEAD: A DIVERSE AND INCLUSIVE BUTTERFLY CONSERVATION

Equality, diversity and inclusion (EDI) has gained significant momentum within the environmental sector this year. There were global initiatives such as Black Lives Matter but also an ongoing recognition that many conservation organisations in the UK are not representative of wider society.

For example, a survey carried out in 2019 regarding our own members revealed just 1.6% were from a Black, Asian or Minority Ethnic (BAME) background. Of course, EDI includes many aspects aside from ethnicity, such as gender, disability and sexual orientation.

In light of this, in 2020 we sought to improve our understanding of the barriers that exist to improving our EDI by joining focused working groups within Wildlife and Countryside LINK (in England) and Rethink Nature.

Our Big City Butterflies project (funded by the National Lottery Heritage Fund) will focus on people engagement in the heart of London. As part of this project, we are partnering with Wild in the City. This Community Interest Company supports wellbeing through peoples' relationship with nature within London, and undertakes research on people of colour's relationship with nature. Big City Butterflies is a four-year project that will help us to much better understand the motivations and needs of people from a significantly broader range of backgrounds than we have traditionally engaged with. In future, we can incorporate this learning into all aspects of our work.

The benefits of improved EDI are many, both organisationally and, of course, for individuals. We are committed to developing a bespoke policy and challenging ourselves at all levels of the organisation. Over time we will offer the opportunities that mean we do indeed come to reflect society in a more inclusive way.

“Big City Butterflies will help us to better understand the motivations and needs of people from a significantly broader range of backgrounds.”

Courtesy of BC



Megan Lowe

VOLUNTEER VOICES

In the year when everything moved online, Butterfly Conservation took the opportunity to offer more training to more people than ever before. Our volunteers have astounded us with what they achieved during 2020. As Anthony McCluskey, our Helping Hands for Butterflies project lead, explains: “Volunteers trained through Helping Hands for Butterflies submitted over 3,000 records of butterflies last year alone to iRecord – almost 20% of the total number of butterfly records submitted this way in Scotland last year.”

Let's hear from the volunteers themselves about their achievements...



Pam Hardeman



Evelyn Marron



Damian McAllister

“Thank you for inviting me to come to your Butterfly and Bee bank. I enjoyed the chance to meet some new people and as a result I have now joined the local gardening club, which has helped me integrate into village life. I hope in the summertime we can do some more work and see the bees and butterflies that will benefit from all our hard work.” **EVELYN**

“2020 was a tough year but [walking transects] gave me a purpose to get out on a weekly exercise from May to September and enjoy all the nature the valley had to offer. The highlight was a sighting of a Purple Hairstreak, which confirmed that the species was present at Brackfield. It was such a rare sighting it promoted lots of media attention [including] several radio interviews!” **PAM**

“Being able to tell everyone that our site is part of Butterfly Conservation's recording effort has given the local people an improved recognition of the site's value. As a result, people are treating the site with more respect, taking more interest in the nature there and generally having more positive views of the area.” **ZOE**

“You could say, since Butterfly Conservation training, I have become a real pollinator-friendly kind of guy. The training explained a lot about habitat management and creation, and this is the area where I find myself making a real impact now. I help manage public green spaces in my area for pollinators by delayed cutting, cutting and lifting, seeding and over seeding wildflowers. Signage is put up to help with public awareness and participation. It's a win-win situation.” **DAMIAN**

Making a long-term impact

KEY FACT Butterfly Conservation contributed to



61

policy documents
in 2020/21

We know several widespread butterfly species are in long-term decline so what are we doing to reverse the trends? Our Building Sites for Butterflies programme is demonstrating nationally how simple changes to design and management of urban greenspaces can benefit butterflies. And in south London, in the Brilliant Butterflies partnership with London Wildlife Trust and Natural History Museum, we are working with local communities to create chalk grassland.

BUILDING SITES FOR BUTTERFLIES

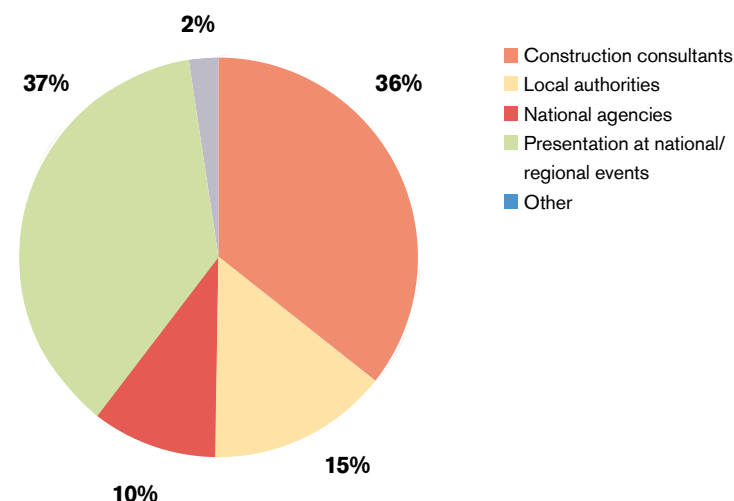
In 2020 our programme advised 1,505 people spread across the four nations of the UK, including national infrastructure projects and consultancies involved in major construction projects. Many local authorities wanted to know how less frequent mowing of parks and verges

leads to more wildflowers and butterflies and reduces their fuel bills and greenhouse gas emissions. There's one big success to celebrate – Highways England has mandated the use of low-nutrient soils on all major road projects in future, copying the blueprint of the verges of the Weymouth relief road in Dorset, now full of wildflowers and butterflies.

BRILLIANT BUTTERFLIES PROJECT

Our key role is to create butterfly banks in parks and along road verges in the heart of local communities in the London Boroughs of Croydon and Bromley. The banks will provide stepping-stones to link existing nature reserves – increasingly isolated by the built environment – and to bring butterflies into the places where people live and work. The two-year project has a target to work with local communities and schools to create 36 new butterfly havens. At the halfway stage we have completed 17, sown with wildflower seed and plug-planted with butterfly foodplants, with the others ready to go in spring 2021. ▶

ADVICE BY SECTOR IN 2020



Phil Sterling



“The pandemic opened up new opportunities to influence. By June all my work had transferred online and since then I’ve seen an increased demand for advice. Webinars and videocalls are so easy to set up and are a cost-effective way of ensuring my limited resource reaches all parts of the UK.”

DR PHIL STERLING, BUTTERFLY
CONSERVATION'S PROGRAMME MANAGER

Ian A Kirk



Small Copper

EMBRACING THE DIGITAL REVOLUTION: INVESTING IN DATA COLLECTION, VERIFICATION AND VOLUNTEERS

Data is at the core of Butterfly Conservation's work and there has been a proliferation of apps, websites and schemes that allow data to be shared. To keep pace with technological change we have started to implement a new data strategy to future-proof the remarkable recording and monitoring schemes we run.

NEW DIGITAL TOOLS

A key part of delivering this strategy is new digital tools to help recorders, the county recorder network and to increase data flow. This year we:

- Launched the Butterflies for the New Millennium online portal (butterflyrecording.org).
- Redeveloped the very popular iRecord Butterflies app that saw a 55% increase in use, with over 5,500 new users and 154,000 records submitted (butterfly-conservation.org/our-work/recording-and-monitoring/irecord-butterflies).
- Started to redevelop the online National Moth Recording Scheme (mothrecording.org).
- Launched the redeveloped The Big Butterfly Count app and website for the hugely successful 2020 event, which saw the highest ever number of counts (bigbutterflycount.butterfly-conservation.org).
- Introduced new verification processes to help county moth recorders.

UNDERSTANDING THE MOTIVATIONS OF AND PRESSURES ON VOLUNTEERS

Our volunteers are vital to our recording work and understanding their issues and concerns is crucial. In October 2020 we worked in partnership with Oxford University's WildCRU research team to launch a questionnaire, focusing on the county moth recorders (CMRs). We found that approximately 80% of CMRs are strongly motivated by helping the wider conservation of moths, and 66% are using iRecord for verification or are working with others to do so. The help CMRs are seeking from Butterfly Conservation is in streamlining our surveys and providing training on the use of new software – and we will work together on these aspects in the coming year.

TRAINING

Training on iRecord for county butterfly and moth recorders (CRs) began in the spring of 2020 (via Zoom). In total, 90 people have attended and of the 56 CRs that have attended the training, 68% have signed up to verify data in iRecord. Also during 2020 we offered virtual training on a geographic information system (GIS) called QGIS, which will help with the analysis of the data that is held. In total, 306 places were taken up across eight sessions for beginner level, seven sessions for intermediate and three advanced sessions.



KEY FACT

The focus of Butterfly Conservation's policy work is land use – getting the right land management schemes for butterflies and moths, not sacrificing important open areas to woodland, and keeping peat in the ground and unburnt

FOCUS ON POLICY

The great strength of Butterfly Conservation is our data and evidence, much of it built on the records of thousands of dedicated volunteers. We also have a wealth of practical on-the-ground experience of species recovery work. The objective of our policy work is to use this evidence and experience to help influence and shape policy across the four countries of the UK.

With limited staff capacity, we must prioritise and work in close collaboration with partner organisations using our unique evidence and expertise to have impact by adding value and influence to the collective voice.

Despite Covid-19, the need to implement Brexit meant external policy work continued apace. Much of our domestic environmental regulation was based on EU legislation and needed to be replaced. To add to the complexity, almost all environmental powers are devolved so we have been working with partners to ensure that high environmental standards are maintained in all four countries after Brexit.

Brexit also brings the opportunity of a comprehensive reform of farming subsidies and grants outside the Common Agriculture Policy. In England, we are seeing signs of welcome and much-needed shifts from direct subsidies, which pay farmers for the amount of land they own, to grants for wildlife-friendly farming.

Our policy and advocacy work reflects those areas that make the biggest difference for butterflies and moths. For example, on increased tree planting, we have strongly supported the

ambition for woodland expansion but used our evidence as a basis for ensuring the principle of 'right tree, right place' is adopted. Critically, we have emphasised the need to ensure important open ground habitats are not lost in the dash to plant trees. Working alongside others, we have secured commitments to protect these important open ground habitats, a recognition of the value of natural regeneration and the need to manage the existing woodlands.

PARTNERSHIP PROTECTION FOR OUR CATFIELD FEN NATURE RESERVE

Catfield Fen in Norfolk was acquired in 1992, primarily as one of the last strongholds of the spectacular Swallowtail butterfly. The 24 hectare reserve is part of the Ant Broads and Marshes National Nature Reserve (NNR), which is considered to be the finest example of unpolluted fen in Western Europe. It is of international importance for fenland insects and plants. In addition to the Swallowtail, 21 other butterfly species are present and more than 520 moth species. Catfield Fen, together with the RSPB's nearby Sutton Fen, is also home to some 5,000 Fen Orchids, which is more than 90% of the UK population.

It is a complex site so when the RSPB bought Sutton Fen in 2007 we decided that partnership working was the best way to manage these sites. In 2013 Butterfly Conservation negotiated a 10-year management agreement, with the RSPB taking on responsibility for delivery of the management plan and the agri-environment agreement. In 2019 their volunteers contributed an estimated 600 hours to managing the reserve.

This partnership with the RSPB has freed up Branch volunteers' time to carry out crucial survey work. Results from the timed larvae monitoring seem to show that larvae are abundant and sustaining good numbers. In 2019, 34% of plants surveyed had larvae, down slightly from 37% in 2018, though in that year more than twice the number of plants (453) were examined. Fourteen adults were recorded this year on the perimeter track standard transect, the third highest total since 2010.

Our partnership with the RSPB has allowed Butterfly Conservation to have an impact at a landscape scale. It was Butterfly Conservation's monitoring data from Catfield, supplied to the RSPB-led consortium of conservation organisations, that was crucial in securing a Water Environment Grant from the Environment Agency. This will fund both ecology and hydrology monitoring and large-scale restoration work at a number of sites, with more than £100,000 of funding for the Catfield Fen Reserve.



John Davis

WORKING TOGETHER FOR NATURE

Butterfly Conservation is a member of a range of partnership groups including the country Links: Wildlife and Countryside Link in England, Scottish Environment Link, Wales Environment Link and Northern Ireland Environment Link; Rethink Nature – a partnership of seven leading species conservation organisations; the Nature Friendly Farming Network, and we offer our support to many regional groups.



Wildlife and
Countryside



“Catfield Fen is an exceptional remnant of rare alkaline fen habitat with unique biodiversity as well as its iconic Swallowtails and Fen Orchids. Its maintenance and management are complex and demanding, making our agreement with the RSPB invaluable in providing the expertise and commitment that the site richly deserves.”

MIKE GASSON, THE NORFOLK BRANCH LIAISON AND CONSERVATION OFFICER



J Davis

Swallowtail

Stronger together



Melissa Shaw

VOLUNTEERS

Hundreds of Bog Squad volunteers, supported by Peatland Action, have removed more than 300 hectares of scrub and installed nearly 200 dams to restore lowland peat.

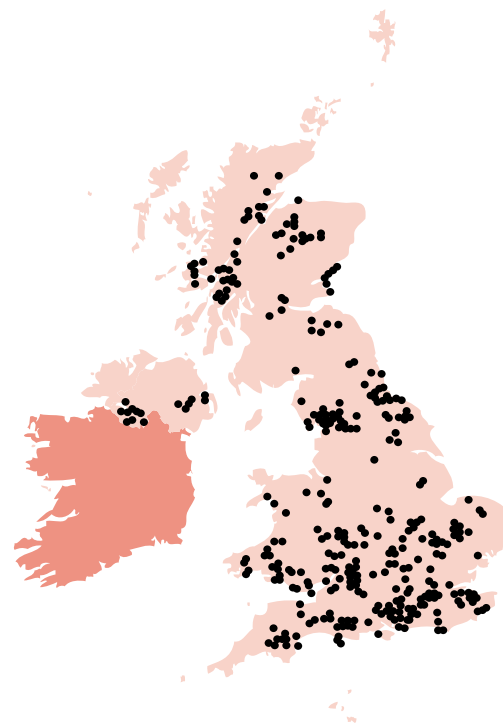
TACKLING THE CLIMATE AND BIODIVERSITY CRISIS

The changing fortunes of butterflies and moths provide an essential insight into the state of our world as we face the combined challenge of climate and biodiversity crisis. The evidence in the UK is that climate warming is driving changes in the distribution of many of our butterflies and moths, as well as bringing new species colonising from the south. But we can already see that species adapted to cooler conditions are retreating, and our fragmented landscape makes it difficult for species to keep up with the speed of change. Climate may be a factor in half of all UK moth declines and is projected to drive severe negative impacts on invertebrates worldwide. As we plan how our conservation action can recover populations of butterflies and moths, we must also consider our wider role in combatting the climate crisis.

Nature-based solutions provide a pathway to meet net zero targets by working with natural systems, bringing benefits for biodiversity and human society. We support those solutions that help to restore habitats for butterflies and moths while locking in carbon and increasing ecosystem resilience. These include: restoring flower-rich grasslands; increasing tree cover by planting and natural regeneration to reduce flooding in the Wyre Forest; increasing urban greenspace to mitigate air pollution and enhance wellbeing through our projects in Edinburgh, Bristol and London; protecting coastal habitats for species like Fiery Clearwing.

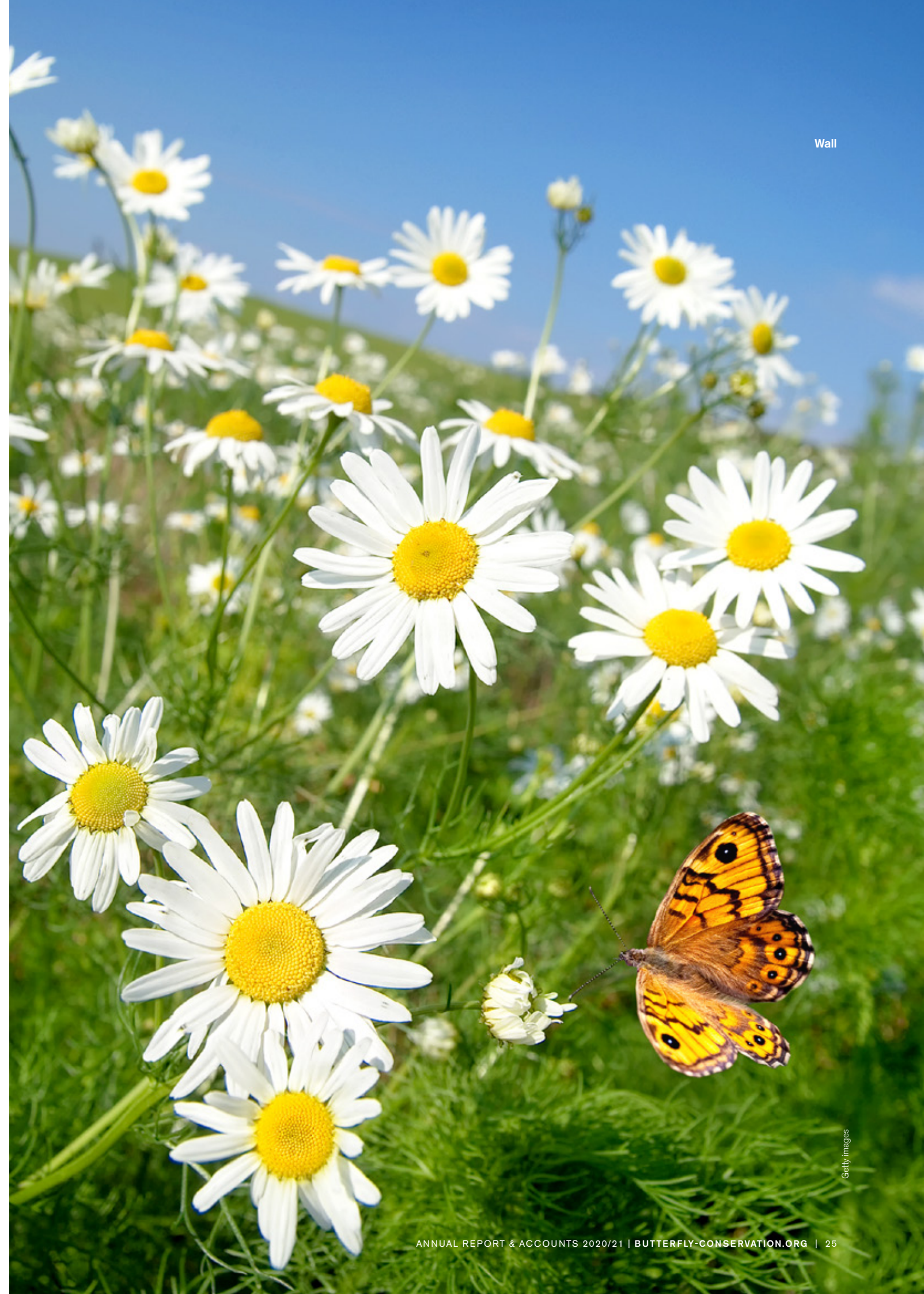
Peatlands are a key focus for us. In 2020 we saw the seventh year of our Bog Squad work restoring lowland peat habitats in Scotland for species including Large Heath and Marsh Oblique-barred. By blocking drains, removing scrub and trees that dry out the bog, and rewetting the peat, we can restore the ability of peatland to hold carbon while helping threatened species.

Butterfly Conservation also needs to lead by example. We have divested Butterfly Conservation's investments from all fossil fuels and will introduce a sustainability plan to fulfill our commitment to reach net zero by 2030.



MAP OF SITE VISITS IN 2020

Butterfly Conservation staff and contractors made 1,396 site visits to 735 different sites in 2020, providing management advice, assessing habitat condition, carrying out habitat management and monitoring species. This does not include volunteer-led site visits, although we have plans to capture this information in future.



Wall

Getty Images

Around the UK



Delivering on our ambition requires us to work together with other partners across the UK for greater impact. Butterfly Conservation can only achieve its aims by harnessing the power of other organisations, large and small, by involving more people in our cause, and uniting to tackle biodiversity loss at a landscape scale.

We are one of eight partners in the bold new Species on the Edge project working to save more than 40 species along Scotland's coasts and islands. The project, led by NatureScot, brings together our partners from Rethink Nature who are dedicated to species recovery: Amphibian and Reptile Conservation, Bat Conservation Trust, Bumblebee Conservation Trust, Buglife, Butterfly Conservation, Plantlife Scotland and RSPB Scotland. It uses our combined knowledge, expertise and resources to kickstart nature's recovery in Scotland. In 2020 we started development work, supported by an award from the National Lottery Heritage Fund, building plans for a four-and-a-half-year programme across seven landscapes where collaboration can bring the greatest benefits.

Butterfly Conservation is a key contributor in two project plans: Rockin' the Blues will deliver action for Small Blue and Northern Brown Argus, while A Brighter Future for Herb-rich Pastures focuses on threatened grassland habitats that support species including Slender Scotch Burnet, New Forest Burnet and Marsh Fritillary.

A pioneering partnership for landscapes and species is also underway in Wales, where we are part of a collaboration gathering support to deliver coordinated conservation and community engagement. Natur am Byth (Nature Forever) unites nine environmental charities with Natural Resources Wales (NRW) to deliver the country's largest natural heritage and outreach programme to save species from extinction and reconnect people to nature.

Natur am Byth has the core Rethink Nature partners, like its sister projects in England and Scotland, alongside NRW, Marine Conservation Society and Vincent Wildlife Trust. This collaborative spirit brings enormous benefits in the fight to save nature: we can all learn from each other and make scarce resources go further. We've drawn on the experience of England's Back from the Brink project and evaluation with the key funder, the National Lottery Heritage Fund, to accelerate plans in Wales and Scotland that embrace the unique natural heritage, communities and challenges of each country. Working through a year of pandemic disruption, the partners have nevertheless been able to develop a hugely ambitious programme for which we are now seeking funding, incorporating seven integrated landscape areas and six single species projects. If successful, Butterfly Conservation will be responsible for a project to transform the fortunes of the High Brown Fritillary, of which there is only one known population in Wales.

Iain H Leach

Northern Brown Argus



New Forest Burnet

Getty Images

HOW OUR PARTNERSHIPS ARE HELPING

Our partnerships are helping species around the UK, including:



Robert Thompson

ENGLAND Fiery Clearwing



Iain H Leach

WALES Pearl-bordered Fritillary



Jim Asher

NORTHERN IRELAND Cryptic Wood White



Butterfly Conservation

SCOTLAND Forester

Butterfly Conservation's ability to bring people and partners together to take conservation action can help us drive a green recovery across the UK. In Wales we have secured funding to help us reach beyond our usual audiences and make even greater impact through a new project, Developing Places, Delivering for People, supported by the Welsh Government through the National Lottery Heritage Fund.

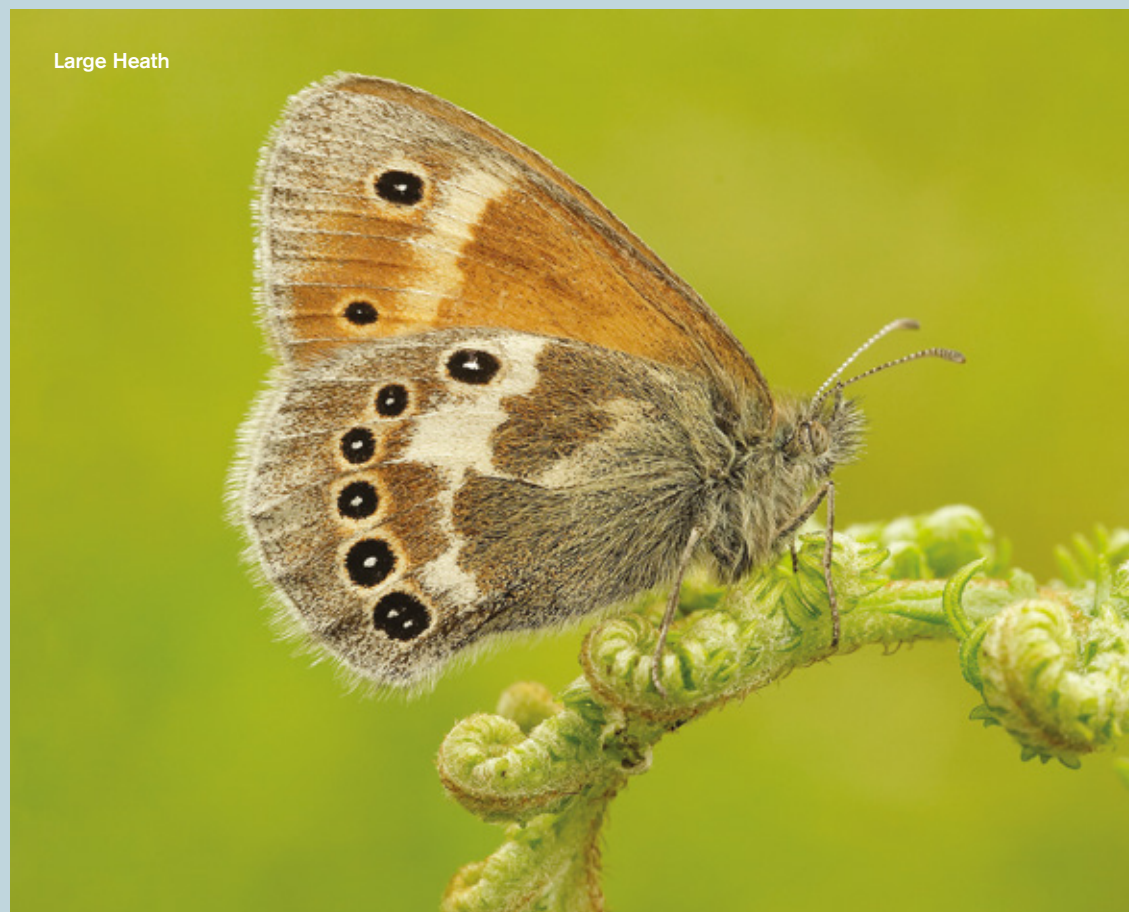
One of the biggest challenges in conservation is sustaining impact and ensuring that hard-earned gains for species and habitats are not lost when fixed-term project funding comes to an end. Alongside high-profile collaborative projects, crucial support for Butterfly Conservation's work comes through partnership approaches with statutory agencies, government bodies with devolved responsibilities for the environment in all four UK countries.

The Northern Ireland Environment Agency, Natural England and NatureScot all provide significant multi-year funding, which underpins our work in each country to recover threatened species, tackle declines in widespread species and inspire people to value and take action for nature. These agreements have specific

outcomes tailored to government environmental objectives in each country, but they share common themes that are fundamental to Butterfly Conservation's work: a recognition that recovery of threatened species needs to bring together ecological understanding with targeted action to improve habitats, protect sites and harness the power of both our data and our volunteers. In Northern Ireland our work focuses on key species including Cryptic Wood White, Marsh Fritillary and Large Heath. In England, work encompasses more than 30 threatened butterflies and moths, including Large Blue, Fiery Clearwing and Sussex Emerald. Our priority species work in Scotland includes Dark-bordered Beauty, Kentish Glory and the Forester moth.

These partnerships all show what can be achieved for species and people when we come together and sustain action. They build community conservation action, underpin our partnerships with other environmental charities and provide the springboard for the bigger collaborations necessary to recover our natural world.

Iain H Leach



Large Heath

Kentish Glory



Getty Images

Plans for 2021/22 & onwards

BIG BUTTERFLY COUNT 2020

Between mid-July and mid-August 2020 over 110,000 people spent more than 36,000 hours counting over 1.4 million butterflies and moths



145,249

Biggest amount of counts ever submitted

We have ambitious plans for our work in 2021/22.

We will launch our 2026 strategy that will set the direction of travel and establish our priorities and focus for the years ahead. This new strategy will help align our resources to maximize impact, therefore getting us closer to our vision.

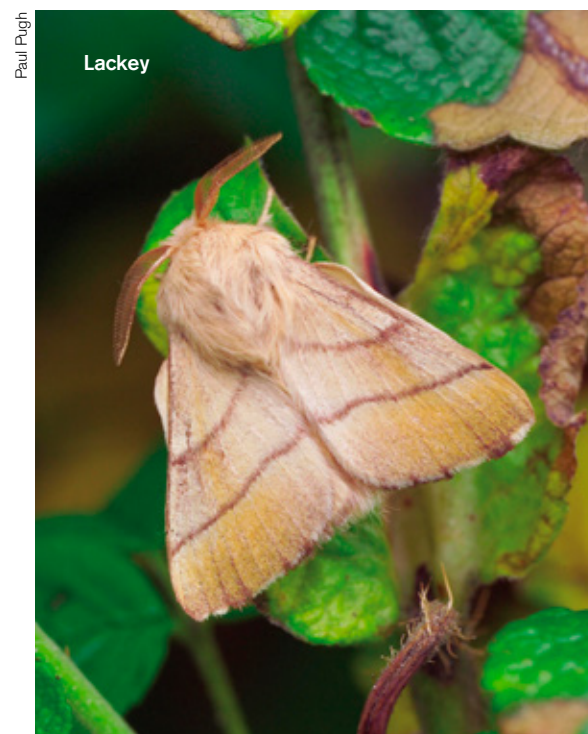
Building capacity within the organisation will be crucial to the delivery of the new 2026 strategy. We will be developing a new Engagement and Volunteering Strategy, which will focus on how we support our existing volunteers and Branches and also create new opportunities for people to volunteer in the future.

We are committed as an organisation to ensuring that everyone has access to nature, and during the year we will be actively reviewing and implementing a new equality, diversity and inclusion policy.

We have three exciting major projects starting in England that will strengthen our partnership work. Our Butterfly Mosaics project is covering brownfield species in the Midlands. The Kent Moths project is saving some of the UK's rarest moths. Our Big City Butterflies project will inspire Londoners to discover butterflies and moths, connecting them to nature and their local green spaces. Development of major projects in Scotland, Wales and Northern Ireland will continue.

Due to Covid-19, we did not produce and implement a new sustainability plan in 2020/21 but this will be a focus of our work in the coming year. We will be looking at ways to reduce our environmental and social impact across our estate, working practices and procurement, and provide a reporting framework to monitor the effectiveness of the plan.

During 2021/22 we will be strengthening our policy and advocacy work in all four countries of the UK, using our data and evidence to influence and particularly focusing on land use policies across the UK.



Lackey

Paul Pugh



Marbled White

Getty Images

Risk management

Risk management is well established and integrated into every aspect of our work. The Coronavirus crisis fully tested our business contingency planning and we implemented a Covid-19 contingency plan and group in early March, which successfully delivered over the year.

Council takes all reasonable steps to ensure that major risks are identified and recorded. A review of the risk management process was undertaken during 2020/21 on behalf of Council by the Audit & Risk Sub-committee.

The Risk Register is in two parts: operational risks, which are identified by management, and strategic risks on a wider scale, which may also be highlighted by Council. Operational risks are reviewed and updated quarterly by the Senior Leadership Team. Both parts of the register are reviewed four times per year, at each Council meeting, following deeper scrutiny on each occasion by the Sub-committee. Both are subject to a more robust annual review, from first principles, by the Sub-committee.

These reviews identify the key risks facing Butterfly Conservation and ensure they are accurately described, that no significant risks are omitted, and that suitable mitigations are in place and being managed.

Council is aware that such processes are designed to mitigate rather than to eliminate major risks and will continue to improve and refine risk management principles in all aspects of our work.

PRINCIPAL RISKS AND UNCERTAINTIES

Council considers the risk to business continuity from further Covid-19 spikes through repeated lockdowns, staff illness, confused government guidance and a reduction in income and membership as the charity's major risk. Different ways of working and isolation has impacted staff morale and wellbeing. This is likely to affect Butterfly Conservation's ability to deliver

on its purpose. To help control these factors our business continuity plan was updated in April 2020 and January 2021.

Butterfly Conservation has continued to take a proactive approach to Covid-19 during 2020/21. Urgent action was taken in April 2020 with financial modelling to help predict how the pandemic would affect Butterfly Conservation's finances in the future. It was necessary to cut costs as quickly as possible and a total of 27 staff were placed on furlough. Butterfly Conservation covered the unpaid 20% of furloughed salaries to ensure there was no disruption to staff wages.

A staffing restructure took place in May 2020 and a voluntary severance scheme was introduced. Following the restructure, seven members of staff were redeployed into new roles, and we were sad to say goodbye to 11 members of staff.

We successfully applied for emergency funding, which was specifically designated for Covid-19 support, and received funds from Green Recovery Fund (England) and FIDRA (Scotland).

Our Scotland, Wales and Winchester offices have remained closed since March 2020, with staff continuing to work from home. We were able to reopen our head office in Dorset in June 2020, which remains open for essential work only.

We continued to update our IT hardware and be adaptable with various types of video meeting software, such as Zoom, Microsoft Teams and Skype to enable more efficient home working.

Staff have been able to request to reduce or flex their working hours to care for children due to school closures.

We have been aware that continued homeworking would have consequences for the health and wellbeing of our staff and maintained and improved communication channels to help

everyone feel connected. We previously started making changes to staff support by giving line managers more training and shifting to outsourced HR support using Breathe HR. The impact of Covid-19 has slowed some of this progress but to give further support to staff we accelerated the introduction of an employee assistance programme, set up regular Q&A sessions with the CEO and Senior Leadership Team and undertook all staff conference sessions to ensure that all staff are aware and kept up to date with organisational changes.

We provided ongoing advice to volunteers concerning recording and monitoring and this remains under regular review.

REDUCTION IN EXISTING FUNDING STREAMS

The reduction to existing funding streams, a slowdown in membership, uncertainty over future membership numbers and increased competition for funding, has been further exacerbated by Covid-19 and the economic downturn, which may have a further detrimental effect on income levels, potentially seriously impacting Butterfly Conservation's ability to deliver its core objectives. We have taken action to reduce costs as much as possible in 2020/21 and 2021/22 and have applied for emergency funding, where available. Our three-year Fundraising Strategy covering the period 2019-22 includes diversification of income streams to ensure we are less reliant on declining statutory funding from government agencies. We will increase our focus on unrestricted income and will continue to maximise funding opportunities from campaigns and brand awareness through closer working between our fundraising, communications and conservation teams. We will also explore options for more partnership working, such as the Back from the Brink project, and build relationships with potential major funders.

CHANGES TO THE EXTERNAL ENVIRONMENT

Political changes resulting in lower priority for biodiversity and poor decision making by policymakers could lead to poorer land use policies and less funding for biodiversity. As a member of the State of Nature partnership, we lobby for greater action on biodiversity and produce numerous scientific papers to build an evidence base for impacts of climate and land use change. We continue working with our partners in Rethink Nature and the country Links to ensure that existing environmental laws are secured and that the UK has the necessary governance arrangements in place for robust implementation and for future enforcement. We also continue to work with the European

Habitats Forum and Policy Director of Butterfly Conservation Europe to continue our policy and lobbying in Europe.

FAILURE TO ACT ON CLIMATE CHANGE

Global climate changes such as increasing temperatures and drier summers, more frequent occurrences of floods and storms, and human-made disasters that cause environmental damage are some of the many climate issues that will impact Butterfly Conservation's ability to deliver our key aims. We continue to actively support and raise awareness for climate action within the UK, and are due to launch our Sustainability Plan during 2021/22.

HEALTH & SAFETY

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

SAFEGUARDING

Butterfly Conservation is committed to ensuring the safety and welfare of children and vulnerable adults. We will ensure our staff, volunteers and contractors comply with best practice and regulatory requirements across all the physical and virtual spaces where we operate. Any suspicions and/or allegations of abuse will be dealt with according to our statutory responsibilities. Our Safeguarding Policy is published on our website.

ENVIRONMENTAL POLICY

Butterfly Conservation had begun a fundamental review of its Environmental Policy to broaden its scope and impact. The plan to replace this with a new Sustainability Policy and Action Plan had to be put on hold due to the pandemic. However, the new plan will not just 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 also need to consider how we monitor and report on our performance and the changes we are making. Sustainability should be a key objective of the organisation to ensure it is embedded in all our decision making.

We identified a lack of expertise as limiting our progress. We have remained a member of Fit for the Future (fft.org.uk) to access sustainability best practice from a range of charities, businesses and public bodies. This will help us understand the process we need to develop to deliver real change and learn from others about new products, systems or practices.



Getty Images

TIME AND RESOURCES

We need a clear view of where we have the most impact. This will ensure we do not waste time and resources. There are five areas we will focus on:

- **Buildings** (reduce use, recycling, energy efficiency, renewable energy)
- **Land use** (low carbon, minimise inputs)
- **Transport** (reduce emissions)
- **Procurement** (reflect our corporate values)
- **Individuals** (provide information, encourage behaviour change, foster wellness).

Getting close to Devil's-bit
scabious, foodplant of the
Marsh Fritillary and Narrow-
bordered Bee Hawk-moth

Claire Hyne

Financial review

Income decreased slightly by 0.4% to \$4.48m (2020: \$4.50m).

Grant funding decreased by 11% to \$1.18m (2020: \$1.32m). Mainly due to various projects ending during the year, resulting in an overall reduction in payments received from funders such as The National Heritage Lottery Fund.

Income from donations and legacies increased by 5% to \$1.35m (2020: \$1.28m). Despite the pandemic, we continued to have a good response to all our individual appeals and general donations (including Gift Aid).

Membership subscription income increased by 11% to \$1.24m (2020: \$1.09m).

Expenditure decreased by 13%, to \$4.27m (2020: \$4.88m). This was a planned reduction to reduce costs following the start of the pandemic. It resulted in an 8% reduction in staff costs and our on-ground conservation work saw a large 37% decrease due to the implementation of Covid-19 related restrictions.

There has been material movement in total assets over the year. The capital value of our endowment fund increased by \$618k to \$5.30m (2020: \$4.68m). The fund has largely recouped the significant fall in value that took place during the first quarter of 2020 as global investment markets reacted to the pandemic.

The result was a net income of \$0.86m (2020: net expenditure of \$1.19m) and the closing total net assets were \$11.94m (2020: \$11.08m).

BUTTERFLY CONSERVATION'S FUNDRAISING POLICY

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

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

All fundraising is conducted in-house and we monitor activity to ensure it adheres to our strict guidelines. No external professional fundraiser or third-party organisation is engaged in fundraising activities on behalf of the charity.

Corporate businesses have agreements in place to use Butterfly Conservation's logo for promotional purposes. All agreements can be terminated with immediate effect if the commercial participants do anything that could bring our reputation into disrepute.

Butterfly Conservation operates a strict ►

2020/21
ON-GROUND
CONSERVATION
WORK

37%
DECREASE



Iain H Leach



MEMBERSHIP

Income from membership subscriptions grew to £1.2m

opt-in policy for all direct marketing in line with the EU General Data Protection Regulation. All direct mail fundraising communications sent out are covered by active, informed and specific permission by the individual. Supporters are offered the opportunity to revise consent preferences in each communication. We also monitor the level of asks sent out to ensure unreasonable requests are not made to any individual.

All staff adhere to our Policy for Supporters in Vulnerable Circumstances, which provides guidance to help identify vulnerable individuals and ensure that all supporters are treated fairly.

Butterfly Conservation has received a total of three complaints regarding aspects of our fundraising during the year. All complaints were fully investigated, appropriate action was taken, and a detailed response was sent to individuals within seven days. We have received no notifications from the Fundraising Preference Service during 2020/21.

INVESTMENT POLICY

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

holdings is given in Note 15. We invest through pooled funds and third-party managers.

At 31 March 2021 our Endowed Fund had a market value of \$5.30m (2020: \$4.68m). Over the last five years, the value of the fund has grown by 10.8%, compared with a growth of 9.9% in the CPI.

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

Council further resolved in December 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 2021).

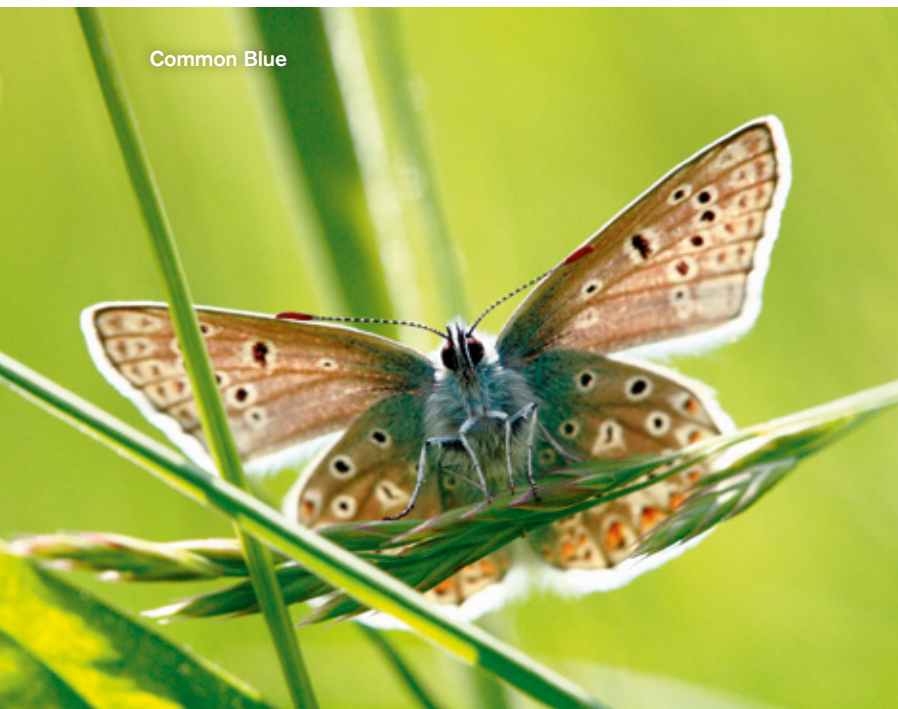
We identified both ethical and financial reasons for taking this approach. A further consequence of this policy is a significant reduction in the carbon footprint of our portfolio.

The total return on the endowed investments during the year to 31 March 2021 net of management charges amounted to \$733,000, of which \$115,000 has been transferred to the revenue reserves of the charity under the Total Return approach for application (see Note 19 to the accounts).

FINANCIAL RESERVES POLICY

At 31 March 2021 Butterfly Conservation had total funds of \$11.94m (2020: \$11.08m).

These funds included our permanent endowment totalling \$5.3m (2020: \$4.68m), which was given to provide future income for Butterfly Conservation. ►



Common Blue

Will Langdon



Essex Skipper

Getty Images



THE OBJECTIVE
We will increase our fundraising capacity to deliver ambitious funding targets

Restricted funds totalled £1.23m (2020: £1.09m) as set out in detail in Note 20 to the financial statements. A further £1.15m (2020: £1.13m) represents freehold nature reserves and other tangible and intangible fixed assets.

Council has designated a total of £0.28m (2020: £1.82m) for the purposes as detailed in Note 22 to the financial statements.

Butterfly Conservation's unrestricted funds at 31 March 2021 amounted to £5.41m (2020: £5.31m). These funds include £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 £3.97m.

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

- maintains sufficient levels of working capital to allow for seasonal fluctuations;
- protects its essential conservation activities in

the event of shortfalls in grant and general income within the next financial year; and

- maintains funds to respond to conservation opportunities.

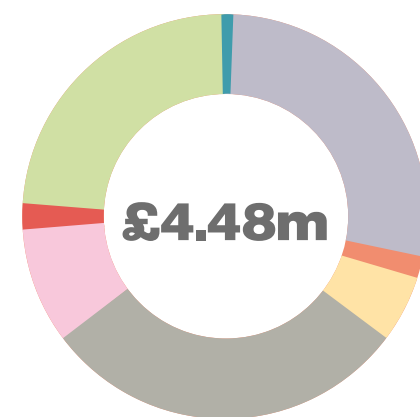
These funds equate to approximately six months' operating costs.

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 2025 Strategy. Considering these factors, Council has calculated that the amount of financial reserves it needs to hold is £2.5m (2020: £2.5m). The members of Council are therefore satisfied with the year end reserves position.

In 2021/22 we will continue to implement our Fundraising Strategy to maintain our conservation effort and financial reserves to the target level. However, with the ongoing pandemic crisis, this may have some negative impact on our finances during the next few years. Positive action is planned to mitigate potential reduction in income during this period.

HOW WE RAISED OUR FUNDS

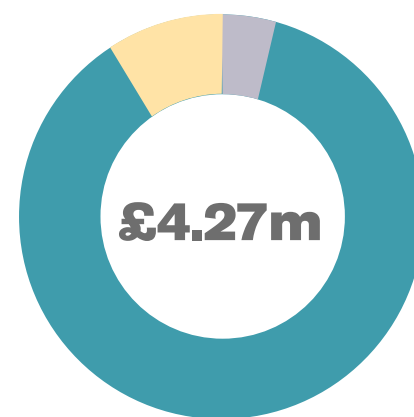
Total income **£4.48m**
(2019/20 £4.50m)



Donations and legacies	£1.35m
Other trading activities	£0.07m
Investments	£0.15m
Conservation activities – grants	£1.18m
Contracts and Royalties	£0.32m
Primary Purpose Trading	£0.12m
Membership subscriptions	£1.24m
Other	£0.05m

HOW WE SPENT OUR FUNDS

Total expenditure **£4.27m**
(2019/20 £4.88m)



Raising funds	£0.25m
Conservation	£3.64m
Membership services	£0.38m
Other	£0.00m

Dark Green Fritillary



Iain H. Leach

Small Elephant
Hawk-moth

Reference & administrative information

Registered name
Butterfly Conservation

Registered charity
Registered charity number
254937 (England and Wales)
and SC039268 (Scotland);
governed by the Articles of
Association updated in
2016/17

**Company limited
by guarantee**
Limited company number
02206468 Registered in
England and Wales

Registered office
Manor Yard
East Lulworth
Wareham
Dorset
BH20 5QP

Website
butterfly-conservation.org

Twitter
[@savebutterflies](https://twitter.com/savebutterflies)

Facebook
[Facebook.com/
savebutterflies](https://facebook.com/savebutterflies)

Instagram
[Instagram.com/
savebutterflies](https://instagram.com/savebutterflies)

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 Cheesman
Sue Collins
The Earl of Cranbrook PhD
David Dennis
Mike Dilger
Clive P Farrell
Julian Gibbs
David Hanson
Ian Hardy MVO
Anthony Hoare
Chris Packham CBE
Professor Jeremy Thomas
Alan Titchmarsh MBE

**Council Members
(Directors and Trustees)**

Chair
Karen Goldie-Morrison

Vice Chair
Mike Dean

Honorary Treasurer
Nigel Symington

Trustees
Apithanny Bourne
Hugh Ellerton
Dr Susan Foden
Prof Laurence Harwood
Dr Elaine King
Simon Saville
Ilija Vukomanovic
Chris Winnick

Senior Leadership Team

**Chief Executive and
Company Secretary**
Julie Williams

**Director of Engagement
& Volunteering**
Dr Kate Dent

Director of Conservation
Dr Dan Hoare

**Director of Evidence
& Resources**
Russel Hobson

Auditor
Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Investment managers
Cazenove Capital
Management
1 London Wall Place
London
EC2Y 5AU

Principal bankers
NatWest plc
49 South Street
Dorchester
Dorset
DT1 1DW

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

Sadly our Vice President, Anthony Hoare, passed away in March 2021.

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COUNCIL AND MEMBERS OF BUTTERFLY CONSERVATION

OPINION

We have audited the financial statements of Butterfly Conservation (the 'charitable parent company') and its subsidiary company (collectively the 'group') for the year ended 31 March 2021, 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 the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 March 2021 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and charitable parent company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the annual report and Financial Statements. 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 trustees' report and from the requirement to prepare a strategic report.*

RESPONSIBILITIES OF COUNCIL

As explained more fully in the Responsibilities of Council statement, 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 Engagement Director (and Senior Statutory Auditor) ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;*
- *we identified the laws and regulations applicable to the charitable company through discussions with management, and from our commercial knowledge and experience of the sector;*
- *the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;*
- *we focused on specific laws and regulations that 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; and*
- *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.*

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures that 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 trustees as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 26 August 2021

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

Buzzacott

Financial statements

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR TO 31 MARCH 2021

	Notes	Unrestricted funds \$000	Restricted funds \$000	Endowment funds \$000	2021 Total \$000	2020 Total \$000
Income from:						
Donations and legacies	1	1,240	111	-	1,351	1,277
Other trading activities	2	72	-	-	72	60
Investments & interest receivable	3	14	6	128	148	249
Charitable activities						
• Conservation activities - grants receivable	4	50	1,132	-	1,182	1,322
• Contracts and Royalties		258	52	-	310	428
• Primary purpose trading		115	6	-	121	80
• Membership subscriptions		1,241	-	-	1,241	1,087
Other sources		54	-	-	54	-
Total income		3,044	1,307	128	4,479	4,503
Expenditure						
Raising funds	5	223	1	25	249	200
Charitable activities						
• Conservation	6	2,180	1,463	-	3,643	4,238
• Membership services	7	378	-	-	378	443
Total expenditure		2,781	1,464	25	4,270	4,881
Net income (expenditure) before investment gains (losses)		263	(157)	103	209	(378)
Net investment (losses) gains	15, 17	19	-	630	649	(807)
Net income (expenditure)	10	282	(157)	733	858	(1,185)
Transfers between funds	20	(182)	297	(115)	-	-
Net movement in funds		100	140	618	858	(1,185)
Reconciliation						
Total funds brought forward at 1 April 2020		5,311	1,091	4,681	11,083	12,268
Total funds carried forward at 31 March 2021		5,411	1,231	5,299	11,941	11,083

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 \$128,000 (2020: \$nil); endowed expenditure of \$26,000 (2020: \$nil) and transfer of \$115,000 (2020: \$nil) to the restricted fund.

COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR TO 31 MARCH 2020

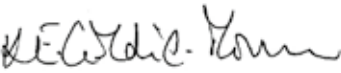
	Notes	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2020 Total £000
Income from:					
Donations and legacies	1	1,155	122	-	1,277
Other trading activities	2	60	-	-	60
Investments & interest receivable	3	240	9	-	249
Charitable activities					
• Conservation activities - grants receivable	4	34	1,288	-	1,322
• Contracts and Royalties		328	100	-	428
• Primary purpose trading		74	6	-	80
• Membership subscriptions		1,087	-	-	1,087
Total income		2,978	1,525	-	4,503
Expenditure					
Raising funds	5	198	2	-	200
Charitable activities					
• Conservation	6	2,313	1,925	-	4,238
• Membership services	7	443	-	-	443
Total expenditure		2,954	1,927	-	4,881
Net income (expenditure) before investment gains (losses)		24	(402)	-	(378)
Net investment gains	15,17	(2)	-	(805)	(807)
Net income (expenditure)	10	22	(402)	(805)	(1,185)
Transfers between funds	20	(378)	378	-	-
Net movement in funds		(356)	(24)	(805)	(1,185)
Reconciliation					
Total funds brought forward at 1 April 2019		5,667	1,115	5,486	12,268
Total funds carried forward at 31 March 2020		5,311	1,091	4,681	11,083

Common Blue

GROUP AND CHARITY BALANCE SHEETS 31 MARCH 2021

	Notes	Group		Charity	
		2021 £000	2020 £000	2021 £000	2020 £000
Fixed assets					
Intangible assets	13	80	86	80	86
Tangible assets	14	1,374	1,385	1,374	1,385
Investments	15	5,299	4,681	5,299	4,681
		6,753	6,152	6,753	6,152
Current assets					
Stocks		7	7	7	7
Debtors	16	868	1,184	905	1,218
Investments	17	-	162	-	162
Cash at bank and in hand					
• Short term deposits and interest bearing accounts		3,101	2,902	3,101	2,902
• Current accounts		1,435	1,048	1,375	992
		5,411	5,303	5,388	5,281
Liabilities					
Creditors: amounts falling within one year	18	(223)	(372)	(220)	(371)
Net current assets		5,188	4,931	5,168	4,910
Total net assets		11,941	11,083	11,921	11,062
The funds of the charity. Charitable funds.					
Capital funds					
Endowment funds	19	5,299	4,681	5,299	4,681
Income funds					
Restricted funds	20	1,231	1,091	1,231	1,091
Unrestricted funds					
• General fund		3,970	2,340	3,970	2,339
• Non-charitable trading funds		20	20	-	-
• Tangible and intangible fixed assets (including freehold nature reserves) fund	21	1,146	1,132	1,146	1,132
• Designated fund	22	275	1,819	275	1,819
Total funds		11,941	11,083	11,921	11,062

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



Approved on 14 July 2021

CONSOLIDATED STATEMENT OF CASH FLOWS YEAR TO 31 MARCH 2021

	Notes	2021 £000	2020 £000
Cash flows from operating activities			
Net cash used in operating activities	A	259	(618)
Cash flows from investing activities			
Investment income and interest received		148	247
Purchase of tangible fixed assets		-	(49)
Purchase of intangible fixed assets		(14)	(53)
Proceeds from the disposal of listed investments		6,046	552
Purchase of listed investments		(5,868)	(543)
Net cash provided by investing activities		312	154
Change in cash equivalents in the year		571	(464)
Change in cash equivalents at 1 April 2020	B	4,037	4,501
Change in cash equivalents at 31 March 2021	B	4,608	4,037

Notes to the statement of cash flows for the year to 31 March 2020.
A. Reconciliation of net expenditure to net cash used in operating activities

	2021 £000	2020 £000
Net income (as per the statement of financial activities)	858	(1,185)
Adjustments for:		
Depreciation and amortisation charge	31	12
(Gains) losses on investments	(649)	807
Investment income and interest receivable	(148)	(249)
Decrease (increase) in stocks	-	1
Decrease (increase) in debtors	316	(48)
(Decrease) increase in creditors	(149)	44
Net cash used in operating activities	259	(618)

B. Analysis of cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand: current accounts	1,435	1,048
Cash at bank and in hand: short term deposits and interest bearing accounts	3,101	2,902
Cash held by investment managers	72	87
Total cash and cash equivalents	4,608	4,037

Small Tortoiseshell

Principal accounting policies

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

BASIS OF PREPARATION

These financial statements have been prepared for the year to 31 March 2021 with comparative information provided in respect to the year 31 March 2020.

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 (see next page). ►*



Canary-shouldered Thorn

Getty Images



Brimstone

Rob Blanken



Alder moth

Andrew Cooper



Painted Lady

ASSESSMENT OF GOING CONCERN

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

The members of Council have considered the impact of the Covid-19 on the charity by accessing and reviewing future income streams and expenditure levels.

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

INCOME

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

Income comprises: donations; legacies; income from fundraising events, royalties, and trading activities; investment income and interest

receivable; and income from charitable activities including grants receivable, contracts for services, primary purpose trading and membership subscriptions.

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

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

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 being 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 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. ►



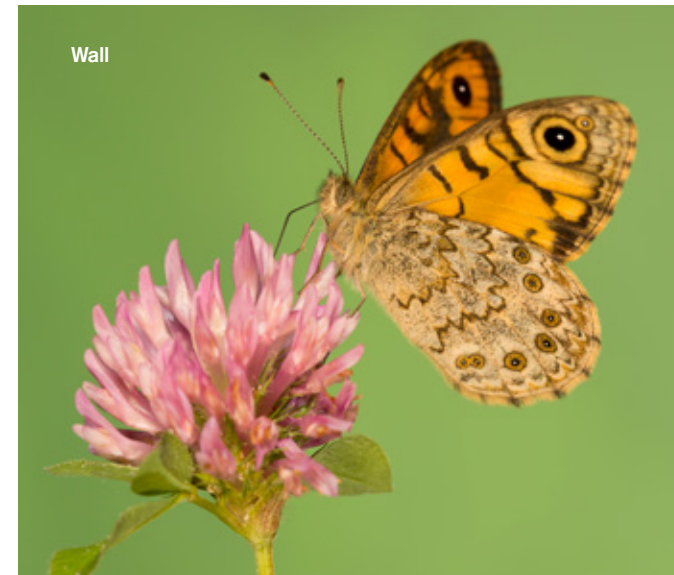
Beautiful Golden Y

Iain H Leach



Southern Small White

Adam Gor



Wall

Getty Images



Mint moth

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 ►



Small Blue

Getty Images



Straw Belle

Dave Green

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.

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.



Marbled White

Iain H Leach

Notes to the financial statements

1. INCOME FROM DONATIONS AND LEGACIES

Group	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2021 Total £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2020 Total £000
Donations	557	106	-	663	511	122	-	633
Legacies	683	5	-	688	644	-	-	644
	1,240	111	-	1,351	1,155	122	-	1,277

2. INCOME FROM OTHER TRADING ACTIVITIES

Group	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2021 Total £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2020 Total £000
Sale of goods/ services - non-charitable material	27	-	-	27	19	-	-	19
Royalties and sponsorship - non primary purpose	24	-	-	24	9	-	-	9
Fundraising	21	-	-	21	32	-	-	32
	72	-	-	72	60	-	-	60

3. INCOME FROM INVESTMENTS AND INTEREST RECEIVABLE

Group	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2021 Total £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2020 Total £000
UK common investment funds and unit trusts	1	-	128	129	216	-	-	216
Bank interest	13	6	-	19	24	9	-	33
	14	6	128	148	240	9	-	249

4. INCOME FROM CHARITABLE ACTIVITIES: CONSERVATION ACTIVITIES – GRANTS RECEIVABLE

Group	Unrestricted funds £000	Restricted funds £000	2021 Total £000	Unrestricted funds £000	Restricted funds £000	2020 Total £000
Cambridgeshire Community Foundation	-	-	-	-	9	9
Dartmoor National Park Authority	-	-	-	-	5	5
Enovert Community Trust	-	-	-	-	13	13
The Ernest Kleinwort Charitable Trust	-	-	-	-	19	19
Exmoor National Park Authority	-	-	-	-	5	5
Fidra	25	-	25	-	-	-
Garfield Weston Foundation	-	10	10	-	-	-
Grant Scape	-	15	15	-	11	11
London Wildlife Trust	-	48	48	-	52	52
National Trust	7	-	7	8	-	8
Natural England	-	484	484	-	488	488
Northern Ireland Environment Agency	-	50	50	-	37	37
Postcode Local Trust	-	20	20	-	-	-
Restore our Planet	-	-	-	-	20	20
Rural Payments Agency	-	40	40	-	120	120
Scottish Forestry	-	6	6	-	6	6
Scottish Natural Heritage	-	66	66	-	47	47
The D'Oyly Carte Charitable Trust	-	-	-	-	5	5
The Lawson Trust	-	-	-	-	5	5
National Heritage Lottery Fund	-	207	207	-	289	289
The Patsy Wood Trust	-	106	106	-	103	103
The Royal Society for the Protection of Birds	-	75	75	-	29	29
Welsh Government	-	-	-	13	-	13
Woodland Trust	-	-	-	-	14	14
Worcestershire Wildlife Trust	6	-	6	-	-	-
Grant received < \$5,000	12	5	17	13	11	24
	50	1,132	1,182	34	1,288	1,322

5. EXPENDITURE ON RAISING FUNDS

Group	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2021 Total £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2020 Total £000
Staff costs (including support) (Note 11)	146	-	-	146	125	-	-	125
Fundraising costs	44	1	-	45	18	2	-	20
Trading costs	21	-	-	21	17	-	-	17
Investment management charges	-	-	25	25	30	-	-	30
Other support costs (Note 8)	12	-	-	12	8	-	-	8
	223	1	25	249	198	2	-	200

6. EXPENDITURE ON CHARITABLE ACTIVITIES: CONSERVATION

Group	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2021 Total £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2020 Total £000
Staff costs (including support) (Note 11)	1,718	727	-	2,445	1,792	875	-	2,667
Marketing and publicity	60	2	-	62	36	1	-	37
Management conservation	182	310	-	492	293	483	-	776
Information and education	63	-	-	63	48	-	-	48
Legal and professional	1	-	-	1	7	-	-	7
Other support costs (Note 8)	156	424	-	580	137	566	-	703
	2,180	1,463	-	3,643	2,313	1,925	-	4,238

7. EXPENDITURE ON CHARITABLE ACTIVITIES: MEMBERSHIP SERVICES

Group	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2021 Total £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2020 Total £000
Staff costs (including support) (Note 11)	167	-	-	167	205	-	-	205
Membership recruitment	5	-	-	5	11	-	-	11
Newsletter production and distribution	148	-	-	148	165	-	-	165
Membership servicing	38	-	-	38	45	-	-	45
Other support costs (Note 8)	20	-	-	20	17	-	-	17
	378	-	-	378	443	-	-	443

8. SUPPORT COSTS

	Staff costs £000	Other support costs £000	2021 Total £000	Staff costs £000	Other support costs £000	2020 Total £000
Staff costs	912	-	912	1,038	-	1,038
Governance costs (Note 9)	-	142	142	-	106	106
Other	-	470	468	-	622	622
	912	612	1,524	1,038	728	1,766
Attributed to:						
Expenditure on raising funds (Note 5)	146	12	158	125	8	133
Expenditure on charitable activities						
• Conservation (Note 6)	684	580	1,264	800	703	1,503
• Membership services (Note 7)	82	20	101	113	17	130
	912	612	1,524	1,038	728	1,766

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

	2021 Total £000	2020 Total £000
Information and education	28	42
Legal and professional	110	49
Other governance expenses	4	15
	142	106

10. NET INCOME (EXPENDITURE)

This is stated after charging

Group	2021 Total £000	2020 Total £000
Staff costs (Note 11)	2,758	2,997
Auditor's remuneration		
• Statutory audit services	14	14
• Non-audit services		
Tax compliance	7	4
HR consultancy	20	45
• Other	-	1
Depreciation	31	12
Operating lease rentals	93	103

11. EMPLOYEES, STAFF COSTS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

Group	2021 Total \$000	2020 Total \$000
Staff costs during the period as follows:		
Wages and salaries	2,362	2,562
Social security costs	208	233
Other pension costs	179	202
	2,749	2,997
Agency staff costs	9	-
Total staff costs	2,758	2,997
Staff costs by function (after the allocation of those deemed support costs) were as follows:		
Raising funds	146	125
Conservation	2,445	2,667
Membership service	167	205
	2,758	2,997

A total of \$113,387 was paid in redundancy payments (2020: \$14,603) and this amount is included within wages and salaries above.

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

	2021	2020
\$70,001-\$80,000	1	1

Pension contributions of \$5,818 (2019: \$5,760) 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	2021 Total \$000	2020 Total \$000
Raising funds	6	6
Conservation	69	81
Membership services	4	5
	79	92

The key management personnel of the charity comprises the member of Council and the Senior Leadership Team. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was \$261,170 (2020: \$297,231).

No Council member received any remuneration in respect of his or her services as members of Council during the year (2020: \$nil). However

- A total of \$2,421 (2020: \$11,275) was reimbursed to (or paid by the charity on behalf of) 14 (2020: 15) 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. (2020: 1)

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.



Small Emerald

Mark Parsons

13. INTANGIBLE FIXED ASSETS

Group and charity	Software under development \$000	Software \$000	Total \$000
Cost			
At 1 April 2020	86	-	86
Additions	-	14	14
Transfers during the year	(86)	86	-
At 31 March 2021	-	100	100
Amortisation			
At 1 April 2020	-	-	-
Charge for year	-	20	20
At 31 March 2021	-	20	20
Net book values			
At 31 March 2021	-	80	80
At 31 March 2020	86	-	86

The software under development for the year ended March 2020 related to the development of a new Customer Relationship Management solution for the charity.

By 31 March 2021 the first aspect of this project was completed and available for use.

Further expenditure is planned for phase 2 of this project and will be expended in the year ended 31 March 2022. As at 31 March 2021 the charity has capital commitments of \$17,000 in relation to this.

14. TANGIBLE FIXED ASSETS

Group and charity	Freehold land £000	Office equipment, plant and machinery £000	Total £000
Cost			
At 1 April 2020	1,343	58	1,401
Elimination of obsolete items	-	(2)	(2)
At 31 March 2021	1,343	56	1,399
Depreciation			
At 1 April 2020	-	16	16
Charge for year	-	11	11
On obsolete items eliminated	-	(2)	(2)
At 31 March 2021	-	25	25
Net book values			
At 31 March 2021	1,343	32	1,374
At 31 March 2020	1,343	42	1,385

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	
	2021 £000	2020 £000	2021 £000	2020 £000
Listed investments (Note a)	5,299	4,681	5,299	4,681
Investment in subsidiary company (Note b)				
	5,299	4,681	5,299	4,681

a) Listed investments and cash held for re-investment

Group and charity	Total 2021 £000	Total 2020 £000
Listed investments		
Market value at 1 April 2020	4,594	5,408
Additions at cost	5,868	543
Disposal proceeds	(5,865)	(552)
Realised gains	686	11
Disposals at opening market value	(5,179)	(541)
Net unrealised losses	(56)	(816)
Market value at 31 March 2021	5,227	4,594
Cash held by investment managers for re-investment	72	87
	5,299	4,681
Cost of listed investments 31 March 2021	5,245	4,290

Listed investments held at 31 March 2021 wholly comprised holdings in common investment funds. Individual holdings of listed fixed asset investments that, at the 31 March 2021, 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	4,950	93.4
Charities Property Fund	277	5.2

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 2021, which have been included in the consolidated financial statements.

	Total 2021 £000	Total 2020 £000
Turnover	56	51
Cost of salaries	(13)	(4)
Gross profit	43	47
Operating costs	(19)	(19)
Net profit for the year before Gift Aid and taxation	25	28
Donation under a Gift Aid compliant Deed of Covenant	(25)	(28)
Taxation	-	-
Profit for the financial period	-	-
Retained earnings at 31 March 2020	20	20
Retained earnings at 31 March 2021	20	20

At 31 March 2021 the company had a total called up share capital and retained earnings of £20,001 (2020: £20,001).

16. DEBTORS

	Group		Charity	
	2021 £000	2020 £000	2021 £000	2020 £000
Grants and other funding receivable	233	465	233	465
Prepayments and other accrued income	60	183	118	181
Legacies receivable	354	341	354	341
VAT recoverable	8	-	8	-
Amounts due from Butterfly Conservation Trading Ltd	-	-	40	38
Investment income receivable	-	60	-	60
Primary purpose trading income receivable	-	-	-	-
Gift Aid recoverable	60	48	-	48
Sundry debtors	153	87	152	85
	868	1,184	905	1,218

17. CURRENT ASSET INVESTMENTS

Group and charity	Total 2021 \$000	Total 2020 \$000
Listed investments		
Market value at 1 April 2020	162	164
Disposal proceeds	(181)	-
Realised gains	19	-
Disposals at opening market value	(162)	-
Unrealised investment	-	(2)
Market value at 31 March 2021	-	162
Cost of listed investments at 31 March 2021	-	120

Current asset investments held at 31 March 2021 comprised the following:

	Total 2021 \$000	Total 2020 \$000
UK common investment funds	-	162

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Social security and other taxes	51	90	51	90
Expense creditors	97	192	97	192
Accruals and deferred income	75	90	72	89
	223	372	220	371

There is no deferred income for 2020/21. In 2019/20, deferred income related to \$9,727 received for grassland management at Magdalen Hill Down reserve in and DFN Charitable Foundation support of Big Butterfly Count of \$16,667.

Movements on deferred income during the year was as follows:

	Group		Charity	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening deferred income balance	27	9	27	9
Cash received in the year	26	27	26	27
Amounts released to income	(53)	(9)	(53)	(9)
Closing deferred income balance	-	27	-	27



Swallowtail

Peter Eeles

19. ENDOWMENT FUNDS

Group and charity	2021 \$000	2020 \$000
At April 2020	4,681	5,486
Less Value of endowment at 30 June 2020	(3,086)	-
Opening Value of unapplied total return at 1 July 2021	1,595	5,486
Add investment return: income	128	-
Add investment return: realised and unrealised gains (losses)	630	(805)
Less investment management costs	(25)	-
Total return before transfer to income	2,328	4,681
Less total return applied	(115)	-
Unapplied total return as at 31 March 2021	2,213	-
Add: Value of endowment at 30 June 2020	3,086	-
Permanent endowment including unapplied total return as at 31 March 2021	5,299	4,681

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

20. RESTRICTED FUNDS

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

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

Group and Charity	At 1 April 2019 £000	Income £000	Expenditure £000	Fund transfers £000	At 31 March 2020 £000
Back from the Brink Project	23	345	(353)	4	19
Brilliant Butterfly Banks	-	52	(29)	-	23
Building Sites for Butterflies	75	78	(93)	-	60
Development Scotland	2	139	(278)	180	43
Educational Project	48	50	(91)	13	20
Enviroparks Marsh Fritillary Mitigation	212	3	(6)	-	209
North Atlantic Coast	26	1	(20)	-	7
Prees Heath Fund	264	37	(27)	-	274
Regional Development Officer North England	-	76	(19)	(10)	47
Regional Development Officer Greater London	-	80	(37)	5	48
Reserve Acquisition and Management Fund	124	-	-	(31)	93
Restricted Legacies Fund	200	3	(4)	-	199
Ryton Wood Meadow Project – Warwickshire	7	8	2	-	17
Wyre Forest Project	8	49	(63)	17	11
Head Office Restricted Funds where closing balance < £5,000	115	604	(908)	200	11
Branch Restricted Funds < £5,000	11	-	(1)	-	10
	1,115	1,525	(1,927)	378	1,091

20. RESTRICTED FUNDS CONTINUED

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

Back from the Brink Project

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

Big City Butterflies

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

Brilliant Butterfly Banks

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

Building Sites for Butterflies

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

Conservation Officer

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

Enviroparks Marsh Fritillary Mitigation

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

Kents Magnificent Moths

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

Morecambe Bay Limestones

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

North Atlantic Coast

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

Prees Heath Fund

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

Regional Development Officer Northern Ireland

To support work of our Northern Ireland Office.

Regional Development Officer North England

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

Regional Development Officer Greater London

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

Reserve Acquisition and Management Fund

To purchase and manage nature reserves.

Restricted Legacies Fund

Legacies reserved for a specific purpose.

Cornwall Atlas

Publication of the Cornwall Atlas.

Ryton Wood Meadow Project - Warwickshire

Habitat restoration and maintenance at Ryton Wood Meadow.

West Midlands

Malvern Hill Lost Fritillary project.

Head Office Restricted Funds < £5,000

All Head Office Restricted Funds with a balance less than £5,000.

Branch Restricted Funds < £5,000

All Branch Restricted Funds with a balance less than £5,000.

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

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

21. TANGIBLE AND INTANGIBLE FIXED ASSETS (INCLUDING FREEHOLD NATURE RESERVES) FUND

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

22. DESIGNATED FUNDS

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

Group and Charity	At 1 April 2020 £000	New designations £000	Utilised / Released £000	At 31 March 2021
Branch Fund	242	52	(84)	210
Legacy Fund	1,577	-	(1,512)	65
	1, 819	52	(1,596)	275

Group and Charity	At 1 April 2019 £000	New designations £000	Utilised / Released £000	At 31 March 2020
Branch Fund	226	73	(57)	242
Commitments to Conservation Projects Fund	736	-	(736)	-
Legacy Fund	1,376	643	(442)	1,577
	2,338	716	(1,235)	1,819

During 2019/20, the Commitments to Conservation Projects Designated Fund was dissolved and the balance transferred to the General funds.

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

Group	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2020 Total £000
Fund balances at 31 March 2020 are represented by:				
Intangible fixed assets	86	-	-	86
Tangible fixed assets	1,046	339	-	1,385
Fixed asset investments	-	-	4,681	4,681
Net current assets	4,179	752	-	4,931
	5,311	1,091	4,681	11,083

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

Charity	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2020 Total £000
Fund balances at 31 March 2020 are represented by:				
Intangible fixed assets	86	-	-	86
Tangible fixed assets	1,046	339	-	1,385
Fixed asset investments	-	-	4,681	4,681
Net current assets	4,159	752	-	4,911
	5,291	1,091	4,681	11,063

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS CONTINUED

Group and charity	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2021 Total £000
Reconciliation of movements in unrealised gains on investments				
Unrealised gain at 1 April 2020	43	-	305	348
Less: in respect of disposals in the year	(43)	-	(232)	(275)
Less: net unrealised losses in period	-	-	(55)	(55)
Unrealised gains at 31 March 2021	-	-	18	18

Group and charity	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2021 Total £000
Reconcilliation of movements in unrealised gains on investments				
Unrealised gain at 1 April 2019	45	-	1,300	1,345
Less: in respect of disposals in the year	-	-	(178)	(178)
Less: net unrealised losses in period	(2)	-	(817)	(819)
Unrealised gains at 31 March 2020	43	-	305	348

24. LEASING COMMITMENTS

At 31 March 2021 the group and charity had total future minimum lease payments under non cancellable operating leases as follows:

Group and Charity	Land and buildings		Other	
	2021 £000	2020 £000	2021 £000	2020 £000
Within one year	77	64	35	35
Within two to five years	47	39	49	49
After five years	24	24	-	-
	148	127	84	84

25. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2021, the charity received subscriptions from Council members and the Senior Leadership Team totalling £333 (2020: £1,859).

During the year ended 31 March 2021, the charity received unrestricted donations from Council members and the Senior Leadership Team totalling £7,680 (2020: £2,762) including gift in kind £nil (2020: £nil) and restricted donations totalling £200 (2020: £nil).

Details of other related party transactions are provided at Note 11. Beyond these, there were no other related party transactions during the financial year which require disclosure (2020: none).

26. MEMBERS' LIABILITY

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

Get involved with Butterfly Conservation



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

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

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

- **Donate** – Every penny counts in the fight to save threatened and widespread species. Support our conservation work to secure the future for butterflies and moths.
- **Join** – Add your voice to our 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.

- **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.



Robbie Labanowski

VISIT [BUTTERFLY-CONSERVATION.ORG/HELP](https://butterfly-conservation.org/help) FOR MORE INFORMATION OR CALL:

01929 400209



Butterfly Conservation
Saving butterflies, moths and our environment



Painted Lady



Butterfly
Conservation

Saving butterflies, moths and our environment



Getty Images

FOR MORE INFORMATION VISIT
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