

FALKLANDS CONSERVATION

(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

Company Number: 3661322 (England and Wales)

**WILKINS KENNEDY
Chartered Accountants
Bridge House
London Bridge
LONDON
SE1 9QR**

FALKLANDS CONSERVATION

CONTENTS

	Page
Officers and Professional Advisors	1 – 2
Trustees' Report	3 – 5
Independent Auditors' Report	6
Statement of Financial Activities	7
Balance Sheet	8
Notes to the Financial Statements	9 – 15

FALKLANDS CONSERVATION
OFFICERS AND PROFESSIONAL ADVISORS

PATRON

HRH The Duke of York CVO

VICE PRESIDENTS

Sir David Attenborough
The Hon Lucinda Buxton
Richard Fitter
Robert Gibbons
Sir Rex Hunt CMG

Dr Richard Laws
E G Lewis CMG OBE
J R W Parker CMG OBE
Lady Philippa Scott

PRINCIPAL ADDRESSES

United Kingdom:
1 Princes Avenue, Finchley,
London N3 2DA

Falkland Islands:
Jetty Visitor Centre, Stanley,
Falkland Islands

REGISTERED OFFICE

1 Princes Avenue, Finchley,
London N3 2DA

COMPANY SECRETARY

Ann Brown

**CONSERVATION OFFICER,
FALKLAND ISLANDS**

Rebecca Ingham

BANKERS

United Kingdom:
Barclays Bank Plc

Falkland Islands:
Standard Chartered Bank Plc

SOLICITORS

United Kingdom:
Russell-Cooke

Falkland Islands:
Ledingham Chalmers

AUDITORS

Wilkins Kennedy
Chartered Accountants

FALKLANDS CONSERVATION
OFFICERS AND PROFESSIONAL ADVISORS

BOARD OF TRUSTEES

Robin Woods	(Chairman)
Nikki Buxton	(FI Chair)
William Featherstone	(Hon Treasurer)
Keith Biles	(Hon Treasurer FI) – appointed 14 January 2003
Lyn Blake	- appointed 1 January 2003, died 16 May 2003
Sally Blake	
Jan Cheek	
John Croxall	
Dorothy Evans	- resigned 14 November 2002
Julian Fitter	
Jeffrey Halliday	
Les Harris	
Alan Henry	- resigned 14 November 2002
Malcolm Hunt	
Aidan Kerr	- resigned 14 November 2002
Ron Lewis-Smith	
Gordon Liddle	
Michael Morrison	
Daniel Owen	- resigned 30 September 2002
Henry Robinson	- appointed 14 January 2003
Mandy Shepherd	
Brian Summers	
Gail Steen	- resigned 14 November 2002
Philippa Thompson	- appointed 14 January 2003
Alan Tritton	

FALKLANDS CONSERVATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 30 JUNE 2003

The Trustees have pleasure in presenting their Annual Report together with the audited financial statements for the year ended 30 June 2003.

Objects

The principal objectives of the charitable company are the conservation and protection of Falkland Islands wildlife and their habitats, and research and public educational activities relating to these aims.

Organisation

The Trustees, who are also Directors for the purposes of the Companies Act 1985, are responsible for the overall management and control of the Charity. A Committee of Trustees based in the Falkland Islands oversees operational activities. Brian Summers stood down as its Chairman after a three year term, with Nikki Buxton taking over this position, and Keith Biles was appointed as its Treasurer. Trustees are sad to report the unexpected death of Falkland Island Trustee Lyn Blake in May 2003. In the UK Robin Woods continued to serve as Chairman, but Malcolm Hunt retired as Treasurer at the end of this year, his place being taken by Bill Featherstone.

Our Field Science Officer, Dr Andrea Clausen, began a period of extended special leave in September 2002. During her two year absence, Nic Huin has been appointed to fill this post. David Broughton, our botanist, left the Islands in August 2002 after several years of dedicated service surveying the flora of the Islands. We welcomed back Andy Black as our new South Georgia Marine Observer and were pleased to appoint Dr Alex Jones as Invertebrates Project Officer.

A full list of the trustees who served during the year is included in the list of Officers and Professional Advisers on page 2.

Risk Strategy

Trustees have undertaken a review of the major risks to which Falklands Conservation is exposed. Where necessary new systems and procedures are being put in place to mitigate those risks.

Review of Activities and Future Developments

The widespread mortality, which afflicted the Islands' penguin population over the austral summer 2003-04, highlighted the importance of our long standing seabird monitoring programme. In addition to diet analysis, determining breeding success and monitoring population trends, laboratory tests were commissioned on 20 dead birds in an attempt to establish the cause of the deaths. We again provided a warden to protect the King Penguin colony at Volunteer Point throughout the visitor season and gave instruction on the Tour Guides Course. Our Seabirds at Sea Team concentrated on reducing the mortality at sea of the black-browed albatross and enhancing our already extensive database of seabird distribution. The extension of this work to South Georgia was a notable new development. A National Plan of Action for reducing Incidental Catch of Seabirds in Longline and Trawling Fisheries has been prepared.

Work with marine mammals included a second complete Island census of the Southern Sea Lion and a marine mammal rescue training programme. A pilot study was commissioned to investigate the poorly known Falkland invertebrates. Work is continuing with the production of a simple guide book and it is hoped that a large-scale study will be possible next year if sufficient funding can be obtained. The National Herbarium has been enlarged and training in herbarium techniques has enhanced our ability to care for this important plant collection. The first Advisory Group has been set up to bring together both expert and invaluable local knowledge in helping to plan for future plant initiatives.

FALKLANDS CONSERVATION

TRUSTEES' REPORT **(continued)**

Review of Activities and Future Developments (continued)

Practical conservation efforts have seen the clearance of rubbish and marine debris from Whalebone Cove and a Stanley coastal footpath. Tussac grass planting has continued at Port Harriet. Islands subject to rat eradication work have been monitored with every sign that our efforts have been successful and native songbirds are returning. New areas have been surveyed for future treatment.

Management proposals have been prepared for proposed new National Parks at the request of the Falkland Islands Government. We welcomed the appointment of the Falklands Biodiversity Conservation Officer and are actively supporting his work to produce a Biodiversity Action Plan for the Islands. We have commenced drawing up a Directory of Important Bird Areas, in line with BirdLife International guidelines. We have been pleased to work with the US based Wildlife Conservation Society and international colleagues on the Sea & Sky initiative to address conservation issues across whole Patagonian Shelf.

The Watch Group, our nature club for young Islanders goes from strength to strength. This year we took groups of children on two expeditions to offshore islands to experience for themselves some of the most spectacular Falklands wildlife. Many junior members are now working within a structured environmental award scheme.

We remain a key participant on the Islands' Environment Committee and continue to work with the British Forces Falkland Islands Conservation Liaison Committee. During the year we have played an active part as an Associate for BirdLife International, and look forward to being considered for Partner status in the near future. Participation by two staff members on their Building on Experience management training course has proved particularly valuable. We have become a full member of UK Overseas Territories Conservation Forum, whose South Atlantic Working Group is chaired by our UK Secretary. We have been pleased to provide support for many scientists visiting the Falkland Islands. During the year we have worked closely with the Environmental Planning Office, Fisheries and Agriculture Departments of the Falkland Islands Government.

Finances

The results for the year are detailed in the attached financial statements. These reflect a busy year with a diverse range of projects undertaken. Trustees have updated and monitored the Risk Strategy and Health and Safety Policy to safeguard both our organisation, charitable activities and all personnel. Our income was given a considerable boost through the receipt of a substantial legacy. We wish to express our grateful thanks to the late Mrs Kenneally, whose love of birds and the Falklands Islands resulted in this generous donation, and to her Executors for resolving to choose Falklands Conservation as an appropriate recipient for part of her bequest. Trustees have decided that this windfall should be designated to support conservation projects in the Islands.

It is particularly pleasing this year to report on the great success of our community fundraising events. The Charity Ball in September, the Campers Bash in April and the Albatross Shield Golf Tournament all made substantial and much needed contributions to our funds. This is in no small part due to the energetic efforts of our Executive Officer, Sarah Clement. A new penguin adoption scheme is also proving a useful source of income, particularly through promotion on our web site.

We again express our thanks to the many organisations which have generously donated funds and support including The John Cheek Trust, Cable & Wireless, The Royal Society for the Protection of Birds, The Foreign & Commonwealth Office Overseas Territories Environment Fund, the Royal Botanic Gardens, Kew, Standard Chartered Bank, many zoological societies with penguin collections and especially the Falkland Islands Government. Finally, we gratefully acknowledge the enormous contribution and support given by our members without whom much of our work would not be possible. Payment of subscriptions and donations in the UK under Gift Aid is particularly appreciated.

FALKLANDS CONSERVATION

TRUSTEES' REPORT **(continued)**

Financial Reserves Policy

Falklands Conservation intends to build up its general reserves to safeguard against potential fluctuations in levels of income. This is to cope with any reduction in the high proportion of funding from the Falkland Islands Government, to meet cash flow demands created by increasing reliance on other fund sources, and to cover unforeseen events. This year we have been able to increase reserves to £80,152, which makes substantial progress to meeting our target of covering six months operational costs (£83,000).

The Future

We are in the process of reviewing many procedures to improve our effectiveness – with the recent benefit of BirdLife International's management training. This includes a major streamlining and revision of our business plan. After a detailed review, we have decided to increase membership subscriptions next year. These have remained at the same level for several years.

As a matter of urgency we will continue to put considerable resources into measures designed to reduce the level of albatross mortality and to examine the decline in penguin populations. We hope to start a major international programme to investigate complex aspects of Rockhopper Penguin ecology and behaviour. It is important that we attract support and funding to continue the ground-breaking invertebrate studies. We will work hard with the Falkland Islands Government to assist progress of the Biodiversity Action Plan. and will endeavour to promote and protect the exceptional wildlife heritage of the Falkland Islands and the South Atlantic for the benefit of all.

Statement Of Trustees' Responsibilities

Company law requires the Trustees to prepare financial statements for each financial year which, give a true and fair view of the charity's state of affairs at the end of the year and of its income and expenditure for that period. In preparing those financial statements the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the trust will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985 and the Charities Act 1993. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint Wilkins Kennedy, as auditors to the charitable company, will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

.....

Robin W Woods, Chairman, Board of Trustees

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF FALKLANDS CONSERVATION

We have audited the financial statements on pages 7 to 15 which have been prepared under the historical cost convention as modified by the revaluation of fixed assets investments and the accounting policies set out on page 9.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees of the charity who are also directors of the charitable company for purposes of company law are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards as set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law, regarding trustees' remuneration and transactions with the charity is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charity at 30 June 2003 and of the incoming resources and application of resources, including the income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Bridge House
London Bridge
London
SE1 9QR

Chartered Accountants
and Registered Auditor

FALKLANDS CONSERVATION
STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 30 JUNE 2003

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2003 £	Total 2002 £
Incoming resources						
Grants received		-	310,360	-	310,360	203,884
Donations and gifts		42,494	23,638	-	66,132	37,966
Legacies		225,000	-	-	225,000	-
Subscriptions		10,067	-	-	10,067	9,705
Other income		-	-	-	-	15,971
Activities for generating funds:						
Sale of goods including Site Guides		32,717	2,870	-	35,587	38,877
Investment income		5,717	-	-	5,717	4,003
Total incoming resources		315,995	336,868	-	652,863	310,406
Cost of generating funds:						
Merchandising costs		26,608	-	-	26,608	11,610
Fundraising and publicity		6,058	2,311	-	8,369	7,821
		32,666	2,311	-	34,977	19,431
Net incoming resources available for charitable application		283,329	334,557	-	617,886	290,975
Charitable Expenditure						
Costs of activities in furtherance of the objectives of the charity:						
Conservation and research		-	222,145	-	222,145	206,276
Education and community		2,943	21,516	-	24,459	23,801
Site Guide costs		-	-	-	-	29,412
Support costs		16,707	56,737	-	73,444	54,351
Management and administration		35,995	-	-	35,995	28,246
Total charitable expenditure		55,645	300,398	-	356,043	342,086
Total resources expended	2/3	88,311	302,709	-	391,020	361,517
Net incoming resources before transfers		227,684	34,159	-	261,843	(51,111)
Transfers between funds		(2,359)	2,359	-	-	-
Net incoming (outgoing) resources		225,325	36,518	-	261,843	(51,111)
Gain (loss) on investments		629	-	-	629	(251)
Net movements in funds		225,954	36,518	-	262,472	(51,362)
Balances at 1 July 2002		104,198	67,224	32,408	203,830	255,192
Balances at 30 June 2003		£330,152	£103,742	£32,408	£466,302	£203,830

The notes on pages 9 to 15 form part of these financial statements.

FALKLANDS CONSERVATION

BALANCE SHEET

YEAR ENDED 30 JUNE 2003

	Notes	2003		2002	
		£	£	£	£
Fixed assets					
Tangible assets	4		72,157		76,817
Investments	5		252,581		24,134
			<u>324,738</u>		<u>100,951</u>
Current assets					
Stock	6	29,512		31,181	
Debtors	7	9,231		11,949	
Cash at bank and in hand		137,940		94,630	
		<u>176,683</u>		<u>137,760</u>	
Creditors: Amounts falling due					
Within one year	8	35,119		2,881	
				<u>2,881</u>	
Net current assets			<u>141,564</u>		<u>134,879</u>
Total assets less current liabilities			466,302		235,830
Creditors: Amounts falling due					
after more than one year	9		-		32,000
			<u>-</u>		<u>32,000</u>
Net assets			<u>£466,302</u>		<u>£203,830</u>
Funds					
Endowment	10		32,408		32,408
Restricted	11		103,742		67,224
Unrestricted funds:					
Designated	12		250,000		50,000
General	12		80,152		54,198
			<u>£466,302</u>		<u>£203,830</u>

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the Board of Trustees on
Signed on behalf of the Board of Trustees by:

.....

.....

The notes on pages 9 to 15 form part of these financial statements.

FALKLANDS CONSERVATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

1. ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002). In preparing the financial statements the charity has also followed best practice as set out in the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000.

1.2 Fixed assets

Depreciation is provided on all tangible assets except freehold land in order to write off their cost less residual value over their estimated useful lives, at the rate of 25% on the reducing balance.

1.3 Stocks

Stocks are stated at the lower of cost and net realisable value.

1.4 Incoming resources

Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be used in a future period.

Grants include amounts received from the Falkland Islands Government for core funding and other specific projects, together with grants from other bodies in response to applications or appeals.

Legacies are included when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

Gifts in kind are included within donations at a reasonable estimate of their value to the charity.

1.5 Resources Expended

Expenditure is included when incurred.

The majority of costs are directly attributable to specific projects and activities. Management and administration expenses includes certain expenses which cannot be readily allotted to a specific charitable project.

Support costs include operational costs of both the Falkland Islands and UK based offices, where they directly provide technical support and supervision for specific projects and programmes.

1.6 Fund accounting

Funds held by the charity are:

Unrestricted funds - represent funds which can be used in accordance with the charitable objects at the discretion of the trustees. Designated funds are those funds set aside by the trustees out of unrestricted funds for specific future purposes or projects.

Restricted and Endowment funds - represent funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when the funds are raised for specific restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the accounts.

FALKLANDS CONSERVATION
NOTES TO THE FINANCIAL STATEMENTS
(continued)

2. ANALYSIS OF RESOURCES EXPENDED

	<u>Staff costs</u> £	<u>Other</u> £	<u>Depreciation</u> £	<u>Total</u> £
Costs of generating funds:				
Merchandising costs	-	26,608	-	26,608
Fundraising and publicity	-	8,369	-	8,369
	<u>-</u>	<u>34,977</u>	<u>-</u>	<u>34,977</u>
Costs of activities in furtherance of the objectives of the charity:				
Conservation and research	129,613	80,579	11,953	222,145
Education and community	15,639	8,820	-	24,459
Support costs	28,085	43,646	1,713	73,444
Managing and administering the charity	27,712	8,283	-	35,995
	<u>201,049</u>	<u>141,328</u>	<u>13,666</u>	<u>356,043</u>
Total resources expended	<u>£201,049</u>	<u>£176,305</u>	<u>£13,666</u>	<u>£391,020</u>

Other expenditure includes:	2003 £	2002 £
Auditors' remuneration:		
For audit	3,031	2,881
For other services	875	3,825
(Gain) on disposal of fixed assets	(154)	-
	<u>3,752</u>	<u>6,706</u>

3. STAFF COSTS

	£	£
Wages and salaries	187,357	152,113
Social security costs	4,671	4,575
Pension costs	9,021	7,640
	<u>£201,049</u>	<u>£164,328</u>

None of the Trustees received any remuneration, other benefits or reimbursement of expenses from the charity during the year. There were no employees earning more than £50,000 during the year.

The average number of employees during the year was as follows:

	No.	No.
Average number	<u>7</u>	<u>7</u>

FALKLANDS CONSERVATION

NOTES TO THE FINANCIAL STATEMENTS
(continued)

4. TANGIBLE FIXED ASSETS	<u>Land and Buildings</u>	<u>Plant and Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£
COST				
At 1 July 2002	34,098	42,140	48,132	124,370
Additions	-	9,157	-	9,157
Disposals	-	(510)	-	(510)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2003	34,098	50,787	48,132	133,017
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At 1 July 2002	500	20,319	26,734	47,553
Charge for the year	-	8,317	5,349	13,666
Disposals	-	(359)	-	(359)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2003	500	28,277	32,083	60,860
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 30 June 2003	£33,598	£22,510	£16,049	£72,157
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 June 2002	£33,598	£21,821	£21,398	£76,817
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Land and buildings includes land at a cost of £33,598 which is not depreciated.

5. INVESTMENTS	2003 £	2002 £
At market value:		
Balance at 1 July 2002	24,134	24,385
Additions	227,818	-
Revaluation	629	(251)
	<hr/>	<hr/>
Market value at 30 June 2003	£252,581	£24,134
	<hr/> <hr/>	<hr/> <hr/>
Cost at 30 June 2003	£245,763	£20,763
	<hr/> <hr/>	<hr/> <hr/>

The Charity's investment in the COIF Charities Deposit Fund represents more than 5% of the total investment portfolio as at 30 June 2003.

6. STOCKS	£	£
Goods for resale	£29,512	£31,181
	<hr/> <hr/>	<hr/> <hr/>

FALKLANDS CONSERVATION
NOTES TO THE FINANCIAL STATEMENTS
(continued)

7. DEBTORS		2003	2002
		£	£
	Other debtors	1,000	-
	Prepayments	8,231	11,949
		<u>£9,231</u>	<u>£11,949</u>
8. CREDITORS:	Amounts falling due within one year	£	£
	Other loan (see note 9)	32,000	-
	Accruals	3,119	2,881
		<u>£35,119</u>	<u>£2,881</u>
9. CREDITORS:	Amounts falling due after more than one year	£	£
	Other loan	<u>£ -</u>	<u>£32,000</u>

The other loan of £32,000 was provided by the Falkland Islands Development Corporation to help finance the production of a Site Guide. The loan is interest free and will be repaid in full on 31 October 2003.

10. ENDOWMENT FUND		Balance		Balance
		1 July	Incoming	30 June
		<u>2002</u>	<u>Resources</u>	<u>2003</u>
		£	£	£
	Islands Nature Reserves	<u>£32,408</u>	<u>-</u>	<u>£32,408</u>
			<u>-</u>	

The above capital fund was created in the old charity in 1995, from donations received and was utilised to purchase certain freehold land. The balance was transferred in 2001 from the old charity to the new charitable company, Falklands Conservation, following the transfer of legal title.

FALKLANDS CONSERVATION

NOTES TO THE FINANCIAL STATEMENTS
(continued)

11. RESTRICTED FUNDS

	<u>Balance at</u> <u>1 July</u> <u>2002</u> £	<u>Incoming</u> <u>Resources</u> £	<u>Resources</u> <u>Expended</u> £	<u>Transfers</u> £	<u>Balance at</u> <u>30 June</u> <u>2003</u> £
FIG Core Fund	-	73,750	(73,750)	-	-
Conservation Fund	24,058	33,750	(32,963)	(3,001)	21,844
RSPB Core Support	-	10,000	(10,000)	-	-
Seabird Monitoring Project	-	32,402	(35,403)	3,001	-
Falkland Flora Research Project	(1,023)	10,114	(6,662)	(1,556)	873
Seabirds at Sea Project	28,617	69,390	(72,158)	-	25,849
Albatross Project	1,439	2,106	(673)	-	2,872
Rat Eradication Project	10,093	3,000	(4,802)	-	8,291
Herbarium	(1,080)	-	(2,141)	3,221	-
Tussac Restoration Project	2,568	-	(429)	-	2,139
Islands Appeal	2,552	-	-	-	2,552
Volunteer Point Penguin Project	-	9,586	(6,245)	-	3,341
South Georgia Project	-	32,400	(16,701)	-	15,699
Fisheries Discard Management Project	-	16,500	(849)	-	15,651
Invertebrates Project	-	20,650	(17,650)	-	3,000
Sea Lion Survey	-	20,000	(20,000)	-	-
Watch Group	-	3,220	(2,283)	694	1,631
	<u>£67,224</u>	<u>£336,868</u>	<u>£(302,709)</u>	<u>£2,359</u>	<u>£103,742</u>

The following restricted funds were held at 30 June 2003:

- a) **Falkland Islands Government (FIG) Core Fund**
Funds awarded to support the core costs in the Falkland Islands.
- b) **Conservation Fund**
Funds awarded to support the conservation costs in the Falkland Islands.
- c) **The Royal Society for the Protection of Birds (RSPB) Core Support**
A grant has been awarded to assist with the United Kingdom office costs, education, bird survey and travel.
- d) **Seabird Monitoring Project**
A fund providing support from FIG for research costs of the Seabird Monitoring Project, including provision of field equipment and vehicles.
- e) **Falkland Flora Research Project**
Includes grants from the Foreign and Commonwealth Office and FIG to assist with research and surveys of the flora of the Falkland Islands.
- f) **Seabirds at Sea Project**
A grant received from FIG for the ongoing Seabirds at Sea Project.

FALKLANDS CONSERVATION

NOTES TO THE FINANCIAL STATEMENTS

(continued)

11. RESTRICTED FUNDS (Continued)

- g) Albatross Project**
A fund for research into the status and ecology of the Black-Browed Albatross in the Falkland Islands.
- h) Rat Eradication Project**
A fund, supplemented this year by a grant from the William A Cadbury Charitable Trust, to undertake rat eradication from selected islands.
- i) Herbarium**
Comprises money raised by individual donations to set up a National Herbarium for the Falklands, providing a definitive reference collection of Falkland plants.
- j) Tussac Restoration Project**
A fund for the restoration projects to replant areas of tussac grass on East Falkland.
- k) Islands Appeal**
The surplus from the Islands Appeal, to be used for management of the Island nature reserves, or for future Island nature reserve purchases.
- l) Volunteer Point Penguin Project**
Includes donations from Rotterdam Zoo and HM Forces Falkland Islands Charity Fund to warden and protect the penguin colonies at Volunteer Point.
- m) South Georgia Project**
Project to survey seabirds at sea in the waters around South Georgia.
- n) Fisheries Discard Management Project**
To develop new methods of handling discards on board trawlers to reduce the interaction with seabirds during trawler operations.
- o) Invertebrates Project**
To undertake a pilot study of the Falkland Islands invertebrates and to produce a simple field guide of key species.
- p) Sea Lion Survey**
A project to undertake a census and diet study of the Southern Sea Lion population in the Falkland Islands. To determine and develop conservation measures for protection of the population.
- q) Watch Group**
A nature club for young Islanders providing the opportunity to experience Falklands wildlife.

FALKLANDS CONSERVATION
NOTES TO THE FINANCIAL STATEMENTS
(continued)

12. UNRESTRICTED FUNDS

	<u>Balance at</u> <u>1 July</u> <u>2002</u> £	<u>Incoming</u> <u>Resources</u> £	<u>Resources</u> <u>Expended</u> £	<u>Transfers</u> £	<u>Balance at</u> <u>30 June</u> <u>2003</u> £
Designated Funds:					
Fixed asset replacement	20,000	-	-	-	20,000
Staff contingency fund	30,000	-	-	-	30,000
Keneally Conservation Fund	-	200,000	-	-	200,000
General Reserve	54,198	115,995	(88,311)	(1,730)	80,152
	<u>£104,198</u>	<u>£315,995</u>	<u>£(88,311)</u>	<u>£(1,730)</u>	<u>£330,152</u>

The trustees have established two designated funds as a contingency to meet unexpected employment costs (notably sickness and maternity cover) and, to ensure that future requirements for essential vehicles and equipment can be met.

The trustees have also designated £200,000 of the bequest from the late Mrs Keneally to support conservation projects in the Islands.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<u>Fixed</u> <u>Assets</u> £	<u>Investments</u> £	<u>Other Net</u> <u>Assets</u> £	<u>Total</u> £
Endowment Funds	32,408	-	-	32,408
Restricted Funds	-	-	103,742	103,742
Unrestricted Funds	39,749	252,581	37,822	330,152
	<u>£72,157</u>	<u>£252,581</u>	<u>£141,564</u>	<u>£466,302</u>

14. TRANSACTIONS WITH TRUSTEES

Nikki Buxton, a trustee and director of Falklands Conservation, is a director of Synergy Information Systems Limited to which the charity paid £1,386 for computer support services.