

GALAPAGOS CONSERVATION TRUST
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Company Number: 03004112

Registered Charity Number: 1043470



GALAPAGOS CONSERVATION TRUST

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GALAPAGOS CONSERVATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Governing Document: Memorandum and Articles of Association

Charity number: 1043470

Company number: 03004112

Registered Address: Galapagos Conservation Trust
28 Portland Place
London
W1B 1LY

Trustees: Dr Mark Collins - Chair
Paul Corral
Louise Davies *
Dr Simon Dickson
Michael Drake
Derek Humphries
Roger Lawson *
Jonathan Lea – Honorary Treasurer
Dr Rebecca Nesbit
Ruth Ruderham *
Dr Marta Tufet

* Stepped down at AGM on 22 May 2017

Chief Executive Officer: Sharon Johnson

HONORARY ROLES

President: Monty Halls

Ambassadors: Janet Barber
Sir James Barlow Bt
Angela Darwin
Sarah Darwin PhD
Julian Fitter
Randal Keynes
Dorothy Latsis
Godfrey Merlen
Henry Nicholls
Antje Steinfurth
Jennifer Stone
Professor Ian Swingland OBE
Angela Scott
Jonathan Scott

GALAPAGOS CONSERVATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent Examiner:

Wilkins Kennedy LLP
Bridge House
London
SE1 9QR

Accountants:

Clarity
2 Lancaster Close
Weston Heights
Stevenage
SG1 4RX

Solicitors:

Stone King Sewell
16 St John's Lane
London
EC1M 4BS

Bankers:

Lloyds Bank plc
1 Legg Street
Essex
CM1 1JS

CAF Bank Ltd
Kings Hill
West Malling
Kent
ME19 4TA

GALAPAGOS CONSERVATION TRUST

REPORT OF THE TRUSTEES

The Trustees have pleasure in presenting their Annual Report and financial statements for the year ended 31 December 2016.

The financial statement has been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Charities Act 2011 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 UK published on 16 July 2014.

1. OBJECTIVES AND ACTIVITIES

Since 1995, the Galapagos Conservation Trust (GCT) has been working to promote the successful conservation and sustainable development of the Galapagos Archipelago and its unique biodiversity. We are the only UK organisation focussed exclusively on working to protect the Galapagos Islands.

In the last 30 years, a sizeable permanent population of around 30,000 people has settled in Galapagos, particularly to service the tourist industry. Combined with over 225,000 tourists each year (around 10,000-20,000 from the UK) the impact of people living and visiting the Islands has grown significantly. Tourism is an essential source of revenue and a window to the wonders of Galapagos but it is crucial to balance these benefits with sustainability values.

In addition, 2016 also saw the end of an El Niño in Galapagos, an event which occurs irregularly every two to seven years. This extreme weather event has the ability to decimate the populations of many of Galapagos' already vulnerable species. Species such as the Galapagos penguin and marine iguanas rely on the oceans for their food. During El Niño this food disappears with the arrival of warmer, less nutrient rich waters. The effects of weather events such as this are felt more intensely by the wildlife when natural threats such as these are exacerbated by human induced ones.

With prompt action and help from our supporters and project partners, we hope to achieve our vision of the unique nature and beauty of the Galapagos Archipelago being conserved, sustained and protected in perpetuity.

Our Mission: The Trust supports, develops and promotes projects that achieve measurable conservation, sustainable living, and protection of the environment of Galapagos.

We achieve our objectives through generating financial support for Science & Conservation programmes. We also deliver community outreach across the Archipelago through our Education & Sustainability programme and raise awareness in the UK of the uniqueness of the Islands with our members, supporters and audiences.

In 2016 we developed a new three year Strategic Plan. Our five Strategic Objectives focus on:

- 1) Supporting programmes and projects with measureable **impact** in two well defined strategic areas:
 - i) Science & Conservation
 - ii) Education & Sustainability
- 2) Raising **income** through an expanded range of funders
- 3) Developing a network of key strategic **partnerships**
- 4) Improving the structure and skills of the **organisation**
- 5) Ensuring effective **communication** with our members, supporters and audiences.

2. ACHIEVEMENTS AND PERFORMANCE

2016 was a strong year for GCT. We continued our support for our ongoing scientific projects and developed our new Education & Sustainability strategy to expand our work in this area.

Science & Conservation Programme. Our activities in this area included:

- The **Floreana mockingbird** and the **Floreana racer** are locally extinct on Floreana island with both species now only occurring on small islets off the coast of the mainland. In 2016, the Floreana mockingbird Project entered its sixth year of regular population monitoring on Champion and Gardner islets allowing the team to formally assess the mockingbirds' population size at 484 individuals. The team also collected blood samples to assess the changes in genetic diversity in relation to population size. The Floreana racer project will be carrying out its second field trip in early 2017 but preliminary results suggest a population size of around 357 individuals on Champion and Gardner islets. Both projects are raising awareness through activities such as training sessions for local National Park guides, talks aboard tourist boats and a theatre play featuring local children.

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- The **Galapagos Whale Shark Project** had a very successful research trip in 2016; tagging 11 out of 14 observed sharks in only six dives. The data gathered continues to give the team a greater understanding of the life cycle and movements of whale sharks within the Galapagos Marine Reserve. The project staff were instrumental to the reclassification of the whale shark from "Vulnerable" to "Endangered" on the IUCN Red List suggesting that greater protection should be given to this global species. The waters surrounding Darwin and Wolf islands, a hotspot for whale shark sightings, were designated as a shark sanctuary in 2016 and a ban was implemented to stop all fishing activities in this zone.
- In 2016 we were the principle funders for the **Mangrove Finch Project** which is now in the third round of head starting for this critically endangered finch species. With less than 100 individuals alive today the mangrove finch's existence is threatened by the introduced parasitic fly *Philornis downsi* which causes a very high mortality rate in chicks. Adults of this fly are harmless, but as larvae they suck the blood of nestlings, often resulting in the chicks' death. The project team is vital in supporting this tiny bird population by removing eggs from wild nests and hand rearing the chicks before releasing them back into the wild. The project released 15 mangrove finches back into the wild, making 2016 the most successful year to date.
- The largest **Seabird Survey** to date was undertaken in Galapagos in 2016. Focusing on the endangered Galapagos penguins, the critically endangered waved albatrosses and the vulnerable flightless cormorants, the project team continued their population surveys with a particular aim to document the impacts of the 2016 El Niño weather event. As well as population censuses, the team also carried health monitoring, colony threat analysis and mitigation activities.

Education & Sustainability Programme. 2016 saw the development of our new Education & Sustainability strategy to expand our work in this area. With clearly defined goals, this strategy aims to achieve maximum impact in this area of work over the next three years. This strategy will build upon our activities in 2016, some of which are summarised below:

- Our **Discovering Galapagos programme** has continued to grow over the last year. 2016 saw the launch of our Discovering Darwin module adding a range of brand new curriculum-linked learning resources for teachers and students. With an average of 476 lesson plan downloads per month and a total of 6,000 downloaded since the launch, Discovering Galapagos is being used by teachers to deliver Galapagos-related lessons within schools around the world. There is an average of 3,500 new visitors to the English language site (discoveringgalapagos.org.uk) and 6,500 new visitors to the Spanish language site (descubriendogalapagos.ec) every month proving that this is a valuable education resource.
- Our **Outreach Programme** in Galapagos included delivering a successful Shark Day event in San Cristobal to help educate the local people on the importance of marine biodiversity in their waters; strengthening of our partnership with Ecology Project International (EPI) to deliver outreach to over 180 Galapagos students through a hands-on conservation education programme linked to our Giant Tortoise Movement Ecology Project, and developing an educational sustainability trail in a local school.
- 2016 also saw the first stages of the development of our **Tourism Strategy**. This strategy highlights two broad strategic areas. In the UK we are creating stronger partnerships with the travel industry to help communicate responsible tourism to UK visitors, and in Galapagos we are working with key partners to deliver opportunities for local people to understand the uniqueness of the Islands and its wildlife through visits to National Park sites.

Communication. We held three key events in 2016 to raise awareness of our work with our members, supporters and other audiences which were attended by around 500 people.

- **Garden Party.** We held our annual Garden Party in the summer which included talks on the Mangrove Finch Project.
- **Galapagos Day.** This was held at Regent's University, where guests heard from five speakers who spoke about a range of projects in Galapagos including marine iguanas and plankton. The evening was opened by our Ambassador, Stanley Johnson and attended the Ecuadorian Ambassador to the UK, H.E. Carlos Abad. Students from the Marine and Natural History Photography course at Falmouth University showcased their best images from a recent trip to Galapagos.
- **Floreana Event.** This event focussed on our new Flagship project for 2017, the restoration of Floreana island.

Partnerships. In 2016 we continued to develop a network of key strategic partners both in the UK and on the Islands, with a key focus on developing new partnerships that help us deliver our two strategic themes of Science & Conservation and Education & Sustainability.

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REPORT OF THE TRUSTEES

3. FINANCIAL REVIEW

Overall income for the Trust was £883,904 compared to £478,678 in 2015, an increase of £405,226.

The most significant increases were restricted donations of £89,843 due to an increase in project income for both our Science & Conservation and Education & Sustainability programmes, and in legacies. We were very grateful to receive a significant legacy of £366,504 from the late Mrs Janet Knell. This more than offset a small reduction in membership subscriptions and reduced income from appeals.

We were able to increase our expenditure on charitable activities by 6%, principally on Science and Conservation activities in the Galapagos Islands, and also ended the year with a surplus of £311,098 (2015: deficit £61,769).

Reserves

At 31 December 2016 we carry forward restricted reserves of £92,246 and, as a result of the surplus for the year, the Trustees have been able to designate £400,000 of our unrestricted reserves to funds for progressing our strategic programmes in line with our updated strategy. £280,000 has been designated to Science & Conservation and £120,000 to Education & Sustainability. Designated reserves brought forward from the Galapagos Future Fund have been incorporated into these funds. These reserves provide us with a strong base from which to implement our strategy to increase our impact in the Galapagos Islands.

At the end of 2016 GCT's unrestricted general funds stood at £183,636 (2015: £156,916). GCT holds unrestricted reserves in order to:

- Mitigate against unexpected reductions in income
- Provide working capital
- Allow for operational deficits when future planning
- Assist with cash flow

The unrestricted general funds are within the range of the £165k to £200k that the Trustees consider to be prudent given the needs and challenges faced by the Trust, its annual operating costs and the six month notice provisions in the office premises lease.

Risk Management

As part of the annual planning process, the trustees and CEO identify the major risks (financial, operational, governance/compliance and external risks) facing the Trust over the coming year. Each risk is assessed according to the likelihood and potential impact, and systems and procedures are agreed to manage those risks which are implemented by the CEO and staff.

One of the main risks is ongoing economic uncertainty and its impact on fundraising. The Board was strengthened to include new Trustees with fundraising experience in 2015 and in 2016, and going forward into 2017 the Trust has invested in building up these skills in the staff team. This will enable the Trust to further diversify our sources of income. In the past a major source of new members has been through recruiting UK visitors to the Galapagos National Park. The National Park is no longer able to provide us with visitor information and this recruitment route is no longer available to us. An important element of our Tourism Strategy is to encourage tour operators to work with us to recruit new members.

Another risk is increased currency volatility following the fall last year in the value of Sterling compared to the US dollar, which is the currency of Ecuador and in which the Trust provides most of its grants. The Trust has updated its foreign exchange policy.

The organisation continues to remain prudent with expenditure. We are committed to ensuring that there is robust assessment of impact in place for all the Science & Conservation and Education & Sustainability programmes we support and deliver in Galapagos.

4. PLANS FOR THE FUTURE

2017 will be a very exciting year for the Trust. With a new three year strategy in place we will focus on delivering our five key objectives. Within the areas of Science & Conservation and Education & Sustainability we will launch two multi-year flagship programmes: the Floreana Restoration Programme and a Plastics Pollution Programme. We hope that these two programmes become flagships for the future of Galapagos conservation.

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In addition to this work we aim to:

- Support our current range of science and conservation projects, continue to develop our education strategy and launch two new multiyear 'flagship' programmes in Science & Conservation and Education & Sustainability
- Invest in programme development and fundraising to support the development of our multiyear programme strategy, to increase our impact and strengthen our reputation both in the UK and on the Islands
- Increase and diversify our income, especially intensifying our efforts to raise funds from trusts, major donors and the corporate sector
- Develop a sustainable tourism strategy and encourage tour operators to work with us to recruit new members
- Develop our operations by filling skills gaps in our team and on our Board, and improving career progression for our staff
- Continue to raise awareness and funds through our communication streams and events such as our annual Galapagos Day

5. **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Galapagos Conservation Trust is a company limited by guarantee, governed by its Memorandum and Articles of Association. The members of the company, whose liability is limited to £1, are the Trustees. The Trust's objectives are to support the conservation and sustainable development of the Galapagos Islands and its unique biodiversity. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities.

The Board of Trustees is responsible for approving the strategy and business plan for the Trust, approving the annual budget, grant-making, monitoring performance and for policies on investment, reserves, remuneration and risk management. The Board of Trustees normally meets four or five times a year. In addition the Board operates committees for Operations and Finance, Fundraising and Communications, and Programmes and Grants that meet prior to each full Board meeting whilst the Nominations and Recruitment Committee meets as required.

All Trustees give their time freely and no trustee received remuneration in the year. Details of expenses reimbursed to Trustees are disclosed in note 13 to the accounts. There are no related party transactions.

The day to day operations of the Trust, the implementation of the business plan and the processing and handling of grant applications prior to consideration by the Trustees are delegated to the Chief Executive.

Trustee appointment and induction

The Trustees are appointed by the Members and serve for a period of three years from the AGM at which their appointment is confirmed, after which time they may be re-appointed. The Memorandum and Articles of Association of the company require a minimum of three Trustees with no maximum.

The Board keeps the skill requirements for the Trustee Body under review and in the event that a Trustee retires or additional new Trustees are required, the Nominations and Recruitment Committee is responsible for an open and rigorous recruitment process which includes advertising in the GCT magazine, on the GCT website, on other appropriate appointments websites and wider media. GCT is committed to diversity and welcomes applicants irrespective of gender, sexual orientation, disability, religion, race or age. All new potential Trustees are interviewed, and if provisionally accepted, they are invited to attend a Trustee meeting before they are formally invited to join the Board.

On joining, each Trustee is provided with an induction that includes full details of their roles and responsibilities and terms and conditions of service, plus information about the Trust including our strategy, business plan and financial plan.

Key Management Personnel

The Key Management Personnel of the charitable company are the Trustees, the Chief Executive and the Deputy Chief Executive.

Board Effectiveness

The Board has adopted a process for periodically reviewing its effectiveness and has recently completed such a review, including taking external advice. The Galapagos Conservation Trust is satisfied that it has a capable and experienced Board of Trustees able to build on its past successes and support the staff in meeting the Trust's objectives in the future.

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Staff and training

In 2016 the staff team was restructured to ensure successful delivery of our new Strategic Plan. It also saw the implementation of a new and comprehensive staff handbook and set of HR policies to improve our governance. GCT is committed to improving the skills of its staff and supporting staff in their roles.

The Trustees and Chief Executive are committed to staff development both to support the effective development of the Trust and of individuals. Examples of staff training in 2016 included: membership management, project management and health and safety.

The pay of the senior staff is reviewed annually in December by the Operations and Finance Committee and the Chair, following an annual appraisal, which takes place in September each year.

Volunteers

As an organisation with seven full time staff, GCT relies heavily on the hard work of volunteers. They make a vital contribution to our office and membership administration as well as at our events and we are extremely grateful to them for their commitment and support. Support was provided in a variety of ways, including:

- Supporting our in-house mailings of appeal and membership letters
- Administration and transaction processing support
- Supporting our communications including writing blogs for our website
- Assisting staff at our major events by running our merchandise stand and selling raffle tickets
- Undertaking research tasks around our projects and networks
- Categorising our photography library

Associated Activity

The Galapagos Conservation Trust holds a voting position on the General Assembly of the Charles Darwin Foundation, a not for profit organisation registered in Belgium that operates the Charles Darwin Research Station in the Galapagos Islands. This position does not give GCT any significant influence or control over CDF. GCT has two managers on the Christ's College Cambridge Charles Darwin and Galapagos Islands Fund as well as one representative on the Fund's Board.

GALAPAGOS CONSERVATION TRUST

REPORT OF THE TRUSTEES

Trustees' responsibilities statement

The Trustees (who are also directors of Galapagos Conservation Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 (FRS 102)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK 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

The Trustees are responsible for keeping adequate 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



Dr Mark Collins
Chairman



Jonathan Lea
Treasurer

Date: 22 June 2017

GALAPAGOS CONSERVATION TRUST

INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS

I report on the accounts of the Galapagos Conservation Trust for the year ended 31 December 2016 set out on pages 10 to 24.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of The Institute of Chartered Accountants in England and Wales.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- 1 which gives me reasonable cause to believe that, in any material respect, the requirements:
 - to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charitieshave not been met; or
- 2 to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



M A Wilkes (FCA)
For and on behalf of Wilkins Kennedy LLP,
Bridge House
London Bridge
London SE1 9QR

Date:

20/7/17

GALAPAGOS CONSERVATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES (Including the Income and Expenditure Account)

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Income:					
Donations and legacies	2	466,485	174,865	641,350	210,412
Charitable activities	3	113,943	-	113,943	117,363
Other trading activities	4	101,500	26,042	127,542	149,635
Investment income	5	1,069	-	1,069	1,268
Total income		682,997	200,907	883,904	478,678
Expenditure:					
Raising funds	6	114,600	4,451	119,051	116,963
Charitable activities	7	206,677	247,078	453,755	423,484
Total expenditure	8	321,277	251,529	572,806	540,447
Net movement in funds		361,720	(50,622)	311,098	(61,769)
Reconciliation of funds:					
Total funds brought forward		221,916	142,868	364,784	426,553
Total funds carried forward	20	583,636	92,246	675,882	364,784

All income and expenditure derive from continuing activities.

All recognised gains and losses are included in the Statement of Financial Activities.

The notes on pages 13 to 24 form part of these financial statements

GALAPAGOS CONSERVATION TRUST

BALANCE SHEET

COMPANY NUMBER: 03004112

AS AT 31 DECEMBER 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible fixed assets	14		2,229		760
Current assets					
Debtors	15	30,767		22,100	
Cash and bank		<u>649,446</u>		<u>419,467</u>	
		680,213		441,567	
Creditors: Amounts falling due within one year	16	<u>(6,560)</u>		<u>(77,543)</u>	
Net current assets			673,653		364,024
Net assets			<u>675,882</u>		<u>364,784</u>
Restricted funds					
	17		92,246		142,868
Unrestricted funds					
Designated funds	18		400,000		65,000
General funds			183,636		156,916
Total funds	19		<u>675,882</u>		<u>364,784</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2016.


The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 December 2016 in accordance with Section 476 of the Companies Act 2006.

The Trustees acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board on the 22 June 2017 and signed on its behalf by:


Dr Mark Collins
 Chairman


Jonathan Lea
 Treasurer

The notes on pages 13 to 24 form part of these financial statements.

GALAPAGOS CONSERVATION TRUST

CASHFLOW STATEMENT

AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
Cash flows from operating activities:			
Cash generated from operations	22	233,189	(90,019)
Net cash provided by (used in) operating activities		<u>233,189</u>	<u>(90,019)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(3,210)	-
Net cash provided by (used in) investing activities		<u>(3,210)</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period		229,979	(90,019)
Cash and cash equivalents at the beginning of the reporting period		419,467	509,486
Cash and cash equivalents at the end of the reporting period		<u>649,446</u>	<u>419,467</u>

The notes on pages 13 to 24 form part of these financial statements

GALAPAGOS CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

(a) General information and basis of preparation

The Galapagos Conservation Trust is a company limited by guarantee in the United Kingdom. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are set out on page 3.

The charitable company constitutes a public benefit entity as defined by FRS 102. 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 UK and Republic of Ireland (FRS 102) issued on 16 July 2015, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2016.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) Going Concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

(c) Funds

Unrestricted funds - represent funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Designated funds – these are funds set aside by the trustees out of unrestricted general funds for specific purposes or projects.

Restricted 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 financial statements.

(d) Income

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Donations and legacies are recognised in the financial statements when the Trust is convinced that there is entitlement to the income, there is certainty of receipt and the amount in question is measurable. Any administration fee is charged is recognised as unrestricted income.

Subscription income is accounted for at the time of receipt.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

GALAPAGOS CONSERVATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES - continued

(e) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes all costs in relation to generating voluntary income, fundraising events and fundraising trading;
- Expenditure on charitable activities includes costs in relation to the Education and Sustainability and the Science and Conservation programmes.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such as awards being recognised as expenditure when the conditions attached to the grants are fulfilled. Grants offered subject to conditions that have not been met at the year end are noted as a commitment, but not accrued as expenditure.

Staff costs are allocated between cost headings according to the function of each employee.

(f) Allocation of support and governance costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include governance costs, administrative office function costs, depreciation, HR and recruitment, and premises costs. They are incurred directly in support of expenditure on the objects of the charitable company.

Governance costs comprise all costs involving the public accountability of the Trust and its compliance with regulation and good practice. These costs include costs related to the independent examination, statutory audit and legal fees.

Support and Governance costs have been allocated across the charitable activities based on an analysis of the time spent on each project.

(g) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight line basis over the asset's estimated useful lives as follows:

Fixtures and fittings	25% - straight line
Computer equipment	33% - straight line

(h) Debtors

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid. Accrued income is measured at the amount due to be received.

(i) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

GALAPAGOS CONSERVATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES - continued

(j) Creditors and provisions

Creditors are recognised where the Trust has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Other creditors and accruals are recognised at their settlement amount due.

(k) Financial instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

(l) Operating Leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the Statement of Financial Activities as incurred.

(m) Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. All exchange differences are reflected in the Statement of Financial Activities.

(n) Tax

The charitable company is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(o) Judgements and key sources of estimation uncertainty

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 15 for the carrying amount of the fixtures and equipment and computer equipment, and note (1g) for the useful economic lives for each class of assets.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

GALAPAGOS CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. DONATIONS AND LEGACIES

	Unrestricted 2016 £	Restricted 2016 £	Total 2016 £	Total 2015 £
Donations	51,641	169,625	221,266	142,529
Legacies	379,544	-	379,544	32,006
Tax recoverable under Gift Aid	35,300	5,240	40,540	35,877
	<u>466,485</u>	<u>174,865</u>	<u>641,350</u>	<u>210,412</u>

In 2015, £125,390 of donations and legacies income was attributable to unrestricted funds and £85,022 was attributable to restricted funds.

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted 2016 £	Restricted 2016 £	Total 2016 £	Total 2015 £
Memberships	112,943	-	112,943	116,008
Corporate sponsorship	1,000	-	1,000	1,355
	<u>113,943</u>	<u>-</u>	<u>113,943</u>	<u>117,363</u>

In 2015 all of the income from charitable activities was attributable to unrestricted funds.

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted 2016 £	Restricted 2016 £	Total 2016 £	Total 2015 £
Fundraising events	64,664	-	64,664	66,867
Appeals and raffles	29,907	26,042	55,949	76,903
Fundraising trading	6,929	-	6,929	5,865
	<u>101,500</u>	<u>26,042</u>	<u>127,542</u>	<u>149,635</u>

In 2015, £109,776 of income from other trading activities was attributable to unrestricted funds and £39,859 was attributable to restricted funds.

5. INVESTMENT INCOME

	Unrestricted 2016 £	Restricted 2016 £	Total 2016 £	Total 2015 £
Bank interest	1,069	-	1,069	1,268
	<u>1,069</u>	<u>-</u>	<u>1,069</u>	<u>1,268</u>

In 2015, all of the investment income was attributable to unrestricted funds.

GALAPAGOS CONSERVATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

6. RAISING FUNDS

	Unrestricted 2016 £	Restricted 2016 £	Total 2016 £	Total 2015 £
Costs of generating voluntary income	114,600	4,451	119,051	116,963
	<u>114,600</u>	<u>4,451</u>	<u>119,051</u>	<u>116,963</u>

In 2015 £113,229 of the expenditure in relation to raising funds was attributable to the unrestricted fund, and the remaining £3,734 was attributable to the restricted fund.

7. CHARITABLE ACTIVITIES

	Unrestricted 2016 £	Restricted 2016 £	Total 2016 £	Total 2015 £
Education and Sustainability	133,885	73,879	207,764	209,718
Science and Conservation	72,792	173,199	245,991	213,766
	<u>206,677</u>	<u>247,078</u>	<u>453,755</u>	<u>423,484</u>

In 2015 £308,394 of the expenditure in relation to charitable activities was attributable to the unrestricted fund, with the remaining £115,090 being attributable to the restricted fund.

8. ANALYSIS OF EXPENDITURE

	Direct Charitable £	Grant Making (note 9) £	Support Costs (note 10) £	Total 2016 £	Total 2015 £
Raising Funds:					
Generating income	97,258	-	21,793	119,051	116,963
Charitable Activities:					
Education and Sustainability	124,818	35,143	47,803	207,764	209,718
Science and Conservation	52,383	161,617	31,991	245,991	213,766
	<u>274,459</u>	<u>196,760</u>	<u>101,587</u>	<u>572,806</u>	<u>540,447</u>

GALAPAGOS CONSERVATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

9 ANALYSIS OF GRANTS COMMITTED DURING THE YEAR

	2016	2015
	£	£
<u>Unrestricted</u>		
Galapagos National Park Entry Data	3,840	18,140
Galapagos Symposium	-	1,296
Marine Iguanas & Feral Cats	-	2,804
GFF Fund	-	17,264
	<u>3,840</u>	<u>39,504</u>
Restricted		
<u>Education and Sustainability</u>		
Discovering Galapagos	8,300	18,133
Education Strategy	4,703	-
Outreach in Galapagos	2,000	-
Visitor Experience	16,300	-
<u>Science and Conservation</u>		
Seabird Surveys	25,400	16,120
Giant Tortoise Movement Ecology Project	31,687	51,227
Mangrove Finch Project	60,445	-
Galapagos Whale Shark Project	13,695	15,536
Bullhead Shark Project	3,750	-
General Controlling Invasive Species Fund	26,640	-
	<u>192,920</u>	<u>101,016</u>
Total grants committed	<u>196,760</u>	<u>140,520</u>

GALAPAGOS CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

9.2 Reconciliation of grants payable	2016	2015
	£	£
Commitments at 1 January 2016	31,786	49,648
Grants committed during the year	196,760	140,520
Grants paid during the year	(228,546)	(158,382)
	<u>-</u>	<u>31,786</u>
	£	£
Commitments falling due within one year (note 16)	<u>-</u>	<u>31,786</u>
	<u>-</u>	<u>31,786</u>
10. SUPPORT COSTS	2016	2015
	£	£
Governance costs (note 11)	20,369	12,834
Administrative office function	33,755	22,315
Depreciation	1,741	3,215
HR & Recruitment	1,175	15,042
Premises costs	44,547	41,623
	<u>101,587</u>	<u>95,029</u>
	<u>101,587</u>	<u>95,029</u>
11. GOVERNANCE COSTS	2016	2015
	£	£
Independent examination fee		
- Fee for the year	4,000	3,000
- Under provision In prior years	992	58
	<u>4,992</u>	<u>3,058</u>
Staff costs	15,377	9,776
	<u>20,369</u>	<u>12,834</u>
	<u>20,369</u>	<u>12,834</u>

GALAPAGOS CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

12. NET INCOME/ (EXPENDITURE) FOR THE YEAR	2016	2015
	£	£
This is stated after charging:		
Depreciation	1,741	3,215
Independent examination fee	4,992	3,058
Operating lease costs	42,927	40,793
	<u> </u>	<u> </u>
13. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL	2016	2015
	£	£
Salaries and wages	184,947	188,246
Social security costs	14,926	18,324
Pension costs	5,013	541
	<u> </u>	<u> </u>
	204,886	207,111
	<u> </u>	<u> </u>
The average number of full-time equivalent employees:		
Generating funds	1	2
Charitable activities	5	5
	<u> </u>	<u> </u>
	6	7
	<u> </u>	<u> </u>

Employee time has been allocated to direct costs and support costs allocated on a percentage basis of time spent.

One employee received annualised remuneration in the band £60,000 to £69,999 (2015: one employee £60,000 to £69,999).

During 2016, no trustees were paid or received any other benefits from employment with the charitable company (2015: £nil). Two trustees were reimbursed for travel and meeting expenses amounting to £307 (2015: two Trustees; £100).

The key management of the charitable company comprise the trustees, the Chief Executive Officer and the deputy Chief Executive Officer. The Trustees do not receive any remuneration for this role.

The total employee benefits of the key management personnel of the charitable company were £89,904(2015: £85,170).

GALAPAGOS CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

14. TANGIBLE FIXED ASSETS	Fixtures and Fittings £	Computer Equipment £	Total £
Cost			
At 1 January 2016	13,256	27,531	40,787
Additions	-	3,210	3,210
At 31 December 2016	<u>13,256</u>	<u>30,741</u>	<u>43,997</u>
Depreciation			
At 1 January 2016	12,727	27,300	40,027
Charge for the year	527	1,214	1,741
At 31 December 2016	<u>13,254</u>	<u>28,514</u>	<u>41,768</u>
Net Book Value			
At 31 December 2016	<u>2</u>	<u>2,227</u>	<u>2,229</u>
At 31 December 2015	<u>529</u>	<u>231</u>	<u>760</u>
15. DEBTORS		2016 £	2015 £
Accrued income		13,271	1,376
Tax recoverable under Gift Aid		8,958	10,088
Other debtors and prepayments		8,538	10,636
		<u>30,767</u>	<u>22,100</u>
16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		2016 £	2015 £
Grants payable (see note 8)		-	31,786
Accrued expenditure		-	30,925
Deferred income		6,560	14,832
		<u>6,560</u>	<u>77,543</u>

GALAPAGOS CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

17. RESTRICTED FUNDS

	1 January 2016 £	Incoming resources £	Resources Expended £	31 December 2016 £
Restricted funds				
<u>Education and Sustainability</u>				
CDF Shop and Visitor Experience	19,800	-	(16,800)	3,000
Discovering Galapagos	79,279	-	(42,079)	37,200
General Education fund	-	3,000	(1,000)	2,000
Education Strategy	-	9,000	(9,000)	-
Outreach in Galapagos	-	13,425	(5,000)	8,425
Teacher training	-	10,000	-	10,000
<u>Science and Conservation</u>				
Seabird Survey	11,277	19,705	(27,982)	3,000
Giant Tortoise Movement Ecology Project	21,462	21,050	(34,512)	8,000
Mangrove Finch Project	11,050	61,325	(65,175)	7,200
Floreana Native Species Restoration Fund	-	17,872	(4,451)	13,421
Galapagos Whale Shark Project	-	15,140	(15,140)	-
Bullhead Shark Project	-	3,750	(3,750)	-
General Controlling Invasive Species Fund	-	26,640	(26,640)	-
	142,868	200,907	(251,529)	92,246

Education and Sustainability:

Funds held under this category are focussed on delivering education through our Discovering Galapagos programme; training for local teachers across the four inhabited islands in Galapagos; outreach activities for local communities and an interpretative visitor centre, to inspire conservation values and sustainable living in local and visiting Galapagos communities.

Science and Conservation:

Funds held under this category are focussed on combined population ecology, saving endemic species and habitat restoration. The Seabird Survey project is a long term population health and monitoring programme; the tortoise reintroduction project support the understanding of the tortoise movement and ecology; the mangrove finch programme is now in the third round of head starting for this critically endangered finch species; and the restoration of Floreana island is a new multi-year programme to restore the island and reintroduce 13 locally extinct species.

GALAPAGOS CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

18. DESIGNATED FUNDS

	1 January 2016 £	New Designation £	Designations Released £	31 December 2016 £
Designated funds				
Science and Conservation	-	280,000	-	280,000
Education and Sustainability	-	120,000	-	120,000
Galapagos Future Fund	65,000	-	(65,000)	-
	<u>65,000</u>	<u>400,000</u>	<u>(65,000)</u>	<u>400,000</u>

Science & Conservation and Education & Sustainability are two new strategic areas of work for the Trust. £280,000 has been designated into Science & Conservation and £120,000 into Education & Sustainability in line with the new multi-year fundraising plan for these areas. These reserves provide us with a strong base from which to implement our strategy to increase our impact in Galapagos Islands.

19. ANALYSIS OF NET ASSETS BETWEEN TOTAL FUNDS

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2016 are represented by:			
Tangible fixed assets	2,229	-	2,229
Cash at bank and in hand	557,200	92,246	649,446
Other net current assets/(liabilities)	24,207	-	24,207
	<u>583,636</u>	<u>92,246</u>	<u>675,882</u>

GALAPAGOS CONSERVATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

20. OPERATING LEASE COMMITMENTS

The charity had total commitments under an operating lease as follows:

	Land and buildings	
	2016	2015
	£	£
Expiry date:		
Within one year	42,880	41,143
Between one and five years	7,195	50,075
	<u>42,880</u>	<u>50,075</u>

Galapagos Conservation Trust can terminate the lease agreement at any time giving the landlord six months' notice in writing.

At 31 December 2016 the charity had annual commitments under an operating leases as follows:

	Land and buildings	
	2016	2015
	£	£
Expiry date:		
Between one and five years	42,880	41,143
	<u>42,880</u>	<u>41,143</u>

GCT rents its office space from the Royal Society for Public Health which is an independent, multi-disciplinary charity dedicated to the improvement of public's health and wellbeing and supporting communities and who lets part of its premises to other charities.

21. RELATED PARTY TRANSACTIONS

There are no related party transactions during the period (2015: £ nil).

22. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016	2015
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	311,098	(61,769)
Adjustments for:		
Depreciation charges	1,741	3,215
Decrease in stocks	-	1,458
(Increase) in debtors	(8,667)	(10,279)
(Decrease) in creditors	(70,983)	(22,644)
Net cash provided by (used in) operating activities	<u>233,189</u>	<u>(90,019)</u>