

# TRAFFIC<sup>®</sup>

the wildlife trade monitoring network

TRAFFIC International

Trustees' report and financial  
statements for the year ended  
**30 June 2016**



TRAFFIC, the wildlife trade monitoring network, is the leading non-governmental organization working globally on trade in wild animals and plants in the context of both biodiversity conservation and sustainable development.

TRAFFIC's **mission** is to ensure that trade in wild plants and animals is not a threat to the conservation of nature.

TRAFFIC's **vision** is of a world where wildlife trade is: managed in a way that maintains healthy wildlife populations and ecosystems; contributes to meeting human needs; supports local and national economies; and helps motivate commitments to conserve wild species and habitats.

TRAFFIC International is a UK Registered Charity No. 1076722,  
Registered Limited Company No. 3785518

*Forest landscape, China © Anastasiya Timoshyna /*

# TRAFFIC International Trustees' report and financial statements for the year ended 30 June 2016

## Table of Contents

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<b>Trustees' report</b> .....	2
<b>Administrative information</b> .....	18
<b>Independent auditors report</b> .....	19
<b>Financial statements</b> .....	21

# Trustees' report: year ended 30 June 2016

The Trustees, who are also directors of the charitable company, present their annual report (including the Strategic Report) on the affairs of the charity, together with the financial statements and auditor's report for the year ended 30 June 2016.



## Introduction

Trade in wild animals and plants takes place globally on an immense scale. It underpins the livelihoods of hundreds of millions of people and is valued at hundreds of billions of dollars annually. However, when such trade reaches unsustainable levels, it drives species to extinction and can disrupt entire ecosystems, simultaneously jeopardising the security of people who depend on wild resources for their living.

Stopping illegal trade in wild species and ensuring that legal trade is well managed and sustainable remain critical challenges in the 21<sup>st</sup> century. TRAFFIC International is uniquely placed to help meet these challenges. Originally established in 1976 by the International Union for Conservation of Nature (IUCN) as a specialist group of its Species Survival Commission, the TRAFFIC network is now a strategic alliance between IUCN and WWF. The TRAFFIC network consists of six regional offices, encompassing offices in Asia, Africa, Europe and the USA, and TRAFFIC International, which provides global leadership, technical expertise and support functions to the wider TRAFFIC network. Our mission remains the same, but the world in which we operate has changed enormously. Global wildlife trade of all kinds has increased many-fold, new markets for wildlife products have opened up and, with the explosion in e-commerce, entirely new ways of doing business have appeared. All this has placed unprecedented pressure on the species and resources that we work to sustain.

TRAFFIC International, hereafter TRAFFIC, has adapted and changed in response. We have grown from fewer than five staff in 1976 into a team of 47 staff in 2016. These staff both deliver projects and coordinate the work of the wider TRAFFIC network –. Our long-standing expertise, combined with an evidence-based and flexible approach to problem-solving, has given us a powerful reputation in an often contentious and fractious field, allowing us to have an influence disproportionate to our size.

This report presents our financial accounts and also **highlights some of our achievements during the last year**. Our combination of original and in-depth research, **targeted communications and capacity building** is helping governments, businesses, other **Non-Governmental Organizations (NGOs)** and **individuals around the world** to ensure that wildlife trade is not a threat to the **conservation of nature**. **To find out more about the difference we are making in the world today, please visit our website at [www.traffic.org](http://www.traffic.org).**

## Programme objectives and focus

The Charity's objectives, as recorded in its Memorandum and Articles of Association, are to **promote the conservation and protection of nature and natural resources worldwide through helping to ensure that trade**

# Trustees' report: year ended 30 June 2016

in wild animals and plants is at sustainable levels and in accordance with domestic and international laws and agreements.

TRAFFIC's **mission** is to ensure that trade in wild plants and animals is not a threat to the conservation of nature. This mission is linked to a wider **vision** of a world where wildlife trade is managed in a way that maintains healthy wildlife populations and ecosystems; contributes to meeting human needs; supports local and national economies; and helps motivate commitments to conserve wild species and habitats.

In furtherance of our mission and Charity objectives, TRAFFIC supports implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and other international agreements, national level wildlife trade controls, and wider efforts to promote sustainable management and trade of fisheries, timber and other wild-sourced commodities in trade.



TRAFFIC worked with AERF India to improve livelihoods and sustainable plant harvesting © Amit Kotiya / TRAFFIC

TRAFFIC informs, promotes, facilitates and otherwise supports action to address wildlife trade issues in key wildlife trade "hotspots" around the world, including producer, trading and consumer countries. Our global programme is based on a multi-pronged approach to achieving our mission and wider vision. TRAFFIC works to inform and strengthen the capacity of people and institutions responsible for defining and implementing international, regional and national policies and regulations. This focus is balanced with work to inform and influence the behaviour of businesses and individual consumers as these relate to trade in wild animals and plants.

TRAFFIC provides global leadership, technical expertise and support functions that inform and underpin the efforts of the other TRAFFIC offices around the world. This work encompasses research and analysis, enforcement support, communications, policy advice and advocacy, programme development, monitoring and evaluation and fundraising. It also encompasses programme administration and operational oversight.



Scalloped Hammerhead Shark © Mike Bryant

TRAFFIC's **Conservation Programme** for FY13-FY16 (July 2012 - June 2016) focused on **six thematic priorities**: reducing illegal trade threats to 'flagship species' such as elephants, rhinos and tigers; promoting sustainable management and reducing illegal of trade in **timber, medicinal and aromatic plants and fisheries products**; addressing conservation and development concerns associated with the use of **wild species for food and medicine**; and strengthening regulation of wildlife used for **pets or ornamental purposes**. This work was

further organised around catalysing positive change in four key 'result areas' under each programme theme:

- **Co-operation**: International conventions and agreements strengthen national government actions;
- **Regulation**: Regulation and management systems are well designed, governed and enforced;
- **Sourcing**: Sourcing by producers and suppliers uses sustainability standards and best practice; and
- **Purchasing**: Wildlife consumers avoid illicit goods and choose those that are sustainably sourced.

# Trustees' report: year ended 30 June 2016

Work to track emerging trade trends was underpinned and informed by a broader programme of **strategic monitoring**.

An overview of programme delivery during FY16 is summarised below.

## Programme activities and highlights

TRAFFIC works in collaboration with different sectors to achieve a shared ambition – the reduction of illegal trade and the promotion of sustainable trade. In the past year, major political commitments to tackle illegal and unsustainable wildlife trade have set the stage for action at the highest levels including adoption of a Resolution on Tackling Illicit Trafficking of Wildlife by the UN General Assembly, and agreement of the Sustainable Development Goals. There have been parallel commitments at regional levels, e.g. within Central Africa, within key producer, transit and consumer countries and in the corporate sector. Collectively, these achievements hold out hope for positive action on the global scale needed to ensure a secure future for wildlife and people. TRAFFIC has contributed to these achievements in a number of ways, from providing evidence on the trade status of individual species to advocating for wider, systemic change.

Work to reduce illegal trade in the world's wildlife, particularly trade threatening already endangered species, remained a top priority for TRAFFIC staff during year. Programme activities combined work to reduce trade in high profile, and highly endangered species such as elephants, rhinos and Tigers, as well as work to illuminate and prompt action to stop illegal trade in species such as pangolins and hornbills. This work was strengthened through synergies made possible through collaboration with WWF under the joint WWF/TRAFFIC Wildlife Crime Initiative, with IUCN colleagues in the Species Programme and Specialist Groups, and with a wide range of other partners.



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In line with TRAFFIC's four result areas, this work was focused on informing and supporting action by governments working together, for example through CITES; by governments working to reduce illegal trade within and at their borders; by businesses either knowingly or unwittingly facilitating illegal trade; and by consumers.

## Working to reduce illegal wildlife trade

CITES is arguably the most important international agreement available for protecting wild species threatened by international trade. Much of TRAFFIC's work during the year was therefore focused on producing and providing the best possible information to governments in preparation for the next CITES meeting, which takes place in September 2016. This included information on illegal ivory and rhino horn trade, a report on systems for tracking wildlife products such as shark fin in international trade, and analysis of proposals for changes to the CITES Appendices – the list of species covered by CITES. We also supported national efforts to implement CITES and other trade controls within the UK and more widely within Europe. This included providing information that was used in helping shape the European Union (EU) Action Plan Against Wildlife Trafficking, which was published in February. TRAFFIC also provided training and tools to help governments and businesses to build capacity to counter illegal wildlife trade in Europe and many other countries, e.g. through supporting the training of wildlife detector (sniffer) dogs to identify Tiger products and other wildlife contraband and increasing access to information for verifying whether timber in trade is from a legal source.

With online market places and social media providing relatively easy, and in some cases, anonymous, ways to market illegal wildlife products, TRAFFIC also expanded work with internet companies to help them

## Trustees' report: year ended 30 June 2016

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identify, block and ultimately deter sales of wildlife contraband. Under a Memorandum of Understanding signed with China-based Tencent, whose messaging service WeChat has 650 million users, TRAFFIC helped staff identify online sales of illegal products such as ivory and develop messages about illegal trade for WeChat users.

Staff placed a high priority during the year on working with and bringing together different stakeholder groups and organisations around the common cause of reducing illegal wildlife trade. In addition to work with internet companies detailed above, TRAFFIC was appointed as the lead partner in a major international partnership called "ROUTES" (Reducing Opportunities for Unlawful Transport of Endangered Species). Funded by the US Agency for International Development (USAID), the ROUTES Partnerships establishes collaboration across government agencies, transportation and logistics industry representatives, international conservation organizations and donors to reduce wildlife trafficking via land, sea and air.

During the year we worked with multiple stakeholders to improve efforts to reduce the demand that is driving trafficking. In March, we brought together around 100 experts and practitioners from 60 organizations to share their knowledge towards improving efforts to reduce demand for ivory, rhino horn and other illegal wildlife products. We also created a platform for a "community of practice" to continue fostering experience sharing and cross-learning among those working on demand reduction and worked to ready a Wildlife Behaviour Change Toolkit for release in July 2016.

Work continued to drive down demand in key markets for illegal wildlife products. In Viet Nam, the main market for rhino horn, TRAFFIC and partners secured a pledge from Viet Nameese traditional medicine community including scientists, professors and over 600 students never to use endangered wildlife in their practice. With TRAFFIC research identifying wealthy urban men as the main consumers of rhino horn, TRAFFIC, government, business and NGO partners used the "Chi" campaign to send the message that success, masculinity and good fortune come from a person's inner strength – from "chi" - and not from a piece of rhino horn.

In China, demand reduction efforts included work to discourage purchase of art and handicrafts made from ivory or other illegal wildlife products. Thirty leaders of artwork collecting businesses pledged to "Refuse illegal wildlife products" and support responsible "Green collecting" during the 7th China Art Handicrafts Expo, choosing artwork made from sustainable materials and rejecting illegal wildlife products. TRAFFIC and partners also reached out to tourists and to Chinese businesses and citizens living in Africa to strengthen awareness of conservation issues and trade laws in place to protect elephants, rhinos and other species.

### Strengthening systems for sustainable, legal trade in wildlife resources

TRAFFIC undertook equally important though less high profile work to improve the capacity of governments, businesses, and ultimately, communities to make sure legal trade in wildlife is maintained within sustainable levels. TRAFFIC partnered with the FairWild Foundation to increase availability of wild plant materials from sustainable and fairly traded sources. Over 300 tonnes of FairWild certified ingredients were produced in calendar year 2015, with buyers including UK companies such as Pukka Herbs and Neal's Yard Remedies. Products included ingredients such as liquorice, sourced from the wild in Kazakhstan, Georgia and Spain, and frankincense sourced from Kenya.



Medicinal plant harvester in Viet Nam participating in a UK Government funded project implementing FairWild  
© Tung Pham / TRAFFIC

## Trustees' report: year ended 30 June 2016

TRAFFIC research with the International Trade Centre demonstrated the market potential for sustainably and fairly traded wild plant ingredients from China. Given the huge size of China's trade – China is the world's leading exporter of medicinal and aromatic plants, accounting for over 15% of global exports, with an estimated value of USD5 billion – this holds out huge potential to improve conservation and rural livelihoods. The publication *Sustainable Sourcing: Markets for Certified Chinese Medicinal and Aromatic Plants* ([www.traffic.org/species-reports/traffic\\_species\\_plants33.pdf](http://www.traffic.org/species-reports/traffic_species_plants33.pdf)) provides information on tools available for delivering conservation and livelihood outcomes, including links to CITES and Convention on Biological Diversity (CBD) requirements.

The year saw the successful completion of a multi-year EU-funded project involving work directly with producer groups including approximately 1,000 harvesters alongside traditional Chinese medicine (TCM) manufacturers in China to strengthen sustainable production, supply chain management and corporate social responsibility (CSR) practices and reporting. TRAFFIC also launched a new project in Viet Nam to enhance management and benefit flows in Viet Nam's wild medicinal product trade, which aims to improve the livelihoods of at least 1,000 low-income households through sustainable medicinal plant harvesting and trade.

In Africa, TRAFFIC and partners supported government consultations and training aimed at reducing illegal and unsustainable timber trade, for example of Bubinga (*Guibourtia* spp.), a tropical hardwood from equatorial Africa. Work in Africa was connected to work in China, a major market for African timber, with a goal of strengthening systems to verify that timber entering trade is from legal and sustainable sources.

TRAFFIC's work on trade in fisheries products similarly focused on a combination of reducing illegal trade and strengthening mechanisms for legal, sustainable trade. This included facilitating greater cooperation between EU government officials and the legal fishery for the Critically Endangered European Eel to block smuggling of juvenile 'glass' eels to Asia. TRAFFIC and other members of the newly formed Global Shark and Rays Initiative advocated encouraged greater action for threatened sharks by the Convention on Migratory Species (CMS). TRAFFIC was asked to serve on a CMS Shark Working Group tasked with developing an agreement on the conservation of sharks, the work of which will complement ongoing CITES and other efforts to bring international trade in shark products under control.



### Programme co-ordination and leadership

As the co-ordinating office of the TRAFFIC network, TRAFFIC's main activities fall within the following areas: **strategic direction and leadership; programme development and evaluation; programme delivery; communications and operations management.**



# Trustees' report: year ended 30 June 2016

## Strategic direction and leadership

TRAFFIC's Senior Leadership Team (SLT) and senior programme staff provided guidance and strategic oversight to ensure the effective delivery of the final year of TRAFFIC's Conservation Programme for FY13 - FY16. This included advising staff on how best to balance work to deliver agreed programme results with work to develop new projects, and partnerships looking ahead to the next programme cycle (see below under Programme Development).

A key point of reference for work and collaborations to reduce illegal wildlife trade during FY16 was the WWF/TRAFFIC Wildlife Crime Initiative, with TRAFFIC's work having a particular focus on work to reduce trafficking in wild species and consumer demand. Staff also guided on the development and agreement of several other strategic collaborations. These included the Global Shark and Rays Initiative with WWF, IUCN, the Wildlife Conservation Society and other NGOs; the USAID-funded ROUTES Partnership with WWF, Freeland, the International Air Transport Association, Centre for Advanced Studies, and USAID; and numerous other collaborations at regional and national levels.



Sir David Attenborough abseiling down the green wall at the opening of the Cambridge Conservation Campus © CCI

TRAFFIC's Executive Director served on the Council of the Cambridge Conservation Initiative (CCI), a unique collaboration between the University of Cambridge and nine leading internationally focused biodiversity conservation organizations clustered in and around Cambridge. TRAFFIC's move into the David Attenborough Building along with other CCI member organisations had the almost instant effect of fostering discussion and identifying areas for increased collaboration with others in CCI, including the development of collaborative projects. TRAFFIC also supported CCI activities in other ways, including giving a lecture on CITES to students pursuing the CCI-affiliated MPhil in Conservation Leadership, and mentoring a student with a specific interest in trade issues.

Plans for the year ahead:

- Provide overall leadership, guidance and management oversight for implementation of work to deliver on TRAFFIC's 2020 Strategy, Goal and FY17 work plan;
- Build and maximise the potential of strategic partnerships with UK and international organizations to support achievement of TRAFFIC's 2020 Goal and Strategy; and
- Continue to participate on the CCI Council and support CCI activities.

## Programme development and evaluation

FY16 was the final year of a four-year programme cycle, meaning that the final push to deliver on our FY13-FY16 programme results was combined with work to design our next multi-year programme. The programme design process began in late FY15 and continued in FY16, with leadership provided by a Programme Design Task Team constituted for this purpose. The Task Team led preparations for and discussions during TRAFFIC's November Management meeting, including a horizon scanning exercise and a review of lessons learned in delivering the current programme. Among the key conclusions reached was a need to simplify the programme structure, and to consolidate similar strands of work to increase programme efficiencies and impact.

To provide opportunities for greater cross engagement in programme planning between TRAFFIC, WWF and IUCN, TRAFFIC organised a joint planning meeting in early 2016 to discuss development of a new multi-year programme. In the interim a single year work plan was developed for FY17. The FY17 work plan was designed using the results of the planning process thus far, with work organised within two work streams linked to two theories of change with the aims of: Reducing wildlife crime and illegal wildlife trade; and Enhancing benefits from sustainable, legal wildlife trade. The FY17 work plan was approved in June 2016.

# Trustees' report: year ended 30 June 2016

As well as looking ahead, TRAFFIC continued to monitor and evaluate progress with delivery of the FY13-FY16 Conservation Programme. This includes reviewing progress with delivery of results under each of TRAFFIC's programme themes every six months. A report summarising progress and highlights was reviewed in February 2016. Data was also collected to support analysis of how wildlife trade levels are shifting over time in response to TRAFFIC's and others' work.

Staff in TRAFFIC also led and/or supported the development of over 70 funding proposals during the year. Many of these proposals were developed in response to government calls for proposals such as the UK Illegal Wildlife Trade Challenge Fund and Darwin Initiative. Others were submitted to trusts and foundations believed to share a common purpose with TRAFFIC. A key aim during the year was to raise unrestricted funding that could be used to support, e.g. leadership of TRAFFIC's work to strengthen sustainable management of legal trade and increase capacity for communications outreach. However, this aspect of fundraising was less successful than hoped. Fundraising for work to reduce illegal wildlife trade met with greater success.

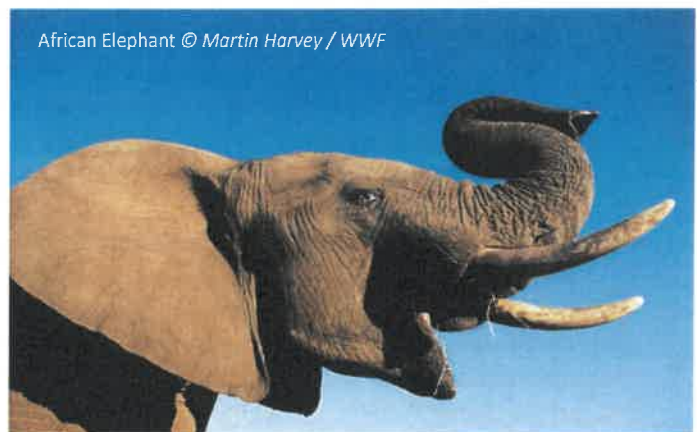
Plans for the year ahead:

- Guide the development of the TRAFFIC's FY18-FY22 conservation programme, including liaison with WWF and IUCN in programme planning processes;
- Work with WWF, IUCN, and others to strengthen measurement of project and programme outcome and impacts on biodiversity conservation and rural livelihoods and support adaptive management;
- Strengthen partnerships and synergies with governments, inter-governmental organizations such as UN agencies, other NGOs and businesses where this will strengthen efforts to achieve TRAFFIC's programme results, mission and vision; and
- Lead and support efforts to secure the funding necessary to achieve the conservation objectives in line with achieving TRAFFIC's 2020 Goal and outlined within TRAFFIC's FY17 work plan and 2020 Strategy.

## Programme delivery

Key aspects of TRAFFIC's programme delivery are described above under Programme Activities and Highlights. In addition to these achievements, TRAFFIC regularly provided information, advice and other support to UK and other government agencies, intergovernmental organisations, other NGOs and businesses. In the UK we also continued to support the work of the National Wildlife Crime Unit. Information relevant to CITES and other wildlife trade issues was also provided to EU bodies such as the EU Scientific Review Group, and support for enforcement collaboration provided through managing EU-TWIX, a tool facilitating information exchange by enforcement personnel.

However, delivery of these and other achievements was not without its challenges. In some cases, the pace of change we were able to deliver was slower than anticipated, for example work to strengthen development and adoption of systems for tracking wildlife products in trade. Further, even where there was significant progress, e.g. strengthened legislation and training of enforcement staff, poaching and illegal trade of ivory, rhino horn and other threatened species products continued at high rates. Although we are confident that gains made during the year, for example commitments by China and the USA to phase out domestic ivory markets, will be successful in reducing wildlife crime in the longer term, we had hoped that



African Elephant © Martin Harvey / WWF

## Trustees' report: year ended 30 June 2016

combined actions by TRAFFIC and others would have delivered more rapid declines in poaching and illegal wildlife trade.

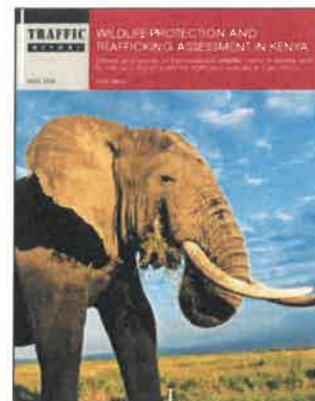
A further challenge was making sure that the importance of legal, sustainable trade in wildlife resources to human well-being was not forgotten as the world's media and policy makers focused on poaching and illegal trade. Staff leading TRAFFIC's work on trade in timber, medicinal and aromatic plants and fisheries products continued to press forward in this regard, with some significant successes, as noted above. However, it is fair to say that work to develop mechanisms for ensuring legal trade in wildlife is sustainable and contributes to human well-being continues to be treated as a lower priority by some constituencies.

Plans for the year ahead:

- Lead and support delivery of a comprehensive and collaborative body of work to reduce wildlife crime and illegal wildlife trade through: research, publication and communication of research results; and providing training, tools, and other forms of capacity building to government personnel and the private sector;
- Developing and delivering behaviour change strategies to drive down demand for endangered species products;
- Provide ongoing support to the UK's National Wildlife Crime Unit in their efforts to tackle illegal wildlife trade within, to, and from, the United Kingdom and its overseas territories;
- Lead and support delivery of a comprehensive and collaborative body of work to enhance the benefits from legal, sustainable wildlife trade through research, publication and communication of research results, providing information, training and tools and other forms of capacity building to government personnel, NGOs and the private sector; and
- Support implementation of international agreements and associated national laws relevant to achieving sustainable management of trade in wild species, including CITES, the CBD, International Trade and Timber Organization (ITTO), the EU Wildlife Trade and Timber Regulations, and regional fisheries management organizations, among others.

### Communications

TRAFFIC provided up-to-date, reliable, and targeted information to help inform decisions and actions by governments, businesses and civil society. This includes producing and distributing a wide range of information materials, convening and participating in meetings and events, and responding to queries from the public and media. In the last year we produced 150 news updates. Some highlighted publication of original research, for example Wildlife protection and trafficking assessment in Kenya ([www.traffic.org/storage/Kenya-report.pdf](http://www.traffic.org/storage/Kenya-report.pdf)), which analysed factors undermining efforts to stop trafficking of ivory and other products threatening Kenya's wildlife.



During the year two issues of the *TRAFFIC Bulletin* were also published. The *Bulletin* is the only journal devoted exclusively to wildlife trade issues. It provides news on the trade in wildlife resources, the latest in related legislation, investigations and seizures, and original research and analysis. Volume 20, No.1,

# Trustees' report: year ended 30 June 2016

published in April 2016, included an article on “Synthetic biology, product substitution and the battle against illegal wildlife trade,” which explores how marketing artificial substitutes for products like rhino horn might impact species conservation.

TRAFFIC’s website provided a key vehicle for disseminating wildlife trade related news and reports, with 150 news items and other web updates produced during the year. Subscribers to our weekly news feed include government agencies charged with developing and enforcing wildlife and related trade controls, researchers, conservation organisations, and members of the UK and wider public. In all, the website received approximately 170,000 visitors from July 2015 – June 2016, from 220 different countries and territories.



Plans for the year ahead:

- Further develop the TRAFFIC website as a vehicle for distributing wildlife trade related news, reports and other information;
- Oversee the production and maintain the high quality of TRAFFIC reports; produce a variety of additional information tools and awareness raising materials, including the TRAFFIC *Bulletin* and documents to inform discussion during a variety of inter-governmental meetings; and
- Ensure up to date information is made publicly available on critical issues including illegal and unsustainable wildlife trade, decisions and actions by governments, the private sector and others to respond to trade concerns, opportunities to promote sustainable management of wildlife resources; and related issues.

## Network operations management

In December 2015, TRAFFIC moved into new premises in the David Attenborough Building in Cambridge. The building is the hub for the Cambridge Conservation Initiative (CCI), a locally based but globally focused initiative involving several conservation organizations and the University of Cambridge. TRAFFIC staff participate in a range of CCI working groups. Preparations for the move and the initial settling-in period were extremely time consuming, but the move marked an important milestone in TRAFFIC’s institutional development.



Other key activities included:

- TRAFFIC’s Senior Finance Manager, a new position, took up post in September 2015. This position will help TRAFFIC implement recent changes to financial regulations and to manage the greater volume of work as TRAFFIC’s portfolio grows;
- Development of a set indicators and a revision of TRAFFIC’s internal review process to improve project delivery through accurate reporting and monitoring;
- Signature of significant high value project contracts with USAID, US Department of State, UK Department for International Development (DFID), and Germany’s Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH;
- TRAFFIC increased its support to the overseas TRAFFIC offices on financial and project management through regular internal training and new policies and procedures to ensure a consistent approach and develop skills across the network; and
- At the instruction of the Charity Trustees, TRAFFIC moved forward with a governance review and the development of due diligence process for possible changes in operational relationships between the UK charity and overseas TRAFFIC offices.

## Trustees' report: year ended 30 June 2016

A total of 72 proposals that involved TRAFFIC were submitted during the year of which TRAFFIC was the lead on 41. Twenty-seven new projects were contracted and 33 came to the end of their grant period. In its fourth quarter, TRAFFIC prepared and submitted 47 financial and 21 technical reports to donors.

Volunteers contributed approximately 400 hours to work in the TRAFFIC office. Two volunteers provided Communications support, for example help with report production and website updating, and another provided support to TRAFFIC's human resources staff. One volunteer helped with trade research.

Plans for the year ahead:

- Continue with governance review focussing on possible changes in operational relationships between the UK charity and overseas TRAFFIC offices;
- Develop a plan to operationalize new programme structure as part of TRAFFIC's new global conservation programme;
- Improving finance interface and communication within the organization through systems and software; and
- Compile and analyse the first year of detailed operational key performance information for senior management.

### Financial review

TRAFFIC has seen both its income and expenditure increase during the successful final year of its four-year Conservation Programme. The year has seen a dramatic rise in the amount of income being received from Governments and multilaterals, which now forms 44% of new income compared to 21% in the previous year. Additionally, TRAFFIC has increased its free reserves in line with plans to meet the charity's reserves policy, which will better allow TRAFFIC to deliver the 2020 Strategy.

#### Income

During the year, TRAFFIC received income totalling £6.96m, an increase of £2.51m compared to the previous year. The percentage of income that originates from Charitable Activities has continued to rise, constituting 78% of total income this year compared with 68% in the previous year.

Unrestricted income for the year totalled £1.15m compared to £1.04m in FY15, an increase of £111k. The main reason for this increase is due to an increase in global support fees, the fees received from other offices within the TRAFFIC network for the leadership, expertise and support received from TRAFFIC International. The majority of streams of unrestricted income remained constant during the year.

Restricted income in FY16 increased by £2.40m, 72%, during the year to £5.75m. This increase was largely due to a number of large Government Agency grants that commenced during the year. This is a continuation of a strategy over the previous few years to apply for an increased number of grants from Government Agencies which tend to be larger and to span multiple financial years. The move towards increased Government and multilaterals funded restricted projects can be seen in the table below

	2016	2015
IUCN, WWF & other TRAFFIC entities	35%	49%
Governments and multilaterals	52%	27%
Foundations and charities	4%	6%
Corporate and individual	1%	1%
Pass-through income	8%	16%
Other income	0%	1%
Total	100%	100%

## Trustees' report: year ended 30 June 2016

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This is further illustrated when considered that, of the 83 projects that have brought in income during the year, three government-funded projects contributed over 40% of the income. These are the Wildlife TRAPs project, a USAID project subcontracted to TRAFFIC by IUCN, DETER phase II, a GIZ-funded project and ROUTES, a USAID-funded project. All of these projects are discussed in further detail in note 13 of the accounts.

One of the KPIs monitored by the TRAFFIC is that no one donor contributes more than 25% of income. During the year the highest amount contributed by one donor was 23% by USAID.

### *Expenditure*

Expenditure during FY16 rose by £2.04m compared to FY15 to £6.86m, due entirely to an increase in restricted expenditure. Of the FY16 expenditure 98% related to expenditure on Charitable Activities and 2% on raising funds.

Unrestricted expenditure reduced by £190k compared to FY15. This was largely due to more core staff costs being recharged to restricted projects during the year, thereby reducing the amount of staff costs charged to the unrestricted fund. In addition, due to the effect of the BREXIT referendum on foreign exchange rates, TRAFFIC ended the financial year with a foreign exchange gain of £82k, compared to a loss of £29k in the previous year.

Restricted fund expenditure increased by £2.23m to £6.07m, an increase of 58%. This is due to the increased income received during the year as well as efforts to complete projects that were funded in previous years.

### *Funds*

The net movement in funds for the year was a surplus of £41k, this is compared to a restated net deficit in funds of £432k in the previous year.

The net movement in unrestricted funds was a surplus of £267k. This is due to the increased recovery of core staff expenses and global support fees received from other offices in the TRAFFIC Network as previously mentioned and is part of a concerted effort to increase free reserves. Unrestricted funds at the year-end were £982k.

The net movement in restricted funds was a deficit of £225k due to funds received in previous years being spent. Restricted funds at the year-end were £627k.

### *FRS 102: Transition*

This is the first set of financial statements of TRAFFIC has prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102). Until 30 June 2015 TRAFFIC's financial statements were prepared under UK Generally Accepted Accounting Principles (UK GAAP). Prior year comparatives have been restated and these are used as the basis for comparison throughout this Annual Report.

The key change arising from the adoption of FRS 102 is in respect of the timing of recognition of charitable grant awards. As a result of the changes funds were £163k less than previously reported under UK GAAP. Full details of the changes are set out in note 18 to the financial statements.

# Trustees' report: year ended 30 June 2016

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## Risk management

The Trustees recognise their role in the management and administration of the charity and that directorship carries legal responsibilities and duties including a responsibility to assess potential risks facing the charity. The Trustees note that the major potential risks in the areas of governance and management, operations, and finance are reviewed on a periodic basis and that systems have been put in place to minimise these risks both in the UK and overseas.

The nature of TRAFFIC's conservation programme means that the bulk of funding dispersed through TRAFFIC is subcontracted to other TRAFFIC network offices to implement conservation activities overseas. TRAFFIC has well-established guidelines on financial policies and procedures which are followed by TRAFFIC offices globally, including regular review of budgets, financial performance, and related financial management. In addition, TRAFFIC has an established monitoring and evaluation system in place which looks at overall programme delivery and individual project implementation against contracted project budgets and deliverables.

## Key risks and uncertainties

TRAFFIC's risk framework focuses on the following key risk areas:

- Strategic risks which influence TRAFFIC's long-term strategic objectives, including governance issues, partner relations, and stakeholders including donors and the public. The Senior Leadership Team meets on a weekly basis to discuss such issues and the wider management have an annual week long meeting covering areas of risk as well as the topic of risk management itself;
- Operational risks which arise from day-to-day issues that TRAFFIC faces as it delivers its conservation programme. These include areas such as project management, office facilities, and human resource management. In order to minimise these risks Finance and Operation manuals have been produced, project steering groups are set up for major projects, staff undergo an induction process and appropriate training, and regular team meetings are held;
- Financial risks related to TRAFFIC's effective management and control of its finances including internal controls and the effects of external factors such as foreign exchange rates. TRAFFIC produces and reviews a number of regular financial reports, as well as annual budgets and quarterly reforecasts, to allow potential financial risks to be identified on a timely basis and there is an up to date Finance Manual. Monies are kept in a number of currencies to minimise the effects of any exchange rate fluctuations;
- Knowledge management risks related to TRAFFIC's effective management and control of its knowledge resources including communications materials, intellectual property rights, and system malfunctions. In order to minimise these risks some controls include protocols for handling sensitive data, communications policies and regular backups of data;
- Compliance with laws and regulations related to issues such as health & safety, data protection, employment practices and other regulatory issues. As well as employing appropriately professionally qualified staff we hold regular meetings with professional advisors;
- External risks which may be beyond TRAFFIC's ability to influence including changes in the physical environment, and in the global economic or political environment. In order to minimise the effects of these risks staff attend external training seminars to ensure knowledge in the charity of any possible external risks.

Any 'high' risks identified, and the actions taken to mitigate them, are brought to the attention of the Board of Trustees. The Finance Committee review the risk register on a bi-annual basis and the Board of Trustees on an annual basis.

## Investment policy

Under the Articles of Association, the Charity has the power to make any investment the Trustees see fit. The investment policy, as approved by the Trustees on 16 February 2005, is that funds will be invested in

## Trustees' report: year ended 30 June 2016

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cash, bank current accounts, and bank deposits. The Charity currently holds no investments aside from its cash holdings. The Trustees will consider possible amendments to this investment policy on a periodic basis.

### Reserves policy

The Trustees recognise the importance of establishing reserves to allow the Charity to respond to future opportunities and current global economic challenges, particularly for an organisation with levels of restricted funding significantly higher than unrestricted. The Trustees have accepted a recommendation by TRAFFIC's Finance Sub-Committee to set TRAFFIC's general reserve fund target, to be achieved over time, at the equivalent of six months of the Charity's core expenditure.

At the year-end, the charity had free reserves (being unrestricted funds excluding those represented by fixed assets) of £967k, equivalent to five months of core expenditure. In order to reach the reserves target set, the Trustees have agreed to budget, where possible, for increases to general reserves in coming financial years.

The level of free reserves held is a KPI monitored by the charity.

### Statement of Trustees' responsibilities

The Trustees (who are also directors of TRAFFIC International for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Trustees 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 of the surplus or deficit of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- observe the methods and principles in the Charities SORP;
- state whether applicable UK 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 business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Auditor

Each of the Trustees at the date of approval of this report confirms that:



## Trustees' report: year ended 30 June 2016

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

### Structure, governance and management

TRAFFIC International was established in the UK and registered with the Charity Commission on 23rd July 1999. TRAFFIC co-ordinates the work of six regional offices (in North America, Europe, Central Africa and East/Southern Africa, East/South Asia and Southeast Asia), which, with the global team, together form the TRAFFIC network. TRAFFIC also implements a wide range of projects in its own right. As part of its co-ordinating function, key areas of focus include **network governance, management, institutional development and communications**.

TRAFFIC was established in 1976 by the Species Survival Commission of IUCN (the International Union for the Conservation of Nature) largely to support the implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

CITES is an international agreement between 183 governments that aims to ensure international trade in specimens of wild animals and plants does not threaten their survival. Throughout the 1980s, the conservation organisation WWF played a vital role in expanding TRAFFIC's work and reach. This led to a restructuring of TRAFFIC in 1990 to a joint conservation programme of WWF and IUCN, and, in 1999, to the establishment of TRAFFIC International as a registered charity in the UK to lead and coordinate the work of the TRAFFIC network.

TRAFFIC International is governed by a board of four Trustees. The wider TRAFFIC network operates under an Agreement between WWF and IUCN updated in 2005, and is governed by the TRAFFIC Committee, the members of which are nominated by WWF and IUCN.

The Board delegates day-to-day management of the charity to the Steve Broad, Executive Director and the Senior Leadership Team who for the purposes of regulatory reporting are collectively the Key Management Personnel along with the Trustees. The Senior Leadership Team develops strategies and plans for the Board to scrutinise and approve. It subsequently monitors and reports on performance against targets.

### Trustees

The Trustees who served during the year were as follows:

- Dr Christopher J Hails
- Mr Peter Dickinson
- Dr S Stuart
- Dr R Jenkins

Members of the Board of Trustees are directors for the purpose of company law and Trustees for the purpose of charity law. The company is limited by guarantee. Therefore, no Trustee had any beneficial interest.

### Appointment of Trustees

The role of the Trustees is to collectively, as a board, ensure delivery of the Charity's objectives, set its strategic direction, and uphold its values. Trustees have a fundamental and legal obligation to act in the best

## Trustees' report: year ended 30 June 2016

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interests of the Charity, and in accordance with the Charity's governing documents. The Trustees oversee the management and operation of the Charity subject to the provisions of the relevant acts (Charities Act 2011; Companies Act 2006 and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in January 2015) and the Memorandum and Articles of Association, and any directions given by special resolution. TRAFFIC's Trustees are drawn from within the broad umbrella of its partner organisations and bring together a wide range of expertise in terms of programmatic, technical, financial and administrative skills. Terms of reference for the Board of Trustees (Directors) (2006) describe the responsibilities of the board and the role of key officers.

TRAFFIC's conflict of interest policy (2006) notes that Trustees have a fundamental and legal obligation to act in the best interests of the Charity, and in accordance with the Charity's governing documents. Trustees who are employees of WWF and IUCN are further bound by the undertaking dated 17 September 1999 made on behalf of the two founding members of the Charity. This document, addressed to the Charity Commission, states on behalf of both organisations that TRAFFIC will function as an autonomous body and that neither WWF or IUCN will be able to define or restrict the activities of the Charity. Legally and professionally, Trustees therefore serve in a personal and voluntary capacity and not as representatives of their organisations.

### Trustees' induction and training

When an individual accepts an invitation to become a Trustee, as part of the induction process, he or she receives an initial induction pack and meets with a senior manager of TRAFFIC to review the contents of the induction pack and supplementary materials; review of responsibilities of Trustees; review current financial situation and general funding sources; review TRAFFIC's organizational chart, and the charity's role in the larger TRAFFIC network; and review planned future projects and activities.

In addition to regular meetings of the Charity, Trustees are invited to participate in meetings of the network's TRAFFIC Committee. They are regularly provided with financial and programmatic information as well as updates on relevant developments in the UK charity sector.

### Remuneration of key management personnel

The Trustees consider the Board of Trustees and the Senior Leadership Team comprise the Key Management Personnel of the charity in charge of directing, controlling, and operating the charity on a day-to-day basis. All Trustees give their time freely and no Trustee received remuneration in either year. Details of Trustees' expenses and related party transactions are disclosed in Note 6 to the accounts. The charity benchmarks remuneration of its Senior Leadership Team against comparable roles in other charities of a similar size and complexity, within a specified pay band. Each member of the Senior Leadership Team receives an annual cost of living salary increase, which takes into account inflation, changes in national average earnings and pay awards elsewhere in the charity or public sector. The award is made subject to affordability and is paid at the same rate as applied to all other eligible staff in the charity. Increases to the Executive Director's salary that are above the annual cost of living salary increase are reviewed and approved by the Board of Trustees.

### Public benefit

TRAFFIC is a wildlife conservation charity whose vision is of a world where wildlife trade is managed in a way that maintains healthy wildlife populations and ecosystems; contributes to meeting human needs; supports local and national economies; and helps motivate commitments to conserve wild species and habitats.

The organisation's efforts are therefore focused not only on conserving biological diversity, but also on protecting and maintaining the many 'ecosystem goods and services' that are or may be threatened by unsustainable or illegal wildlife trade.

## Trustees' report: year ended 30 June 2016

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In reviewing TRAFFIC's charitable objects and as part of planning and implementing our programme of work, we, the Trustees, have taken account of the Charity Commission's guidance on public benefit. We have considered how our work will consistently contribute to the charity's aims and objectives. Our main areas of charitable activity are detailed throughout this report.

**The Trustees' report, including the strategic report, was approved by the Board on 6 December 2016 and signed on its behalf by:**



**Dr Richard Jenkins**  
Trustee

## Administrative information

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<b>Directors:</b>	Dr C Hails Mr P Dickinson Dr S Stuart Dr R Jenkins	<b>Registered office:</b>	David Attenborough Building Pembroke Street Cambridge CB2 3QZ UNITED KINGDOM
<b>Company Secretary:</b>	Mr S R Broad	<b>Solicitors:</b>	Mills and Reeve Botanic House 98-100 Hills Rd Cambridge CB2 1PH
<b>Executive Director:</b>	Mr S R Broad		
<b>Company registered number:</b>	3785518		
<b>Charity registered number:</b>	1076722	<b>Auditor:</b>	Deloitte LLP City House 126-130 Hills Road Cambridge CB2 1RY
		<b>Bankers:</b>	Barclays Bank Bennett Street Cambridge CB2 3PZ

# Independent auditors' report: year ended 30 June 2016

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We have audited the financial statements of TRAFFIC International for the year ended 30 June 2016 which comprise the statement of financial activities, the balance sheet, the cashflow statement and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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. Our audit work has been undertaken so that we might state to the charitable company's members and the trustees 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, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees (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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2016, and of its incoming resources and application of resources, including its 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.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Independent auditors' report: year ended 30 June 2016

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## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

*Sarah Anderson*

**Sarah Anderson FCCA (Senior Statutory Auditor)**  
**For and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
St Albans, United Kingdom

13 December 2016

TRAFFIC International  
Financial Statements:  
year ended 30 June 2016

## Statement of financial activities: year ended 30 June 2016

	Notes	Unrestricted Funds £	Restricted Funds £	2016 Total £	Restated * 2015 Total £
<b>Income from:</b>					
Donations		1,000,770	488,657	1,489,427	1,381,055
Charitable activities		145,529	5,258,447	5,403,976	3,003,219
Investments		47	-	47	23
Other		3,041	168	3,209	263
<b>Total</b>	<b>3</b>	<b>1,149,387</b>	<b>5,747,272</b>	<b>6,896,659</b>	<b>4,384,560</b>
<b>Expenditure on:</b>					
Raising funds		118,327	-	118,327	149,200
Charitable activities		665,260	6,071,823	6,737,083	4,667,164
<b>Total</b>	<b>4</b>	<b>783,587</b>	<b>6,071,823</b>	<b>6,855,410</b>	<b>4,816,364</b>
<b>Net income/(expenditure)</b>		<b>365,800</b>	<b>(324,551)</b>	<b>41,249</b>	<b>(431,804)</b>
<b>Transfers between funds</b>		<b>(99,212)</b>	<b>99,212</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>266,588</b>	<b>(225,339)</b>	<b>41,249</b>	<b>(431,804)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		715,514	852,410	1,567,924	1,999,727
<b>Total funds carried forward</b>		<b>982,102</b>	<b>627,071</b>	<b>1,609,173</b>	<b>1,567,924</b>

All activities in both years arise from continuing activities. There were no other recognised gains or losses other than those shown in the statement above and the net income for the year. The notes on pages 23 to 34 form an integral part of these financial statements.

\*Prior year accounts have been restated following the transition to FRS102. Further details are provided in note 18 to the accounts.



## Balance sheet: as at 30 June 2016

	Notes	Unrestricted Funds £	Restricted Funds £	2016 Total £	Restated 2015 Total £
<b>Fixed Assets</b>					
Intangible fixed assets	8	-	-	-	77
Tangible fixed assets	9	14,927	-	14,927	14,344
		<u>14,927</u>	<u>-</u>	<u>14,927</u>	<u>14,421</u>
<b>Current Assets</b>					
Debtors	10	118,172	1,912,084	2,030,256	895,227
Cash at bank and in hand		1,033,039	626,333	1,659,372	1,573,025
		<u>1,151,211</u>	<u>2,538,417</u>	<u>3,689,628</u>	<u>2,468,252</u>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	11	184,036	1,911,346	2,095,382	914,748
<b>Net current assets</b>		<u>967,175</u>	<u>627,071</u>	<u>1,594,246</u>	<u>1,553,503</u>
<b>Total net assets</b>		<u>982,102</u>	<u>627,071</u>	<u>1,609,173</u>	<u>1,567,924</u>
<b>The funds of the charity</b>					
Restricted funds		-	627,071	627,071	852,410
Unrestricted		982,102	-	982,102	715,514
<b>Total charity funds</b>		<u>982,102</u>	<u>627,071</u>	<u>1,609,173</u>	<u>1,567,924</u>

The financial statements on pages 20 to 34 were approved by the Board of Trustees on 6 December 2016, and signed on its behalf by:

Dr Richard Jenkins  
Trustee

The notes on pages 23 to 34 form an integral part of these financial statements.

## Cash flow: year ended 30 June 2016

	<b>2016</b>	Restated
	<b>Total</b>	Total
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>		
Net cash flows from operating activities	95,517	(742,029)
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments	1,962	23
Purchase of tangible fixed assets	(11,132)	(11,391)
<b>Net cash from investing activities</b>	<b>(9,170)</b>	<b>(11,368)</b>
<b>Net increase in cash and cash equivalents</b>	<b>86,347</b>	<b>(753,397)</b>
Cash and cash equivalents at 1 July 2015	<b>1,573,025</b>	<b>2,326,422</b>
<b>Cash and cash equivalents at 30 June 2016</b>	<b>1,659,372</b>	<b>1,573,025</b>
<b>Reconciliation of net cash flows from operating activities:</b>		
Net income / (expenditure)	41,249	(431,804)
Depreciation	9,718	15,485
Loss on fixed asset disposal	476	85
Investment income	(1,962)	(23)
(increase)/decrease in debtors	(1,135,029)	(311,758)
Increase/(decrease) in creditors	1,181,065	(14,014)
Net cash flows from operating activities	<b>95,517</b>	<b>(742,029)</b>

The notes on pages 23 to 34 form an integral part of these financial statements.  
Cash and cash equivalents are represented by cash at bank and in hand.

# Notes to financial statements: year ended 30 June 2016

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## 1. Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Charity's financial statements.

### a) Accounting conventions

The financial statements are prepared under the historical cost convention, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2015; and the Companies Act 2006. The Charity meets the definition of a public benefit entity under FRS102.

This is the first year that financial statements are prepared in compliance with FRS 102 and the Charities Statement of Recommended Practice (FRS102), with prior year figures and disclosures amended where necessary to ensure compliance with FRS 102. Further disclosure is included within note 18.

### b) Going concern

The Trustees have a reasonable expectation that the Charity will continue in operational existence for the foreseeable future and the Charity is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Charity has significant cash resources and a significant level of net assets. Accordingly, the Trustees continue to adopt the going concern basis.

### c) Income

Income is recognised and included in the statement of financial activities when the Charity has entitlement to the income, it is probable that the income will be received and the amount can be reliably measured. Income received relating to future accounting periods is deferred and recognised as a creditor within the balance sheet.

### d) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. VAT cannot be recovered and is reported as part of the expenditure to which it relates.

#### Costs of raising funds:

These represent costs of a full time fundraiser and internal allocations for staff involvement in implementation of the Charity's funding strategy, donor liaisons and assistance with proposal development and submission.

#### Charitable activities:

This includes expenditure incurred in the fulfilment of the objectives of the charitable company including allocated overheads.

#### Support costs:

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 4.

# Notes to financial statements: year ended 30 June 2016

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## **Governance costs:**

This includes expenditure incurred in the general running and administering of the charitable company. These costs include external audit, legal advice for Trustees and costs associated with constitutional and statutory requirements.

## **e) Tangible fixed assets**

Tangible fixed assets are shown at cost less accumulated depreciation. Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful lives of 3 years on a straight line basis. The current capitalisation policy is £400.

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

## **f) Intangible fixed assets**

Intangible assets are shown at cost less accumulated amortisation. Amortisation is calculated on a straight line basis to allocate the assets value evenly over a three-year period. The current capitalisation policy is £400.

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

## **g) Funds**

The Charity records two categories of income – unrestricted and restricted funds.

### **Unrestricted funds**

Unrestricted funds can be used for any purpose approved by the Trustees within the objects of the Charity. Funds that are received without external restriction, and for use in any of the Charity's activities including operational and establishment costs are treated as unrestricted funds and may be designated by the Trustees for particular purposes as deemed appropriate.

Designated funds form part of unrestricted funds but are funds set aside by the Trustees. The Trustees decide to set aside funds for potential future costs such as staff and building related costs.

### **Restricted funds**

Resources are allocated to restricted funds according to the limitations on their use specified by the donors or other providers.

Restricted funds are allocated to specific activities and outputs usually under the terms of a project contract accompanying the grant. Detailed accounts are maintained for restricted projects including income, expenditure and fund balances by donor. The majority of projects are short-term in nature with grants being expended in one or two years. Deficits within restricted project funds which occur when income is not entitled to be recognised in the current financial period are carried forward to the next period. Where further funding is not anticipated, a transfer is made from unrestricted funds to cover the deficit.

The Charity does not have any endowment funds.

## **h) Cash and cash equivalents**

Cash at bank and in hand includes interest and non-interest bearing accounts which are highly liquid.

## Notes to financial statements: year ended 30 June 2016

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**i) Employee benefits - Pensions**

The Charity operates a defined contribution scheme, the assets of which are held separately from those of the Charity. The Charity's contributions are charged to expenditure in the year they are incurred.

**j) Foreign exchange**

Transactions denominated in foreign currencies are recorded at the average monthly rate of exchange. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Gains and losses on re-translation are dealt with as part of the deficit or surplus on ordinary activities for the financial year.

**k) Hire purchase agreements**

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Statement of Financial Activities over the period of the lease.

**l) Operating lease agreements**

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 on a straight line basis over the period of the lease.

**m) Financial instruments**

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). The charity 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.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. 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. Creditors and provisions are recognised where the charity 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. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**n) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

## Notes to financial statements: year ended 30 June 2016

### 2. Company status

TRAFFIC International is a company limited by guarantee (3785518), not having a share capital, and as a registered charity (1076722). The Charity is not liable to corporation tax on its charitable activities and further details are shown above within the Reference and Administrative details on page 16.

### 3. Income resources

All of TRAFFIC International's activity relates to ensuring that trade in wild plants and animals is not a threat to the conservation of nature.

	Unrestricted £	Restricted £	2016 Total £	Restated 2015 Total £
<b>Donations</b>				
IUCN, WWF & other TRAFFIC entities	990,026	22,401	1,012,427	815,506
Corporate and Individuals	10,744	382	11,126	13,992
Pass through income	-	465,874	465,874	551,557
	<u>1,000,770</u>	<u>488,657</u>	<u>1,489,427</u>	<u>1,381,055</u>
<b>Charitable activities</b>				
IUCN, WWF & other TRAFFIC entities	135,529	1,973,363	2,108,892	1,853,954
Governments	-	2,527,186	2,527,186	812,518
Multilaterals	-	489,571	489,571	101,788
Foundations and charities	10,000	226,714	236,714	190,031
Corporate and Individuals	-	41,613	41,613	44,928
	<u>145,529</u>	<u>5,258,447</u>	<u>5,403,976</u>	<u>3,003,219</u>
Other income	3,041	168	3,209	263
Bank interest	47	-	47	23
	<u>1,149,387</u>	<u>5,747,272</u>	<u>6,896,659</u>	<u>4,384,560</u>

Government grants have been received from UK and international governments to fund TRAFFIC International's conservation projects. Details of large grants received from governments are included in note 13.

# Notes to financial statements: year ended 30 June 2016

## 4. Expenditure

All of TRAFFIC International's activity relates to ensuring that trade in wild plants and animals is not a threat to the conservation of nature.

	Direct costs	Grant making	Support costs	2016 Total	Restated 2015 Total
	£	£	£	£	£
Costs of raising funds	5,345	-	112,982	118,327	149,199
Charitable activities	6,134,514	-	602,569	6,737,083	4,667,165
	<u>6,139,859</u>	<u>-</u>	<u>715,551</u>	<u>6,855,410</u>	<u>4,816,364</u>

Analysis of expenditure:

	Unrestricted	Restricted	2016 Total	Restated 2015 Total
	£	£	£	£
<b>Costs of raising funds</b>				
Staff costs	90,488	-	90,488	98,786
Operational	4,193	-	4,193	6,610
Establishment	13,274	-	13,274	15,048
Travel	10,126	-	10,126	11,072
Depreciation	1,458	-	1,458	2,108
Foreign exchange (gain)/loss	(12,262)	-	(12,262)	4,398
Governance	11,050	-	11,050	11,627
	<u>118,327</u>	<u>-</u>	<u>118,327</u>	<u>149,199</u>
<b>Charitable activities</b>				
Staff costs	482,604	1,724,311	2,206,915	1,817,432
Operational	22,364	160,403	182,767	124,618
Establishment	70,793	238,269	309,062	226,985
Professional fees	13,839	-	13,839	19,242
Project sub-contracts	16,175	3,460,885	3,477,060	1,542,162
Transfer to network offices	-	465,874	465,874	551,557
Travel	54,003	165,463	219,466	253,377
Depreciation	8,260	-	8,260	11,946
Foreign exchange (gain)/loss	(65,397)	(143,381)	(208,778)	53,959
Governance	62,618	-	62,618	65,887
	<u>665,259</u>	<u>6,071,824</u>	<u>6,737,083</u>	<u>4,667,165</u>
<b>Total expenditure</b>	<u>783,586</u>	<u>6,071,824</u>	<u>6,855,410</u>	<u>4,816,364</u>

# Notes to financial statements: year ended 30 June 2016

## 5. Support costs

	Support	Governance	2016	Restated
	£	£	£	2015
				£
Professional fees	13,839	14,155	27,994	31,561
Statutory audit	-	20,000	20,000	20,040
Project audits	-	4,240	4,240	-
Staff costs	315,198	30,163	345,361	323,491
Operational	-	1,398	1,398	2,053
Establishment costs	248,715	4,425	253,140	183,783
Travel	64,129	3,375	67,504	73,815
Foreign exchange (gain)/loss	-	(4,087)	(4,087)	1,466
	<u>641,881</u>	<u>73,669</u>	<u>715,550</u>	<u>636,209</u>

## 6. Employee and Trustee Information

	2016	Restated
	£	2015
		£
a) Staff costs:		
Wages and salaries	1,614,218	1,472,693
Social security costs	144,967	111,161
Pension costs	214,904	197,922
Other benefits	62,590	55,269
Other staff costs	47,038	21,783
	<u>2,083,717</u>	<u>1,858,828</u>

Other staff costs include an accrual for untaken annual leave outstanding at the year end, in line with the requirements for FRS102.

	2016	2015
b) The average number of persons, employed during the year was:		
Management and Administration	21	17
Programme and Research	26	21
	<u>47</u>	<u>38</u>

The above numbers do not include Trustees who are not permitted to receive remuneration for their duties. The Trustees did not receive any payments for expenses during 2016 (2015 - £nil).

	2016	2015
c) Employees with emoluments (emoluments include salaries and taxable benefits, but not employer pension costs) over £60,000 were:		
£60,000 - £70,000	2	1
£70,001 - £80,000	2	2
£80,001 - £90,000	2	1
£90,001 - £100,000	-	2
£100,001 - £110,000	2	-
	<u>8</u>	<u>6</u>



## Notes to financial statements: year ended 30 June 2016

### d) Senior leadership team

Total remuneration of the Key Management Personnel (the Trustees with the Senior Leadership Team comprising the Chief Executive and Directors), including pension contributions excluding social security costs, was £387,739 (2015: £373,556). The total social security costs of the key management personnel of the Charity for the year totalled £41,564 (2015: £38,932). No Trustees received nor waived any remuneration.

### 7. Employee benefits - Pension costs

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £201,111 (2015: £166,632).

### 8. Intangible fixed assets

	Computer Software £	Total £
<b>Cost:</b>		
<b>At 1 July 2015</b>	21,375	21,375
Additions	-	-
Disposals	(10,518)	(10,518)
<b>At 30 June 2016</b>	<u>10,857</u>	<u>10,857</u>
<b>Depreciation:</b>		
<b>At 1 July 2015</b>	21,298	21,298
Charge for year	77	77
On disposals	(10,518)	(10,518)
<b>At 30 June 2016</b>	<u>10,857</u>	<u>10,857</u>
<b>Net book value:</b>		
<b>At 30 June 2016</b>	<u>-</u>	<u>-</u>
<b>At 30 June 2015</b>	<u>77</u>	<u>77</u>

# Notes to financial statements: year ended 30 June 2016

## 9. Tangible fixed assets

	Leasehold Improvements £	Fixtures & Fittings £	Computer Equipment £	Total £
<b>Cost:</b>				
<b>At 1 July 2015</b>	<b>177,208</b>	<b>39,465</b>	<b>46,455</b>	<b>263,127</b>
Additions	-	-	11,132	11,132
Disposals	(177,208)	(39,465)	(19,416)	(236,088)
<b>At 30 June 2016</b>	<b>-</b>	<b>-</b>	<b>38,171</b>	<b>38,171</b>
<b>Depreciation:</b>				
<b>At 1 July 2015</b>	<b>177,208</b>	<b>39,465</b>	<b>32,111</b>	<b>248,784</b>
Charge for year	-	-	10,073	10,073
On disposals	(177,208)	(39,465)	(18,939)	(235,612)
<b>At 30 June 2016</b>	<b>-</b>	<b>-</b>	<b>(23,245)</b>	<b>(23,245)</b>
<b>Net book value:</b>				
<b>At 30 June 2016</b>	<b>-</b>	<b>-</b>	<b>14,927</b>	<b>14,927</b>
<b>At 30 June 2015</b>	<b>-</b>	<b>-</b>	<b>14,344</b>	<b>14,344</b>

## 10. Debtors: amounts falling within one year

	Unrestricted £	Restricted £	2016 Total £	Restated 2015 Total £
Debtors	82,434	297,467	379,901	583,561
Other debtors	10,641	17,019	27,660	55,871
Prepayments	25,097	67,196	92,293	33,819
Accrued income	-	1,530,401	1,530,401	221,976
	<b>118,172</b>	<b>1,912,083</b>	<b>2,030,255</b>	<b>895,227</b>

All debtors are falling due within one year.

## 11. Creditors: falling due within one year

	Unrestricted £	Restricted £	2016 Total £	Restated 2015 Total £
Creditors	57,178	198,553	255,731	449,302
Other creditors	62,445	1,747	64,192	45,381
Accruals	64,413	1,559,109	1,623,522	60,600
Deferred income	-	151,937	151,937	359,466
	<b>184,036</b>	<b>1,911,346</b>	<b>2,095,382</b>	<b>914,748</b>

All creditors are amounts falling due within one year.

# Notes to financial statements: year ended 30 June 2016

## 12. Deferred income

	<b>Unrestricted</b>	<b>Restricted</b>	<b>2016</b>	<b>Restated</b>
	<b>£</b>	<b>£</b>	<b>Total</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>Total</b>
Balance at the beginning of the year	-	359,466	359,466	180,589
Amount released to income in the year	-	(359,466)	(359,466)	(180,589)
Amount deferred in the year	-	151,937	151,937	359,466
Balance at the end of the year	-	151,937	151,937	359,466

Deferred income represents income received from donors in advance of contracted activity.

# Notes to financial statements: year ended 30 June 2016

## 13. Analysis of charitable funds

	Restated 1 July 2015 £	Income £	Expenditure £	Transfers £	30 June 2016 £
<b>Unrestricted funds</b>	715,514	1,149,387	(783,587)	(99,212)	982,102
<b>Restricted funds</b>					
<b>Major projects:</b>					
Ending Tiger Trade between South Asia and China	3,678	205,012	(208,846)	157	1
China Environmental Governance Programme	143,636	-	(160,168)	16,536	-
Wildlife Trafficking, Response, Assessment and Priority setting	(94,316)	603,177	(661,097)	-	(152,236)
Changing behaviour to reduce demand for rhino products	115,697	163,634	(253,049)	-	26,283
Wildlife Crime Initiative	64,246	281,542	(191,129)	(2,299)	152,361
'Info to Action' Enhancing management and benefit flows Viet Nam's wild medicinal products	18,411	175,615	(118,526)	-	75,500
Monitoring Illegal Killing of Elephants	(20,305)	161,102	(119,294)	-	21,504
DETER	138,788	100,741	(236,480)	16,234	19,283
DETER phase II	-	734,016	(718,839)	17,079	32,257
ROUTES	-	947,941	(1,250,896)	-	(302,955)
Reduce illegal timber in supply chains Cameroon to China	-	154,040	(154,040)	-	-
	<b>388,646</b>	<b>3,618,453</b>	<b>(4,183,334)</b>	<b>49,699</b>	<b>(126,536)</b>
Pass-through funds	-	465,874	(465,874)	-	-
Other projects	463,764	1,662,945	(1,422,615)	49,513	753,607
	<b>852,410</b>	<b>5,747,272</b>	<b>(6,071,823)</b>	<b>99,212</b>	<b>627,071</b>
<b>Total funds</b>	<b>1,567,924</b>	<b>6,896,659</b>	<b>(6,855,410)</b>	<b>-</b>	<b>1,609,173</b>

### Ending Tiger Trade between South Asia and China

*Funded by WWF UK, implemented by TRAFFIC in India and China*

The two components deliver activities to support anti-poaching and anti-trafficking efforts in India and China with links to Nepal and Bhutan, in order to help disrupt South Asia to East Asia trade routes for Tiger parts and products.

## **China Environmental Governance Programme – Engaging the private sector in sustainable management of medicinal plants**

*Funded primarily by the European Commission, implemented by TRAFFIC in China (WWF China Programme Office), WECOME Pharmaceutical Ltd and the World Federation of Chinese Medicine Societies (WFCMS)*

This two-year project, which was completed in FY16, worked to support the establishment of green supply chains among Traditional Chinese Medicine (TCM) manufacturers and traders in Hunan and Zhejiang Provinces with the aims of achieving sustainable management of medicinal plants and livelihood benefits to producers.

## **Wildlife Trafficking, Response, Assessment and Priority Setting (Wildlife TRAPS) Project**

*Funded by USAID (United States Agency for International Development)*

TRAFFIC, in collaboration with IUCN, has devised the Wildlife TRAPS (Wildlife Trafficking, Response, Assessment, and Priority Setting Project) to develop and deliver a suite of ground-breaking partnerships and pioneering approaches to tackle wildlife crime between Africa and Asia. Wildlife TRAPS is building a collective understanding of the true character and scale of the response required through a series of targeted trade assessments looking at specific species and geographic regions.

## **Changing consumer behaviour to reduce demand for rhino products**

*Funded via WWF International*

The project aims to reduce the demand for rhino horn in key user groups in Viet Nam. A demand reduction strategy for rhino horn among Viet Nameese consumers has been developed with input from stakeholders including the Government. Stakeholders are being encouraged to sign up for a code of conduct to stop the consumption and corporate gifting of products from endangered species.

## **Wildlife Crime Initiative (WCI)**

*Funded via WWF International*

TRAFFIC and WWF have designed an ambitious joint initiative focusing on urgent and sustainable solutions to combat wildlife crime. The Wildlife Crime Initiative (WCI) works with partners to drive three parallel pillars as part of an integrated strategy; Stop the Poaching; Stop the Trafficking and Stop the Demand. Delivery of the Stop the Trafficking and Stop the Demand strategies and implementation plans is the responsibility of TRAFFIC.

## **'Info to Action'**

*Funded via WWF International*

Part of the wider Wildlife Crime Initiative, specifically this project aims to support law enforcement agencies with high quality rapid assessments and information analyses so they can disrupt the serious organised criminal syndicates driving illegal wildlife trade.

## **Enhancing management and benefit flows in Viet Nam's wild medicinal products**

*Funded by DEFRA (Department for environment, food, and rural affairs) and implemented by TRAFFIC in Viet Nam*

This project aims to reduce overharvesting of medicinal and aromatic plants and promote fair and sustainable trade and to increase income by 20% for 1,000 low income households in Bac Kan province, Viet Nam. A mechanism for scaling up the project model is being developed for further application.

## **Elephant Trade Information System MIKES (Monitoring Illegal Killing of Elephants)**

*Funded by the European Commission via the United Nations Environment Programme*

The project has been developed as part of the Minimising the Illegal Killing of Elephants and other Endangered Species (MIKES) Project, implemented by the CITES Secretariat in collaboration with elephant range States and other partners over a four-year period commencing January 2015. The project supports the contributions to the overall MIKES project through the Elephant Trade Information System (ETIS) maintained

## Notes to financial statements: year ended 30 June 2016

by TRAFFIC in accordance with *CITES Resolution 10:10* relating to the operation of the MIKE and ETIS Programmes.

**Demand reduction, enforcement and policies supporting the conservation of elephants and rhinos - DETER**  
*Funded by GIZ (Gesellschaft für Internationale Zusammenarbeit); implemented by TRAFFIC in Asia and Africa*  
 This project aims to increase stakeholder understanding around elephant ivory and rhinoceros horn trade dynamics; to enhance the knowledge, skills and abilities of those in a position to take action to mitigate trafficking of these products in key countries in Africa and Asia; to support, guide and facilitate collaborative law enforcement relationships between the target countries with national, regional or international counterpart authorities; and to co-ordinate initiatives to reduce demand for elephant ivory in China and rhinoceros horn in Viet Nam.

**DETER phase II (Combatting poaching and illegal wildlife trade in Africa and Asia)**

*Funded by GIZ (Gesellschaft für Internationale Zusammenarbeit); implemented by TRAFFIC in Asia and Africa*  
 Working with the Chinese government and private sector to implement efforts to combat illegal wildlife trade (IWT) through the reduction of supply and demand for illegal wildlife products in China and Africa, by: engaging targeted business and opinion leaders in China; raising awareness of Chinese citizens living and working in, or visiting Africa about IWT; Supporting China-Africa cooperation against IWT; Supporting the reduction of illegal wildlife trade through improved information-sharing with a pilot approach in Central Africa.

**ROUTES (Reducing Opportunities for Unlawful Transport of Endangered Species)**

*Funded by USAID (United States Agency for International Development)*

ROUTES is an innovative and transformational partnership that brings together international conservation organizations, donors, government, and the transportation and logistics industry for a multi-year collaborative program to combat illegal wildlife trafficking internationally. Core Team members include the U.S. Agency for International Development, Center for Advanced Defense Studies, Freeland, International Air Transport Association, TRAFFIC, U.S. Department of Homeland Security, U.S. Department of State, U.S. Fish and Wildlife Service and WWF.

**Reduce illegal timber in supply chains originating from Cameroon to China**

*Funded by DFID (Department for International Development) via KPMG*

This project has been designed to achieve increased compliance with timber harvest and trade controls along the supply chain from Cameroon to China and the European Union. It aims to harness the growing interest within government and private sectors to demonstrate compliance with timber trade controls and reinforce Voluntary Partnership Agreements and related processes for timber in Cameroon.

### 14. Analysis of net assets between funds

	Unrestricted	Restricted	2016 Total	Restated 2015 Total
	£	£	£	£
Tangible fixed assets	14,927	-	14,927	14,344
Intangible fixed assets	-	-	-	77
Net current assets	967,175	693,409	1,660,584	1,553,503
	982,102	693,409	1,675,511	1,567,924

# Notes to financial statements: year ended 30 June 2016

## 15. Operating leases

At 30 June 2016 the charity had total commitments under non-cancellable operating leases as set out below:

	2016 £	2015 £	2015 £
	Land & Buildings	Land & Buildings	Other items
<b>Payment due:</b>			
Within one year	34,660	8,908	3,690
Within two to five years	138,640	-	-
After five years	178,569	-	-
	<u>351,869</u>	<u>8,908</u>	<u>3,690</u>

## 16. Third party transactions

In accordance with FRS102, there are no related party transaction to disclose for 2016 (2015: none).

## 17. Taxation

The charity is exempt from corporation tax as all of its income is charitable and is applied for charitable purposes.

## 18. Transition to FRS 102

This is the first year that the Charity has presented its financial statements under Financial Reporting Standards (FRS 102) issued by the Financial Reporting Council. The last financial statements prepared under UK GAAP were for the year ended 30 June 2015; the date of transition to FRS 102 was 1 July 2014. To enable comparison with the previous year's data, the financial statement of financial activity for the year ended 30 June 2015 and total funds as at 1 July 2014 and 30 June 2015 have been restated using FRS 102. The main changes and a reconciliation between previously reported and the restated data is set out below:

**Income** – Income is now recognised when it is probable rather than virtually certain that the income will be received. The impact of this differentiation is an additional income recognition of £70,886 for 2014, a reduction of £137,491 in 2015 and an increase of £1,369,532 in the 2016 financial statements.

**Annual leave** – a liability is now recognised for annual leave which is due, but not taken at the balance sheet date. The impact of the restatement is an increase in staff costs of £27,361 for 2014, a reduction of £1,967 in 2015 and an increase of £15,004 for the 2016 financial statements.

Reconciliation of charity funds	1 July 2014 £	30 June 2015 £
Funds previously reported under UK GAAP	1,956,203	1,730,810
Accrued annual leave	(27,361)	(25,395)
Income	<u>70,886</u>	<u>(137,491)</u>
Total impact of transition	43,525	(162,886)
<b>Total funds as restated</b>	<u>1,999,728</u>	<u>1,567,924</u>

# Notes to financial statements: year ended 30 June 2016

Reconciliation of the net movement in funds for the year ended 30 June 2015		30 June 2015
	£	£
<b>Net expenditure previously reported under UK GAAP</b>		(225,393)
Change in accrued annual leave	1,966	
Change in Income	(208,377)	
<b>Net expenditure under FRS 102</b>		<u>(431,804)</u>

## 19. Restated statement of financial activities for the year ended 30 June 2015

Notes	Unrestricted Funds £	Restricted Funds £	2015 Total £	2014 Total £
<b>Income from:</b>				
Donations	825,042	556,013	1,381,055	1,257,403
Charitable activities	212,939	2,790,281	3,003,219	4,311,080
Investments	23	-	23	22
Other	209	54	263	0
<b>Total</b>	<u>1,038,213</u>	<u>3,346,347</u>	<u>4,384,560</u>	<u>5,568,505</u>
<b>Expenditure on:</b>				
Raising funds	149,200	-	149,200	270,279
Charitable activities	824,578	3,842,586	4,667,164	4,745,127
<b>Total</b>	<u>973,778</u>	<u>3,842,586</u>	<u>4,816,364</u>	<u>5,015,406</u>
<b>Net income/(expenditure)</b>	64,435	(496,239)	(431,803)	553,100
<b>Transfers between funds</b>	(87,901)	87,901	-	-
<b>Net movement in funds</b>	<u>(23,466)</u>	<u>(408,338)</u>	<u>(431,803)</u>	<u>553,100</u>
<b>Reconciliation of funds:</b>				
Total funds brought forward	738,979	1,260,748	1,999,727	1,446,627
<b>Total funds carried forward</b>	<u>715,513</u>	<u>852,410</u>	<u>1,567,924</u>	<u>1,999,727</u>

Prior year accounts have been restated following the transition to FRS102. Further details are provided in note 18 to the accounts.



TRAFFIC, the wildlife trade monitoring network, is the leading non-governmental organization working globally on trade in wild animals and plants in the context of both biodiversity conservation and sustainable development.

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Rhinoceros © Jeremy Smith

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