

**Whale and Dolphin
Conservation Society**

(Limited by guarantee)

**Directors' report and consolidated
financial statements**

Year ended 31 March 1997

Registered number 2737421

Registered charity number 1014705



Whale and Dolphin Conservation Society

(Limited by Guarantee)

Directors' report and financial statements

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Whale and Dolphin Conservation Society (Limited by Guarantee)

Independent advisers at 31 March 1997

Auditors

KPMG
Richmond Park House
15 Pembroke Road
Bristol
BS8 3BG

Bankers

Midland Bank plc
45 Milsom Street
Bath
BA1 1DU

Solicitors

Withy King & Lee
5 & 6 Northumberland Buildings
Queen Square
Bath

Stone King & Wardle
13 Queen Square
Bath

Whale and Dolphin Conservation Society

(Limited by Guarantee)

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 1997.

Principal activity

The principal activity of the Society is to help conserve and protect whales and dolphins. This is largely achieved through conservation research, public awareness and educational campaigns. The charity's subsidiary, WDCS Trading Limited, raises income which it covenants to the society.

Business review

The directors are satisfied with the results of the year shown in the statement of financial activities on page 6.

The Society has used the current year to build upon the foundations of financial stability of the previous year and to prepare the organisation for necessary development over the forthcoming period.

The Society has undertaken significant reorganisation of its administrative structure in order to meet the challenges of the current and future market place. This has included a review of both its core administrative/fundraising management and a review of the WDCS Trading Company subsidiary.

During the year the Society has contracted out the day-to-day handling and fulfilment of fundraising administration, allowing for development of the WDCS supporter database leading to increased productivity in the targeting of current and future fundraising activities. This move has enabled the fundraising officers of WDCS to concentrate on developing new areas of fundraising potential. Freed of some of their basic administrative duties, they have been able to concentrate in building the foundations for increased productivity within fundraising during the forthcoming year.

The Society has been able to develop further its non-database fundraising in areas such as a high donor support, trust grants and corporate fundraising. The Society shall seek to develop these, and similar areas, over the next year with particular emphasis on developing a corporate fundraising strategy to help take the Society into the next century.

The workings of the Trading subsidiary has been reviewed in order to maximise future potential income. This has involved investment in specialised, merchandising staff and additional training for current staff members. The marketing plan of the Trading subsidiary has been developed to support and complement the activities of the Society fundraising strategy to maximise the future potential benefit to both organisations.

Whale and Dolphin Conservation Society

(Limited by Guarantee)

Directors' report

Business Review (continued)

Staff have been taken on in the policy areas of the Society enabling WDCS to develop expertise in fisheries bycatch, anthropology and information technology. Consultants have been actively recruited and used during the year. This has proved a highly successful strategy for the Society in developing new areas of expertise and has contributed to building the profile of the Society in the UK and abroad. The Society has seen notable success in the area of cetacean habitat protection and fisheries bycatch reduction initiatives.

The Society continues to fund over 40 conservation field projects, many of which continue to be focused on endangered species. The Society has been active in developing conservation strategies for cetaceans both in the UK and around the globe. The Society continues to advocate active conservation policies aimed at mitigating threats and developing full protection for cetaceans wherever they may be.

The Society has been particularly successful in developing the value of the 'intellectual property' of the Society. This has involved the development of WDCS expert teams in the areas of whale-watching development, conservation management, investigation, and project management. The Society is pursuing a policy of generating income for these services, where appropriate, and is looking to increased income from this area in the forthcoming years.

The Society has consolidated its position as both a world authority and world leader in the areas of cetacean conservation and non-governmental organisation (ngo) co-ordination. WDCS again acted as official advisors to the UK Government at the International Whaling Commission (IWC) meeting and in 1997 a WDCS representative was appointed to the management committee of the UK ngo co-ordinating body 'Wildlife and Countryside Link'. In this forum, the Society was active in developing closer ties between UK ngos and charity groups to maximise the effectiveness of campaigns and Society funding of projects. WDCS has continued to build bilateral relationships with UK and international ngos as initiated over the last two years.

During the year the Society has consolidated its marketing and policy departments in order to maximise potential benefits from all departments activities. Despite an increased level of activity in all areas, this close co-ordination has allowed for the smooth transition of the fundraising administration activities and development of a number of new initiatives. In 1998 the Society shall be building upon these foundations to seek overseas funding opportunities and increased revenue generation from, as yet, untapped sources. The Society has been able to extend its pre-planning programme with income/policy initiatives now under development for activities as far afield as 1999. This ability to look forward enables the Society to tackle the multitude of issues cetaceans now face, with the security of a sound organisational structure and income generation programme.

Charitable status

The company is a registered charity number 1014705.

Whale and Dolphin Conservation Society (Limited by Guarantee)

Directors' report

Directors and directors' interests

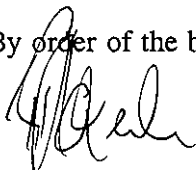
The directors who held office during the year were as follows:

T Dickinson (chairman)
A Chivers
M Stobie
John Gerard-Leigh
John Read

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board



T Dickinson
Director

Alexander House
James Street West
Bath
Avon

29 January 1998

Whale and Dolphin Conservation Society

(Limited by Guarantee)

Statement of trustees' responsibilities

Law applicable to incorporated charities in England and Wales requires the trustees, who are also the directors of the company, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the group at the end of the year and of its financial activities during the year then ended. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and the group will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



Richmond Park House
15 Pembroke Road
Clifton
Bristol BS8 3BG

Auditors' report to the members of Whale and Dolphin Conservation Society (Limited by Guarantee)

We have audited the financial statements on pages 8 to 19.

Respective responsibilities of directors and auditors

As described on page 5 the trustees, who are also the directors of Whale and Dolphin Conservation Society (Limited by guarantee), are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. This charity, in common with others of a similar size and organisation, derives a proportion of its income from voluntary donations which, as they are collected on behalf of the charity and remitted to it by third parties, cannot be fully controlled until they are entered in the accounting records. The evidence available to us was limited because £108,968 of the charity's recorded income comprises such voluntary donations over which there can be no system of control until they are entered in the accounting records. There were no audit processes that we could adopt to confirm satisfactorily that such voluntary donations were complete.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



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Auditors' report to the members of Whale and Dolphin Conservation Society
(Limited by Guarantee) (continued)

Qualified opinion arising from limitation in audit scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning certain voluntary donations, in our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and the group as at 31 March 1997 and of group's incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

24 April 1998

Whale and Dolphin Conservation Society

(Limited by Guarantee)

Consolidated statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 March 1997

	Note	Unrestricted funds £	Restricted funds £	Total funds 1997 £	Total funds 1996 £
Incoming resources					
Subscriptions and donations	7	760,907	46,710	807,617	801,093
Adopt a whale		196,760	-	196,760	241,793
Adopt a dolphin		340,672	-	340,672	342,958
Interest receivable	8	27,609	-	27,609	35,907
Net income of trading subsidiary	3	45,377	-	45,377	116,496
Keiko Adoptions		-	6,138	6,138	2,266
Other income		3,034	-	3,034	26,150
Total incoming resources		1,374,359	52,848	1,427,207	1,566,663
Resources expended					
Direct charitable expenditure					
Conservation and education project expenditure		569,518	35,243	604,761	656,317
		569,518	35,243	604,761	656,317
Other expenditure					
General membership		197,251	-	197,251	137,788
Adopt a whale		111,377	-	111,377	158,446
Adopt a dolphin		235,784	-	235,784	252,731
Fundraising and publicity		259,457	-	259,457	163,548
Administration and management		160,437	-	160,437	198,795
Keiko		-	844	844	7,812
		964,306	844	965,150	919,120
Total resources expended		1,533,824	36,087	1,569,911	1,575,437
Net movement in funds and excess of expenditure over income					
	4-6	(159,465)	16,761	(142,704)	(8,774)
Balances brought forward		214,306	190,021	404,327	413,101
Balances carried forward		54,841	206,782	261,623	404,327

Whale and Dolphin Conservation Society

(Limited by Guarantee)

Consolidated balance sheet at 31 March 1997

	Note	1997	1996
		£	£
Fixed assets			
Tangible assets	10	72,627	85,572
Current assets			
Stock	12	36,108	19,482
Debtors	13	110,649	178,043
Cash at bank and in hand		495,681	659,034
		<u>642,438</u>	<u>856,559</u>
Creditors: amounts falling due within one year	14	(453,442)	(537,804)
Net current assets		<u>188,996</u>	<u>318,755</u>
Net assets		<u>261,623</u>	<u>404,327</u>
Funds			
Unrestricted (page 6)		54,841	214,306
Restricted	15	206,782	190,021
Total Funds	16	<u>261,623</u>	<u>404,327</u>

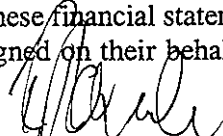
Whale and Dolphin Conservation Society

(Limited by Guarantee)

Company balance sheet at 31 March 1997

	Note	1997		1996	
		£	£	£	£
Fixed assets					
Tangible assets	10		66,519		84,728
Investment	11		2		2
			<u>66,521</u>		<u>84,730</u>
Current assets					
Debtors	13	142,379		199,339	
Cash at bank and in hand		483,718		618,164	
		<u>626,097</u>		<u>817,503</u>	
Creditors: amounts falling due within one year	14	(431,596)		(503,130)	
Net current assets					
Due within one year			144,501		264,373
Debtors due after one year	13		50,000		50,000
			<u>194,501</u>		<u>314,373</u>
Total net current assets					
			<u>261,022</u>		<u>399,103</u>
Funds					
Unrestricted			54,240		209,082
Restricted	15		206,782		190,021
			<u>261,022</u>		<u>399,103</u>
Total Funds	16				
			<u>261,022</u>		<u>399,103</u>

These financial statements were approved by the board of directors on 29 January 1998 and were signed on their behalf by:


T Dickinson
Director

Whale and Dolphin Conservation Society

(Limited by Guarantee)

Notes

(forming part of the financial statements)

1 Company status

The Whale and Dolphin Conservation Society is a company limited by guarantee, not having a share capital. The liability of the members in the event of winding up is limited to an amount not exceeding £1 per member. At 31 March 1997 there were four members.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to these financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention rules and in compliance with Statement of Recommended Practice "Accounting by Charities".

The directors consider that the consolidated statement of financial activities presented contains all the information of income and expenditure requested by the Companies Act and is more appropriate to the activities of the company than the formats for profit and loss as laid down in the Companies Act 1985.

Basis of consolidation

The group accounts consolidate the accounts of the Whale and Dolphin Conservation Society (Limited by Guarantee) and its subsidiary undertaking. The accounts are made up to 31 March 1997.

In accordance with Section 230(4) of the Companies Act 1985 the Whale and Dolphin Conservation Society (Limited by Guarantee) is exempt from the requirement to present its own profit and loss account.

The amount of the loss for the financial year dealt with in the financial statements of the Whale and Dolphin Conservation Society (Limited by Guarantee) is disclosed in note 16 to these accounts.

Fixed assets and depreciation

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful economic lives as follows:

Fixtures, fittings, and equipment	-	20% straight line per annum
Motor vehicles	-	25% straight line per annum
Computer equipment	-	25% straight line per annum
Boat	-	33% straight line per annum

Cashflow

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cashflow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.

Whale and Dolphin Conservation Society (Limited by Guarantee)

Notes (continued)

2 Accounting policies (continued)

Stocks

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

Taxation

The charge for taxation is based on the taxable result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is only made for deferred tax to the extent that it is probable an actual liability will crystallise.

Income

Subscription and appeal income is allocated to the accounting period to which it relates. Other income is included in the financial statements according to its date of receipt.

Leases

All leases entered into are operating leases. The rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pensions

The group contributes to individual personal pension schemes. The assets of such schemes are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Administration and fundraising costs

General administrative and fundraising expenses are charged on an accruals basis to their respective headings. These costs are incurred solely for the purpose of running the charity and raising funds.

3 Net income from trading activities of subsidiary

The Whale and Dolphin Conservation Society (Limited by Guarantee) has one wholly owned trading subsidiary which is incorporated in England and Wales. The subsidiary's turnover represents amounts (excluding value added tax) derived from the provision of goods to customers, together with income received from raffles. It also receives advertising and corporate sponsorship revenues and royalties. The company covenants its taxable profits to the Whale and Dolphin Conservation Society (Limited by Guarantee) and also pays interest on loans from the same. A summary of its trading result is shown below. Audited accounts have been filed with the Registrar of Companies.

Whale and Dolphin Conservation Society

(Limited by Guarantee)

Notes (continued)

3 Net income from trading activities of subsidiaries (continued)

Profit and loss account

	1997 £	1996 £
Turnover	307,296	347,198
Cost of sales	(166,251)	(169,678)
Gross profit	141,045	177,520
Administrative expenses	(123,696)	(106,547)
Other operating income	30,931	45,931
Operating profit	48,280	116,904
Interest receivable	1,036	4,581
Interest payable	(3,939)	(4,303)
Net profit before distributions	45,377	117,182
Covenant	(50,000)	(116,000)
(Loss)/profit before taxation	(4,623)	1,182
Taxation	-	(686)
(Loss)/profit retained in subsidiary	(4,623)	496

4 Net movement in funds for the financial year

	1997 £	1996 £
<i>The net movement in funds is stated after charging:</i>		
Auditors' remuneration		
Audit	5,500	5,250
Other services	2,700	1,454
Depreciation	36,376	38,782
Rent payable under operating lease	21,500	21,500
Hire of plant and machinery - rentals payable under operating leases	1,534	4,186

Whale and Dolphin Conservation Society

(Limited by Guarantee)

Notes (continued)

5 Remuneration of directors

The directors received no remuneration.

6 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year was 25 (1996: 21).

The aggregate payroll costs of these persons were as follows:

	1997 £	1996 £
Wages and salaries	345,085	293,204
Social security costs	31,939	29,813
Pension costs (note 18)	11,932	9,364
	<u>388,956</u>	<u>332,381</u>

7 Subscriptions and donations

	1997 £	1996 £
General subscriptions	277,067	265,478
Unrestricted donations	477,702	468,610
Restricted donations	52,848	67,005
	<u>807,617</u>	<u>801,093</u>

8 Interest receivable

	1997 £	1996 £
Bank interest	23,670	31,604
Interest on loan to WDCS Trading Limited	3,939	4,303
	<u>27,609</u>	<u>35,907</u>

Whale and Dolphin Conservation Society (Limited by Guarantee)

Notes (continued)

9 Taxation

The Whale and Dolphin Conservation Society (Limited by Guarantee) has the benefit of charitable status and is registered with the Charity Commissioners. As such it is entitled to the exemptions from tax offered in section 505 ICTA 1988 in so far as it applies its income and capital gains for charitable purposes only. Consequently the charge to taxation for the year results solely from the activities of the subsidiary.

	1997 £	1996 £
UK corporation tax at 24 % (1996: 25%) on the profit for the year on ordinary activities	-	165
Adjustment relating to an earlier year	-	521
	-	686

10 Tangible fixed assets

Group	Fixtures, fittings and equipment £	Motor vehicles £	Computer equipment £	Boat £	Total £
<i>Cost</i>					
At beginning of year	70,456	8,100	104,464	9,500	192,520
Additions	7,873	-	15,558	-	23,431
At end of year	78,329	8,100	120,022	9,500	215,951
<i>Depreciation</i>					
At beginning of year	30,696	1,856	65,482	8,914	106,948
Charge for year	13,158	2,025	20,607	586	36,376
At end of year	43,854	3,881	86,089	9,500	143,324
<i>Net book value</i>					
At 31 March 1997	34,475	4,219	33,933	-	72,627
At 31 March 1996	39,760	6,244	38,982	586	85,572

Whale and Dolphin Conservation Society (Limited by Guarantee)

Notes (continued)

10 Tangible fixed assets

Company	Fixtures, fittings and equipment £	Motor vehicles £	Computer equipment £	Boat £	Total £
Cost					
At beginning of year	69,860	8,100	102,374	9,500	189,834
Additions	7,671	-	8,815	-	16,486
At end of year	77,531	8,100	111,189	9,500	206,320
Depreciation					
At beginning of year	30,293	1,856	64,043	8,914	105,106
Charge for year	13,051	2,025	19,033	586	34,695
At end of year	43,344	3,881	83,076	9,500	139,801
Net book value					
At 31 March 1997	34,187	4,219	28,113	-	66,519
At 31 March 1996	39,567	6,244	38,331	586	84,728

11 Fixed asset investment

Company	Shares in subsidiary £
Cost	
At beginning and end of year	2

The company owns the entire issued ordinary share capital of WDCS Trading Limited, a company incorporated in Great Britain and registered in England and Wales.

The principal activity of WDCS Trading Limited, is to raise income for the company through merchandising, corporate sponsorship and the running of competitions.

Whale and Dolphin Conservation Society

(Limited by Guarantee)

Notes (continued)

12	Stock	Group		Company	
		1997	1996	1997	1996
		£	£	£	£
	Goods for resale	36,108	19,482	-	-
13	Debtors	Group		Company	
		1997	1996	1997	1996
		£	£	£	£
	Amounts falling due within one year				
	Trade debtors	2,406	553	-	-
	Other debtors	10,853	1,411	6,573	-
	Amount owed by subsidiary undertaking	-	-	8,344	1,525
	Income tax recoverable	12,000	30,722	12,000	30,722
	VAT	-	20,550	-	20,550
	Prepayments and sundry debtors	85,390	124,807	65,462	96,542
		110,649	178,043	92,379	149,339
	Amounts falling due after more than one year				
	Loan to subsidiary	-	-	50,000	50,000
	Total	110,169	178,043	142,379	199,339
14	Creditors: amounts falling due within one year	Group		Company	
		1997	1996	1997	1996
		£	£	£	£
	Trade creditors	92,297	96,923	74,964	66,579
	Social security	8,684	8,322	8,684	8,322
	Corporation tax	-	165	-	-
	VAT (see note 19)	9,818	-	9,818	-
	Accruals	31,306	19,510	26,793	15,345
	Subscriptions received in advance	311,337	412,884	311,337	412,884
		453,442	537,804	431,596	503,130

Whale and Dolphin Conservation Society

(Limited by Guarantee)

Notes (continued)

15 Restricted funds

Restricted funds comprise the following unexpended balances of donations and other income received to be applied for specific purposes:

	Balance at 31 March 1996 £	Income	Expenditure £	Balance at 31 March 1997 £
Faroes campaign	160,207	37,540	(31,718)	166,029
Harbour porpoise appeal	22,045	9,170	-	31,215
Norway appeal	3,769	-	(2,000)	1,769
Right whale appeal	4,000	-	-	4,000
Keiko	-	6,138	(2,369)	3,769
	<u>190,021</u>	<u>52,848</u>	<u>(36,087)</u>	<u>206,782</u>

The above funds are to be applied for the specific purposes for which the various appeals were run.

16 Reserves

	Group		Company	
	1997 £	1996 £	1997 £	1996 £
Balance at the beginning of the year	404,327	413,101	399,103	408,373
Deficit for the year	(142,704)	(8,774)	(138,081)	(9,270)
	<u>261,623</u>	<u>404,327</u>	<u>261,022</u>	<u>399,103</u>

Whale and Dolphin Conservation Society

(Limited by Guarantee)

Notes (continued)

17 Commitments

- i) The directors are of the opinion that at the year end the company was morally obliged to provide further funds totalling approximately £5,168 in respect of conservation projects. The provision of this funding is dependent upon suitable progress reports being received from the various projects by the Charity demonstrating the effective use of funds.
- ii) Annual commitments under non-cancellable operating leases are as follows:

	1997		1996	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	21,500	1,534
In the second to fifth years inclusive	22,500	-	-	-
	<u>22,500</u>	<u>-</u>	<u>21,500</u>	<u>1,534</u>

18 Pension scheme

The group contributes to individual personal pension schemes. The charge for the year represents contributions payable by the group to such schemes and amounted to £11,932 (1996: £9,364). There were no outstanding or prepaid contributions at either the beginning or end of either financial year.

19 Contingent liability

Following a visit during the year Customs & Excise have, subsequent to the year end, raised assessments for outstanding VAT in respect of periods up to 31 March 1997, totalling £181,242. The company is of the opinion that, net of recoverable VAT, £9,818 is payable up to that date and this is the amount which has been provided in the accounts (note 14). An appeal has been lodged and a Commissioners' Review is now in progress. Customs & Excise have stated that a full review will be performed but will take some time to complete. The amount of any extra liability cannot yet be assessed with reasonable accuracy, and the probability of such liability cannot be assessed. Accordingly no further liability has been accrued in the accounts.