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**Whale and Dolphin Conservation Society (Limited
by Guarantee)**

**Trustees' report and consolidated
financial statements**

Registered number 2737421

Registered charity number 1014705

Year ended 30 September 2001



Contents

Report of the Chief Executive	1
Review of Financial Results	5
Report of the trustees	6
Report of the auditors to the members of Whale and Dolphin Conservation Society (Limited by Guarantee)	10
Consolidated statement of financial activities (incorporating the income and expenditure account)	11
Consolidated and charity balance sheets	13
Consolidated cashflow statement	14
Notes	15

Report of the Chief Executive

Welcome to the WDCS 2000/2001 annual report.

During the past year WDCS has continued to seek to ensure that the welfare and protection of cetaceans (whales, dolphins and porpoises) is at the forefront of global marine conservation efforts. Whilst WDCS has taken forward some significant achievements this past year, many threats to cetaceans remain to be addressed in the coming months and years.

We have advocated cetacean protection at some of the toughest international meetings WDCS has had to engage in. The International Whaling Commission (IWC) meeting in London (UK) was a time of extreme effort by the WDCS policy team in our battle to stop the resumption of commercial whaling. Despite the best efforts of the pro-whaling interests, WDCS was able to contribute substantially in preventing any overturning of the global whaling moratorium.

At the same time there has been immense satisfaction in seeing the dedicated team of experts that WDCS has become, tackling some of the toughest conservation problems around the globe. WDCS is continuing to pioneer new and innovative marine conservation efforts, believing, as we do, that healthy marine and freshwater habitats are a fundamental key to the survival of some of the world's most remarkable creatures.

WDCS has continued to act as a catalyst for conservation, bringing together experts in the field of cetacean protection into collaborative projects that may not have been possible without WDCS.

The year saw WDCS extend its work with partner organizations around the globe, whilst further developing our advocacy and conservation and education programmes in conjunction with practical conservation research efforts. This work has ranged from the heat of the forests of the Amazon to the cold of the far-east Russian waters. In all cases, WDCS is grateful for the professionalism and dedication of its field staff and partners, who have achieved remarkable conservation feats despite often difficult circumstances.

WDCS has consolidated its activities in the UK with the establishment of a full-time staff member in Scotland working in partnership with the Moray Firth Wildlife Centre. WDCS Germany has developed into a significant contributor to overall WDCS policy involvement and WDCS has now established consultancy presence in both Australia and the USA. WDCS partnerships in Argentina, Peru, Nepal and Colombia have grown in strength, allowing WDCS to co-ordinate more effectively its work in each area.

Whilst the challenges to cetacean conservation have not diminished over the year, and indeed, with the extended efforts by the pro-whaling interests, may even be said to have increased, WDCS has continued to develop as a leading player in cetacean protection and conservation.

WDCS now has a firm foundation on which to develop its global activities, looking to ever improve the delivery of its charitable objects and fulfil its mandate as validated by its growing international support.

Policy Highlights and future developments

Whilst WDCS has been involved in practical conservation research for many years, we are always seeking improved ways of achieving our aims. To these ends WDCS has pioneered innovative conservation solutions to field research and education challenges:

- Under the banner of the Active Seas Programme, the 'Sail to Save project' published a European version of the very successful laminated ID guide featuring whales and dolphins to be found in European waters – the laminate was designed to raise awareness of cetaceans amongst marine users and encourage reporting of sightings to the WDCS website.

Report of the Chief Executive (*continued*)

- Hector's dolphins – WDCS was able to renew funding for research into this endangered dolphin, found only in New Zealand waters. WDCS was able to build on our field research by contributing significantly to management plans for the North Island population: this population was subsequently awarded "critically endangered" status and lethal gillnets have been banned in the dolphin's core habitat.
- WDCS-Colombia (Omacha) Fernando Trujillo, who heads the Omacha Foundation, was awarded a doctorate by the University of Aberdeen for his research into Amazon River dolphins.
- WDCS took part in the first ever survey of river dolphins in Pakistan.

WDCS maintains its belief that cetaceans, as sentient creatures, are unsuitable creatures for captivity. To these ends WDCS has continued to develop its advocacy and educational work related to the welfare of those animals already in captivity and has fought for the prevention of captures for the display industry. During the year WDCS:

- Helped to stop the construction of a new captive facility in Virginia Beach, USA
- Helped raise awareness about the problems associated with keeping cetaceans in captivity in the Cayman Islands and was effective in helping put a stop to a proposed dolphinarium.
- Continued with its campaign on the issue of 'petting pools', especially in the USA. Several of WDCS's concerns have led to improved conditions for cetaceans in such pools, but WDCS shall continue to seek the elimination of these facilities.

In 2000/2001 WDCS continued to act as a force for protection and conservation within the ongoing debate over commercial whaling.

- Despite well-founded fears that the IWC might agree to a resumption of commercial whaling at its 53rd meeting in Hammersmith London, the moratorium was maintained – until the next meeting at least. WDCS will continue to fight for the continued maintenance and enforcement of the ban.
- Several pro-conservation measures were adopted at the IWC annual meeting thanks to WDCS' lobbying efforts, including a resolution significantly advancing the conservation of small cetaceans (dolphins, porpoises and small whales), which received the highest ever majority for a small cetacean resolution.
- In early 2001, the Japanese government was forced to decline Norway's proposed export of blubber. As consumer protection groups in Japan working with WDCS pointed out, the blubber was so contaminated that its import into Japan would have been illegal under consumer protection legislation.
- Responding to sustained protests by Japanese consumer protection groups relying upon data collected for WDCS, Japan's Ministry of Health and Welfare finally announced in August that it would undertake research into the contamination of cetacean meat, and investigate its possible impact on consumer health.

WDCS has always been proud of its foundation of good scientific research and opinion. The year 2000-2001 saw further development of the Science Department.

- WDCS scientific staff represented WDCS at many meetings, with venues ranging from Hammersmith (UK) to Hanoi (Vietnam). WDCS was represented on the Scientific Committees of the IWC and ASCOBANS (the Agreement for Small Cetaceans of the Baltic and North Seas) and the "Animals Committee" of the Convention in Trade in Endangered Species (CITES).

Report of the Chief Executive (*continued*)

- The Australian based Science Officer successfully initiated high-level discussions there with government and industry about the development of offshore resources and associated threats.

In no way have we been able to document all the policy achievements of WDCS during the year, but these can hopefully act as taste of what public support has allowed WDCS to achieve. More policy information is available on the WDCS website-detailing WDCS's continued efforts to act as the global voice for cetacean conservation.

Fundraising and Marketing Highlights

The last financial year has been a rewarding one for WDCS in both terms of income growth and development of WDCS's capabilities in the sector of fundraising and marketing.

Due, largely, to our committed giving programme we have seen an increase in both supporter numbers and loyalty. The situation has been further improved by the governments gift aid rules, and, as a result, we are seeing a real improvement in the efficiency and effectiveness of our fundraising. This has been complemented by the consolidation of expertise in the UK fundraising and marketing team, now equipped as they are with a diverse range of skills and experience.

I am pleased to report that supporter numbers have begun to increase and supporter loyalty and value have also grown over the period. This is a result of a focused committed giving recruitment programme and an active policy of relationship building with supporters. This increased level of service and communication with supporters has more than been rewarded with increased loyalty of support.

Although we have a successful supporter-marketing programme it is important that the Society does not rely too much on this sole income generating area, or indeed any individual type of fundraising. With this in mind we have put more resources into, and are seeing more results from, trust, legacy and event marketing, to give but three examples. We are very pleased to report that legacy income has further increased, as the Society becomes better known and its policy achievements better recognized.

WDCS has been able to forge good relationships with several respected corporate partners including Nikon and the Bank of Scotland. These relationships have resulted in greater awareness for the joint initiatives and added income streams for WDCS.

WDCS has continued to market itself in the press in the UK and globally, and has built upon its program of contributing text and information to external magazines. The WDCS Magazine was also recognized with an award for the quality of its design and information provision.

The WDCS website has continued to develop and, we believe, is now recognized as one of the outstanding cetacean sites in the world. It has proved enormously popular and continues to bring new supporters to the Society.

2001 was the second year that WDCS ran our own eco-tourism holidays to some of our conservation projects through our travel operation **out of the blue**. These trips have proved very popular with our supporters and the general public at large and in 2001 we were able to run a series of sell-out trips to Scotland, the Azores, Argentina and Canada.

The feedback received from people that have been on the trips has been excellent, and we are now getting repeat bookings from some participants. A number of non-members travelling with WDCS expressed a desire to become members/supporters of WDCS following a trip.

These trips offer people the chance to see whales and dolphins as they should be seen – in the wild, and because the trips are run exclusively to projects that WDCS funds, people going on the tours also have the opportunity to learn about conservation work first hand. **Out of the blue** is run by WDCS, so the trips directly help fund ongoing

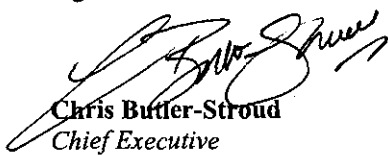
Report of the Chief Executive (*continued*)

conservation work. Also important is the fact that the costs of the trip help to fund businesses in local areas, thereby ensuring that there is an economic incentive for communities to conserve their local cetaceans.

2001 is the only the second year that WDCS has run these trips but they are already proving so popular that we are having to add new dates and locations for 2002 to keep up with demand.

Based on its activities in 2000/2001 WDCS is growing, and continues to be ambitious for the future. WDCS is seeking to continue its strategy of engaging with an ever more diverse range of marketing initiatives as well as planning for long term security and sustainable growth. With this twin track approach, and the continued enthusiasm of the staff and supporters, I believe WDCS will be well positioned to tackle the increased challenges we shall undoubtedly face.

Signed



Chris Butler-Stroud
Chief Executive

21 February 2002

Review of Financial Results

Income

The Society saw an overall increase in income of some 20% compared with a 7% increase in the previous year. This was due primarily to the increased recruitment and retention of supporters in the committed giving programme. Some 45% of WDCCS supporters now use direct debit as their preferred method of supporting the charity. The application of the new Gift Aid tax incentives announced last year have had a significant effect on income, as has the expansion of the out of the blue programme.

Expenditure

Charitable expenditure increased by some 21% (similar to 1999), which was again a significant increase year on year. Careful budgeting and cost controls led to a small surplus for the end of the year, which has been taken into reserves as per the existing reserves policy. Each major fundraising programme continued to show improvements in efficiency, with the adopt-a-dolphin programme showing significant improvements, with a 47% increase in income against an increase in costs of only 10%. Adopt-a-whale saw an increase in income (10%) with a corresponding decrease in attributable costs of some 27%.

The drive to improve ratios and control costs whilst looking at new fundraising initiatives continues. A firm understanding of financial controls and techniques has been imbued across the organization with subsequent improvement in efficiency and effectiveness.

The Society has seen some expenditure on preparing for our office move to Chippenham, Wiltshire. Faced with the potential of escalating costs associated with our historical base in Bath, the Trustees authorized a new 15-year lease for office accommodation in Chippenham. The new property represents a step forward for the Society and marks another milestone in the organization's ambition to be the global voice for cetaceans.

The Future

The management remains confident that the strategy of developing the core income programme has led to a stable income forecast for the Society. Further expansion of this programme will allow the Society to consolidate a strong base from which to increase the Society's expenditure on campaigns, projects, and education whilst seeking innovative overseas fundraising opportunities.

Signed



Sian Davies Hamilton
Director of Finance

21 February 2002

Report of the trustees

The trustees, who are also directors of the charity for the purposes of the Companies Act, present their report and the audited financial statements for the year ended 30 September 2001. The trustees are also the members of the charity. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) issued in October 2000 in preparing the annual report and financial statements of the charity.

The charity is a charitable company limited by guarantee and was set up in August 1992. It is governed by a memorandum and articles of association. WDCS is an international charity dedicated to the protection of cetaceans (whales, dolphins and porpoises) and their environment. This is achieved through research, the funding of conservation projects, awareness campaigns and educational activities. The charity is authorized to receive donations, subscriptions and grants from other organisations.

Review of activities and future developments

The statement of financial activities for the year is set out on page 11. A review of the financial results is given on page 5 with a commentary on the year's activities and achievements in the Chief Executive's report.

Subsidiaries

The charity has two wholly owned subsidiaries. The trading subsidiary, WDCS Trading Ltd., raises income through merchandise, licensing and lotteries. It gift aids all its taxable profits to the charity. WDCS Germany GmbH, a charitable company under German regulations, was founded to expand awareness of WDCS's work within Germany and German speaking EU countries.

Grant making policy

WDCS invites applications for funding of cetacean research projects, using benign research techniques. Applications are submitted in a specific format and reviewed by a WDCS panel of consultants and/or staff. Projects are monitored on a regular basis and a final report is submitted for each project.

Reserves

The Trustees believe the charity should hold financial reserves because it has no endowment fund income and is dependant upon donor funding for income, which is inevitably subject to fluctuation.

At the end of the year the group had reserves of £192,094, of which £46,366 represents restricted funds. The Trustees have a policy of continually reviewing the reserves position. Their objective is to increase the level of reserves as appropriate to keep pace with the development of the Society.

Changes in fixed assets

The movements in fixed assets during the year are set out in Note 11 to the financial statements.

Trustees' report *(continued)*

Governance and internal control

The charity is an incorporated legal entity limited by guarantee, the business of which is governed by a Board of six trustees. Trustees serve for a three year period and may then be re-elected. The trustees meet four times a year to review the strategy and performance of the charity and to approve operating plans and budgets. Sub committees meet more frequently with senior management and report back to the full Board.

Company and charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing those financial statements, the trustees have:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on the going concern basis.

The trustees have overall responsibility for ensuring that the charity has appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The charity is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use or disposition;
- Proper records are maintained and financial information used within the charity or for publication is reliable;
- The charity complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan and an annual budget approved by the trustees
- Regular consideration by the trustees of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews.
- Delegation of authority and segregation of duties.
- Identification and management of risks

Trustees' report *(continued)*

Governance and internal control *(continued)*

The Trustees have introduced a formal risk management process. This review is linked to the strategic plan. Systems have been developed to monitor and control these risks:

- Identifying the types of risk WDCS faces,
- Prioritising them in terms of potential impact and likelihood
- Identifying means of mitigating the risks

These risks and controls will be reviewed by the Trustees on a regular basis.

Volunteers

Volunteers are involved in many aspects of the charity's work, mainly fundraising, research and education. It is estimated that over 7,100 volunteer hours were provided during the year, which could be valued at £42,500. A volunteer project is currently underway to ensure that the most effective use is made of the time generously given by our volunteers.

Employees

Employees have been consulted on issues of concern to them by means of consultative meetings, staff meetings, and newsletters and have been kept informed on specific matters directly by management. A system of staff appraisal is in place.

Legal and administrative information

Trustees

Michael Stobie (Chairman)
Andrew Chivers
Terry Dickinson
John Gerard-Leigh
Claire Lyell
Johnny Reed

Chief Executive

Chris Butler-Stroud

Registered Office

Alexander House, James Street West, Bath BA1 2BT

Trustees' report *(continued)*

Auditors

KPMG, 100 Temple Street, Bristol BS1 6AG

Investment Managers

Gerrard Ltd., 40-42 Queen Square, Bristol BS1 4QP

Bankers

The Co-operative Bank, 16 St. Stevens Street, Bristol BS1 1JR

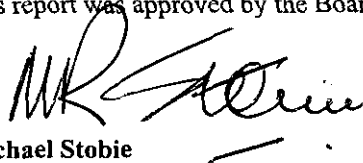
Solicitors

Withy King, 5-6 Northumberland Buildings, Queen Square, Bath BA1 2JE

Auditors

A resolution for the re-appointment of KPMG as auditors of the company was proposed and adopted at the Annual General Meeting.

This report was approved by the Board on 21 February 2002.



Michael Stobie
Chairman



100 Temple Street
Bristol
BS1 6AG
United Kingdom

Report of the auditors to the members of Whale and Dolphin Conservation Society (Limited by Guarantee)

We have audited the financial statements on pages 11 to 24 which have been prepared on the basis of the accounting policies set out on pages 15 to 17.

Respective responsibilities of trustees and auditors

As disclosed on page 7 the directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and the group as at 30 September 2001 and of the 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

21 February 2002

Consolidated statement of financial activities (incorporating the income and expenditure account)

for the year ended 30 September 2001

	Note	Unrestricted funds	Restricted funds	Total funds Year ended 30 September 2001	Total funds Year ended 30 September 2000
		£	£	£	£
Incoming resources					
Donations	3	622,962	50,042	673,004	597,079
Legacies	4	76,917	-	76,917	123,888
<i>Activities in furtherance of the charity's objects:</i>					
Membership		219,410	-	219,410	192,710
Adopt a Whale		129,794	-	129,794	117,708
Adopt a Dolphin		648,830	-	648,830	441,946
<i>Activities for generating funds:</i>					
Merchandising income	5	35,664	-	35,664	54,898
Investment income	6	9,185	-	9,185	10,068
Raffle income	5	72,031	-	72,031	63,362
Out of the Blue income	5	86,890	-	86,890	24,334
Other income		737	-	737	1,000
Total incoming resources		1,902,420	50,042	1,952,462	1,626,993
Resources expended	7				
<i>Cost of generating funds:</i>					
Membership		117,628	-	117,628	77,889
Adopt a Whale		36,093	-	36,093	49,681
Adopt a Dolphin		302,818	-	302,818	276,774
Fund-raising costs		376,647	-	376,647	344,243
Merchandising costs		18,233	-	18,233	27,899
Raffle costs		36,830	-	36,830	27,161
Other costs		7,755	-	7,755	9,956
		896,004	-	896,004	813,603
Charitable expenditure:					
Costs of activities in furtherance of objects:					
Conservation and campaigns		737,161	51,722	788,883	604,038
Information and Education		93,319	-	93,319	94,319
Management and administration		94,333	-	94,333	99,411
Irrecoverable VAT		52,326	-	52,326	54,441
		977,139	51,722	1,028,861	852,209
Total resources expended	7	1,873,143	51,722	1,924,865	1,665,812

Consolidated statement of financial activities (incorporating the income and expenditure account)

for the year ended 30 September 2001

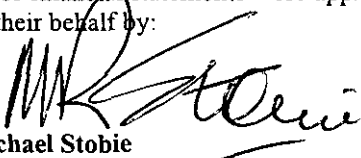
	<i>Note</i>	Unrestricted funds	Restricted funds	Total funds Year ended 30 September 2001	Total funds Year ended 30 September 2000
Net incoming resources/(resources expended)		29,277	(1,680)	27,597	(38,819)
Net movement in funds		29,277	(1,680)	27,597	(38,819)
Balances brought forward	17	116,451	48,046	164,497	203,316
Balances carried forward	17	145,728	46,366	192,094	164,497

All results arose from continuing operations. There were no recognised gains or losses for either financial period other than the results shown above.

Consolidated and charity balance sheets
 at 30 September 2001

	<i>Note</i>	Group 2001 £	Group 2000 £	Charity 2001 £	Charity 2000 £
Fixed assets					
Tangible assets	11	28,829	32,890	28,829	32,893
Investments	12	50,000	50,000	67,357	67,357
		78,829	82,890	96,186	100,250
Current assets					
Stock	13	17,987	23,346	-	-
Debtors	14	122,895	114,055	201,690	171,083
Cash on deposit		140,000	180,066	90,000	90,000
Cash at bank and in hand		225,290	65,375	145,012	110,294
		506,172	382,842	436,702	371,377
Creditors: amounts falling due within one year	15	(392,907)	(301,235)	(307,366)	(281,321)
Net current assets		113,265	81,607	129,336	90,056
Net assets		192,094	164,497	225,522	190,306
Funds					
Unrestricted (page 8)	17	145,728	116,451	179,156	142,260
Restricted	17	46,366	48,046	46,366	48,046
Total funds	17	192,094	164,497	225,522	190,306

These financial statements were approved by the board of directors on
 on their behalf by:


 Michael Stobie
 Chairman

20 February 2002 and were signed

Consolidated cashflow statement
at 30 September 2001

	2001 £	2000 £
Net cash inflow/(outflow) from operating activities (see below)	135,453	(33,282)
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	(15,604)	(12,609)
Increase/(decrease) in cash in the year	119,849	(45,891)
Cash at bank and in hand at 30 September 2000	245,441	291,332
Cash at bank and in hand at 30 September 2001	365,290	245,441
Consisting of:		
Cash at bank and in hand	225,290	65,375
Cash on deposit	140,000	180,066
	365,290	245,441

Net cash inflow/(outflow) from operating activities

	2001 £	2000 £
Net incoming resources	27,597	(38,819)
Depreciation	19,665	27,418
Decrease in stocks	5,359	4,137
Increase in debtors	(8,840)	(14,169)
Increase/(decrease) in creditors	91,672	(11,579)
	135,453	(33,282)

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 30 September 2001 there were 6 members.

2 Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention rules. The financial statements have been prepared in accordance with Statement of Recommended Practice "Accounting and Reporting by Charities", published in October 2000.

The directors consider that the consolidated statement of financial activities presented contains all the information of income and expenditure required 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 undertakings. The accounts are made up to 30 September 2001.

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 result for the financial period dealt with in the financial statements of subsidiaries is disclosed in note 5 to these accounts.

Investments

Investments are stated in the balance sheet at their market value as at the balance sheet date. All movements in value arising from investment changes or revaluation are recognised in the Consolidated Statement of Financial Activities. Realised gains or losses on investments are calculated as the difference between the disposal proceeds and the balance sheet value. Unrealised gains or losses are derived from the movement on market values during the year. Investment income is the amount receivable for the year, including recoverable tax.

Income

Donations, except in relation to legacies, are accounted for at the time of receipt at head office. Legacies are included in the Statement of Financial Activities where probate was granted prior to the balance sheet date and a distribution is considered probable.

Notes (continued)

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.

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
Computer equipment	-	25% straight line per annum

Expenditure

All expenditure is accounted for on an accruals basis.

Expenditure categories include support costs (wages and salaries, rent, rates, depreciation and sundry other) which are allocated based on staff numbers, head count or asset value as appropriate.

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 that an actual liability will crystallise.

Leases

All leases entered into are operating leases. The rental charges are charged to the statement of financial activities 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 income represents the contributions payable to the schemes in respect of the accounting period.

Fund accounting

The Charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

Restricted income funds

Donations or legacies which are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the organisation. From these funds, the donation and income deriving therefrom may be utilised in accordance with the specific purposes.

Unrestricted funds

Funds which are expendable at the discretion of the trustees in furtherance of the objects of the charity.

Notes (continued)

1 Accounting policies (continued)

Charitable expenditure

This includes the direct costs of providing Out of the Blue holidays and has been classified in this manner on the advice of the charity commissioners.

3 Donations and gifts

	2001 £	2000 £
Individuals	619,455	573,947
Trusts	50,467	18,132
Corporate donors	3,082	-
Gifts in kind	-	5,000
	<u>673,004</u>	<u>597,079</u>

4 Legacies

Eight legacies were received totalling £76,917 (2000: £123,888 in respect of (14) legacies).

In addition, legacies with probate value of £13,803 have not been included in the financial statements as no notification of impending distribution has been received.

Notes (continued)

5 Subsidiaries' income and costs

	WDCS Trading £	WDCS GmbH £	Total 2001 £	Total 2000 £
Merchandising income	34,883	781	35,664	54,898
Raffle income	72,031	-	72,031	63,362
Out of the Blue Income	86,890	-	86,890	24,334
Adopt a Dolphin Income	-	49,227	49,227	43,358
Other Income	34,557	737	35,294	11,909
Total income	228,361	50,745	279,106	197,861
Cost of sales	18,233	-	18,233	27,899
Raffle expenditure	36,830	-	36,830	27,161
Out of the Blue expenditure	7,755	-	7,755	9,956
Adopt a Dolphin expenditure	-	15,621	15,621	14,456
Administration expenses	66,283	9,622	75,905	89,204
Charitable expenses	73,519	35,448	108,967	45,153
Total expenses	202,620	60,691	263,311	213,829
Surplus/(deficit)	25,741	(9,946)	15,795	(15,968)

6 Investment income

	2001 £	2000 £
Interest receivable	9,185	10,068

Notes (continued)

7 Total resources expended

	Staff costs	Other direct costs	Other allocated costs	Total 2001	Total 2000
	£	£	£	£	£
Membership		117,628		117,628	77,889
Adopt a Whale		36,093		36,093	49,681
Adopt a Dolphin		302,818		302,818	276,774
Fund raising costs	103,501	153,290	119,856	376,647	344,243
Merchandising costs		18,233		18,233	27,899
Raffle costs		36,830		36,830	27,161
Out of the Blue costs	3,279	4,476		7,755	9,956
Conservation and campaigns	259,021	360,066	169,796	788,883	604,038
Information and Education		93,319		93,319	94,319
Management and administration		94,333		94,333	99,411
Irrecoverable VAT		52,326		52,326	54,441
Total resources expended	365,801	1,269,412	289,652	1,924,865	1,665,812

Other direct costs include:

	2001 £	2000 £
Auditor's remuneration:		
Audit fee - group	6,667	6,250
- company	4,467	4,050
Accountancy, taxation and other services	-	1,025
Operating lease rentals - land and buildings	52,146	31,660
- plant and equipment	16,328	13,864
Depreciation	19,668	27,148

8 Trustee remuneration

The trustees neither received or waived any emoluments in either year.

Out of pocket expenses were reimbursed to trustees as follows:

	2001 Number	2000 Number	2001 £	2000 £
Travel	3	3	1,306	1,877

Notes (continued)

9 Staff costs

	2001 £	2000 £
Wages and salaries	458,954	412,018
Social security costs	41,469	36,764
Other pension costs (note 10)	18,618	16,135
	<u>519,041</u>	<u>464,917</u>

There were no employees whose emoluments for taxation purposes amounted to over £50,000 in either year.

The average number of employees, calculated on a full-time equivalent basis, analysed by function was:

	2001 £	2000 £
Charitable activities	14	12
Cost of generating funds	6	6
Management and administration of the charity	7	7
	<u>27</u>	<u>25</u>

10 Pension costs

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 £2,000.

The group has a stakeholder pension scheme in place. Contributions from the year were £16,618.

Notes (continued)

11 Tangible fixed assets

Group and charity	Fixtures, fittings & equipment £	Computer equipment £	Total £
<i>Cost</i>			
At beginning of year	106,872	161,427	268,299
Additions	6,304	9,300	15,604
At 30 September 2001	113,176	170,727	283,903
<i>Depreciation</i>			
At beginning of year	93,529	141,880	235,409
Charge for year	8,675	10,990	19,665
At 30 September 2001	102,204	152,870	255,074
<i>Net book value</i>			
At 30 September 2001	10,972	17,857	28,829
At 30 September 2000	13,363	19,547	32,890

12 Fixed asset investments

	Group and company fixed interest securities £	Company's shares in subsidiaries £	Company Total £
<i>Cost</i>			
At beginning and end of year	50,000	17,357	67,357

13 Stock

	Group 2001 £	Group 2000 £	Charity 2001 £	Charity 2000 £
Goods for resale	17,987	23,346	-	-

Notes (continued)

14 Debtors

	Group 2001 £	Group 2000 £	Charity 2001 £	Charity 2000 £
Amounts falling due within one year				
Trade debtors	12,425	7,845	15,415	1,825
Other debtors	977	3,981	-	-
Amounts owed by subsidiary undertakings	-	-	41,101	26,566
Prepayments and other accrued income	109,493	102,229	95,174	92,692
	<u>122,895</u>	<u>114,055</u>	<u>151,690</u>	<u>121,083</u>
Amounts falling due after more than one year				
Loan to subsidiary	-	-	50,000	50,000
Total	<u>122,895</u>	<u>114,055</u>	<u>201,690</u>	<u>171,083</u>

15 Creditors: amounts falling due within one year

	Group 2001 £	Group 2000 £	Charity 2001 £	Charity 2000 £
Trade creditors	63,769	53,917	51,140	47,474
Social security	11,278	11,363	11,278	11,363
VAT	1,061	3,079	1,061	3,079
Accruals and deferred income	316,799	232,876	243,887	219,405
	<u>392,907</u>	<u>301,235</u>	<u>307,366</u>	<u>281,321</u>

16 Financial commitments

	2001 Other £	2001 Land and buildings £	2000 Other £	2000 Land and buildings £
Expiry date				
Within one year	-	12,750	-	-
In the second to fifth year inclusive	16,328	39,396	13,864	25,500
	<u>16,328</u>	<u>52,146</u>	<u>13,864</u>	<u>25,500</u>

Notes (continued)

17 Statement of funds

Group	Balance at 1 October 2000 £	Income £	Expenditure £	Balance at 30 September 2001 £
General reserve	116,451	1,902,420	1,873,143	145,728
Restricted funds				
Faroe campaign	26,230	-	-	26,230
Harbour porpoise appeal	9,962	-	2,019	7,943
Right whale appeal	4,000	-	-	4,000
Keiko	3,007	-	-	3,007
Trusts	4,847	50,042	49,703	5,186
Total restricted funds	<u>48,046</u>	<u>50,042</u>	<u>51,722</u>	<u>46,366</u>
Total funds	<u>164,497</u>	<u>1,952,463</u>	<u>1,924,866</u>	<u>192,094</u>
	Balance at 1 October 2000 £	Income £	Expenditure £	Balance at 30 September 2001 £
Company				
General reserve	142,260	1,650,512	1,613,616	179,156
Restricted funds				
Faroe campaign	26,230	-	-	26,230
Harbour porpoise appeal	9,962	-	2,019	7,943
Right whale appeal	4,000	-	-	4,000
Keiko	3,007	-	-	3,007
Trusts	4,847	50,042	49,703	5,186
Total restricted funds	<u>48,046</u>	<u>50,042</u>	<u>51,722</u>	<u>46,366</u>
Total funds	<u>190,306</u>	<u>1,700,554</u>	<u>1,665,338</u>	<u>225,522</u>

Restricted funds are funds which have been given for particular purposes and projects.

Notes (continued)

18 Analysis of group net assets between funds

	Restricted funds £	General funds £	Total £
Fund balances at 30 September 2001 are represented by:			
Tangible fixed assets	-	28,829	28,829
Investments	-	50,000	50,000
Current assets	46,366	459,806	506,172
Current liabilities	-	(392,907)	(392,907)
Total net assets	46,366	145,728	192,094

19 Subsidiary companies

WDCS has two wholly owned subsidiaries WDCS Trading Ltd and WDCS Germany GmbH both of which are consolidated on a line by line basis.

The results of both subsidiaries are summarised below.

Profit and loss account

	Trade 2001 £	GmbH 2001 £	Total 2001 £	Total 2000 £
Turnover	197,444	50,745	248,189	184,339
Cost of sales	(62,818)	(15,621)	(78,439)	(79,472)
Gross profit	134,626	35,124	169,750	104,867
Administration expenses	(62,499)	(9,622)	(72,121)	(87,577)
Other operating income	32,761	-	32,761	(10,740)
Operating profit	104,888	25,502	130,390	6,550
Interest payable	(3,784)	-	(3,784)	(3,913)
Interest receivable	1,796	-	1,796	1,352
Net profit/(loss) before charitable spend and Gift aid	102,900	25,502	128,402	3,989
Gift aid	(23,414)	-	(23,414)	-
Charitable spend	(73,519)	(35,448)	(108,967)	(19,957)
Results before taxation	5,967	(9,946)	(3,979)	(15,968)
Taxation	-	-	-	-
Results retained in subsidiaries	5,967	(9,946)	(3,979)	(15,968)