

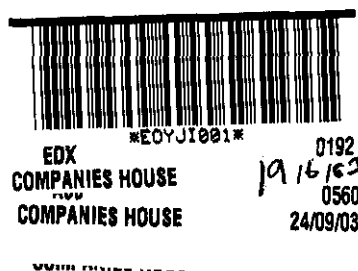
**Whale and Dolphin Conservation Society (Limited
by Guarantee)**

**Trustees' report and consolidated
financial statements**

Registered number 2737421

Registered charity number 1014705

Year ended 30 September 2002



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Report of the Chief Executive

Welcome to the Whale and Dolphin Conservation Society (WDCS) 2001/2002 annual report

During what has been an extremely busy and successful year WDCS has continued to seek to ensure that the welfare and the protection of cetaceans (whales, dolphins and porpoises) are at the forefront of global marine conservation efforts. Whilst we have achieved some significant advances in cetacean conservation policy and our research continues to reveal remarkable discoveries about this fascinating group of animals, we are very much aware that the threats to these creatures are also growing and much remains to be done in ensuring their survival.

Many of the WDCS Policy Team has engaged in one of their busiest years to date with a number of vitally important conservation conventions being held back-to-back this year. This meant the team was very stretched in their ability to cover every issue, but they managed to achieve some of our best results to date. For example, at the 2002 meetings of the International Whaling Commission, WDCS was instrumental in preventing the re-authorization and resumption of commercial whaling and raised a number of other pressing issues affecting cetaceans worldwide.

During the year, WDCS funded research continued to highlight the threats to some of the world's rarest dolphins such as the Irrawaddy dolphin, and as a consequence WDCS has moved to advocate appropriate conservation measures for both the species and its habitat. Indeed, WDCS has continued to develop its work in habitat protection, further expanding and progressing its expertise in marine protected areas.

WDCS has continued to act as a catalyst for conservation efforts globally, bringing together experts in the field of cetacean conservation into collaborative projects that would not have been possible without WDCS. Indeed WDCS's partnerships with other non-government organizations have been a significant thread throughout much of our work this year. In the USA WDCS has been actively working with the Humane Society of the United States (HSUS) on captivity welfare issues, and the International Wildlife Coalition (IWC) on a range of issues with particular attention to the east coast of the continental USA, Humpbacks and Right Whales.

The year saw a significant joint project between WDCS and Greenpeace in the UK. WDCS was able to provide expertise and staff for a joint survey of cetaceans off the UK west and south coasts leading to the gathering of vital conservation data that will be used to advocate further protection for the UK's threatened dolphins.

WDCS's relationship with the US International Wildlife Coalition extended to WDCS taking on responsibility for running the Adopt-a-Humpback scheme in the UK. US International Wildlife Coalition had previously managed the scheme for some 10 years, but WDCS's expertise in adoption programmes and its ability to bring economies of scale to the management of the project encouraged both sets of trustees to agree to WDCS taking over the scheme here in the UK. This has added an important product to the WDCS portfolio of adoption supporter mechanisms and has extended WDCS's work in the USA on an important species.

WDCS has further consolidated its presence in the USA, Australia and Argentina during the year. In Australia this saw the appointment of a marine campaigner, shared with the Australian Conservation Foundation (ACF), and in Argentina the appointment of full time WDCS representative.

Policy highlights and future developments

The wealth of WDCS activity is now far too broad to detail every issue here and I would urge you to look to the WDCS website for an authoritative account of WDCS activities across the globe.

Report of the Chief Executive (continued)

However, some issues deserve to be brought to your attention including the outstanding contribution of the wider international team that WDCS has become.

- During the year WDCS has been able to bring more focused expertise to bear on some of the most important international conservation conventions and agreements including the International Whaling Commission (IWC), the Convention on Trade in Endangered Species (CITES) and the Convention on Migratory Species (CMS). Not only did WDCS set the standard in many of the debates on whether commercial whaling and trade should resume at IWC and CITES, but WDCS was successful in having a number of species up-listed at the CMS meeting, adding significantly to their global protection. With the support of WDCS the Government of Australia has committed to developing a Regional Agreement in the Indian Ocean to protect small cetaceans (dolphins and porpoises) under the CMS Agreement;
- In Japan, in cooperation with the US based Bluevoice.Org, WDCS helped a Japanese fishermen who previously hunted dolphins to establish dolphin watching activities to protect them instead, so continuing our programme of demonstrating sustainable alternatives to the lethal takes of whales and dolphins unfortunately still common in Japan;
- WDCS's research into contamination and mislabeling of whale meat in Japan has helped Japanese consumer protection groups inform the public about health risks from eating whale meat and to lobby the Japanese government to take action to protect consumers as well as cetaceans. In the last 12 months, sales of whale meat in Japan have dropped by one third;
- In Australia WDCS has made great inroads with the Australian Government and in particular the Department for Defense in terms of noise pollution, leading to what may be a world first in a large scale blue whale conservation agreement, that will be negotiated over the coming two years;
- A WDCS team was highly successful in getting the members of CITES to recognise the need to address the issue of protecting the remaining Black Sea bottlenose dolphins from international trade for the captivity industry. Whilst much remains to be done to pull Black Sea cetaceans from the very critical state they are in at the moment, the removal of this significant and growing threat is something WDCS is rightly proud of.

These are a few of the highlights I would again urge you to see the WDCS website at www.wdcs.org for a complete picture of the Society's activities during the year.

Fundraising and marketing highlights

The last financial year has been highly successful for WDCS with continued sustained growth. Not only did we see some important marketing strategies maturing, but also the cumulative success of these initiatives allowed us to initiate some new innovative 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 UK Gift Aid rules, leading to a real and continuing improvement in the efficiency and effectiveness of our fundraising. We have further consolidated and expanded the marketing and fundraising team with added expertise in trust fundraising, direct marketing and public relations.

The Society's committed giving recruitment programme has gone from strength to strength with a sizeable number of supporters now joining the organisation with regular monthly donations. Whilst we have sought to diversify away from any potential over-reliance on this form of income its continued success has been welcome and allowed us to start some new programmes that would otherwise have taken a considerable amount of time to bring online. The volume and success of the committed giving programme allowed the Society to fully exploit the recent provisions on Gift Aid and the resultant generosity of our supporters has been very welcome.

Report of the Chief Executive (continued)

The accumulated knowledge of managing adoption schemes encouraged the Society to take on the Adopt-a-Humpback Whale scheme from our colleagues at the International Wildlife Coalition. WDCS took on the existing IWC Adoption supporter base and has successfully launched our own version of the scheme in the UK.

WDCS work in events has continued to grow with the success of our annual walks being extended to attendance at a number of shows around the UK, allowing for interaction with new potential supporters as well as being a platform for engaging the public through the WDCS Active Seas programme.

Our increased activity in trust and legacy fundraising was seen to bear fruit with significant increases in contributions to the Society throughout the year. As the Society's achievements have become better known in the UK and as we have become better at communicating them then we have seen a marked increase in the attractiveness of the Society for Trusts. Our work in Scotland on the conservation and protection of the Moray Firth populations of bottlenose dolphins has been particularly popular, allowing us to extend our work in the region.

The WDCS website is now acknowledged as one of the most authoritative sites of its type and is an important component in many of the Society's marketing programmes. The marketing team has continued during the year to develop capacity and expertise in electronic and multi-media fundraising techniques.

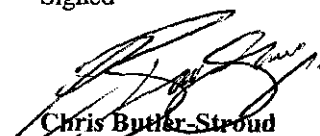
WDCS Germany has continued to recruit a growing number of supporters and has had a particular success with face-to-face recruitment. Revenues continue to be on target with WDCS Germany making a significant contribution to charitable activity during the year.

Out of the blue (ootb) continues to grow with the number of destinations and number of guests increasing year-on-year. Whilst being a successful fundraising mechanism it has also been immeasurably successful in demonstrating how whale and dolphin watching should be carried out. The programme was further enhanced this year with our partnership with Mark Carwardine who joined the ootb team with extra trips added to give us a range stretching from Alaska to Antarctica.

In the future WDCS will continue to build on its firm marketing foundations, expanding its international activities to meet the increased needs of global cetacean conservation. This may see increased fundraising activity outside of the UK whilst at the same time WDCS UK shall seek to consolidate and build upon its existing position as the leading UK cetacean organisation.

I cannot finish without noting the loss of our Chairman of many years, Mr. Mike Stobie. Mike sadly passed away in October 2002, after a period of cancer. Despite his illness Mike was an outstanding contributor to WDCS during the year and a friend of many of the WDCS staff who will miss him. He was an inspiration for all who met him and a great advocate for cetacean conservation, and much of WDCS's success over the last few years should be laid at his door. Thanks Mike for everything.

Signed



Chris Butler-Stroud
Chief Executive

12 May 2003

Review of financial results

Income

The investment in the committed giving programme continues to do well. The majority of UK supporters (60%) are now part of this programme, bringing a stability and security to our fundraising. The programme has been followed in Germany too. This allows investment in new fundraising areas and longer term fundraising plans.

Overall, income rose by 51% in the year, with the Adopt a Dolphin programme the main source. We also saw an increase in the areas of legacies and trusts and grants.

Expenditure

The funds available for charitable expenditure increased by 14%, bringing total expenditure in this area to over £1 million.

Investments in fundraising programmes has led to a decrease in the return on investment for this area during the year, however in the long term the anticipated results from these programmes will improve ratios. The requirements of charitable expenditure are balanced with the need for long term fundraising investments.

Surplus

The huge success of a fundraising initiative towards the year end resulted in unbudgeted income of approximately £100,000 arising in the last month of the financial year. As this had not been earmarked for any specific charitable project at the year end, it has been added to the surplus for the year and to reserves. The trustees are currently reviewing the charity's reserves policy, and as part of this review will consider to what extent, if any, this surplus should be spent and for what purpose. Excluding this amount the surplus for the year was comparable to 2001.

The Future

WDCS plans to continue to invest in developing new streams of potential revenue and methods of improving efficiency, whilst driving to improve ratios and control costs.

Signed



Sian Davies Hamilton
Director of Finance

12 May 2003

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 2002. 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.

Whales and Dolphin Conservation Society (WDCS) 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 9. A review of the financial results is given on page 4 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 £321,410 of which £44,347 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.

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, unless it is inappropriate to presume that the charity and group will continue in operation.

Trustees' report *(continued)*

Governance and internal control *(continued)*

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 company 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 group 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.

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.

Trustees' report *(continued)*

Legal and administrative information

Trustees

The trustees who held office during the year, or were subsequently appointed were as follows

Michael Stobie (Chairman) (deceased 1 October 2002)

Andrew Chivers

Terry Dickinson (resigned 30 April 2002)

John Gerard-Leigh (Chairman)

Claire Lyell

Johnny Reed

Percy Kelland (appointed 4 February 2003)

Countess Liza Antrim (appointed 4 February 2003)

The directors of the company constitute trustees for the purposes of the Charities Act 1993.

Chief Executive

Chris Butler-Stroud

Registered office and principal office

Brookfield House, 38 St. Paul Street, Chippenham, Wiltshire, SN15 1LY.

Auditors

KPMG LLP, 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.

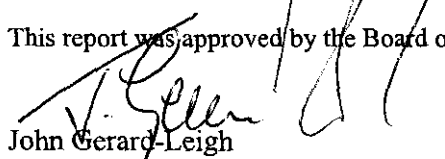
Solicitors

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

Auditors

Our auditors KPMG have indicated to the directors that their business has transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 29 May 2002 and the trustees thereupon appointed KPMG LLP to fill the vacancy arising. A resolution for the reappointment of KPMG LLP as auditors of the charity is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board on


John Gerard-Leigh
Chairman

12 May 2003



100 Temple Street
Bristol
BS1 6AG
United Kingdom

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

We have audited the financial statements on pages 9 to 23 which have been prepared on the basis of the accounting policies set out on pages 12 to 14.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As disclosed on page 5 the trustees 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 1985. 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 trustees' remuneration and transactions with the group 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 2002 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.

Handwritten signature

KPMG LLP
Chartered Accountants
Registered Auditor

16 June 2003

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

for the year ended 30 September 2002

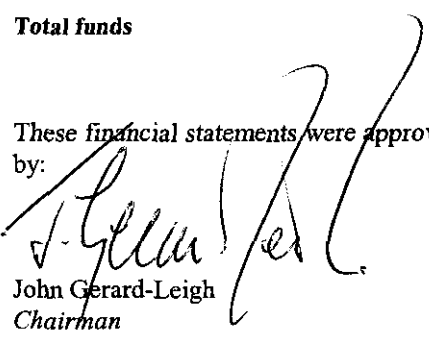
	<i>Note</i>	Unrestricted funds £	Restricted funds £	Total funds 2002 £	Total funds 2001 £
Incoming resources					
Donations	3	840,608	30,037	870,645	673,004
Legacies	5	115,619	-	115,619	76,917
Investment income	7	6,937	-	6,937	9,185
<i>Activities in furtherance of the charity's objects:</i>					
Membership		199,431	-	199,431	219,410
Adopt a Whale		140,036	-	140,036	129,794
Adopt a Dolphin		1,344,973	-	1,344,973	648,830
<i>Activities for generating funds:</i>	4	258,470	-	258,470	195,322
Total incoming resources		2,906,074	30,037	2,936,111	1,952,462
Resources expended					
<i>Less cost of generating funds:</i>	9	1,535,520	-	1,535,520	896,004
Net incoming resources available for charitable application		1,370,554	30,037	1,400,591	1,056,458
Charitable expenditure:					
Costs of activities in furtherance of objects	9	987,251	32,056	1,019,307	882,202
Managing and administering the charity	9	251,968	-	251,968	146,659
		1,239,219	32,056	1,271,275	1,028,861
Total resources expended	9	2,774,739	32,056	2,806,795	1,924,865
Net incoming resources/ (resources expended)		131,335	(2,019)	129,316	27,597
Balances brought forward		145,728	46,366	192,094	164,497
Balances carried forward	19	277,063	44,347	321,410	192,094

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 2002

	<i>Note</i>	Group 2002 £	Group 2001 £	Charity 2002 £	Charity 2001 £
Fixed assets					
Tangible assets	13	48,147	28,829	48,147	28,829
Investments	15	50,000	50,000	67,357	67,357
		<u>98,147</u>	<u>78,829</u>	<u>115,504</u>	<u>96,186</u>
Current assets					
Stock	14	9,908	17,987	-	-
Debtors	16	240,289	122,895	360,352	201,690
Cash on deposit		90,000	140,000	90,000	90,000
Cash at bank and in hand		307,372	225,290	124,552	145,012
		<u>647,569</u>	<u>506,172</u>	<u>574,904</u>	<u>436,702</u>
Creditors: amounts falling due within one year	17	<u>(424,306)</u>	<u>(392,907)</u>	<u>(363,426)</u>	<u>(307,366)</u>
Net current assets		<u>223,263</u>	<u>113,265</u>	<u>211,478</u>	<u>129,336</u>
Net assets		<u>321,410</u>	<u>192,094</u>	<u>326,982</u>	<u>225,522</u>
Funds					
Unrestricted	19	277,063	145,728	282,635	179,156
Restricted	19	44,347	46,366	44,347	46,366
Total funds	19	<u>321,410</u>	<u>192,094</u>	<u>326,982</u>	<u>225,522</u>

These financial statements were approved by the board of directors on 12 May 2003 and were signed on their behalf by:


 John Gerard-Leigh
 Chairman

Consolidated cash flow statement
at 30 September 2002

	2002 £	2001 £
Net cash inflow from operating activities (note 22)	64,029	135,453
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	(31,947)	(15,604)
Increase in cash in the year	32,082	119,849

Reconciliation of net cash flow to movement in net funds

Net cash increase in year	32,082	119,849
Net funds at start of year	365,290	245,441
Net funds at end of year	397,372	365,290
Consisting of:		
Cash at bank and in hand	307,372	225,290
Cash on deposit	90,000	140,000
	397,372	365,290

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 2002 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 and in accordance with Statement of Recommended Practice "Accounting and Reporting by Charities", issued in October 2000, applicable accounting standards and the Companies Act 1985.

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 on a line by line basis. The accounts are made up to 30 September 2002.

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 6 to these accounts.

Investments

Investments in listed securities 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)

2 Accounting policies (continued)

Income (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 society was registered as a charity in August 1992. Under s505 ICTA 1988 the charity is not subject to taxation on its charitable activities.

The profits of the non-charitable UK subsidiary are normally gift aided to the parent company any surplus remaining is subject to a taxation charge. The charge for taxation is based on the result for the year. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not covered by the balance sheet date, except as otherwise required by FRS 19.

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.

Notes (continued)

2 Accounting policies (continued)

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.

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

	2002	2001
	£	£
Individuals	800,738	619,455
Trusts	69,907	50,467
Corporate donors	-	3,082
	870,645	673,004

The donations in 2002 include exceptional income of £96,295 in respect of a campaign to ensure maximum gift aid utilisation.

4 Activities for generating funds:

	2002	2001
	£	£
Merchandising income	33,978	35,664
Raffle income	78,612	72,031
Out of the Blue income	97,413	86,890
Other income	48,467	737
	258,470	195,322

5 Legacies

Eight legacies were received totalling £115,619 (2001: £76,917 in respect of 14 legacies).

Notes (continued)

6 Subsidiaries' income and costs

	WDCS Trading £	WDCS GmbH £	Total 2002 £	Total 2001 £
Merchandising income	33,440	538	33,978	35,664
Raffle income	78,612	-	78,612	72,031
Out of the Blue income	97,413	-	97,413	86,890
Adopt a Dolphin income	-	457,399	457,399	49,227
Other Income	31,499	48,466	79,965	35,294
Total income	240,964	506,403	747,367	279,106
Cost of sales	17,683	-	17,683	18,233
Raffle expenditure	33,950	-	33,950	36,830
Out of the Blue expenditure	3,075	-	3,075	7,755
Adopt a Dolphin expenditure	-	394,778	394,778	15,621
Administration expenses	65,991	69,291	135,282	75,905
Charitable expenses	62,344	18,522	80,866	108,967
Total expenses	183,043	482,591	665,634	263,311
Surplus	57,921	23,812	81,733	15,795

7 Investment income

	2002 £	2001 £
Interest receivable	6,937	9,185

Notes (continued)

8 Current and deferred taxation

The company, which is a registered charity, is not liable to taxation on the net income from its primary activity. Stated below are the tax details of the subsidiary WDCS Trading Limited.

Factors affecting the tax charge for the current period

The current tax charge for the period differs from the standard rate of corporation tax in the UK (20%). The differences are explained below.

	2002 £	2001 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	404	5,967
Current tax at 20% (2001: 20%)	81	1,193
Effects of: Deferred tax asset not recognised	(81)	(1,193)
Total current tax charge for period	-	-

9 Total resources expended

	Staff costs £	Other direct costs £	Other allocated costs £	Total 2002 £	Total 2001 £
<i>Costs of generating funds:</i>					
Membership	-	70,490	-	70,490	117,628
Adopt a Whale	-	72,136	-	72,136	36,093
Adopt a Dolphin	-	813,292	-	813,292	302,818
Fund raising costs	151,798	219,130	153,966	524,894	376,647
Merchandising costs	-	17,683	-	17,683	18,233
Raffle costs	-	33,950	-	33,950	36,830
Out of the Blue costs	1,505	1,570	-	3,075	7,755
	153,303	1,228,251	153,966	1,535,520	896,004
<i>Charitable expenditure:</i>					
Conservation and campaigns	251,250	416,943	239,497	907,690	788,883
Information and Education	-	111,617	-	111,617	93,319
	251,250	528,560	239,497	1,019,307	882,202
<i>Managing and administering the charity</i>					
Management and administration	-	142,794	-	142,794	94,333
Irrecoverable VAT	-	109,174	-	109,174	52,326
	-	251,968	-	251,968	146,659
Total resources expended	404,553	2,008,779	393,463	2,806,795	1,924,865

Notes (continued)

9 Total resources expended (continued)

Other direct costs include:

	2002 £	2001 £
Auditor's remuneration:		
Audit fee – group	8,113	6,667
- company	5,913	4,467
Operating lease rentals – land and buildings	39,400	52,146
- plant and equipment	14,036	16,328
Depreciation	12,629	19,668
	<u> </u>	<u> </u>

10 Trustee remuneration

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

Out of pocket expenses were reimbursed to trustees as follows:

	2002 Number	2001 Number	2002 £	2001 £
Travel	3	3	991	1,306
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

11 Staff costs

	2002 £	2001 £
Wages and salaries	461,226	458,954
Social security costs	43,197	41,469
Other pension costs (note 12)	19,016	18,618
	<u> </u>	<u> </u>
	523,439	519,041
	<u> </u>	<u> </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:

	2002 £	2001 £
Charitable activities	14	14
Cost of generating funds	9	6
Management and administration of the charity	7	7
	<u> </u>	<u> </u>
	30	27
	<u> </u>	<u> </u>

Notes (continued)

12 Pension costs

The group contributes a stakeholder pension schemes. The charge for the year represents contributions payable by the group to such schemes and amounted to £19,016 (2001: £18,618).

13 Tangible fixed assets

Group and charity	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost			
At beginning of year	113,176	170,727	283,903
Additions	12,129	19,818	31,947
At 30 September 2002	125,305	190,545	315,850
Depreciation			
At beginning of year	102,204	152,870	255,074
Charge for year	3,329	9,300	12,629
At 30 September 2002	105,533	162,170	267,703
Net book value			
At 30 September 2002	19,772	28,375	48,147
At 30 September 2001	10,972	17,857	28,829

14 Stock

	Group 2002 £	Group 2001 £	Charity 2002 £	Charity 2001 £
Goods for resale	9,908	17,987	-	-

Notes (continued)

15 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

Subsidiary undertakings Name of subsidiary	Country of registration	Class of share	Proportion held
WDCS Trading Limited	England	Ordinary	100%
WDCS Germany GmbH	Germany	Ordinary	100%

16 Debtors

	Group 2002 £	Group 2001 £	Charity 2002 £	Charity 2001 £
Amounts falling due within one year				
Trade debtors	9,876	12,425	3,615	15,415
Other debtors	1,612	977	1,612	-
VAT	2,671	-	2,671	-
Amounts owed by subsidiary undertakings	-	-	83,336	41,101
Prepayments and other accrued income	226,130	109,493	219,119	95,174
	<u>240,289</u>	<u>122,895</u>	<u>310,353</u>	<u>151,690</u>
Amounts falling due after more than one year				
Loan to subsidiary	-	-	50,000	50,000
Total	<u>240,289</u>	<u>122,895</u>	<u>360,353</u>	<u>201,690</u>

The loan is repayable by WDCS Trading Limited on demand. However, WDCS have indicated that they will not seek repayment during the next year. The loan receives interest at 2% above the base rate of the Bank of England.

Notes (continued)

17 Creditors: amounts falling due within one year

	Group 2002 £	Group 2001 £	Charity 2002 £	Charity 2001 £
Trade creditors	131,359	63,769	124,748	51,140
Social security	13,216	11,278	13,216	11,278
VAT	1,546	1,061	-	1,061
Accruals and deferred income	278,185	316,799	225,462	243,887
	<u>424,306</u>	<u>392,907</u>	<u>363,426</u>	<u>307,366</u>

18 Financial commitments

	2002 Other £	2002 Land and buildings £	2001 Other £	2001 Land and buildings £
Expiry date				
Within one year	-	-	-	12,750
In the second to fifth year inclusive	14,036	39,400	16,328	39,396
	<u>14,036</u>	<u>39,400</u>	<u>16,328</u>	<u>52,146</u>

Notes (continued)

19 Statement of funds

Group	Balance at 1 October 2001 £	Income £	Expenditure £	Balance at 30 September 2002 £
Unrestricted reserve	145,728	2,906,074	(2,774,739)	277,063
Restricted funds				
Faroe campaign	26,230	-	-	26,230
Harbour porpoise appeal	7,943	-	(2,019)	5,924
Right whale appeal	4,000	-	-	4,000
Keiko	3,007	-	-	3,007
Trusts	5,186	30,037	(30,037)	5,186
Total restricted funds	46,366	30,037	(32,056)	44,347
Total funds	192,094	2,936,111	(2,806,795)	321,410

Charity	Balance at 1 October 2001 £	Income £	Expenditure £	Balance at 30 September 2002 £
Unrestricted reserve	179,156	2,215,602	(2,112,123)	282,635
Restricted funds				
Faroe campaign	26,230	-	-	26,230
Harbour porpoise appeal	7,943	-	(2,019)	5,924
Right whale appeal	4,000	-	-	4,000
Keiko	3,007	-	-	3,007
Trusts	5,186	30,037	(30,037)	5,186
Total restricted funds	46,366	30,037	(32,056)	44,347
Total funds	225,522	2,245,639	(2,144,179)	326,982

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

Notes (continued)

20 Analysis of group net assets between funds

	Restricted funds £	General funds £	Total £
Fund balances at 30 September 2002 are represented by:			
Tangible fixed assets	-	48,147	48,147
Investments	-	50,000	50,000
Current assets	44,347	603,222	647,569
Current liabilities	-	(424,306)	(424,306)
Total net assets	44,347	277,063	321,410

21 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 2002 £	GmbH 2002 £	Total 2002 £	Total 2001 £
Turnover	205,826	506,399	712,225	248,189
Cost of sales	(54,708)	(16,262)	(70,970)	(78,439)
Gross profit	151,118	490,137	641,255	169,750
Administration expenses	(62,973)	(432,416)	(495,389)	(72,121)
Other operating income	29,595	-	29,595	32,761
Operating profit	117,740	57,721	175,461	130,390
Interest payable	(3,019)	-	(3,019)	(3,784)
Interest receivable	1,904	-	1,904	1,796
Net profit before charitable spend and Gift aid	116,625	57,721	174,346	128,402
Gift aid	(53,877)	-	(53,877)	(23,414)
Charitable spend	(62,344)	(33,909)	(96,253)	(108,967)
Results before taxation	404	23,812	24,216	(3,979)
Taxation	-	-	-	-
Results retained in subsidiaries	404	23,812	24,216	(3,979)

Notes (continued)

21 Subsidiary companies (continued)

The assets and liabilities of the subsidiaries were:

	WDCS Trading 2002 £	GmbH 2002 £	Total 2002 £	Total 2001 £
Current assets	146,414	63,193	209,607	118,507
Creditors: amounts falling due within one year	(97,516)	(110,306)	(207,822)	(121,164)
Net current assets	48,898	(47,113)	1,785	(2,657)
Creditors: amounts falling due after more than one year	(50,000)	-	(50,000)	(50,000)
Net liabilities	(1,102)	(47,113)	(48,215)	(52,657)

22 Net cash inflow from operating activities

	2002 £	2001 £
Net incoming resources	129,213	27,597
Depreciation	12,629	19,665
Decrease in stocks	8,079	5,359
Increase in debtors	(190,705)	(8,840)
Increase in creditors	104,813	91,672
	64,029	135,453