

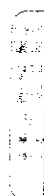
**Whale and Dolphin Conservation Society (Limited
by Guarantee)**

**Trustees' report and consolidated
financial statements**

Registered number 2737421

Registered charity number 1014705

Year ended 30 September 2004



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Report of the Chief Executive

Welcome to the 2003/04 annual report of WDCS, the Whale and Dolphin Conservation Society.

It's been an exciting and rapidly developing world for marine conservation issues, but I am pleased to report that at WDCS we have continued to develop our effectiveness in delivering pioneering conservation and protection for the world's cetaceans. We have seen solid growth in the number of our supporters around the globe and in their financial contribution. Overseas, WDCS is represented in Germany through its wholly owned subsidiary and in Australia via a connected charity. Both are up and running and gaining in strength. The strong-shared values and objectives of the various offices and all supporters act as the glue that binds us together in our desire to see a world where whales and dolphins gain the protection they so clearly deserve.

WDCS has continued to develop as the global, independent authority on cetacean issues and is increasingly the organisation that governments, other organisations and individuals turn to for advice on all matters related to cetaceans.

The following cannot hope to cover all our successes in the year, but I believe it gives you a flavour of what we have achieved. In all cases, the support of the public and all our stakeholders has helped to take us closer to our vision of a world where cetaceans are respected and protected for the simple reason that, as remarkable sentient creatures, they deserve to be so.

Unfortunately, the very real and serious threats facing cetaceans around the world have continued and in some areas have escalated. WDCS has further developed its expert and campaigning base during the year to address this growing list of problems facing whales and dolphins. However, whilst the problems have been increasing, WDCS has been scoring some remarkable successes which we would like to share with you.

Bycatch – the hidden killer

This year, we stepped up our campaign to end the slaughter of many thousands of whales and dolphins in fishing nets around the coasts of the UK, France and Ireland. We were pleased to partner Greenpeace at the beginning of the year in mounting an expedition to evaluate the impact of fishing on cetaceans along the West and South West coasts of the UK. Whilst Greenpeace generously made available their boat, the *Esperanza*, as well as crew and campaigners, WDCS supplied the cetacean specialist staff to carry out the survey. Information from this survey will be published during the next financial year and will inform further efforts to protect these animals. During 2004, WDCS also wrote and, in collaboration with Greenpeace, published 'The Net Effect', a report summarising the current knowledge of the impact of these fisheries. This proved an invaluable resource to the media and decision makers. As a result, the WDCS/ Greenpeace collaboration was highly successful in publicising the urgent need to take action.

Furthermore WDCS experts took this message to UK and other European politicians, leading to calls by the UK for a cessation of the European Sea Bass fishery in areas of the North East Atlantic. The UK has subsequently banned this fishery in its own waters and WDCS continues to push for European action to address the continued deaths of thousands of dolphins and whales further out to sea and in other fisheries.

WDCS has also played an instrumental role in Scotland where we are campaigning for the protection of the Moray Firth dolphins. The team has been working to address the illegal setting of salmon nets that have resulted in dolphin bycatch. The launch of the multi-stakeholder supported 'Operation Fish Net' has already seen some remarkable success in tracking and eliminating illegal fishing nets in local waters.

Report of the Chief Executive (continued)

Dying to Entertain You – the WDCS Anti-Captivity Campaign

During 2004, we have continued to build on our work to raise awareness of the welfare and conservation impacts of keeping cetaceans in captivity.

In a significant step forward for the campaign in the USA, WDCS campaigners ensured that the issue of dolphin 'Petting Pools', where people are able to touch and feed captive dolphins, was discussed at Congressional levels.

This year, we have focused particularly on the issue of drive hunts, where dolphins and small whales are driven by boats into shallow bays, trapped and then slaughtered or removed for a life in captivity. We have highlighted the responsibility of aquaria and marine parks not to participate in, or in any way encourage, the trade in animals caught through these barbaric hunts. In addition, we have continued to work with Japanese colleagues opposed to these hunts, to raise awareness of this issue in Japan.

We are also pleased to report a successful campaign to release dolphins in Haiti. WDCS contributed information to the Haitian Government following reports of a dolphin capture there. The Haitian Government subsequently released the dolphins that were being held in a sea pen on the coast.

The Killing goes on - Whaling and Trade

Despite an almost crippling schedule, we reached new heights this year with our whaling and trade campaigns. The team again rallied the arguments in favour of maintaining the moratorium on commercial whaling at the meeting of the International Whaling Commission (IWC), whilst also helping to champion the adoption by the IWC of the Resolution on Whale Killing Issues (IWC Resolution 2004-3). This was a major achievement, particularly in light of the increasingly pro-whaling atmosphere within the IWC. The two key points were the recognition of:

- a) the legal mandate of the Commission to address welfare issues and;
- b) the fact that the current criteria used to determine death is inadequate and consequently may be underestimating suffering.

Much of this was possible because of WDCS's work with other conservation and welfare NGOs in producing the 'Troubled Waters' report for IWC delegates and the press. As the lead authority on cetacean issues, WDCS was pleased to act as one of the principal authors and project manager for this report. The close cooperation of organisations such as WSPA will, no doubt, prove excellent platforms for future welfare based activities in this field.

I remain grateful for the depth of commitment of the WDCS team in terms of legal and scientific expertise on crucial whaling issues. The team has been working on a number of aspects of this campaign that will bear fruit in the coming years, but it would be premature to report on here. I would urge you to follow this debate on the WDCS website.

Going Further – WDCS's Habitat and Ecosystems Programmes

WDCS has continued to build upon its reputation with work on major global conservation initiatives and inter-governmental organisations to take forward the agenda that protecting the habitat that cetaceans need and reducing the threats they experience is critical to their survival.

WDCS's growing relationship with the CMS (Convention on Migratory Species) has led to joint publications, participation in key international and strategic as well as the CMS Scientific Council meetings. The strengthening of WDCS's relationship with CMS and our established partnership status with ACCOBAMS (Agreement for the Conservation of Cetaceans of the Black Sea, Mediterranean Sea and Contiguous Atlantic Area) has allowed us to participate as one of the core NGOs involved in the development of new regional agreements under the CMS banner. The establishment of a regional agreement process in the South Pacific is one example, which will result in the next ACCOBAMS being implemented in this region. WDCS has participated in key meetings with the Pacific Island State and is optimistic that this process will move forward over the next year. The establishment of such an agreement will mean significant conservation benefits for the cetaceans and people of the region.

Report of the Chief Executive (continued)

The year has also seen the further consolidation of WDCS as an international expert on cetacean marine protected areas and the migratory range approach to species conservation. The launch of the book *Marine Protected Areas for Whale Dolphins and Porpoises* by Senior WDCS Researcher Erich Hoyt has established WDCS's considerable expertise in this area. We have further advanced our standing in this area at World Parks Congress, Cartagena Convention (SPAW), and international meetings of high seas protected areas development and within the work of the World Conservation Union (ICUN). A key outcome of this thread has been our participation in the development and adoption of an international strategy for conservation on the high seas.

Enacting better legislation for cetaceans

WDCS is pleased to have been instrumental in helping to secure the inclusion in the Scottish Nature Conservation Act 2004 of a code of conduct for marine wildlife watching activities. Not only should this legislation provide enforcers with a tool to combat disturbance issues but it should also serve to raise the profile of the issue amongst government, statutory agencies, the police and the public. WDCS hopes that it will also add to the pressure we are bringing to bear on Parliamentarians to introduce similar measures for England and Wales in the coming years.

Further to WDCS and other groups pressing for better UK marine protection, Prime Minister, Tony Blair, stated that he believes there are strong arguments for a new approach to managing our seas, including a new Marine Bill.

In a similar vein WDCS staff in Australia have been taking forward the debate for new Marine mammal legislation to be enacted in Australian waters. During the recent Australian election many of WDCS recommendations were aired by politicians on all sides and we remain committed to seeing relevant legislation go forward in the near future.

As a result of WDCS input in Argentina, the passing of provincial law N° 2643 declared the habitat of Southern Right Whales to be a Provincial Natural Heritage site. This Act will see necessary protection for the whales and their habitat along the Santa Cruz coast.

Chemical and Noise Pollution

Amongst many things, the WDCS Science Directorate this year produced an outstanding authoritative text on the issue of oceanic noise and its impact on cetaceans. The work of the WDCS Science team has put us in the forefront of the debate on noise issues and has resulted in un-paralleled access to global decision makers in ensuring that the needs of cetaceans (and negative impacts upon cetaceans) are raised higher up the noise agenda. WDCS remains committed to seeing appropriate and precautionary measures enacted to protect cetaceans from this insidious form of pollution.

Getting the arguments right - Critical Science

WDCS's Science Directorate has gone from strength to strength over the year, enabling us to fulfill our role as the authority on whales and dolphins. Within each of our campaigns and work areas, WDCS staff have maintained and developed their own scientific capabilities with various field and research programmes.

One example is the completion of our 4th field season on the island of Bardsey, Wales, through which WDCS researchers have further built upon our data and knowledge of the cetaceans in the area. This has enabled WDCS in partnership with the Countryside Council for Wales (CCW) to build up the case for Special Areas of Conservation (SACs) for harbour porpoises in Wales.

Whilst allowing WDCS staff and volunteers to help raise awareness of cetaceans along the Welsh coast, the teams have been able to develop their own research skills. For example, this year we have been using the new WDCS POD (porpoise detector) as part of the survey. These devices are increasingly being used by those conducting Environmental Assessments (EAs) for offshore windfarms, and other marine activities, and WDCS is often asked to comment on these proposals. Knowing firsthand how PODs work, what they can and cannot tell you, e.g. how to design good surveys with them, really helps us to comment more effectively on these assessments.

Report of the Chief Executive (continued)

WDCS has maintained its commitment to funding conservation orientated field-work. Whilst I would direct you to the WDCS website for a full listing of what we have been involved with, I will take this opportunity to highlight some of the WDCS project staff and friends of WDCS that have continued to make an outstanding contribution to cetacean conservation.

Brian Smith, a long time collaborator as WDCS's Asian coordinator has been working tirelessly to encourage, manage and motivate the Asian field teams for better cetacean conservation and protection. Having someone of his calibre in situ has been an amazing help and inspiration to the whole WDCS team. He has also worked hard during the year with the Whaling and Trade programme team to develop and promote the Irrawaddy CITES up-listing proposal.

Despite an invigorated whaling lobby and a resumption of whaling in Iceland, Ásbjörn Björgvinsson should be held up for praise for working equally tirelessly to promote the benign use of cetaceans in Icelandic waters at such a critical time. He has given WDCS invaluable advice with regard to our internal campaign to support the whale watch community in Iceland.

Last but, not least, Sarita Kendall deserves a mention for achieving a vibrant and dynamic community-based research and education programme based around a dedicated cetacean research and education centre in Columbia. Like many of the WDCS field teams this is a real 'labour of love', working in a community riven by social problems associated with the encroachment of different cultural and economic pressures. The Centre thus benefits both the local wildlife and local peoples, giving a sense of 'belonging' and purpose to the local community, particularly amongst the young.

Inspiring Change – Education and Outreach

WDCS's education and outreach work spans all of our campaign and work areas and involves education, marketing and communication initiatives.

During 2004, we have continued to develop our outreach programme seeking to influence the development of responsible whale and dolphin watching across the globe, as a means of engaging people in the world of whales and dolphins. A fledgling program to develop a monitoring/certification program, through a series of papers, publications, events and workshops with dolphin tour operators in Florida, is just one example of our international work to develop responsible whale watching.

In addition, Erich Hoyt, a world renowned expert on whale watching, represented WDCS at key whale watching fora around the world, including the IWC whale watching symposium in Cape Town in March 2004; a Dublin symposium in August; and a pioneering conference in Taiwan in September. It was with great pleasure that WDCS recently welcomed Erich onto the staff, as Senior Research Fellow and we are looking forward to developing our whale watching and related work further with Erich as a core team member.

WDCS's educational travel arm, **Out of the blue**, has continued to develop its range of trips and the number of people embarking on whale-watching adventures with WDCS has doubled in the last couple of years, from just over 100 in 2001-2002 to over 200 this year. **Out of the blue** continues to strive to set the standard for responsible, high quality whale and dolphin watching.

WDCS has been further supporting educational activities so that school age children can learn more about whales and dolphins. Some of the major accomplishments in this area have been the production of new audiovisual and multimedia tools. This year, WDCS produced a new educational video, 'The World of Whales and Dolphins' (we have VHS and CD-Rom versions), as well as a number of interactive, educational games and animations. These are being used to help animate talks as well as being a very popular addition to the WDCS website and to exhibitions at the WDCS Wildlife Centre in the Moray Firth, Scotland and at the South Australian Maritime Museum.

Report of the Chief Executive *(continued)*

A team of staff and volunteers has continued to deliver talks in schools, reaching thousands of children during the year. This work has been extended by establishing an education programme in South Australia that works in partnership with the Adelaide based Maritime Museum. This includes running our first live 'school of the air/distance education' event live from the boat the 'Archie Badenoch'. This programme runs with the assistance of a troop of WDCS volunteers and is promoted by Australia's Channel 7 reaching children in the Australian outback that do not get many opportunities to see cetaceans in their natural environment.

Our education programme was not limited to local school based initiatives close to our offices but has been extended globally. WDCS was proud to support a school based project in St. Vincent and the Grenadines in the Caribbean to raise awareness and appreciation of the marine environment, including whale and dolphin issues and the threat of capture and captivity, - the prize was a whale and dolphin watching trip for the winners, also provided by WDCS.

In South and Latin America WDCS Argentina built upon its excellent education programme with courses delivered at Universities in Spain, Costa Rica (with students from Costa Rica, Guatemala, Panama and Colombia), as well as extensive develop of students in-situ.

It is not only children and students that need information about cetaceans. In 2004 WDCS was invited to take part in an ethics discussion at European Cetacean Society (ECS) annual meeting and gave a presentation and took part in a question-and-answer session on the ethics relating to the capture and confinement of cetaceans in captivity. To the best of our knowledge this is the first time such a discussion had taken place at an ECS meeting and WDCS was pleased to be helping to engage scientists to consider these very relevant issues.

As part of our outreach work, WDCS's Director of Science, Mark Simmonds also completed a new book this year, "The World of Whales and Dolphins", which is a stunning celebration of the animals. The book is to be sold in book shops around the UK, reaching thousands of people with messages about the importance of conservation.

'Think whales and dolphins – Think WDCS'. This is the mission statement under which the UK's Marketing and Communications activities have been pursued this year. We believe that WDCS should be synonymous with whales and dolphins in the minds of the public, the press, governments, NGOs, companies and anyone else thinking about cetaceans.

During the past year all facets of the UK Marketing and Communications team have been working towards this vision. Taking our message to a diversity of audiences and constantly striving for new and innovative marketing and fundraising avenues, we have not only met budget and successfully grown the core income of the organisation but have also sought to maximise WDCS's presence both in the press and in the public arena.

September saw press, corporate partners and friends of WDCS gather at our 'Sound Affects' reception at the Royal Commonwealth Club. Delegates participated in a multi media exploration of the impact of noise pollution on whales and dolphins and press coverage following the event ranged from the New Scientist magazine and BBC on-line to the children's programme Newsround. The event served to take a complex message to a diverse audience and relationships with stakeholders have been strengthened as a result.

Structural changes to the organisation have seen the Marketing and Communications department become part of the wider theme of Education and Outreach. This is epitomised by the work we have been engaging in up in Scotland. The Wildlife Centre at Spey Bay in the Moray Firth has become a natural base for us as the charismatic dolphins of our Adopt a Dolphin Programme leap and play just off the beach outside the front door! Since coming under WDCS management, thousands of visitors have passed through our exhibition and spent thousands of pounds in our gift shop.

Through the Wildlife Centre we build relationships with local people, from artists to businesses, as well as providing education through the exhibition, school talks and Out of the blue trips. We generate income through the shop and work with local companies, organisations, scientists and conservationists to safeguard the future for the incredible Moray Firth dolphins.

Report of the Chief Executive (continued)

Our fundraising activity continues to go from strength to strength: our Adopt a Dolphin TV advertising is taking our message to vast numbers of people, our Father's Day Walk for Whales and Dolphins engaged with our younger supporters and their families and exceeded our targets in terms of income.

We continue to develop relationships with partners in the business sector, guided by our corporate engagement policy. A notable example is our continuing relationship with Halifax Bank of Scotland and our Affinity credit card – watch this space for some very exciting developments to be announced.

This last year has also seen us initiate a new partnership with Endsleigh insurance – a perfect match offering, amongst other products, travel insurance to our Out of the blue holidaymakers.

Our Trust partners have made a tremendous difference this year and income included nearly £12,000 from the Convention on the Conservation of Migratory Species of Wild Animals (CMS) towards our Bay of Bengal project, £10,000 from the Sacher Trusts for our Far East Russia Orca Project and a commitment of £9,000 over three years from Kilverstone Wildlife Charitable Trust for our work in Argentina.

Our thanks go to all the trusts that have helped WDCS this year and special thanks to the Panton Trust, the D'oyly Carte Charitable Trust and Simon Gibson Charitable Trust for ongoing support. Statutory funding included 50% of costs from Countryside Council for Wales for our Bardsey / Cardigan Bay Dolphin Survey work and 56% of salary from Scottish Natural Heritage towards the post of Education Officer in Scotland. We have been working closely with MBSE (Moray, Badenoch and Strathspey Enterprise) in plans to develop our Wildlife Centre in the Moray area, and this has resulted in a number of grants including nearly £7,000 towards a Feasibility Study for work to develop the Centre.

To finish on a high note, perhaps our most notable success of the year in terms of communicating and engaging with supporters was our campaign to highlight the tragic deaths suffered by dolphins becoming entangled in fishing nets of UK coasts. As the dolphins washed up on our beaches, WDCS stepped up both its media presence and its campaign for better legislation to prevent these unnecessary deaths. Our communications team engaged with our supporters and the public who rallied behind us, sending letters and emails to Ben Bradshaw, the UK Fisheries Minister.

WDCS - the Global Voice

Alongside our expanded campaigning and research agenda, WDCS has committed resources to developing our position in Scotland and elsewhere in the UK, Germany, Argentina and Australia.

In Scotland the WDCS Wildlife Centre, which came fully under WDCS's control during the year, has gone from strength to strength with increased visitor numbers and more activity in the local community.

Whilst being a base for volunteers and staff to continue shore-based observations of the resident population of bottlenose dolphins, WDCS has also continued its long-term study of these same dolphins with Aberdeen University. This partnership of University, public, staff and volunteers have enabled us to ensure that the appropriate conservation management plans are enacted.

It is here that we should say a thank you to the many volunteers that WDCS is lucky enough to attract. The volunteers at the various offices, our trustees, WDCS speakers and local groups, and those based at the Wildlife Centre are an integral part of what WDCS is and will become.

In Germany and Austria WDCS staff have consolidated our position by establishing an essential part of the WDCS network of offices. Germany has made an increasing contribution to our overall campaigning activities and well as developing new staff capabilities. The leadership of the German Government in many of today's international fora is in many parts down to the expert advice offered by WDCS Germany and the excellent and professional way it has gone about its task of educating the German speaking public to the need to protect whales and dolphins.

Report of the Chief Executive (continued)

Much of the success of WDCS this year is down to those who work behind the scenes and support our campaigners and experts. The establishment of the connected charity, WDCS Australia, has been a large part of what WDCS has achieved in the Southern Hemisphere. WDCS Australia has developed a strong volunteer base over the last six months as well as recruiting key campaigning staff, both enabling a step change in activity. The team holds a particular pride in the education programme and our continued networking with the local Adelaide community.

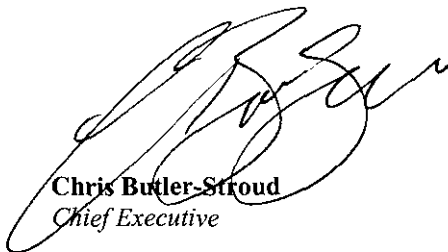
Across the globe WDCS staff have been working to improve the WDCS website and the numerous databases that enable WDCS to have access to the information and knowledge that allows WDCS to remain the authority it is on all issues related to cetaceans and their conservation and protection.

The Future

WDCS remains committed to being at the forefront of cetacean conservation around the world. Being the global voice for cetaceans and their environment, we must ensure that our message of compassion and protection for these remarkable creatures reaches further and further around the world. WDCS will continue to cooperate with like-minded groups and individuals, and where necessary, we shall establish a base of operations in order to muster the increased resources of people and support needed to fulfil our charitable mandate.

In the next couple of years, WDCS shall continue to consolidate our international position and influence, building on our firm foundations to create and speak for those many people around the globe that believe that these remarkable creatures are an important part of our natural heritage and deserving of our efforts to create a shared future of healthy seas and a vibrant planet.

Signed



Chris Butler-Stroud
Chief Executive

31 January 2005

Review of financial results

After several years of steady income growth, the financial year 2003 – 04 showed a 7.2% increase to £3.7 million. Legacy income in the year was again lower than the previous year and as stated in prior reviews WDCS has a policy of not budgeting for Legacy income. This growth in income has been on-going for a number of years and is 89% above the financial year 2000 – 01 level. Charitable expenditure has also increased 88% across this same period reflecting the extra income raised being directed towards the primary objectives of the charity, its conservation and campaign work. Nonetheless it has been possible to continue and increase long-term fund raising investment seeking to ensure continued growth in resources.

The financial performance of WDCS Germany continued to improve with a surplus being returned. Projects that might have been funded from the UK were instead funded from Germany meaning further valuable conservation and protection work could be undertaken.

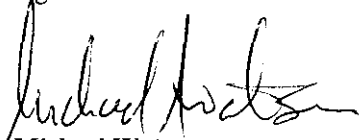
Following the deficit sustained in the financial year 2002 – 03, the Trustees required a surplus to be returned in the year under review. This was achieved with a surplus of £84,625 being returned. The direct response TV advertising in the run up to Christmas 2003 provided a step change in the monthly financial income for the remainder of the year.

The level of charitable expense during the year was £1.57 million. Other costs within Management, Administration and Technical Services were £166,804. The level of irrecoverable VAT has been reduced by £15,000 to £94,186 but still remains a substantial cost burden for WDCS.

Merchandising income and costs have increased reflecting the acquisition of shop located in the Wildlife Centre owned and managed by WDCS.

Cash reserves were also some £105,000 higher at £369,886 as at the year-end. The Reserves Policy approved by the Trustees was fully operational during the year and has been rolled forward into the financial year 2004 – 05. The total fund balance as at 30 September 2004 was £327,844 of which £37,084 is restricted.

Signed



Michael Waterson

Director of Finance and Administration

31 January 2005

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 2004. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities.

The trustees are also the members of the charity.

Whale and Dolphin Conservation Society (WDCS) is a charitable company limited by guarantee (charity number 1014705) 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.

Review of activities and future developments

The statement of financial activities for the year is set out on page 14. A review of the financial results is given on page 8 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' work within Germany and German speaking EU countries.

The charity also financially supports the connected charity WDCS Australasia, which was established in October 2003. As well as funding the set up period of this related party, it has similar aims and objectives to the UK based charity, which also provides management advice as and when required by WDCS Australasia. WDCS Australasia has started a programme of fundraising during 2004 with a view of becoming financially independent in due course. It continues to assist WDCS policy work, both within Australia and New Zealand and internationally.

Reserves

At the end of the year the group had reserves of £327,844 of which £37,084 represents restricted funds. The balance of £290,760 is free reserves. The trustees have a policy of continually reviewing the reserves position, to ensure that it holds sufficient financial reserves to fund current commitments and future trading. Their objective is to maintain the level of reserves as appropriate to keep pace with the development of WDCS. Reserves are held to cover cash flow fluctuations, provide emergency cover and to provide for unforeseen opportunities.

Governance and internal control

The charity is an incorporated legal entity limited by guarantee, the business of which is governed by a board of five trustees. Trustees are appointed by the board of trustees by a majority vote. 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

Report of the trustees *(continued)*

Governance and internal control *(continued)*

- Prepared the financial statements on the going concern basis, unless it is inappropriate to presume that the charity and group will continue in operation.

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 are reviewed by the trustees on a regular basis.

Organisational structure

The charity's day to day operations are monitored and controlled by the executive management board, who have delegated powers from the trustees. The management board meet weekly to review and discuss the organisational finances, plans and other operational policies and issues and make decisions.

Report of the trustees *(continued)*

Volunteers

Volunteers are involved in many aspects of the charity's work, mainly fundraising, research and education. It is estimated that over 8,250 volunteer hours were provided during the year, which could be valued at £40,000. No value has been attributed to the volunteers work in the financial statements. WDCS has a programme of volunteer recruitment and management, to ensure that the skills of the volunteers are matched to the requirements of the organisation and 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.

Investment policy

The Trustees have chosen to invest some of the charity's reserves in ten year gilts. Regular performance reports are received and the investment is reviewed on a regular basis by the Board. Other funds available are held as cash. This policy is reviewed by the board.

The investment powers of the Trustees are governed by the memorandum and articles of association and permit investment of any monies not immediately required in such investments or property as may be thought fit.

Remuneration Committee

A remuneration committee of trustee representatives review salary and benefits of the CEO and senior staff and reports back to the main trustee board on a regular basis.

Grant making

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 staff and consultants. Projects are monitored on a regular basis and a final report is submitted for each project.

As grants awarded during the year did not exceed 5% of total resources expended, grant making is not material.

Donations

WDCS UK provided donations totalling £243,996 during the year to assist WDCS Australasia with set up costs, as detailed in note 24.

Legal and administrative information

Trustees

The trustees who held office during the year were as follows

John Gerard-Leigh (Chairman)
Claire Lyell
Johnny Reed
Percy Kelland
Countess of Antrim

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

Report of the trustees (continued)

Chief Executive

Chris Butler-Stroud

Registered office and principal office

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

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.

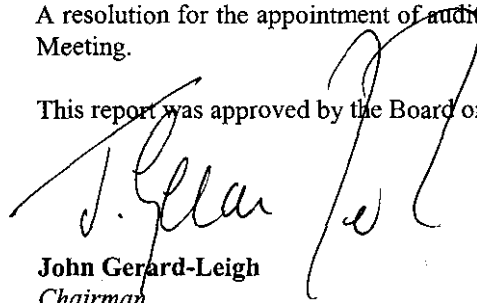
Solicitors

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

Auditors

A resolution for the appointment of auditors to the charity is to be proposed at a forthcoming Extraordinary General Meeting.

This report was approved by the Board on 31 January 2005



John Gerard-Leigh
Chairman

Brookfield House
38 St. Paul Street
Chippenham
Wiltshire
SN15 1LJ



100 Temple Street
Bristol
BS1 6AG
United Kingdom

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

We have audited the financial statements on pages 14 to 29 which have been prepared on the basis of the accounting policies set out on pages 17 to 19.

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable 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 pages 9 to 10 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 charitable 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.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 2004 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 *nl*
KPMG LLP
Chartered Accountants
Registered Auditor

31 January 2005

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

for the year ended 30 September 2004

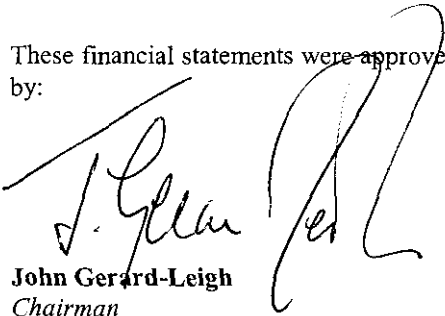
	Note	Unrestricted funds	Restricted funds	Total funds 2004	Total funds 2003
		£	£	£	£
Incoming resources					
Donations	3	859,256	63,094	922,350	895,011
Legacies	5	28,258	-	28,258	34,894
Investment income	7	8,995	-	8,995	12,491
<i>Activities in furtherance of the charity's objects:</i>					
Membership		210,151	-	210,151	213,203
Adopt a Whale		200,729	-	200,729	186,210
Adopt a Dolphin		1,862,661	-	1,862,661	1,687,165
<i>Activities for generating funds:</i>	4				
Merchandising income		105,891	-	105,891	41,136
Raffle income		68,611	-	68,611	72,800
Out of the Blue income		233,301	-	233,301	201,856
Other income		56,735	-	56,735	104,534
Total incoming resources		3,634,588	63,094	3,697,682	3,449,300
Resources expended					
<i>Less cost of generating funds:</i>	9				
Membership		56,631	-	56,631	62,348
Adopt a Whale		73,998	-	73,998	70,303
Adopt a Dolphin		891,011	-	891,011	883,070
Fund raising costs		522,362	-	522,362	481,537
Merchandising costs		49,518	-	49,518	23,002
Raffle costs		50,294	-	50,294	53,630
Out of the Blue costs		23,793	-	23,793	15,292
<i>Costs of generating funds</i>		1,667,607	-	1,667,607	1,589,182
Net incoming resources available for charitable application		1,966,981	63,094	2,030,075	1,860,118
Charitable expenditure:					
Costs of activities in furtherance of objects	9				
Conservation and campaigns		1,265,894	63,132	1,329,026	1,395,511
Donations	24	243,996	-	243,996	128,448
Information and education		111,438	-	111,438	214,502
Managing and administering	10	166,804	-	166,804	89,469
Unrecoverable VAT		94,186	-	94,186	110,379
		1,882,318	63,132	1,945,450	1,938,309
Total resources expended	9	3,549,925	63,132	3,613,057	3,527,491
Net movement in funds		84,663	(38)	84,625	(78,191)
Balances brought forward		206,097	37,122	243,219	321,410
Balances carried forward	20	290,760	37,084	327,844	243,219

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 2004

	<i>Note</i>	Group 2004 £	Group 2003 £	Charity 2004 £	Charity 2003 £
Fixed assets					
Tangible assets	14	46,394	55,497	46,394	55,497
Investments	16	50,000	50,000	67,357	67,357
		96,394	105,497	113,751	122,854
Current assets					
Stock	15	32,016	15,086	-	-
Debtors	17	171,158	164,949	240,844	233,427
Cash on deposit		25,610	25,622	25,610	25,622
Cash at bank and in hand		344,276	238,831	251,922	115,205
		573,060	444,488	518,376	374,254
Creditors: amounts falling due within one year	18	(341,610)	(306,766)	(257,100)	(259,987)
Net current assets		231,450	137,722	261,276	114,267
Net assets		327,844	243,219	375,027	237,121
Funds					
Unrestricted	20	290,760	206,097	337,943	199,999
Restricted	20	37,084	37,122	37,084	37,122
Total funds	20	327,844	243,219	375,027	237,121

These financial statements were approved by the board of directors on 31 January 2005 and were signed on their behalf by:


John Gerard-Leigh
Chairman

Consolidated cash flow statement
at 30 September 2004

	2004 £	2003 £
Net cash inflow/(outflow) from operating activities (note 23)	118,003	(103,968)
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	(12,570)	(28,951)
Increase/(decrease) in cash in the year	105,433	(132,919)

Reconciliation of net cash flow to movement in net funds

Net cash increase/(decrease) in year	105,433	(132,919)
Net funds at start of year	264,453	397,372
Net funds at end of year	369,886	264,453
Consisting of:		
Cash at bank and in hand	344,276	238,831
Cash on deposit	25,610	25,622
	369,886	264,453

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 2004 there were five 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 2004.

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.

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.

Notes (continued)

2 Accounting policies (continued)

Income (continued)

Gifts in kind are recognised within donations in the year that they are received at a market value provided by the donor.

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.

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.

Grant making

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 staff and consultants. Projects are monitored on a regular basis and a final report is submitted for each project. The liability for the grant is recognised at the point that the contract is signed and authorised by the Chief Executive. As grants awarded during the year did not exceed 5% of total resources expended, grant making is not material.

Donations

WDCS UK donates funds to WDCS Australia to enable them to further their campaigns and conservation projects in their region. WDCS Australia is able to spend these funds at their own discretion and is free of any conditions from WDCS UK.

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.

Notes (continued)

2 Accounting policies (continued)

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 amount charged against income represents the contributions payable to the schemes in respect of the accounting period.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the statement of financial activities.

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.

General funds

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

3 Donations and gifts

	2004 £	2003 £
Individuals	843,097	830,509
Trusts	77,253	61,502
Gifts in kind	2,000	3,000
	922,350	895,011

During the year, mobile phones to the value of £2,000 were donated to WDCS.

Notes (continued)

4 Activities for generating funds

	2004 £	2003 £
Merchandising income	105,891	41,136
Raffle income	68,611	72,800
Out of the Blue income	233,301	201,856
Other income	56,735	104,534
	464,538	420,326

5 Legacies

Six legacies were received totalling £28,258 (2003: £34,894 in respect of nine legacies).

6 Subsidiaries' income and costs

	WDCS Trading £	WDCS GmbH £	Total 2004 £	Total 2003 £
Merchandising income	105,803	88	105,891	41,136
Raffle income	68,611	-	68,611	72,800
Out of the Blue income	233,301	-	233,301	201,856
Adopt a Dolphin income	-	316,418	316,418	535,056
Donations	21,805	22,825	44,630	-
Other income	-	56,735	56,735	95,663
	429,520	396,066	825,586	946,511
Cost of sales	48,452	1,066	49,518	23,002
Raffle expenditure	50,294	-	50,294	53,630
Out of the Blue expenditure	20,721	-	20,721	15,292
Adopt a Dolphin expenditure	-	116,209	116,209	418,950
Administration expenses	93,971	-	93,971	68,586
Charitable expenses	204,388	272,301	476,689	314,991
	417,826	389,576	807,402	894,451
Total expenses	417,826	389,576	807,402	894,451
Surplus	11,694	6,490	18,184	52,060

Notes (continued)

7 Investment income

	2004 £	2003 £
Interest receivable	8,995	12,491

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 (19%). The differences are explained below.

	2004 £	2003 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	228	303
Current tax at 19% (2003: 19%)	43	57
<i>Effects of:</i>		
Deferred tax asset not recognised	(43)	(57)
Total current tax charge for period	-	-

Notes (continued)

9 Total resources expended

	Staff costs	Other direct costs	Total 2004	Total 2003
	£	£	£	£
Costs of generating funds:				
Membership	-	56,631	56,631	62,348
Adopt a Whale	-	73,998	73,998	70,303
Adopt a Dolphin	-	891,011	891,011	883,070
Fund raising costs	146,360	376,002	522,362	481,537
Merchandising costs	-	49,518	49,518	23,002
Raffle costs	-	50,294	50,294	53,630
Out of the Blue costs	3,072	20,721	23,793	15,292
	149,432	1,518,175	1,667,607	1,589,182
Charitable expenditure:				
Conservation and campaigns	239,498	1,089,528	1,329,026	1,395,511
Donations	-	243,996	243,996	128,448
Information and education	-	111,438	111,438	214,502
Management and administration	-	166,804	166,804	89,469
Unrecoverable VAT	-	94,186	94,186	110,379
	239,498	1,705,952	1,945,450	1,938,309
	388,930	3,224,127	3,613,057	3,527,491

Other direct costs include:

	2004 £	2003 £
Auditor's remuneration:		
Audit fee – group	12,500	9,000
– company	8,250	6,500
Accountancy, taxation and other services	-	11,042
Operating lease rentals - land and buildings	46,292	46,292
- plant and equipment	33,680	21,264
Depreciation	21,673	21,601

10 Administrative expenses

	2004 £	2003 £
Printing, postage, stationery and advertising	15,268	11,076
Audit and accountancy	20,306	20,042
Legal and professional fees	560	3,122
Bank charges	5,270	3,555
Trustee meeting expenses	1,276	1,567
Office administration costs	119,315	44,927
Sundry costs	4,809	5,180
	166,804	89,469

Notes (continued)

11 Trustee remuneration

The trustees neither received nor waived any emoluments in either year.

Out of pocket expenses were reimbursed to trustees as follows:

	2004 Number	2003 Number	2004 £	2003 £
Travel	1	1	1,276	1,567

12 Staff costs

	2004 £	2003 £
Wages and salaries	699,742	623,990
Social security costs	68,024	56,753
Other pension costs (note 13)	24,129	21,860
	<u>791,895</u>	<u>702,603</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:

	2004 No	2003 No
Charitable activities	18	16
Cost of generating funds	11	9
Management and administration of the charity	7	6
	<u>36</u>	<u>31</u>

13 Pension costs

The group contributes to a stakeholder pension scheme and other personal pension schemes. The charge for the year represents contributions payable by the group to such schemes and amounted to £24,129 (2003: £21,860).

Notes (continued)

14 Tangible fixed assets

Group and charity	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost			
At beginning of year	144,032	200,771	344,803
Additions	5,463	7,107	12,570
At 30 September 2004	149,495	207,878	357,373
Depreciation			
At beginning of year	114,306	175,000	289,306
Charge for year	8,942	12,731	21,673
At 30 September 2004	123,248	187,731	310,979
Net book value			
At 30 September 2004	26,247	20,147	46,394
At 30 September 2003	29,726	25,771	55,497

All assets are held for charitable purposes.

15 Stock

	Group 2004 £	Group 2003 £	Charity 2004 £	Charity 2003 £
Goods for resale	32,016	15,086	-	-

Notes (continued)

16 Fixed asset investments

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

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

17 Debtors

	Group 2004 £	Group 2003 £	Charity 2004 £	Charity 2003 £
Amounts falling due within one year				
Trade debtors	16,846	6,874	22,340	15,941
Other debtors	-	188	-	188
VAT	23,092	11,660	2,236	-
Amounts owed by subsidiary undertakings	-	-	25,071	67,837
Prepayments and other accrued income	131,220	146,227	90,239	73,503
	171,158	164,949	139,886	157,469
Amounts falling due after more than one year				
Loan to WDCS Trading Ltd	-	-	50,000	50,000
Loan to WDCS GmbH	-	-	50,958	25,958
Total	171,158	164,949	240,844	233,427

The WDCS Trading Limited loan is repayable 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.

The WDCS GmbH loan is repayable 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)

18 Creditors: amounts falling due within one year

	Group 2004 £	Group 2003 £	Charity 2004 £	Charity 2003 £
Trade creditors	93,220	86,595	67,230	76,041
Social security	20,599	-	20,599	-
VAT	-	882	-	882
Accruals and deferred income	227,791	219,289	169,271	183,064
	<u>341,610</u>	<u>306,766</u>	<u>257,100</u>	<u>259,987</u>

19 Financial commitments

Group	2004 Other £	2004 Land and buildings £	2003 Other £	2003 Land and buildings £
Expiry date				
Within one year	-	-	-	-
In the second to fifth year inclusive	33,680	48,792	21,264	46,292
	<u>33,680</u>	<u>48,792</u>	<u>21,264</u>	<u>46,292</u>

Notes (continued)

20 Statement of funds

Group	Balance at 1 October 2003 £	Income £	Expenditure £	Balance at 30 September 2004 £
Unrestricted funds	206,097	3,634,588	(3,549,925)	290,760
Restricted funds				
Faroe campaign	26,230	-	-	26,230
Harbour porpoise appeal	3,885	-	(1,038)	2,847
Right whale appeal	4,000	-	-	4,000
Keiko	3,007	-	-	3,007
Trusts	-	63,094	(62,094)	1,000
Total restricted funds	37,122	63,094	(63,132)	37,084
Total funds	243,219	3,697,682	(3,613,057)	327,844

Charity	Balance at 1 October 2003 £	Income £	Expenditure £	Balance at 30 September 2004 £
Unrestricted funds	199,999	2,820,467	(2,682,523)	337,943
Restricted funds				
Faroe campaign	26,230	-	-	26,230
Harbour porpoise appeal	3,885	-	(1,038)	2,847
Right whale appeal	4,000	-	-	4,000
Keiko	3,007	-	-	3,007
Trusts	-	63,094	(62,094)	1,000
Total restricted funds	37,122	63,094	(63,132)	37,084
Total funds	237,121	2,883,561	(2,745,655)	375,027

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

Notes (continued)

21 Analysis of group net assets between funds

	Restricted funds £	General funds £	Total £
Fund balances at 30 September 2004 are represented by:			
Tangible fixed assets	-	46,394	46,394
Investments	-	50,000	50,000
Current assets	37,084	535,976	573,060
Current liabilities	-	(341,610)	(341,610)
Total net assets	37,084	290,760	327,844

22 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

	Trading 2004 £	GmbH 2004 £	Total 2004 £	Total 2003 £
Turnover	407,715	396,066	803,781	898,798
Cost of sales	(119,467)	(1,066)	(120,533)	(91,924)
Gross profit	288,248	395,000	683,248	806,874
Administration expenses	(90,918)	(116,209)	(207,127)	(484,648)
Other operating income	20,860	-	20,860	45,879
Operating profit	218,190	278,791	469,981	368,105
Interest payable	(3,053)	-	(3,053)	(2,889)
Interest receivable	945	-	945	1,834
Net profit before charitable spend and Gift aid	216,082	278,791	494,873	367,050
Gift aid	(11,466)	-	(11,466)	(40,389)
Charitable spend	(204,388)	(272,301)	(476,689)	(314,991)
Results before taxation	228	6,490	6,718	11,670
Taxation	-	-	-	-
Results retained in subsidiaries	228	6,490	6,718	11,670

Notes (continued)

22 Subsidiary companies (continued)

The assets and liabilities of the subsidiaries were:

	WDCS Trading 2004 £	GmbH 2004 £	Total 2004 £	Total 2003 £
Current assets	154,799	37,554	192,353	230,963
Creditors: amounts falling due within one year	(105,370)	(66,809)	(172,179)	(217,508)
Net current assets	49,429	(29,255)	20,174	13,455
Creditors: amounts falling due after more than one year	(50,000)	-	(50,000)	(50,000)
Net liabilities	(571)	(29,255)	(29,826)	(36,545)

23 Net cash inflow/(outflow) from operating activities

	2004 £	2003 £
Net incoming/(outgoing) resources	84,625	(78,191)
Depreciation	21,673	21,601
(Increase) in stocks	(16,930)	(5,178)
(Increase)/decrease in debtors	(6,209)	75,340
Increase/(decrease) in creditors	34,844	(117,540)
	118,003	(103,968)

24 Related parties

During the year, WDCS UK supported an Australian based connected charity. There is a licensing agreement between the two charities which allows WDCS Australia to use the WDCS logo and brand.

During the year, WDCS UK donated funds to WDCS Australia which amounted to £243,996 (2003: £128,448) to support their campaigns and conservation projects.

25 Contingent liabilities

In December 2003, WDCS Trading Limited took out a bond for £38,555 with the Co-operative Bank to comply with the ABTOT Regulations.