

Registered number: 2737421
Registered charity number: 1014705

Chantrey Vellacott DFK LLP

**WHALE AND DOLPHIN CONSERVATION
SOCIETY
(Limited by guarantee)**

**Report and
Financial Statements**

For the year ended 30 September 2005



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WHALE AND DOLPHIN CONSERVATION SOCIETY
(Limited by guarantee)

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WHALE AND DOLPHIN CONSERVATION SOCIETY

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Legal and administrative information

Trustees

The trustees who held office during the year, unless otherwise stated, were as follows

John Gerard-Leigh (Chairman)
Claire Lyell
Johnny Reed
Percy Kelland
Countess of Antrim
Sandra Pope (appointed July 2005)

Chief Executive

Chris Butler-Stroud

Registered office and principal office

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

Auditors

Chantrey Vellacott DFK LLP
Prospect House
58 Queens Road
Reading
Berkshire
RG1 4RP

Investment Managers

Gerrard Limited
40-42 Queen Square
Bristol
BS1 4QP

Bankers

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

Solicitors

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

WHALE AND DOLPHIN CONSERVATION SOCIETY

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Report of the Chief Executive

Welcome to the 2004/2005 annual report of WDCS, the Whale and Dolphin Conservation Society.

The Objectives of the Charity

WDCS' mission is to be the 'global voice for whales and dolphins and their environment'; to speak for a group of animals that has no voice of their own. WDCS supporters and staff share a vision and a passion to protect these beautiful and endangered creatures. Together we work to:

1. Reduce, and ultimately, eliminate the continuing threats to cetaceans and their habitats; and
2. Raise awareness of cetaceans and the need to protect them in their natural environment.

This report, gives you a glimpse inside the shared successes and challenges faced by the WDCS team. The ones we list here are only a selection of our many, many, achievements across the whole range of our work.

The strongly shared values and objectives of the various WDCS offices and all our 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. We therefore want to begin by thanking you for your continued enthusiasm and commitment, your financial and practical help and your shared belief that these are a group of wonderful animals worth fighting for.

How we organize for success

WDCS has always prided itself on being at the forefront of cetacean conservation and protection. Over the last year our potential for global reach has continued to grow and we now see WDCS in action from North America to the Russian Far East, from Peru to Africa and Asia.

Whilst the UK remains the core financial supporter of the WDCS network, during the year WDCS continued to help develop our operations in Germany, Argentina and Australia. In particular, WDCS Australasia has become a centre of excellence in scientific thinking on the subject of critical habitat and we have expanded our campaigning staff in Germany with Dr. Karsten Brensing joining us to work on fisheries, captivity and our noise campaign. We have continued to develop our relationship with the International Wildlife Coalition in the USA and have used the opportunity of this relationship to build up a closer understanding of USA charitable operations and the US market with a view to expanding WDCS operations in 2006.

In 2005 we completed an internal reorganization to allow for development of individual subject expertise amongst staff whilst integrating these various specialisms into Regional Action Plans that seek to address all the known cumulative threats any cetacean might face in a particular area of the globe. This means that, for example, as we continue to develop an Anti-Captivity Campaign led by Cathy Williamson, our strategy to counter the growing threat of live captures of cetaceans is fully integrated into, and able to take full advantage of, the wider Trade campaign, which aims to end the trade in cetacean products, as well as in live animals. The success of this integration can be clearly seen in WDCS' campaign to protect the Irrawaddy dolphin of SE Asia, detailed below.

This exercise to organize for success resulted in WDCS creating three themed areas of work to both structure internally and to present our work to supporters and the public alike. These are the **Stop**, **Protect** and **Connect** themes.

WHALE AND DOLPHIN CONSERVATION SOCIETY

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Report of the Chief Executive (continued)



The **STOP** Theme covers our campaigns which seek to mitigate and, where possible, eliminate threats to cetacean survival.

Captivity

WDCS has always campaigned for the individual whale or dolphin as much as seeking to protect whole populations and species. Our **Anti-Captivity** campaign is one such manifestation of this belief.

In **October** 2004, on the final day of its 2004 meeting in Thailand, CITES, the Convention on International Trade in Endangered Species of Wild Fauna and Flora, ratified decisions to ban international trade in Irrawaddy dolphins, an essential decision for the future survival of this species.

Small and fragmented populations of Irrawaddy dolphins in SE Asia were already threatened by accidental killing in fishing nets and habitat destruction as detailed by WDCS conservation research over the last decade. WDCS had expressed fears that even single removals for captivity could drive some critically endangered populations to extinction. The WDCS inspired campaign was championed by the host nation, Thailand, whose proposal to ban international trade in Irrawaddy dolphins for use in aquaria was adopted.

Further to continued pressure from WDCS the 2004 season for orca (killer whale) captures in Russian waters ended without a single capture taking place. This campaign was supported with WDCS field research and the creation of a call by scientists within Russia to prevent such captures.

In **January** 2005, following months of intense international condemnation, the Solomon Islands banned any further exports of dolphins captured in 2003, citing concerns raised by members of the international community. Further to this success WDCS remains committed to helping the Pacific Island States develop their cetacean watching industries and the creation of a region-wide conservation agreement for whales and dolphins.

During the year we were also pleased to play a part in assisting Chile arrive at legislating to ban the capture and display of dolphins from around its coasts. Similarly In **August** the keeping of dolphins and whales in captivity, and also swimming with the animals, was banned in Costa Rica. The new laws came into effect as a result of pressure from the environmental group Promar, which has been supported in its campaign by WDCS

Whaling and Trade

In **June**, as countries from around the world gathered in Ulsan, South Korea for the annual meeting of the International Whaling Commission (IWC), WDCS and IFAW (the International Fund for Animal Welfare) released the first guide to watching whales and dolphins in four countries across East Asia, including Korea and Japan. WDCS continues to promote responsible whale-watching in the area as an economic alternative to whaling.

Throughout the week-long IWC meeting, pro-whaling countries were unsuccessful in gaining the voting majority, and overturning the moratorium. However each meeting the pro-whaling governments have gained more support and WDCS remains very concerned that without concerted effort by conservation minded countries they will be successful in coming years. However, both Japan and Norway have killed hundreds of whales in their hunts. Japan's Antarctic hunt is now targeting twice as many minke whales, as well as fin whales and they will also target humpback whales in 2007. Norway had also recently increased its quotas, by 30%. WDCS remains committed to preventing a legal resumption of commercial whaling.

WHALE AND DOLPHIN CONSERVATION SOCIETY

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Report of the Chief Executive (continued)

The whaling debate is not just fought at the IWC, Japan's proposal to CITES in **October** 2004 to permit international trade in whale meat was soundly rejected. The whaling nation failed to gain enough support once again after some extensive lobbying by WDCS and others. **November** saw success in the UK when Tesco PLC announced that it had decided to stop selling all cetacean (whale, dolphin and porpoise) products in its Japanese supermarkets, following a joint campaign by WDCS, the Environmental Investigation Agency (EIA) and Greenpeace. This campaign had a significant impact in reducing the supply and subsequent demand for whale meat within Japan despite the Japanese Government's continued insistence on hunting more whales.

Environmental impact

Environmental impacts, such as noise and chemical pollution, habitat degradation and climate change pose a serious threat to the survival of individual whales and dolphins, as well as whole populations and species.

WDCS has been campaigning on the issue of noise pollution in our oceans since 1992, and this year participated in Congressional hearings in the USA as *the* international non-governmental authority on oceanic noise.

In **November** the European Parliament, concerned at the rising spread of military use of loud sound sources in the oceans, voted in favour of a moratorium for naval sonars until an environmental impact study has been carried out to ascertain exactly how much man-made noise affects marine wildlife.

During the year, in response to the growing threat from environmental impacts, WDCS has continued to invest in building up a Science Directorate containing a wide spectrum of scientific expertise, from pollution experts to acoustical specialists.

Fisheries bycatch

The start of 2005 was marred again by the death of hundreds of dolphins off the UK coast. **Bycatch**, the incidental capture of cetaceans in fishing nets remains one of the global mass killers of whales and dolphins. This year results from a study conducted by WDCS added weight to the argument for better protection for common dolphins in the English Channel. WDCS and Greenpeace joined forces to call for a ban on sea bass "pair trawling" in the area. WDCS researchers set sail onboard the Greenpeace ship *Esperanza* to further assess the conservation and welfare threats to the dolphins. We were rewarded by the UK Government banning all such UK pair trawling for sea bass in the UK's territorial waters, and championing the call for other European fishing countries to follow and cease using this destructive fishing practice.



PROTECT

WDCS believes in protecting individual whales and dolphins as well as seeking to safeguard their communities, populations and whole species. In order to do this we need to defend the places they need to survive – the places they use for breeding, feeding and raising their young.

"Our task, those of us who care about whales and dolphins, is to make a place for them in the sea; to ensure that what is rightfully theirs, and has been for millennia, is well protected."

WHALE AND DOLPHIN CONSERVATION SOCIETY

(Limited by guarantee)

Report of the Chief Executive (continued)

The words of Erich Hoyt, WDCS Senior Research Fellow, sum up WDCS's driving belief. We are striving to ensure that cetaceans have the fullest protection of both international and domestic laws, whilst at the same time carrying out the 'on-the-water' conservation research that is necessary to make the arguments for such protection. We use this mix of scientific and legal skills to secure the long term protection cetaceans so desperately need.

Places

In **October** 2004 WDCS launched a book on Marine Protected Areas (MPAs). The work was the culmination of six years of analysis and study of all the world's MPAs that have an impact on whales or dolphins. 'Marine Protected Areas for Whales, Dolphins and Porpoises: A World Handbook for Cetacean Habitat Conservation' by Erich Hoyt is proving to be a key resource for scientists, research institutions, students, wildlife conservation agencies, and MPA managers the world over.

In **May** 2005 WDCS was rewarded for its work with the promise by the UK Government to address the needs of wildlife around the UK through the enacting of a Marine Bill. The draft Marine Bill is included in the program of legislation for the new session of Parliament, following a campaign by leading UK conservation organizations through Wildlife and Countryside Link, including WDCS, which also helped secure commitments for a marine bill from all the three main parties in the run up to the last general election. WDCS has continued to contribute expertise and support for the Bill during the rest of the year.

Indeed, in **June** a massive 165,000 pledges of support for new marine laws were presented to No. 10 Downing Street by leading conservation organizations, including WDCS. The pledges demonstrate the significant level of public support for better protection for our UK seas.

We are especially pleased to report that during 2005, following over a decade of working with its daughter agreements, WDCS was adopted as a full Partner of the Conservation of Migratory Species (CMS). CMS represents some 100 nations who come together to help protect and conserve migratory species. WDCS, led by the CMS Programme director, Dr. Margi Prideaux, has been recognized for its international expertise in whales and dolphins and is now committed to work with CMS to develop further regional agreements for the protection of cetaceans and marine mammals around the globe. Similarly, CMS's daughter agreement, ACOBAMS, the Agreement on the Conservation of Cetaceans of the Black Sea, Mediterranean Sea and contiguous Atlantic Area has adopted WDCS as a full partner organization.

Species and populations

In all, WDCS funded or contributed to some 36 conservation field projects as well as continuing our own "in house" research.

WDCS research work on the Adelaide Port River Dolphins led by WDCS' Dr. Mike Bossley, culminated in 2005 with the declaration by the South Australian Government of a Sanctuary for the dolphins. Whilst the threats to these dolphins remain high, we believe that this is an important first step in securing a viable future for this wonderful population of dolphins. The WDCS Australasia office will be continuing this piece of essential work with education of local stakeholders and schools in the Adelaide region.

WDCS field conservation work is often the quiet partner in our world of debate and campaigning. However, its an essential part of our efforts to secure the correct and necessary scientific information required to make those campaigns successful. Whilst these projects sometimes go un-recognized by most of the world in 2005, WDCS-funded whale researcher

WHALE AND DOLPHIN CONSERVATION SOCIETY

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Report of the Chief Executive (continued)

Rodrigo Hucke-Gaetes, was nominated one of three laureates, by the United Nations Environment Programme (UNEP) and the Convention on the Conservation of Migratory Species (CMS), as part of their Thesis Award.

It was with great pleasure that 2005 saw the completion of the first stage of a project that was the recipient of the inaugural Mike Stobie Award. Mike was a previous Chairman of WDCS and he had a particular fondness for WDCS' essential conservation field work.

For many years, WDCS has been supporting the work of Sarita Kendall and Diana Luz Orozco to protect the Amazon river dolphins in Colombia. These dolphins are increasingly threatened by modern fishing techniques and loss of habitat.

With the support of the WDCS Mike Stobie Award they have gathered together some 20 fishermen and educators to build an interpretation centre to recreate the underwater world of the Colombian Amazon with the help of some 20 fishermen and educators. Using wood carvings and other exhibits, the centre can offer local children and visitors from outside the Puerto Nariño area a glimpse of the richness of Natutama - the Ticuna Indian expression for "everything under the water."

The Natutama centre is an educational tool that combines local and scientific knowledge with a view to raising environmental awareness and promoting conservation values and the management of aquatic resources. We hope that the centre will promote the sharing of environmental and cultural values, while at the same time contributing to local income generation.



CONNECT

WDCS recognizes that we could do nothing without our generous supporters, who make us what we are, by adding their voice to ours, writing letters, contributing to research, supporting projects, volunteering, and much more.

We are now offering more opportunities than ever before for supporters and the general public to engage with whales and dolphins and our work to protect them. For example, in the UK alone you can now visit our Wildlife Centre in the Moray Firth, go on one of our organized and ethical cetacean watching trips, find out about how and where to see cetaceans on our website, get involved with sightings or learn about whales and dolphins at the many events we now attend.

Education

WDCS' education programmes seek to bring school children of all ages, from the Caribbean to Australia into contact with the world of whales and dolphins. By empowering the future generation of decision makers with the appropriate knowledge of whales and dolphins we are helping to shape a future with more hope and potential.

WDCS believes the individual dolphin or whale is important and knows of no better method of bringing cetaceans and people together than through the WDCS Adopt a Whale and Adopt a Dolphin programmes. This year in Australia, we have expanded our offering to include a New Zealand based Adopt an Orca project and have grown our Adopt a dolphin project.

WHALE AND DOLPHIN CONSERVATION SOCIETY

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Report of the Chief Executive (continued)

In **December** 2004, Mark Simmonds, the WDCS International Head of Science, launched a new book "The World of Whales and Dolphins" and in **April** 2005 WDCS was pleased to support the continued publication of the UK based Whale and Dolphin Magazine, published by the long time WDCS supporter Rachel Jackson. Both publications have brought a whole new group of people to appreciate whales and dolphins.

The WDCS Wildlife Centre, in the Moray Firth, Scotland went from strength to strength with the support of a dedicated staff and excellent volunteers. In **July** 2005 WDCS launched a new exhibition, opened by TV star Shauna Lowry and members of the local Speyside community. The new exhibition gives visitors a unique insight into the watery world of whales and dolphins.

Whale Watching

WDCS continues to promote responsible whale and dolphin watching through our education and policy work, as well as through our own travel wing, **out of the blue**.

Our presence in Scotland allowed us to contribute pivotally to the creation of a new Scottish legally backed code of conduct for cetacean watching that will hopefully, greatly reduce potential harassment and injury to the unique Moray Firth dolphin population.

In **August** WDCS' Erich Hoyt attended the first World Exposition of the 21st Century, in Nagoya, Aichi Prefecture, Japan, where he helped promote whale and dolphin watching. This is an essential part of what WDCS does in its day-to-day work, maintaining an outreach to people all around the world. Erich and WDCS were warmly received and caused a real impact in highlighting the opportunities to pursue whale watching as an alternative to whaling.

Marketing and Communications

Of course none of this is possible without money! I am pleased to report that yet again we have achieved a record gross income. This is due to improvements in two main areas of our work. Our Membership and Adopt a Whale products have continued to perform, but real growth, with a corresponding Gift Aid income, continues to come from our ever-popular Adopt a Dolphin product. To complement this we have seen outstanding performance in Major Giving (Trusts, legacies, Corporate support and high value donors). This income is important, not least for reasons of organizational sustainability and diversity but also because it is relatively low cost compared to WDCS' historical funding mechanisms, ensuring that a greater percentage of our gross income can be spent where it matters.

Overseas our fundraising has also developed. Germany was this year especially successful in attracting in-kind donations of media planning, media space and free advertising and promotion. In Australia, we have developed our Adopt a Dolphin Programme to support the Port River dolphins as well as expanding with a New Zealand based Adopt an Orca Programme.

The years ahead will be challenging for WDCS. People will be ever more discerning concerning how they spend their disposal income, not least with regards to charities, which will have to work harder at demonstrating how they *achieve* their objectives. For WDCS's marketing team that will mean better products and publications, more innovation with new media, creating ever more exciting opportunities for people to engage with WDCS and the animals, and - most importantly - fighting campaigns and launching projects that are close to our supporters' hearts and which we, and they, believe will have a sustained impact in our efforts to save whales and dolphins.

WHALE AND DOLPHIN CONSERVATION SOCIETY (Limited by guarantee)

Report of the Chief Executive (continued)

What the future holds

WDCS remains committed to being at the forefront of cetacean protection 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 more and more people. WDCS shall continue to cooperate with like-minded groups and individuals to fulfil our charitable aims.

WDCS will be seeking to measure further the impact of our work during the coming years to enhance our effectiveness in saving whales and dolphins. Our internal planning and evaluation is being constantly improved to ensure that we deliver real progress in the global fight to protect whales and dolphins.

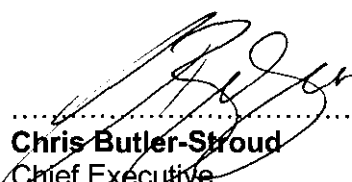
Operationally we shall strengthen our teams in the USA and specifically we shall be expanding our Bycatch team to meet the very real challenges this particular threat brings to cetaceans.

We have an ambitious agenda for the coming year. Amongst the many Programmes of activity we have planned we look forward to developing our work on drive fisheries in Japan where we have been campaigning to end these barbaric hunts to supply animals for the captivity industry. WDCS will be publishing more on this issue in the coming year and making sure that the world knows that the connections between these two exploitative businesses.

In 2005/2006 we will be increasing our campaigning research around the globe and extending our scientific remit. We shall be fighting to ensure the issue of noise pollution in our oceans is highlighted and addressed, whilst keeping the fight against commercial whaling alive.

The threats to whales and dolphins remain real and are increasing. However, WDCS is rising to the challenge and, with your support, shall be there to be a voice for these wonderful creatures and their unique environment for as long as we are needed.

Signed



Chris Butler-Stroud
Chief Executive

20 February 2006

WHALE AND DOLPHIN CONSERVATION SOCIETY

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Review of financial results

During the financial year 2004 – 05 steady income growth has continued with a growth of 11.8% to £4.1 million. The year in question saw a strong performance from the High Value Donor area with the level of legacy income being well above the previous trend line and supplemented by an anonymous single donation of £52,000.

Charitable expenditure also increased and was 30% higher at £2.5 million during the financial year as extra income is directed towards meeting the objectives of the charity, its conservation and campaign work. The range of issues that need to be addressed make resource management a key issue in ensuring sufficient is being directed towards meeting the near term yet sufficient is being invested into the charity to create sustainable long term growth.

WDCS Germany provides a valuable delivery channel for reaching a different fundraising market and delivering valuable conservation work. Considerable time has been spent during the year consolidating the organisational foundations thus enabling a step change in activity in the coming years.

During the year it proved increasingly not always possible to buy advertising slots as other charities move into direct response TV advertising. This created a push to explore new channels and review the current fundraising product offerings provided by the charity. This work started during the year under review and will be introduced during the 2005 – 06 financial year.

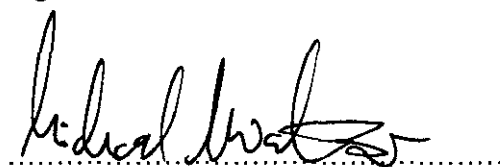
Irrecoverable VAT continues to be an issue and remains a substantial cost burden at £101,146 an increase of 7.4%.

The current year was the first full year of ownership and operation of the retail outlet situated at the WDCS Wildlife Centre at Spey Bay on the Moray Firth. The level of income was above the previous year reflecting a move to stocking a different range of products at different price points. The Wildlife Centre provides the opportunity for WDCS to interact directly with its existing and potential supporters and is a valuable resource.

The Reserves Policy approved by the Trustees was fully operational during the year. Cash resources stood at £408,361 at the year end.

The upcoming financial year will be a challenging one as the charity seeks to balance a highly competitive fundraising environment, external environmental pressures that introduce compliance costs and issues and ensuring that sufficient resource is available to enable the charity's work to continue in being the global voice for the protection of whales and dolphins and their environment.

Signed



Michael Waterson

Director of Finance and Administration

20 February 2006

WHALE AND DOLPHIN CONSERVATION SOCIETY

(Limited by guarantee)

Report of the trustees for the year ended 30 September 2005

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 2005. 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 16 and 17. A review of the financial results is given on page 9 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 within the next four years. It continues to assist in the delivery of WDCS policy work, both within Australia and New Zealand and internationally.

In September 2005, the charity incorporated in the United States WDCS (North America) Inc, an organisation with similar aims and objectives as the UK charity. Since the end of the financial year, WDCS (North America) Inc has reached agreement to take over a whale adoption programme formally run by the International Wildlife Coalition. Some of the staff formerly employed by the International Wildlife Coalition have been employed by WDCS (North America) Inc. The charity will raise funds within the US and will develop a programme of policy work to enhance international and national efforts.

Reserves

At the end of the year the group had reserves of £373,810 of which £37,084 represents restricted funds. The balance of £336,726 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.

WHALE AND DOLPHIN CONSERVATION SOCIETY

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Report of the trustees for the year ended 30 September 2005 (continued)

Governance and internal control

The charity is an incorporated legal entity limited by guarantee, the business of which is governed by a board of 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
- 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 an 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 charitable 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.

WHALE AND DOLPHIN CONSERVATION SOCIETY

(Limited by guarantee)

Report of the trustees for the year ended 30 September 2005 (continued)

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

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

These risks and controls 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.

Volunteers

Volunteers are involved in many aspects of the charity's work, mainly fundraising, research and education. It is estimated that over 8,633 volunteer hours were provided during the year, which could be valued at £86,335. 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 and questionnaires, 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.

WHALE AND DOLPHIN CONSERVATION SOCIETY
(Limited by guarantee)

Report of the trustees
for the year ended 30 September 2005 (continued)

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 £387,059 during the year to assist WDCS Australasia with set up costs, as detailed in note 24.

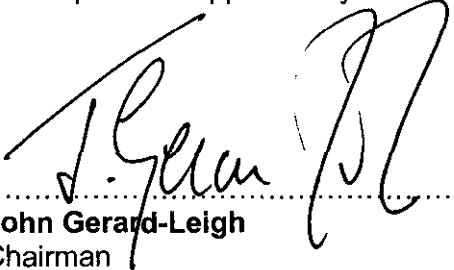
Goodwill

Purchased goodwill and intangible assets are charged to the profit and loss account (income statement) in the periods in which they are depleted.

Auditors

A resolution for the reappointment of Chantrey Vellacott DFK LLP as auditors of the charity is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board on 20/2/ 2006


.....
John Gerard-Leigh
Chairman

WHALE AND DOLPHIN CONSERVATION SOCIETY

(Limited by guarantee)

Independent auditors' report to the members of Whale and Dolphin Conservation Society

We have audited the financial statements of the Whale and Dolphin Conservation Society for the year ended 30 September 2005 which comprise the consolidated and company statement of financial activities, the consolidated and company balance sheets, consolidated cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 auditors' 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 described on page 11, the trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 trustees' report is not consistent with the financial statements, if the charitable company and the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the trustees' remuneration and transactions with the charitable company and the group is not disclosed.

We read the trustees' report and consider the implications for our report if we become aware of any apparent misstatements of material inconsistencies with the financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations that 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 presentation of information in the financial statements.

WHALE AND DOLPHIN CONSERVATION SOCIETY
(Limited by guarantee)

Independent auditors' report to the members of
Whale and Dolphin Conservation Society (continued)

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 at 30 September 2005 and of their incoming resources and application of resources including its income and expenditure in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chantrey Vellacott DFK LLP

CHANTREY VELLACOTT DFK LLP

Chartered Accountants
Registered Auditors

READING

Date: 20/2/06

Chantrey Vellacott DFK LLP

WHALE AND DOLPHIN CONSERVATION SOCIETY
(Limited by guarantee)

Consolidated statement of financial activities
For the year ended 30 September 2005
(including an income and expenditure account)

	Note	Unrestricted funds £	Restricted funds £	Total funds 2005 £	Total funds 2004 £
Incoming resources					
Donations and similar income	3	920,460	75,731	996,191	922,350
Legacies	5	124,201	-	124,201	28,258
Investment income	7	11,044	-	11,044	8,995
Activities to further charity's objectives					
Membership		202,379	-	202,379	210,151
Adopt a Whale		204,186	-	204,186	200,729
Adopt a Dolphin		2,030,104	-	2,030,104	1,862,661
Activities for generating funds					
Merchandising income	4	119,819	-	119,819	105,891
Raffle income		68,106	-	68,106	68,611
Magazine income		5,070	-	5,070	-
Out of the Blue income		228,074	-	228,074	233,301
Other incoming resources		146,043	-	146,043	56,735
Total incoming resources		4,059,486	75,731	4,135,217	3,697,682
Resources expended					
Costs of generating funds					
Membership	9	53,632	-	53,632	56,631
Adopt a Whale		45,817	-	45,817	73,998
Adopt a Dolphin		634,881	-	634,881	891,011
Fund raising costs		701,360	-	701,360	522,362
Merchandising costs		52,644	-	52,644	49,518
Raffle costs		46,589	-	46,589	50,294
Magazine		9,399	-	9,399	-
Out of the Blue costs		20,363	-	20,363	23,793
Costs of generating funds		1,564,685	-	1,564,685	1,667,607
Net incoming resources available for charitable application carried forward		2,494,801	75,731	2,570,532	2,030,075

The notes on pages 20 to 31 form part of these financial statements.

WHALE AND DOLPHIN CONSERVATION SOCIETY
(Limited by guarantee)

Consolidated statement of financial activities
For the year ended 30 September 2005
(including an income and expenditure account)(continued)

	Note	Unrestricted funds £	Restricted funds £	Total funds 2005 £	Total funds 2004 £
Net incoming resources available for charitable application brought forward		<u>2,494,801</u>	<u>75,731</u>	<u>2,570,532</u>	<u>2,030,075</u>
Charitable expenditure					
Costs of activities to further charity's objectives	9				
Conservation and campaigns		1,470,400	75,731	1,546,131	1,329,026
Donations	24	387,059	-	387,059	243,996
Information and education		314,590	-	314,590	111,438
Managing and administering	10	175,640	-	175,640	166,804
Unrecoverable VAT		101,146	-	101,146	94,186
Charitable expenditure		<u>2,448,835</u>	<u>75,731</u>	<u>2,524,566</u>	<u>1,945,450</u>
Total resources expended		<u>4,013,520</u>	<u>75,731</u>	<u>4,089,251</u>	<u>3,613,057</u>
Net movement in funds		45,966	-	45,966	84,625
Balances brought forward		<u>290,760</u>	<u>37,084</u>	<u>327,844</u>	<u>243,219</u>
Balances carried forward	20	<u>336,726</u>	<u>37,084</u>	<u>373,810</u>	<u>327,844</u>

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

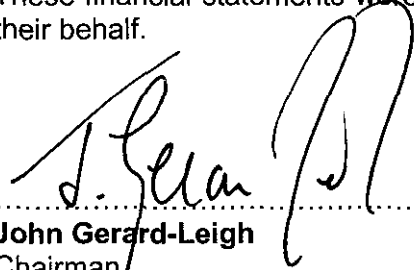
The notes on pages 20 to 31 form part of these financial statements.

WHALE AND DOLPHIN CONSERVATION SOCIETY
(Limited by guarantee)

Balance sheets at 30 September 2005

	Note	Group 2005 £	Group 2004 £	Charity 2005 £	Charity 2004 £
Fixed assets					
Tangible fixed assets	14	41,692	46,394	41,692	46,394
Investments	16	50,000	50,000	50,000	67,357
		<u>91,692</u>	<u>96,394</u>	<u>91,692</u>	<u>113,751</u>
Current assets					
Stock	15	30,682	32,016	-	-
Debtors	17	230,511	171,158	260,957	240,844
Cash at bank & in hand		408,361	369,886	319,635	277,532
		<u>669,554</u>	<u>573,060</u>	<u>580,592</u>	<u>518,376</u>
Creditors: amounts falling due within one year	18	<u>(387,436)</u>	<u>(341,610)</u>	<u>(298,474)</u>	<u>(257,100)</u>
Net current assets		<u>282,118</u>	<u>231,450</u>	<u>282,118</u>	<u>261,276</u>
Total net assets		<u>373,810</u>	<u>327,844</u>	<u>373,810</u>	<u>375,027</u>
Unrestricted funds	20	336,726	290,760	336,726	337,943
Restricted funds	20	37,084	37,084	37,084	37,084
Total funds	20	<u>373,810</u>	<u>327,844</u>	<u>373,810</u>	<u>375,027</u>

These financial statements were approved by the trustees on 20/2/06 and signed on their behalf.


 John Gerard-Leigh
 Chairman

The notes on pages 20 to 31 form part of these financial statements.

WHALE AND DOLPHIN CONSERVATION SOCIETY
(Limited by guarantee)

Consolidated cash flow statement
at 30 September 2005

	2005 £	2004 £
Net cash inflow from operating activities (note 23)	<u>54,023</u>	<u>118,003</u>
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	(15,550)	(12,570)
Proceeds from sale of fixed assets	<u>2</u>	<u>-</u>
Net cash outflow from capital expenditure	<u>(15,548)</u>	<u>(12,570)</u>
Increase in cash in the year	<u><u>38,475</u></u>	<u><u>105,433</u></u>
Reconciliation of net cash flow to movement in net funds		
Net cash increase in year	38,475	105,433
Net funds at start of year	<u>369,886</u>	<u>264,453</u>
Net funds at end of year	<u><u>408,361</u></u>	<u><u>369,886</u></u>
Cash at bank and in hand	<u><u>408,361</u></u>	<u><u>369,886</u></u>

The notes on pages 20 to 31 form part of these financial statements.

WHALE AND DOLPHIN CONSERVATION SOCIETY

(Limited by guarantee)

Notes to the financial statements for the year ended 30 September 2005

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 2005 there were six 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.

a) Basis of accounting

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.

b) 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 bases. The accounts are made up to 30 September 2005.

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 statement of subsidiaries is disclosed in note 6 to these accounts.

c) 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.

WHALE AND DOLPHIN CONSERVATION SOCIETY

(Limited by guarantee)

Notes to the financial statements for the year ended 30 September 2005 (continued)

d) 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.

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

e) Fixed assets and depreciation

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

Fixtures, fittings & equipment	- 20% straight line per annum
Computer equipment	- 25% straight line per annum

f) Expenditure

All expenditure is accounted for on an accrual 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.

g) 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.

h) 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 the 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.

i) 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.

WHALE AND DOLPHIN CONSERVATION SOCIETY

(Limited by guarantee)

Notes to the financial statements for the year ended 30 September 2005 (continued)

j) **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.

k) **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.

l) **Pensions**

The group contributes to individual pension schemes. The amount charged against income represents the contributions payable to the schemes in respect of the accounting period.

m) **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.

n) **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 there from 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.

WHALE AND DOLPHIN CONSERVATION SOCIETY
(Limited by guarantee)

Notes to the financial statements
for the year ended 30 September 2005 (continued)

3. Donations and gifts	2005 £	2004 £
Individuals	909,481	843,097
Trusts	86,710	77,253
Gifts in kind	-	2,000
	<u>996,191</u>	<u>922,350</u>

During 2004, mobile phones to the value of £2,000 were donated to WDSCS.

4. Activities for generating funds	2005 £	2004 £
Merchandising income	119,819	105,891
Raffle income	68,106	68,611
Magazine income	5,070	-
Out of the Blue income	228,074	233,301
Other income	146,043	56,735
	<u>567,112</u>	<u>464,538</u>

5. **Legacies**
15 legacies were received totalling £124,201 (2004: £28,258 in respect of six legacies).

6. **Subsidiaries' income and costs**

	WDSCS (Trading) £	WDSCS gGmbH £	Total 2005 £	Total 2004 £
Merchandising income	119,399	420	119,819	105,891
Raffle income	68,106	-	68,106	68,611
Out of the Blue income	228,074	-	228,074	233,301
Whale and Dolphin magazine	5,070	-	5,070	-
Adopt a Dolphin income	-	292,604	292,604	316,418
Donations	-	14,025	14,025	44,630
Other income	7,689	43,535	51,224	56,735
Total income	<u>428,338</u>	<u>350,584</u>	<u>778,922</u>	<u>825,586</u>
Merchandising	52,571	73	52,644	49,518
Raffle expenditure	46,589	-	46,589	50,294
Out of the Blue expenditure	20,363	-	20,363	20,721
Whale and Dolphin magazine	9,399	-	9,399	-
Adopt a Dolphin expenditure	-	94,436	94,436	116,209
Administration expenses	159,372	3,430	162,802	93,971
Charitable expenses	198,895	278,547	477,442	476,689
Total expenses	<u>487,189</u>	<u>376,486</u>	<u>863,675</u>	<u>807,402</u>
(Deficit)/ surplus	<u>(58,851)</u>	<u>(25,902)</u>	<u>(84,753)</u>	<u>18,184</u>

WHALE AND DOLPHIN CONSERVATION SOCIETY (Limited by guarantee)

Notes to the financial statements for the year ended 30 September 2005 (continued)

7.	Investment income	2005	2004
		£	£
	Interest receivable	<u>11,044</u>	<u>8,995</u>

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 WDCCS (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.

Current tax reconciliation	2005	2004
	£	£
(Loss)/profit on ordinary activities before tax	<u>(58,851)</u>	<u>228</u>
Current tax at 19% (2004:19%)	<u>(11,182)</u>	<u>43</u>
Effects of:		
Deferred tax asset not recognised	11,182	-
Losses carried forward	-	(43)
Total current tax charge for period	<u>-</u>	<u>-</u>

9. Total resources expended

	Staff costs	Other direct costs	Total 2005	Total 2004
	£	£	£	£
Costs of generating funds				
Membership	-	53,632	53,632	56,631
Adopt a Whale	-	45,817	45,817	73,998
Adopt a Dolphin	-	634,881	634,881	891,011
Fund raising costs	355,540	345,820	701,360	522,362
Merchandising costs	-	52,644	52,644	49,518
Raffle costs	-	46,589	46,589	50,294
Magazine costs	-	9,399	9,399	-
Out of the Blue costs	-	20,363	20,363	23,793
	<u>355,540</u>	<u>1,209,145</u>	<u>1,564,685</u>	<u>1,667,607</u>
Charitable expenditure				
Conservation, campaigns and donations	500,743	1,432,447	1,933,190	1,573,022
Information and education	-	314,590	314,590	111,438
Managing and administering	116,428	59,212	175,640	166,804
Unrecoverable VAT	-	101,146	101,146	94,186
	<u>617,171</u>	<u>1,907,395</u>	<u>2,524,566</u>	<u>1,945,450</u>
	<u>972,711</u>	<u>3,116,540</u>	<u>4,089,251</u>	<u>3,613,057</u>

WHALE AND DOLPHIN CONSERVATION SOCIETY (Limited by guarantee)

Notes to the financial statements **for the year ended 30 September 2005 (continued)**

9. Total resources expended (continued)

Other direct costs include:

	2005 £	2004 £
Auditor's remuneration:		
Audit fee - group	12,500	12,500
- charity	8,250	8,250
Operating lease rentals – land and buildings	46,295	46,292
- plant and equipment	40,420	33,680
Depreciation	20,250	21,673

10. Managing and administering

	2005 £	2004 £
Printing, postage, stationery & advertising	11,408	15,268
Audit and accountancy	25,866	20,306
Legal and professional fees	330	560
Bank charges	7,154	5,270
Trustee meeting expenses	417	1,276
Office administration costs	121,175	119,315
Sundry costs	9,290	4,809
	<u>175,640</u>	<u>166,804</u>

11. Trustee remuneration

The trustees neither received nor waived any emoluments in either year. Out of pocket expenses were reimbursed to trustees as follows:

	2005 Number	2004 Number	2005 £	2004 £
Travel	<u>1</u>	<u>1</u>	<u>417</u>	<u>1,276</u>

12. Staff costs

	2005 £	2004 £
Wages and salaries	870,170	699,742
Social security costs	86,136	68,024
Other pension costs (note 13)	32,152	24,129
	<u>988,458</u>	<u>791,895</u>

There was one employee (2004: none) whose emoluments for the year were within the £50,000 to £60,000 banding range.

WHALE AND DOLPHIN CONSERVATION SOCIETY (Limited by guarantee)

Notes to the financial statements for the year ended 30 September 2005 (continued)

12. Staff costs (continued)

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

	2005 No.	2004 No.
Charitable activities	20	18
Cost of generating funds	14	11
Management and administration of the charity	9	7
	<u>43</u>	<u>36</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 £32,152 (2004: £24,129).

14. Tangible fixed assets

Group and charity	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost			
At beginning of year	149,495	207,878	357,373
Additions	8,423	7,127	15,550
Disposals	(57,980)	(137,528)	(195,508)
At 30 September 2005	99,938	77,477	177,415
Depreciation			
At beginning of year	123,248	187,731	310,979
Charge for the year	9,444	10,806	20,250
Eliminated on disposal	(57,979)	(137,527)	(195,506)
At 30 September 2005	74,713	61,010	135,723
Net book value			
At 30 September 2005	25,225	16,467	41,692
At 30 September 2004	26,247	20,147	46,394

15. Stock

	Group 2005 £	Group 2004 £	Charity 2005 £	Charity 2004 £
Goods for resale	<u>30,682</u>	<u>32,016</u>	<u>-</u>	<u>-</u>

WHALE AND DOLPHIN CONSERVATION SOCIETY (Limited by guarantee)

Notes to the financial statements **for the year ended 30 September 2005 (continued)**

16. Fixed asset investments

	Group and company Fixed interest securities	Company's shares in subsidiaries	Company Total
	£	£	£
Cost/valuation			
At beginning of year	50,000	17,357	67,357
Less provision for diminution in value	-	(17,357)	(17,357)
At end of year	<u>50,000</u>	<u>-</u>	<u>50,000</u>

Name of subsidiary	Country of registration	Class of share	Proportion held
WDCS (Trading) Limited	England	Ordinary	100%
WDCS Germany gGmbH	Germany	Ordinary	100%

On 12 September 2005 Whale and Dolphin Conservation Society (North America) Inc. was incorporated, there were no activities in the period to 30 September 2005. Control of this entity by WDCS is via common management.

17. Debtors

	Group 2005 £	Group 2004 £	Charity 2005 £	Charity 2004 £
Amounts falling due within one year				
Trade debtors	1,402	16,846	1,402	22,340
Other debtors	-	-	-	-
VAT	830	23,092	-	2,236
Amounts owed by subsidiary undertakings	-	-	61,600	25,071
Less provisions against amounts owed	-	-	(13,619)	-
Prepayments and other accrued income	228,279	131,220	211,574	90,239
	<u>230,511</u>	<u>171,158</u>	<u>260,957</u>	<u>139,886</u>
Amounts falling due after more than one year				
Loan to WDCS (Trading) Ltd	-	-	50,000	50,000
Loan to WDCS gGmbH	-	-	50,958	50,958
Less provisions against loans	-	-	(100,958)	-
Total	<u>230,511</u>	<u>171,158</u>	<u>260,957</u>	<u>240,844</u>

The WDCS (Trading) Limited and WDCS gGmbH loans are repayable on demand. However, WDCS have indicated that they will not seek repayment during the next year. The loans receive interest at 2% above the base rate of the Bank of England.

WHALE AND DOLPHIN CONSERVATION SOCIETY
(Limited by guarantee)

Notes to the financial statements
for the year ended 30 September 2005 (continued)

18. Creditors

	Group 2005 £	Group 2004 £	Charity 2005 £	Charity 2004 £
Trade creditors	146,719	93,220	96,183	67,230
Social security	25,033	20,599	25,033	20,599
VAT	3,876	-	3,876	-
Accruals and deferred income	211,808	227,791	173,382	169,271
	<u>387,436</u>	<u>341,610</u>	<u>298,474</u>	<u>257,100</u>

19. Financial Commitments

Group	2005 Other £	2005 Land & Buildings £	2004 Other £	2004 Land & Buildings £
Expiry date				
Within 2 to 5 years	<u>40,240</u>	<u>46,295</u>	<u>33,680</u>	<u>48,792</u>

WHALE AND DOLPHIN CONSERVATION SOCIETY

(Limited by guarantee)

Notes to the financial statements for the year ended 30 September 2005 (continued)

20. Statement of funds

	Balance at 1 October 2004 £	Income £	Expenditure £	Balance at 30 September 2005 £
Group				
Unrestricted funds	<u>290,760</u>	<u>4,059,486</u>	<u>4,013,520</u>	<u>336,726</u>
Restricted funds				
Faroe campaign	26,230	-	-	26,230
Harbour porpoise appeal	2,847	-	-	2,847
Right whale appeal	4,000	-	-	4,000
Keiko	3,007	-	-	3,007
Trusts	<u>1,000</u>	<u>75,731</u>	<u>75,731</u>	<u>1,000</u>
Total restricted fund	<u>37,084</u>	<u>75,731</u>	<u>75,731</u>	<u>37,084</u>
Total funds	<u><u>327,844</u></u>	<u><u>4,135,217</u></u>	<u><u>4,089,253</u></u>	<u><u>373,810</u></u>

	Balance at 1 October 2004 £	Income £	Expenditure £	Balance at 30 September 2005 £
Charity				
Unrestricted funds	<u>337,943</u>	<u>3,287,328</u>	<u>3,288,545</u>	<u>336,726</u>
Restricted funds				
Faroe campaign	26,230	-	-	26,230
Harbour porpoise appeal	2,847	-	-	2,847
Right whale appeal	4,000	-	-	4,000
Keiko	3,007	-	-	3,007
Trusts	<u>1,000</u>	<u>75,731</u>	<u>75,731</u>	<u>1,000</u>
Total restricted funds	<u>37,084</u>	<u>75,731</u>	<u>75,731</u>	<u>37,084</u>
Total funds	<u><u>375,027</u></u>	<u><u>3,363,059</u></u>	<u><u>3,364,276</u></u>	<u><u>373,810</u></u>

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

WHALE AND DOLPHIN CONSERVATION SOCIETY **(Limited by guarantee)**

Notes to the financial statements **for the year ended 30 September 2005 (continued)**

21. Analysis of net assets between funds

Group	Restricted funds £	General funds £	Total £
Fund balances at 30 September 2005 are			
Represented by:			
Tangible fixed assets	-	41,692	41,692
Investments	-	50,000	50,000
Current assets	37,084	632,470	669,554
Current liabilities	-	(387,436)	(387,436)
Total net assets	<u>37,084</u>	<u>336,726</u>	<u>373,810</u>

22. Subsidiary companies

WDCS has two wholly owned subsidiaries WDCS (Trading) Limited and WDCS Germany gGmbH both of which are consolidated on a line by line basis. The results of both subsidiaries are summarised below.

Profit and loss account

	WDCS (Trading) £	WDCS gGmbH £	Total 2005 £	Total 2004 £
Turnover	420,648	420	421,068	803,781
Cost of sales	(327,816)	(73)	(327,889)	(324,921)
Gross profit	92,832	347	93,179	478,860
Administration expenses	(156,037)	(94,436)	(250,473)	(207,127)
Other operating income	7,417	350,164	357,581	20,860
Operating profit	(55,788)	256,075	200,287	292,593
Interest payable	(3,335)	(3,430)	(6,765)	(3,053)
Interest receivable	272	-	272	945
Net profit before charitable spend And Gift aid	(58,851)	252,645	193,794	290,845
Gift aid	-	-	-	(11,466)
Charitable expenses	-	(278,547)	(278,547)	(272,301)
Results before and after taxation	<u>(58,851)</u>	<u>(25,902)</u>	<u>(84,753)</u>	<u>6,718</u>

WHALE AND DOLPHIN CONSERVATION SOCIETY (Limited by guarantee)

Notes to the financial statements **for the year ended 30 September 2005 (continued)**

22. Subsidiary companies (continued)

Balance sheet

	WDCS (Trading) £	WDCS gGmbH £	Total 2005 £	Total 2004 £
Current assets	85,741	51,200	136,941	192,353
Creditors: amounts falling due within one year	(95,163)	(55,397)	(150,560)	(172,179)
Net current assets	(9,422)	(4,197)	(13,619)	20,174
Creditors: amounts falling due after More than one year	(50,000)	(50,958)	(50,000)	(50,000)
Net liabilities	<u>(59,422)</u>	<u>(55,155)</u>	<u>(114,577)</u>	<u>(29,826)</u>

23. Net cash inflow from operating activities

	2005 £	2004 £
Net incoming resources	45,966	84,625
Depreciation	20,250	21,673
(Increase)/decrease in stocks	1,334	(16,930)
(Increase)/decrease in debtors	(59,353)	(6,209)
Increase/(decrease) in creditors	45,826	34,844
	<u>54,023</u>	<u>118,003</u>

24. Related parties

During the year, WDCS 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 donated funds to WDCS Australia which amounting to £387,059 (2004: £243,996) 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.

WHALE AND DOLPHIN CONSERVATION SOCIETY
(Limited by guarantee)

Additional notes to the financial statements
for the year ended 30 September 2005

WDCS would like to thank the following Trusts and Grant-giving Foundations who supported our work in 2005

Animal Welfare Institute (USA)
Audrey Sacher Charitable Trust
Baxters' Foundation
Benham Charitable Settlement
Donna Balkan Litowitz
Donna Mae Litowitz Trustees
Guy, Susan H, C T
H De C Hastings Trust
Howlett Mabrouk Shankoe Foundation
HSUS (USA)
J & J R Wilson Trust
Jeremy & John Sacher Charitable Trust
Joyce Cater Ch Trust
Kilverstone Wildlife Charitable Trust
MBSE
Panton Trust, The
PawPrint Char Trust
Russell and Mary Foreman Trust
Scottish Natural Heritage
Simon Gibson Ch Trust
Walker 597 Animal Trust
William Haddon Ch Trust

WDCS would like to thank the following companies who supported our work in 2005

Adoption.co.uk
Bank of Scotland
Biscay Dolphin Research Programme (BDRP)
Bristol Blue Glass
Endsleigh
Mattel
Target Dry
The Mortgage Shop
Walkers Shortbread Ltd

WHALE AND DOLPHIN CONSERVATION SOCIETY
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Additional notes to the financial statements
for the year ended 30 September 2005 (continued)

WDCS received substantial gifts from the estates of the following supporters

Mr Eric Bently
Mrs Pamela M S Blake
Ann Bradley
Sheila Dawson
Mr Gaskill
Miss M E Kelly
Miss Mildred Manning
J P Ramage
Diana Joan Raven
David G Raynor
Mary Anne Snow
Ms Wallace-Talvite
Miss Dora Mary Waterworh
Florence Williamson