

Registered number: 2737421
Registered charity number: 1014705

Chantrey Vellacott DFK LLP

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

Report and financial statements

30 September 2008

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

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

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 (resigned 2 February 2009)
Johnny Reed
Percy Kelland
Countess of Antrim
Sandra Pope

Chief Executive

Chris Butler-Stroud

Registered office and principal office

Brookfield House
38 St. Paul Street
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Wiltshire
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Auditor

Chantrey Vellacott DFK LLP
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RG1 4RP

Investment Managers

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4th Floor, Tay House
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Bankers

Barclays Bank plc
99 Hatton Garden
London
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Solicitors

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Chantrey Vellacott DFK LLP

Whale and Dolphin Conservation Society (Limited by guarantee)

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 of Whale and Dolphin Conservation Society (WDCS or the charity) and its subsidiaries (together, the group) for the year ended 30 September 2008.

Structure, governance and management

Governing document

The charity is an incorporated legal entity limited by guarantee, the business of which is governed by its Memorandum and Articles of Association dated 7 July 1992. It is registered as a charity with the Charity Commission. There are currently five trustees on the board.

Appointment 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.

Trustee induction

New trustees receive information on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the strategic plan and recent performance of WDCS. They meet key employees and other trustees.

Organisation

The trustees meet four times a year to review the strategy and performance of WDCS and to approve operating plans and budgets. To facilitate effective operations, the Chief Executive and senior management have delegated authority, approved by the trustees, for operational matters including finance, employment and policy activities. The trustees approve such strategies and monitor and evaluate their implementation on a regular basis.

Related parties

The charity has three 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. WDCS (North America) Inc, a charitable company under United States regulations, is an organisation with similar aims and objectives as WDCS. The organisation raises funds, mainly via a whale adoption programme formerly run by the International Wildlife Coalition. WDCS (North America) Inc has developed a programme of policy work to enhance international and national efforts of the charity.

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, which has similar aims and objectives to the UK based charity, WDCS also provides management advice as and when required by WDCS Australasia. WDCS Australasia continues to assist in the delivery of WDCS policy work, both within Australia and New Zealand and internationally.

Risk management

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 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;
-

**Whale and Dolphin Conservation Society
(Limited by guarantee)****Report of the Trustees (continued)**

- 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 and non-financial performance indicators;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The trustees have reviewed the formal risk management process introduced by the Chief Executive. This process is linked to the strategic plan and reviewed in line with annual planning processes. 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.

Objectives and activities

The objectives of WDCS are:

- to reduce and ultimately eliminate the continuing threat to cetaceans (whales, dolphins and porpoises) and their habitats;
- to raise awareness of these wonderful animals and the need to protect them in their natural environment.

WDCS achieves its objectives through a mix of campaigning, conservation, research, education and awareness raising, and by representing the interests of whales and dolphins at appropriate national and international fora. WDCS is unique in combining concern for the welfare of the animals with efforts to ensure the protection of whole species, unique populations and their habitats.

Achievements and performance

We cannot hope to detail here all of the many activities that WDCS has engaged in over the year in pursuit of our aims. However, we can mention some of the highlights where WDCS supporters, volunteers and staff have worked together to achieve increased protection for whales and dolphins around the globe. For a full picture of the diverse range of work that WDCS does on a daily basis we would direct you to the various WDCS websites which can all be accessed via www.wdcs.org. We hope you like what you see and perhaps decide to join us in this essential work.

Another year of campaigning has brought mixed results for whales and dolphins, whilst there have been many important successes, some challenges continue to grow. Over ten years ago, WDCS highlighted the serious threats facing the Chinese river dolphin, the baiji. Sadly, 2007 brought news that human encroachment and habitat destruction reduced this unique species to levels from which it cannot possibly recover. Despite efforts by conservationists to save the baiji, little was done by decision-makers to protect it. We are determined that no other river dolphins will suffer the same fate.

Report of the Trustees (continued)

During the year, WDCS has been working to get our message heard around the globe; empowering researchers and advocates and advising and lobbying decision makers on behalf of cetaceans (whales, dolphins and porpoises) everywhere. Our work has been rewarded with some remarkable achievements and hope for the future. WDCS's commitment to build conservation networks and solutions to save another river dolphin, the boto, or Amazon river dolphin is already starting to bear fruit. We have developed our strong relationship with the United Nations Environment Programme's Convention on Migratory Species, where we have already helped deliver region-wide conservation work in the Pacific Islands Region, the Mediterranean and Black seas and more. We have laid the groundwork for the creation of marine protected areas around the world, to protect habitat critical to the survival of many species.

During the year, WDCS launched three major new campaigns:

- **Protect Our Dolphins** – for the protection of the unique and vulnerable population of bottlenose dolphins, including WDCS's adoption dolphins, in the Moray Firth, Scotland. In 2008, we delivered over 18,000 protests, including a statement from 25 of the world's top experts, to the UK Government, against oil and gas exploration in the Special Area of Conservation designated for the Moray Firth dolphins. As a result, the Government has decided not to carry out seismic survey activity in the area during 2009 and has agreed to fund independent research into the impacts that oil and gas activity would have.
- **Global Campaign for Marine Protected Areas** – with the goal of establishing 12 large, highly protected areas and networks of Marine Protected Areas (MPAs) by 2012. The campaign launched in 2008 with a partnership with Team Russia for the Volvo Ocean Race. Under the banner of 'We Sail for the Whale', the partnership took our message, petition for the creation of MPAs, and educational initiatives to thousands of people around the world.
- **River Dolphins campaign** – for the protection of the Amazon river dolphins, which today face a daily fight for survival. For over 20 years, we have supported projects across the world to help protect river dolphins from the destruction of their habitat, entanglement in fishing nets, pollution and hunting. Today, we continue to support local initiatives that benefit dolphins and local communities, such as the first fish-filleting co-operative in Leticia, Colombia, which helps local people make money from fish damaged by dolphins and reduces conflict between fishermen and dolphins. We are also working towards region-wide solutions and have set up the South American River Dolphin Protected Area Network initiative to protect the dolphins' habitat.

WDCS's work is organised into three themes. **Stop** - campaigning against all threats to whales and dolphins; **Protect** - seeking to protect vulnerable species, populations and their habitats; and **Connect** - bringing people and cetaceans together to better understand the needs and remarkable nature of these creatures. Whilst we cannot hope to detail all of the many activities and successes that WDCS supporters, volunteers and staff have worked together to achieve within these three themes, we have listed the key highlights from each of our work areas below:

Stop

Whaling

WDCS helped to ensure that the commercial whaling ban remained in place for another year, even in the face of increasing pressure from pro-whaling countries. At the 2008 meeting of the International Whaling Commission (IWC), our lobbyists also helped save the lives of ten humpback whales with our successful campaign for the IWC to reject a proposal from Denmark to expand Greenland's hunt. Meanwhile, we helped to persuade EU states to call for a suspension of import duty on jojoba esters, a tax which, if implemented, would incentivise the use of whale oil as a cheaper alternative.

Captivity

As well as exposing the dangers of Dolphin Assisted Therapy in the UK and German media, we helped persuade authorities around the world to think again about the trade in, and captivity of dolphins. For example, we helped persuade authorities in the Dominican Republic not to import 12 bottlenose dolphins captured in lethal drive hunts in Japan and convinced authorities in Panama not to allow the establishment of a new captive facility there.

**Whale and Dolphin Conservation Society
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Report of the Trustees (continued)

Fisheries bycatch

As part of a wider campaign to help protect critically endangered North Atlantic right whales off the East coast of the USA, we worked with the Massachusetts Lobstermen's Association to promote the use of sinking groundline in lobster fisheries in order to reduce the risk of whales becoming entangled in the gear. Elsewhere, we continued local research, training and conservation initiatives to mitigate this threat.

Environmental impacts

As part of our right whale campaign, we also gained legislation in the US that will slow ships down in habitats important to these endangered animals. Whilst, in the UK, we successfully campaigned to stop ship-to-ship oil transfers in the Firth of Forth, Scotland.

Protect

Research and conservation projects

WDCS funded 43 conservation and research projects across 27 countries during the year. These projects supported initiatives which, amongst other successes, enabled the creation of a marine protected area off Ecuador; the first ever seasonal research in the outer Moray Firth to inform protection measures; the first documentation of breeding behaviour of humpback whales off the Turks and Caicos; the identification of new orca travel routes in Far East Russia; and the first locally-led cetacean conservation projects in Papua New Guinea.

Creating Sanctuary

WDCS encouraged the New Zealand Government to set up urgently required protection for Hector's and Maui's dolphins and we continue to press for further protection for these endangered animals. We also helped gain the designation of the first MPA for whales and dolphins in Italian waters and gained agreement from countries on the Black and Mediterranean Seas for work on the designation of 17 MPAs.

Securing Regions

As part of our growing partnership with the UN Convention on Migratory Species, we helped gain a new agreement for the protection of whales and dolphins in West Africa and began the first research projects and training programmes in the Pacific Islands Region.

Connect

Education

WDCS reached over 10,000 children in more than 15 countries this year through the development of our dolphin diploma. Through school workshops, we have taken our message directly to over 3,000 students in the UK, Germany and Latin America and to thousands more through events and partnerships.

Whale watching

Our aim is to lead the way in the responsible whale watching that minimises negative impacts on the animals and aids education, conservation and research. This year, initiatives included training over 500 people involved in whale watching in Latin America; expanding our responsible dolphin watching programme in the USA, Dolphin SMART, and delivering the first-ever workshop on whale watching in the traditional Indonesian whaling village of Lamalera, at their invitation.

Plans for future periods

As we enter the new financial year, we face many challenges as the threats to cetaceans continue to grow, whilst economic pressures increase during the global recession. With the help of our supporters, however, WDCS is determined to rise to the task.

Ten years ago, WDCS led the defeat of an initiative at the International Whaling Commission called the 'Irish Proposal', which sought to grant countries quotas to hunt whales in coastal waters, putting many whale populations in peril. Today, a similarly damaging proposal has been put forward and WDCS is once more working hard to ensure that it is rejected and that the moratorium on commercial whaling remains in place. At the same time, work to shut down the growing international trade in whale products will continue, as we prepare for what promises to be a pivotal Conference of Parties of the Convention on Trade in Endangered Species (CITES) in 2010.

We look forward to the expansion of our whaling campaign through our partnership with SEA LIFE Centres, which will help take our message, inspiring educational initiatives, and a petition against any resumption of commercial whaling to hundreds of thousands of people across Europe and the USA.

**Whale and Dolphin Conservation Society
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Report of the Trustees (continued)

Our captivity campaign will also see an exciting new development, with the launch of a groundbreaking new project for the retirement and rehabilitation of captive dolphins. Working with the global visitor attractions company, Merlin Entertainments, WDCS will undertake a feasibility study for the rehabilitation of captive dolphins that were part of shows in attractions acquired by Merlin Entertainments in recent years. The project marks the first attempt by a visitor attractions company to address positively the problems faced by dolphins in captivity and WDCS has welcomed the opportunity to work with Merlin Entertainments to ensure a better future for these dolphins.

Our vital work will continue with the Convention for Migratory Species, whose conference of parties in December 2009 marks a further step forward in the development of regional protection measures for cetaceans and their habitats. In tandem with this regional work, we will continue to develop our global campaign for Marine Protected Areas (MPAs) and look forward to the first ever conference on MPAs for Marine Mammals, of which we are a sponsor, and which will see the world's top experts in this field help plan networks of protected areas around the world.

The protection of vulnerable species and populations of whales and dolphins remains a high priority and we will continue to focus efforts on the protection of Hector's and Maui's dolphins in New Zealand, Amazon river dolphins across South America, endangered North Atlantic right whales off the east coast of the USA, and the world's most northerly resident population of bottlenose dolphins, the Moray Firth dolphins, in the UK. Meanwhile, we will support efforts to protect other threatened populations, including the vaquita, orcas off Canada and Far East Russia, humpback whales off the USA and many more.

The ongoing commitment of our individual supporters, partners and funders is vital if we are to achieve our global and ambitious goals in the increasingly challenging economic environment. The commitment of WDCS's supporters and that of our colleagues here at WDCS means that, together, we can secure the future for whales and dolphins, ensuring that they receive the long-term protection they deserve.

Financial review

Although WDCS felt the effects of the recession, close financial management meant that the organisation was able to match spending to income levels and generate a consolidated net income of £55,258 for the year, which will help the charity weather the current difficult economic circumstances.

It was a difficult year for our subsidiary companies. The German organisation operated with a small net loss of just over £6k. WDCS Trading Ltd returned a loss of £64k but allows important activities to be undertaken which benefit the charitable objectives. Following a review of operations, the Out of the Blue holiday trademark was sold to an outside interest. We expect that this will allow the Trading company to be on a more even keel as it concentrates on merchandise sales, the twice yearly raffle and other initiatives which can only happen through the trading arm. The North American subsidiary required continuing investment during 2007-08 and suffered a loss of £23k. A lower level of marketing was undertaken but this resulted in significantly lower income generation. A new program of marketing initiatives is being undertaken in 2008-09 and is already seeing good results.

During 2007-08 the WDCS UK Charity generated net income before bad debt provision of £153k. A provision against the debts incurred by the subsidiary companies reduced final net income for the UK charity to £44k for the year, still a significant improvement in financial health over last year.

Donation income amounted to £2,357,745 – a decrease from last year reflecting the difficult times for charities in the current economic climate. Income from legacies for the year increased by almost £88,000; this is a difficult income stream to predict although it is an area where WDCS is increasingly benefiting. WDCS is continuing to try to reduce dependency on direct marketing income and to increase activity in other areas, such as major giving. We also hope that our strategic partnerships with entities such as Sea Life Centres will increase income both through donations and membership and adoptions.

The decrease in income meant a decrease across all expenditure types including expenditure in Conservation, Campaigning and Education. However, the decrease in expenditure had been planned, as the previous two years' activities had resulted in deficits. During the year we also completed the movement of our membership database in house. This has allowed us to operate more efficiently and we expect further benefits which will allow us to ensure the spending on fundraising is as effective as possible, allowing more funds for charitable purposes.

Volunteers

The charity benefits hugely from the dedication of many volunteers who are involved in charitable activities and the administration of the charity. We calculate that our volunteers contributed 14,054 hours (2007 – 11,656), 56% of which were in our Wildlife Centres in Scotland.

Report of the Trustees (continued)

Reserves policy

WDCS has a policy of continually reviewing the reserves position, to ensure it holds sufficient financial reserves to fund current and future trading. Our objective is to maintain the level of reserves 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. The trustees have determined that the reserve level which will meet these objectives is £300,000.

At the end of the year the group had reserves of £142,297 of which £94,787 represents unrestricted funds. This represents a significant increase in unrestricted income for the Society, but we continue to work towards the target level of reserves, especially in this difficult financial climate.

**Whale and Dolphin Conservation Society
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Report of the Trustees (continued)

Statement of trustees' responsibilities

Company law requires the trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make sound judgements and estimates that are reasonable and prudent; and
- Prepare financial statements on the going concern basis unless it is appropriate to presume that the charity will not continue in business.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, as trustees, we certify that:

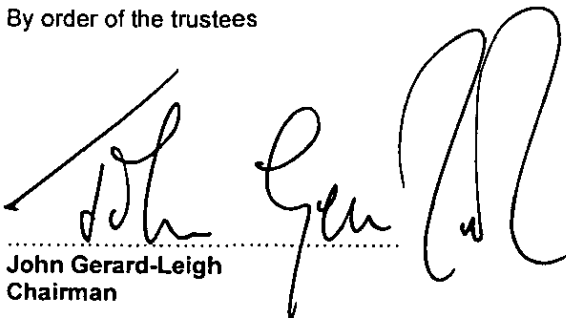
- so far we are we are aware, there is no relevant audit information of which the company's auditor is unaware; and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions.

Auditor

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

By order of the trustees


John Gerard-Leigh
Chairman

Date: 8/6/09

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

**Independent auditor's report to the members of
Whale and Dolphin Conservation Society**

We have audited the charitable company and group financial statements (the "financial statements") of the Whale and Dolphin Conservation Society for the year ended 30 September 2008 which comprise the consolidated statement of financial activities, consolidated and company balance sheets, consolidated cash flow statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 the trustees and auditor

The directors' responsibilities for preparing the report of the trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 report to you whether in our opinion the information given in the report of the trustees' is consistent with the financial statements.

We also report to you if, in our opinion, the charitable company 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 trustees' remuneration and other transactions is not disclosed.

We read other information contained in the report of the trustees, and consider whether it is consistent with the audited 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 audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group's and charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed 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.

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

**Independent auditor's report to the members of
Whale and Dolphin Conservation Society (continued)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's and the group's affairs as at 30 September 2008 and of the group's incoming resources and application of resources, including their income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the report of the trustees is consistent with the financial statements.

Chantrey Vellacott DFK LLP

Chantrey Vellacott DFK LLP

CHANTREY VELLACOTT DFK LLP

Chartered Accountants
Registered Auditor

Reading

Date:

8/6/09

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

**Consolidated statement of financial activities
Year ended 30 September 2008
(including an income and expenditure account)**

	Note	Unrestricted funds £	Restricted funds £	Total funds 2008 £	Total funds 2007 £
Incoming resources					
Incoming resources from generated funds					
Donations and similar income	3	2,230,263	127,482	2,357,745	2,432,636
Legacies	4	219,270	-	219,270	131,745
Merchandise, raffle, and magazine income	5	157,462	-	157,462	167,659
Royalty and other similar income		48,866	-	48,866	62,205
Investment income	6	10,098	-	10,098	8,418
		<u>2,665,959</u>	<u>127,482</u>	<u>2,793,441</u>	<u>2,802,663</u>
Incoming resources from charitable activities					
Membership		151,885	-	151,885	104,833
Out of the Blue		233,098	-	233,098	258,843
Adopt a Whale		130,888	-	130,888	167,887
Adopt a Dolphin		1,033,172	-	1,033,172	1,196,638
		<u>1,549,043</u>	<u>-</u>	<u>1,549,043</u>	<u>1,728,201</u>
Total incoming resources		<u>4,215,002</u>	<u>127,482</u>	<u>4,342,484</u>	<u>4,530,864</u>
Resources expended					
Costs of generating funds					
Fund raising costs		848,936	-	848,936	861,234
Merchandise, raffle and magazine costs		240,307	-	240,307	272,855
		<u>1,089,243</u>	<u>-</u>	<u>1,089,243</u>	<u>1,134,089</u>
Costs of generating funds					
Charitable activities					
Conservation and campaigns		2,080,461	153,284	2,223,571	2,330,785
Donations		209,126	-	219,300	218,211
Out of the Blue costs		216,090	-	216,090	235,361
Information and education		183,619	-	183,619	187,968
Membership		18,309	-	18,309	34,238
Adopt a whale		37,377	-	37,377	44,996
Adopt a dolphin		340,764	-	340,764	433,495
(Recoverable)/Unrecoverable VAT		(55,052)	-	(55,052)	(31,893)
		<u>3,030,694</u>	<u>153,284</u>	<u>3,183,978</u>	<u>3,453,161</u>
Charitable expenditure		<u>3,030,694</u>	<u>153,284</u>	<u>3,183,978</u>	<u>3,453,161</u>
Governance costs		<u>15,686</u>	<u>-</u>	<u>15,686</u>	<u>28,399</u>
Total resources expended	8	<u>4,135,623</u>	<u>153,284</u>	<u>4,288,907</u>	<u>4,615,649</u>
Net movement in funds, being net income/(deficit) for the year		<u>79,379</u>	<u>(25,802)</u>	<u>53,577</u>	<u>(84,785)</u>
Unrealised gains/(losses) on investments		<u>1,681</u>	<u>-</u>	<u>1,681</u>	<u>(5,340)</u>
Balances brought forward		<u>13,727</u>	<u>73,312</u>	<u>87,039</u>	<u>177,164</u>
Balances carried forward	20	<u>94,787</u>	<u>47,510</u>	<u>142,297</u>	<u>87,039</u>

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

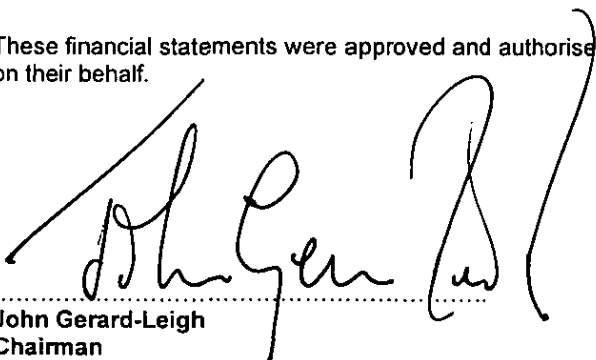
The notes on pages 14 to 25 form part of these financial statements.

Whale and Dolphin Conservation Society
(Limited by guarantee)

Balance sheet
30 September 2008

	Note	Group 2008 £	Group 2007 £	Charity 2008 £	Charity 2007 £
Fixed assets					
Tangible fixed assets	13	149,395	169,236	144,231	164,145
Investments	14	46,341	44,660	46,341	44,660
		<u>195,736</u>	<u>213,896</u>	<u>190,572</u>	<u>208,805</u>
Current assets					
Stock	15	32,398	24,971	-	-
Debtors	16	190,478	186,477	209,625	159,972
Cash at bank & in hand		272,004	325,979	153,642	250,261
		<u>494,880</u>	<u>537,427</u>	<u>363,267</u>	<u>410,233</u>
Creditors: amounts falling due within one year	17	(465,331)	(565,018)	(318,236)	(410,769)
Net current assets/(liabilities)		<u>29,549</u>	<u>(27,591)</u>	<u>45,031</u>	<u>(536)</u>
Total assets less current liabilities		<u>225,285</u>	<u>186,305</u>	<u>235,603</u>	<u>208,269</u>
Creditors: amounts falling due after more than one year	18	(82,988)	(99,266)	(82,988)	(99,266)
Total net assets		<u><u>142,297</u></u>	<u><u>87,039</u></u>	<u><u>152,615</u></u>	<u><u>109,003</u></u>
Unrestricted funds	20	94,787	13,727	120,385	62,011
Restricted funds	20	47,510	73,312	32,230	46,992
Total funds		<u><u>142,297</u></u>	<u><u>87,039</u></u>	<u><u>152,615</u></u>	<u><u>109,003</u></u>

These financial statements were approved and authorised for issue by the trustees on 8/6/09 and signed on their behalf.


John Gerard-Leigh
Chairman

The notes on pages 14 to 25 form part of these financial statements.

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

**Consolidated cash flow statement
30 September 2008**

	2008 £	2007 £
Net cash inflow/(outflow) from operating activities (note 22)	1,243	10,133
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	(50,032)	(5,196)
Net cash(outflow)/ inflow before management of liquid resources and financing	(48,789)	4,937
New hire purchase and finance lease	44,313	-
Capital elements of lease payment	(49,499)	(38,431)
(Decrease) in cash in the year	(53,975)	(33,494)
Reconciliation of net cash flow to movement in net funds		
Net cash (decrease) in year	(53,975)	(33,494)
Net funds at start of year	325,979	359,473
Net funds at end of year	272,004	325,979
Cash at bank and in hand	272,004	325,979

The notes on pages 14 to 25 form part of these financial statements.

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

**Notes to the financial statements
Year ended 30 September 2008**

1. Company status

The Whale and Dolphin Conservation Society (WDCS) 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 2008 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 March 2005, 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 WDCS and its subsidiary undertakings on a line by line basis. The accounts are made up to 30 September 2008.

In accordance with Section 230 (4) of the Companies Act 1985 WDCS is exempt from the requirement to present its own statement of financial activities. Net movement in funds for the year ended 30 September 2008 for the charity was a surplus of £43,612.

The amount of the result for the financial period dealt with in the financial statement of subsidiaries is disclosed in note 14 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.

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

**Notes to the financial statements
Year ended 30 September 2008 (continued)**

2. Accounting policies (continued)

d) Income

Donations, except in relation to legacies, are accounted for at the time of receipt at head office. Legacies are included when the Society becomes entitled to the funds and the sum receivable can be reliably quantified. Where they rely on the sale of property or investments, and thus do not have a certain valuation, an estimate of their value is disclosed in the notes to the financial statements.

Subscription and appeal income is allocated to the accounting period to which it relates. Other income is included in the financial statements when receivable.

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 as follows:

Tenants improvements	- period of lease
Fixtures, fittings & equipment	- 20% straight line per annum
Computer equipment	- 25% straight line per annum

f) 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.

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. Grants awarded during the year did not exceed 5% of total resources expended.

i) Donations

WDCS 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.

**Notes to the financial statements
Year ended 30 September 2008 (continued)**

2. Accounting policies (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
Year ended 30 September 2008 (continued)

3.	Donations and similar income	2008 £	2007 £
	Individuals	1,404,566	1,442,533
	Trusts	117,321	52,565
	Adopt a dolphin donations	805,189	893,539
	Adopt a whale donations	30,669	43,999
		<u>2,357,745</u>	<u>2,432,636</u>

4. Legacies

Twenty legacies were received totalling £219,270 (2007: £131,745 in respect of fifteen legacies).

5. Merchandise, raffle and magazine income

	2008 £	2007 £
Merchandising income	73,638	76,067
Raffle income	83,800	86,619
Magazine income	24	4,973
	<u>157,462</u>	<u>167,659</u>

6. Investment income

	2008 £	2007 £
Interest receivable	<u>10,098</u>	<u>8,418</u>

7. Taxation

The company, which is a registered charity, is not liable to taxation on the net income from its primary activity.

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

Notes to the financial statements
Year ended 30 September 2008 (continued)

8. Total resources expended

	Staff costs (note 10) £	Other direct costs £	Total 2008 £	Total 2007 £
Costs of generating funds				
Fund raising costs	280,513	568,423	848,936	861,234
Merchandise, raffle and magazine costs				
Cost of merchandise	-	31,307	31,307	48,325
Raffle costs	-	67,462	67,462	65,554
Administration costs	119,007	22,531	141,538	158,976
	399,520	689,723	1,089,243	1,134,089
Charitable activities				
Conservation, campaigns and donations	798,862	1,644,009	2,442,871	2,548,996
Information and education	-	183,619	183,619	187,968
Out of the blue costs	-	216,090	216,090	235,361
Membership	-	18,309	18,309	34,238
Adopt a Whale	-	37,377	37,377	44,996
Adopt a Dolphin	-	340,764	340,764	433,495
Unrecoverable VAT	-	(55,052)	(55,052)	(31,893)
	798,862	2,385,116	3,183,978	3,453,161
Governance costs	-	15,686	15,686	28,399
	1,198,382	3,090,525	4,288,907	4,615,649

Other direct costs include:

	2008 £	2007 £
Audit fee - group	13,000	13,000
Operating lease rentals – land and buildings	85,730	73,166
- plant and equipment	45,524	46,750
Depreciation	69,873	56,111

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

**Notes to the financial statements
Year ended 30 September 2008 (continued)**

9. Trustee remuneration

The trustees neither received nor waived any emoluments in either year. The number of trustees to whom reimbursements were made for out of pocket expense and the amounts of were as follows:

	2008 Number	2007 Number	2008 £	2007 £
Travel	-	1	-	395

10. Staff costs

	2008 £	2007 £
Wages and salaries	1,065,703	973,358
Social security costs	98,098	94,320
Other pension costs (note 12)	34,581	37,398
	1,198,382	1,105,076

There was one employee (2007: one) whose emoluments for the year were within the £50,000 to £60,000 banding range.

11. Number of staff

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

	2008 No.	2007 No.
Charitable activities	18	18
Cost of generating funds	14	13
Management and administration of the charity	12	11
	44	42

12. 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 £34,581 (2007: £37,398).

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

**Notes to the financial statements
Year ended 30 September 2008 (continued)**

13. Tangible fixed assets

Group	Tenants improvements £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At beginning of year	40,000	124,969	255,632	420,601
Additions	-	925	49,107	50,032
Disposals	-	-	(10,210)	(10,210)
At 30 September 2008	40,000	125,894	294,529	460,423
Depreciation				
At beginning of year	8,000	104,214	139,151	251,365
Charge for the year	4,000	2,673	63,200	69,873
Eliminated on disposal	-	-	(10,210)	(10,210)
At 30 September 2008	12,000	106,887	192,141	311,028
Net book value				
At 30 September 2008	28,000	19,007	102,388	149,395
At 30 September 2007	32,000	20,755	116,481	169,236
Charity	Tenants improvements £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At beginning of year	40,000	109,871	246,798	396,669
Additions	-	-	47,195	47,195
Disposals	-	-	(10,210)	(10,210)
At 30 September 2008	40,000	109,871	283,783	433,654
Depreciation				
At beginning of year	8,000	94,207	130,317	232,524
Charge for the year	4,000	2,123	60,986	67,109
Eliminated on disposal	-	-	(10,210)	(10,210)
At 30 September 2008	12,000	96,330	181,093	289,423
Net book value				
At 30 September 2008	28,000	13,541	102,690	144,231
At 30 September 2007	32,000	15,664	116,481	164,145

Included within the net book value of £149,395 (Charity: £144,231) is £111,236 (Charity £113,702) relating to assets under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £ 46,759 (Charity £46,759).

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

**Notes to the financial statements
Year ended 30 September 2008 (continued)**

14. Fixed asset investments

	Group and Charity Fixed interest securities	Charity's shares in subsidiaries	Charity Total
	£	£	£
Cost/valuation			
At beginning of year	44,660	-	44,660
Unrealised gain	1,681	-	1,681
	<u>46,341</u>	<u>-</u>	<u>46,341</u>
At end of year	<u>46,341</u>	<u>-</u>	<u>46,341</u>

Name of subsidiary	Country of registration	
WDCS (Trading) Limited	England	(100% owned by WDCS)
WDCS Germany gGmbH	Germany	(100% owned by WDCS)
WDCS (North America) Inc.	USA	(Under the control of WDCS)

The profit and loss accounts and balances sheets of the subsidiaries are summarised below:

Profit and loss accounts

	WDCS (Trading) £	WDCS gGmbH £	WDCS (NA)inc £
Merchandising income	69,438	4,200	24
Raffle income	83,800	-	-
Out of the Blue income	233,098	-	-
Adopt a Dolphin income	-	258,740	-
Donations	-	465,899	156,807
Royalty and other similar income	14,842	-	338
Investment income	-	-	269
Total income	<u>401,178</u>	<u>728,839</u>	<u>157,438</u>
Merchandising	31,294	-	13
Raffle expenditure	67,462	-	-
Out of the Blue expenditure	216,090	-	-
Whale and Dolphin magazine	-	-	-
Adopt a Dolphin expenditure	-	-	-
Administration expenses	150,250	-	-
Fundraising costs	-	58,963	28,418
Charitable expenses	-	675,945	152,189
Total expenses	<u>465,096</u>	<u>734,908</u>	<u>180,620</u>
(Deficit)/ surplus	<u>(63,918)</u>	<u>(6,069)</u>	<u>(23,182)</u>

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

**Notes to the financial statements
Year ended 30 September 2008 (continued)**

14. Fixed asset investments (continued)

Balance sheets

	WDCS (Trading) £	WDCS gGmbH £	WDCS (NA) £
Fixed assets	-	2,497	2,667
Current assets	30,296	97,720	41,799
Creditors: amounts falling due within one year	(223,137)	(113,402)	(81,697)
Net current liabilities	(192,841)	(15,682)	(39,898)
Total assets less net liabilities	(192,841)	(13,185)	(37,231)
Creditors: amounts falling due after more than one year	(61,500)	-	-
Net (liabilities)	(254,341)	(13,185)	(37,231)

15. Stock	Group 2008 £	Group 2007 £	Charity 2008 £	Charity 2007 £
Goods for resale	32,398	24,971	-	-

16. Debtors	Group 2008 £	Group 2007 £	Charity 2008 £	Charity 2007 £
Amounts falling due within one year				
Trade debtors	1,298	36,584	-	-
VAT	2,324	-	8,730	-
Amounts owed by subsidiary undertakings	-	-	268,961	157,456
Less provisions against amounts owed	-	-	(232,938)	(134,444)
Prepayments and other accrued income	186,856	149,893	164,872	136,960
	190,478	186,477	209,625	159,972
Amounts falling due after more than one year				
Loans to subsidiary undertaking	-	-	61,500	51,000
Less provisions against loans	-	-	(61,500)	(51,000)
Total	190,478	186,477	209,625	159,972

The loans to subsidiary undertakings 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. There is no security on these loans.

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

**Notes to the financial statements
Year ended 30 September 2008 (continued)**

17. Creditors

	Group 2008 £	Group 2007 £	Charity 2008 £	Charity 2007 £
Trade creditors	65,192	206,394	33,700	146,848
Social security	35,067	39,897	25,515	27,829
VAT	-	8,218	-	13,980
Accruals and deferred income	315,573	272,083	209,522	183,686
Hire purchase	49,499	38,426	49,499	38,426
	<u>465,331</u>	<u>565,018</u>	<u>318,236</u>	<u>410,769</u>

18. Creditors: amounts falling due after more than one year

	Group 2008 £	Group 2007 £	Charity 2008 £	Charity 2007 £
Hire purchase (repayable between 2 and five years)	<u>82,988</u>	<u>99,266</u>	<u>82,988</u>	<u>99,266</u>

The hire purchase creditors above and disclosed in note 17 are secured on the assets to which they relate.

19. Financial commitments

Group	2008 Other £	2008 Land & Buildings £	2007 Other £	2007 Land & Buildings £
Expiry date				
Within 2 to 5 years	<u>8,951</u>	<u>85,730</u>	<u>7,358</u>	<u>62,745</u>

Whale and Dolphin Conservation Society
(Limited by guarantee)

Notes to the financial statements
Year ended 30 September 2008 (*continued*)

20. Statement of funds

	Balance at 1 October 2007 £	Income £	Expenditure £	Balance at 30 September 2008 £
Group				
Unrestricted funds	<u>13,727</u>	<u>4,216,683</u>	<u>(4,135,623)</u>	<u>94,787</u>
Restricted funds				
Faroe campaign	26,230	-	(4,000)	22,230
Harbour porpoise appeal	2,847	-	(2,847)	-
Right whale appeal	4,000	-	(2,000)	2,000
Keiko	3,007	-	(3,007)	-
BBC Wildlife Trust	-	20,000	(15,000)	5,000
Trusts	<u>37,228</u>	<u>107,482</u>	<u>(126,430)</u>	<u>18,280</u>
Total restricted fund	<u>73,312</u>	<u>127,482</u>	<u>(153,284)</u>	<u>47,510</u>
Total funds	<u><u>87,039</u></u>	<u><u>4,344,165</u></u>	<u><u>(4,288,907)</u></u>	<u><u>142,297</u></u>
	Balance at 1 October 2007 £	Income £	Expenditure £	Balance at 30 September 2008 £
Charity				
Unrestricted funds	<u>62,011</u>	<u>2,975,844</u>	<u>(2,917,470)</u>	<u>120,385</u>
Restricted funds				
Faroe campaign	26,230	-	(4,000)	22,230
Harbour porpoise appeal	2,847	-	(2,847)	-
Right whale appeal	4,000	-	(2,000)	2,000
Keiko	3,007	-	(3,007)	-
BBC Wildlife Fund	-	20,000	(15,000)	5,000
Trusts	<u>10,908</u>	<u>102,398</u>	<u>(110,306)</u>	<u>3,000</u>
Total restricted funds	<u>46,992</u>	<u>122,398</u>	<u>(137,160)</u>	<u>32,230</u>
Total funds	<u><u>109,003</u></u>	<u><u>3,098,242</u></u>	<u><u>(3,054,630)</u></u>	<u><u>152,615</u></u>

Restricted funds are funds which have been given for particular purposes and projects. The Faroe campaign supports WDSC's anti-whaling work. The Harbour porpoise appeal fund is spent on cetacean strandings. The Right whale appeal supports our work in the protection of right whales, mainly through the work of our US office. The Keiko fund is spent on work on cetacean captivity. The BBC Wildlife Fund monies are for quarterly wildlife surveys in the UK. Restricted Trusts funds are where individual donors have specifically requested how their donations may be spent.

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

**Notes to the financial statements
Year ended 30 September 2008 (continued)**

21. Analysis of net assets between funds

Group	Restricted funds £	General funds £	Total £
Fund balances at 30 September 2008 are represented by:			
Tangible fixed assets	-	149,395	149,395
Investments	-	46,341	46,341
Current assets	47,510	447,370	494,880
Current liabilities	-	(465,331)	(465,331)
Amounts due after one year	-	(82,988)	(82,988)
Total net assets	47,510	94,787	142,297

22. Net cash inflow from operating activities

	2008 £	2007 £
Net in(out)coming resources	55,258	(90,125)
Depreciation	69,873	56,111
Unrealised (gain)/loss on investments	(1,681)	5,340
(Increase)/decrease in stocks	(7,427)	11,681
(Increase)/decrease in debtors	(4,001)	36,295
(Decrease) in creditors	(110,779)	(9,169)
Net cash inflow from operating activities	1,243	10,133

23. 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 £219,300 (2007: £218,211) to support their campaigns and conservation projects.