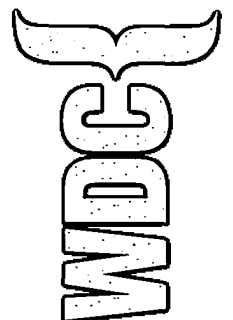


Whale and Dolphin Conservation Report and Financial Statements 2016-2017



WHALE AND
DOLPHIN
CONSERVATION



A world where every whale and dolphin is safe and free

Registered number: 2737421 • English registered charity number: 1014705 • Scottish registered charity number: SC040231

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

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Whale and Dolphin Conservation (Limited by guarantee)

About WDC

Our vision is a world where every whale and dolphin is safe and free.

WDC, Whale and Dolphin Conservation, is the leading charity dedicated to the protection of whales and dolphins. We live and breathe our mission, to make our vision a reality. We are authorities on whale and dolphin issues, and are passionate about what we do.

We work globally through campaigns, lobbying, advising governments, conservation projects, field research, rescue, education and much more.

We operate at international meetings and work across many seas and oceans, as well as through our offices in the UK, North America, Germany and Australia. We work collaboratively with Fundación Cetus in Argentina.

We connect with all people who care about whales and dolphins. We make sure decision makers hear our voice.

We are campaigners, researchers, lobbyists, educators and volunteers. Together we are 'one' WDC.

WDC's values:

- | | |
|-----------------|---|
| Passion – | We care deeply about whales and dolphins, and we share this passion with our supporters |
| Integrity – | Our work is backed by robust research, science and philosophy. We are THE authority on whales and dolphins and the threats they face |
| Inclusiveness – | WDC does not work alone. Our supporters are at the heart of what we do. We work with other NGOs, communities and governments to achieve real protection for whales and dolphins |
| Courage – | We are not afraid to take on those whose actions harm whales and dolphins - whether they are big business, governments or industries |

Whale and Dolphin Conservation (Limited by guarantee)

A message from the Chairman

I am pleased to be writing this as we at WDC celebrate our 30th Anniversary of delivering science and campaigning for whales and dolphins around the globe.

Throughout that time WDC's vision has remained "a world where every whale and dolphin is safe and free." To some this may appear ambitious, but to our supporters, volunteers and staff it's a rallying cry that binds us in our quest for a better world for these remarkable creatures.

I am proud to have taken up the role of Chairman during this last year, so in many ways this is a shared report. The outgoing Chairman, John Gerard Leigh - whom we thank for his many years of service - has bequeathed me a charity that continues to fight for whales and dolphins whilst seeking to adapt to a rapidly changing world.

Historically the role of charities has been to deliver services not provided by governments and other agencies and to be the innovating change-makers that find solutions to seemingly intractable problems. Today charities are being joined in this role by a host of newcomers. Retail and TV companies, amongst others, led by entrepreneurs that wish to make a positive mark on the world and not just a profit, are using their visibility and public access to create far-reaching campaigns. These individuals and teams are becoming significant influencers in their own right. Charities such as WDC have had to adapt to these emergent change-makers and to engage with them. Our partnerships with Brita, Merlin and Sega, working on plastics, a sanctuary and fundraising respectively is delivering more than either partner could on their own. Our recent strategy review had identified this necessary shift and WDC has been adapting to capitalize on this dynamic environment; a world where people no longer rely solely on charities, but are invested in a number of outlets for their passions for whales and dolphins, be it via their own behavior change, engaging with retailers that share their values, or using social media to spread their views.

At the same time, changes in government in places such as the US and the question of trust in charities in the UK have brought different challenges. As the US government has pledged to roll back protections for the environment, so the public may be looking to NGOs to take up the slack. Again, WDC is positioning itself to take up this opportunity and fight even harder for whales and dolphins.

WDC values its relationship and trust of our supporters; to whom we commit to spend your donations wisely, whilst acting ethically to secure positive change for whales and dolphins and our shared environment.

The positive global shift in public opinion about whales and dolphins has continued, but other broader issues have also risen to prominence. Many people, communities and even countries now value whales and dolphins in their own 'right,' not as a commodity to be killed or traded, nor as a captive provider of entertainment. Nor do they see the high levels of deaths of whales and dolphins in fishing gear as acceptable. The impact of the BBC Blue Planet II series energized the British public to demand real changes on the issue of plastics. The image of a pilot whale with a dead calf was the turning point for many.

However, whilst WDC has made major advances in the UK on the issue of bycatch reduction we are committed to meeting the challenges posed in the protection, of migratory species that do not recognize national borders in the sea. WDC is working with the UK Government and our European partners to ensure that we maximize the potential for better protection in the years to come. The UK Government responded positively to WDC supporters' demands for more action on bycatch, declaring their commitment to the creation of a bycatch action plan. Furthermore the UK government has responded to the public outcry on the issue of animal sentience by promising they will include wild animals such as cetaceans in any new animal welfare legislation.

Underlying the global changes around us we have seen continuing advancement of the belief that whales and dolphins are special. We at WDC have always shared this appreciation but we are deepening our understanding of whales and dolphins' social lives, communication skills and intelligence like never before. We have seen confirmation of the key role some whales and dolphins play in eco-systems; from sustaining the major oxygen producing part of our oceans, to absorbing carbon, to the redistribution of vital nutrients through ocean currents. This new understanding is welcome, but we have also seen the growth of people's care and compassion for whales and dolphins as sentient intelligent fellow mammals.

This increasing understanding has led to successful calls for aquaria such as Sea World to stop breeding orcas, and to an increasing opposition to the building of such facilities. WDC's work with Merlin Entertainments is leading to the world's first beluga sanctuary. We hope this pioneering project will be the first of many such sanctuaries around the world.

These shifts in peoples' beliefs are not founded on short-term campaigning, but on sophisticated long-term programmes of work carried out over decades by WDC. Based on the sound science undertaken by WDC teams, coupled with well-informed advocacy, we have been campaigning and demonstrating the need for change, steadily and surely, for many decades and now we are seeing that work bear fruit.

A message from the Chairman (continued)

Despite these successes there are still challenges. The whaling countries have both restated their commitment to the unnecessary killing of whales and dolphins as if the issue has become one of national identity. Captivity in some parts of Asia is increasing, but at the same time we are also seeing the rise of domestic protest movements against these facilities. In the years to come WDC wishes to help these passionate people find a coherent voice and direction for their campaigning.

In the meantime, we will focus our resources where they will have the greatest impact. As in recent years, our focus is on a few key programmes, detailed in the coming pages, where we outline our activities and successes. As we go forward we may need to focus our limited resources even more to enable us to make real change.

None of this is possible without the support, knowledge and passion of volunteers, staff, donors and partners. I would like to take this opportunity to thank them all for their backing and invite you to continue your support for WDC, as together we work to secure a world where every whale and dolphin is safe and free.



Lisa Drewe
Chairman

18 June 2018

Whale and Dolphin Conservation
(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 to 19 June 2017)
Lisa Drewe (Chairman from 19 June 2017)
Johnny Reed
Percy Kelland
Sandra Pope (resigned 4 December 2017)
George Adams
Philip Smith

Chief Executive

Chris Butler-Stroud

Registered office and principal office

Brookfield House
38 St. Paul Street
Chippenham
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SN15 1LJ

Auditor

Moore Stephens LLP
Prospect House
58 Queens Road
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Berkshire
RG1 4RP

Investment Managers

Barclays Wealth, Gerrard Investment Management
4th Floor, Tay House
300 Bath Street
Glasgow
G2 4LH

Bankers

Barclays Bank plc
99 Hatton Garden
London
EC1N 8DN

Solicitors

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

Charity number: 1014705

Company number: 02737421

Whale and Dolphin Conservation (Limited by guarantee)

Report of the Trustees

The trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiaries for the year ended 30 September 2017, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Structure, governance and management

The charity is an incorporated legal entity limited by guarantee, the business of which is governed by its Memorandum and Articles of Association dated 17 November 2008. It is registered as a charity with the Charity Commission in England and Wales and the Office of the Scottish Charity Regulator. There are currently six 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 WDC. They meet key employees and other trustees.

Organisation

The trustees meet four times a year to review the strategy and performance of WDC 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, WDC (Trading) Ltd., raises income through merchandise, licensing and lotteries. It gift aids any taxable profits to the charity. WDC Germany GmbH, a charitable company under German regulations, was founded to expand awareness of WDC's work within Germany and German speaking EU countries. WDC (North America) Inc., a charitable company under United States regulations, is an organisation with similar aims and objectives as WDC. The organisation raises funds, mainly via a whale adoption programme formerly run by the International Wildlife Coalition. WDC (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 WDC Australasia, which was established in October 2003. As well as funding the set up period of this organisation, which has similar aims and objectives to the UK based charity, WDC also provides management advice as and when required by WDC Australasia. WDC Australasia continues to assist in the delivery of WDC policy work, both within Australia and New Zealand and internationally.

Risk management

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 2006. 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

Report of the Trustees (continued)

Risk management (continued)

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 WDC 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.

The three main risks identified as part of the risk management process and the actions we are using to address these risks are:

1. *Income from individual giving dropped during the year and will continue to be challenging as a result of negative publicity around fundraising activity generally, and the resultant enhanced legislation which limits our ability to communicate with supporters.* We regularly review our fundraising activity and that of our contractors to ensure compliance with relevant legislation and best practice. In addition, we have invested in other income streams (e.g. corporate fundraising) to diversify income in order to reduce reliance on one particular income source.
2. *Uncertain economic and political climate (Brexit, US administration's position on environmental issues, possible Scottish referendum) leads to general uncertainty and possible distraction from (and level of disposable income to support) whale and dolphin issues.* Our position is that we see the EU Withdrawal Bill as an opportunity to enshrine progressive legislation for whales and dolphins in UK waters. The change in US administration may lead to higher interest in environmental matters by non-governmental organisations and grant-givers which we will pursue. We keep abreast of Scottish issues through close links with Scottish LINK and regular review of matters affecting businesses and charities operating in Scotland as well as having staff and facilities in Scotland where we can regularly get public feedback on relevant issues.
3. *Ability to keep up-to-date with technological advances, which are vital in order to communicate with our supporters and other stakeholders.* We recognise that communication via the web and social media is of the upmost importance and are currently updating our website to be able to maximise our ability to use the internet in an efficient and effective way. We have an IT service group that regularly meets to review support.

Key Management Pay

The pay of key staff is reviewed annually and normally increased in line with any pay increase given throughout the organisation as a whole. WDC salary bands are reviewed against independent benchmarking surveys at least once in a two-year period. The market data considers charity pay in organisations of our size (income and staff), charity area and location.

Objectives and Activities

WDC believes that whales and dolphins play a vital role in the health of our planet and have the right to life and freedom. These 'twin pillars' of 'rights' and 'the ecological whale' provide the foundation of all our work and underpin our vision. This philosophy drives a range of activities within our key programmes which are:

1. Stop whaling
2. End captivity
3. Healthy seas
4. Ending bycatch

Report of the Trustees (continued)

Objectives and Activities (continued)

To support these programmes we are active with campaigns and projects, conservation, scientific research, education, outreach and political work, such as lobbying and forming conservation legislation.

We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

Achievements and performance

This was a challenging year for whales and dolphins for many reasons but we continue to make progress in our core focus areas.

1. Stop Whaling: To reduce the numbers killed and the numbers of countries whaling

The war with the whalers continues. Whilst there is a kind of global 'stalemate' with numerous efforts to increase commercial whaling blocked, there has been re-stated and renewed commitment from the whaling countries, in particular Norway and Japan. WDC's strategy is to tackle the whaler's at the top level through the International Whaling Commission (largely through advice and consultation to governments that oppose whaling), through international forums such as the IWC and CITES, where trade and transport can be regulated, and at the grass roots level in countries such as St Vincent and the Grenadines.

WDC has had notable successes in these areas:

International Whaling Commission ('IWC'): At the IWC WDC worked with pro-whale countries to prevent weakening of aboriginal subsistence whaling, which would have effectively allowed commercialisation in many regions, increasing the numbers of whales killed and traded. Our continued presence at the IWC has been essential in maintaining the moratorium on commercial whaling, with WDC being integral to combatting three major attempts to achieve a resumption of commercial whaling in the last twenty years.

WDC also championed an evolving conservation strategy, producing and promoting a report to all IWC delegates - The Ecological Whale - detailing the vital role whales play in the eco-system; providing further evidence of the need to block increases in whaling.

Convention in Trade in Endangered Species ('CITES'): As a result of WDC's lobbying in the EU and the UK, CITES has launched an investigation into Japan's hunt of highly endangered North Pacific sei whales.

EU: By far the majority of EU countries - currently including the UK - are opposed to whaling. Indeed it is illegal for a country to join the EU whilst maintaining whaling. WDC is holding the EU to account on two key issues:

1. Trade deals with Japan. WDC has an ongoing campaign to pressurize the EU not to sign trade deals with Japan whilst it is still whaling. We have worked with EU politicians to make strong condemnations and calls for Japan to comply with the IWC in order to get better trade deals with the EU. WDC's ultimate goal is that the EU will not improve trade relations with Japan unless they stop whaling.
2. Transport of whale meat: Though whaling and trade of whale meat products is banned in the EU, current legislation allows Iceland and Norway to transport whale meat through European ports. WDC lobbied for and achieved a vote call for the ban of whale meat being transported through EU ports, which we hope will soon become law.

WDC's aim is to bring about cultural change leading to an end to whaling in St Vincent and the Grenadines. We are training local people as whale watch guides and local champions for whales.

Ending hunts in St Vincent and the Grenadines: WDC and other NGOs took members of the whaling community of this small Caribbean country to Massachusetts in the US, to see for themselves the benefits of whale watching.

Reducing the hunting of dolphins and smaller whales: WDC is currently researching the full extent of this hunted, which is unregulated, mostly unreported and in some places may even be increasing.

Plans for the future: We remain committed to ensuring that the IWC maintains the moratorium on commercial whaling, whilst redoubling our efforts to ensure that the UK and EU ban the transit of whale meat through their ports.

Report of the Trustees (continued)

Achievements and performance (continued)

We shall also be seeking to ensure that commercial whaling interests do not abuse the aboriginal subsistence whaling regime to achieve their ambition of commercial whaling.

2. End captivity: To reduce the numbers held in captivity and develop sanctuaries, or release programmes, for those held

The captivity 'debate' is evolving rapidly. Whilst there is an explosion of growth in Asia, and in particular China, in most parts of the world there is tide of opinion and action against the keeping of whales and dolphins in captivity for entertainment.

WDC has been – and continues to be – a major stakeholder in these changes, which are happening on three major fronts: the prevention of breeding and import of dolphins, the prevention of new facilities being built and the creation of sanctuaries for the release and rehabilitation of whales and dolphins previously held in captivity.

WDC has been a major player in the following:

Tour operator campaign: WDC has focused on dialogue and agreed public facing activities with – amongst others - Thomas Cook, Virgin and Trip Advisor. In furtherance of this campaign WDC welcomed the announcement by Virgin that it would promote no new facilities and would support sanctuaries.

WDC's German office: WDC has persuaded the major Green and left parties to include a commitment to banning dolphins in captivity in their election programmes. With advice from WDC The German Christian democratic party has asked the agricultural ministry to implement a ban on importing dolphins. WDC is currently completing a major report, analysing years of aquaria data, showing the full extent of the use of drugs on captive dolphins.

North American office: WDC's work with the National Marine Fishing Service, led to an announcement that the Okhotsk beluga population would be listed as 'depleted,' which will – we hope – lead to an end to captures from this vulnerable population.

Sanctuary: WDC has partnered with Merlin Entertainments to establish *the world's first* beluga sanctuary in Iceland. WDC has worked with its partner on preparing the captive belugas for transport to the sanctuary, on permit applications, site designs and the care plan. We hope that this will be the first of many such sanctuaries around the world. WDC also presented a progress report on our Ibiza sanctuary project to the Barcelona City Council as an option for the dolphins at the Barcelona Zoo, which was enthusiastically supported. Barcelona City Council have also announced an end to dolphin facility at the city zoo.

Plans for the future: We are looking forward to laying the foundations for the world's first beluga sanctuary, creating the necessary remedy for courts and governments around the world and a new home for the world's captive belugas. We hope that the facility will be a blueprint for other potential sanctuaries around the world.

We shall continue to press the travel industry to stop transporting whales and dolphins for the captive display industry and we shall work with other NGOs and the public to oppose the capture and display of cetaceans.

3. Healthy seas: To protect the places where whales and dolphins live

This area of work was previously titled Homes for Whales. Whilst this programme still includes Marine Protected Area (MPA) and Important Marine Mammal Area (IMMA) work, - and this was the focus of our work in the year reported on, we are changing and widening the focus to give WDC scope to develop and talk about a range of environmental threats and issues, such as plastics, chemical and noise pollution, vessel strikes and responsible whale watching. WDC is acutely aware that if we want to protect whales and dolphins, we need to protect their oceans and both understand and minimize our effect on that environment.

Plastic pollution in particular is increasing as a threat, with ever greater amounts of plastic going into the oceans, most of which never disappears, but breaks down and becomes a 'part' of the ecosystem. Some of our future work in this area will be about understanding and mitigating this threat whilst continuing to push for protected areas.

Report of the Trustees (continued)

Achievements and performance (continued)

WDC can report on the following successes in which we played a major part:

- Helped establish the expansion of North Atlantic right whale designated critical habitat along the east coast of the United States
- MPAs established for harbour porpoises in Scotland.
- Research seasons completed in Russia, Scotland, Wales, North East USA and Argentina to help us provide evidence and data to support MPAs.
- Helped achieve the protection of the Ross Sea Marine Protected Area in Antarctica: the largest ever MPA
- Produced a Hector's dolphin sightings app that is gaining wide adoption among New Zealand residents as a tool to identify habitat and gain local support for much greater habitat protection in New Zealand waters. WDC is currently working on a proposal for a dolphin sanctuary in the waters of the top of the South Island.
- Implementation of single IMMA in South Pacific region.
- At the 2nd Important Marine Mammal Area (IMMA) workshop in Samoa 28 candidate IMMAs were approved.

Plans for the Future: This shall remain one of WDC's strategic programmes of work, creating as it does, solutions that address a large number of threats, including the issue of plastics.

We shall continue to actively press for protection of endangered species such as the Maui's dolphin and the North Atlantic Right Whale, whilst seeking a number of target MPAs in the marine and freshwater cetacean habitats. We shall also continue to advocate for the implementation of Important Marine Mammal Areas (IMMAs) as a scalable solution for all countries seeking to achieve appropriate protection of marine habitats.

4. Ending bycatch: To reduce the number of whales and dolphins killed and injured through entanglement in fishing lines and nets

In coming years, this programme will become a bigger part of WDC's work. We are currently engaged in assessing the scale of the problem and the effectiveness – or otherwise - of reporting and measures to stop whales and dolphins dying tragically in fishing gear.

It is becoming increasingly clear that this requires urgent and internationally co-ordinated action, if we are to stop Northern Right whales, the vaquita porpoise and the Maui's dolphins – to name but three – from extinction. Nonetheless, WDC is working tirelessly on this programme and we are making headway:

- WDC worked in a partnership with Scottish Natural Heritage, Scottish Creel Fishermen's Federation and others to produce a 'Best Practice Guide' to reduce whale entanglements in Scottish waters
- We worked with the Convention of Migratory Species on a bycatch resolution; pushing countries to instigate new, more effective protection measures
- WDC provided amendments and briefings to draft European Parliament Fisheries legislation
- We stopped detrimental changes in German Nature Conservation law (BNatSchG) going ahead
- WDC's boater outreach efforts in the US led to the successful reporting of 16 entangled large whales to trained and permitted disentangling teams

Plans for the future: We shall continue with a project to document the global extent of whale and dolphin bycatch whilst ensuring that this issue is on the agenda of the relevant international forums. We shall seek to ensure that existing bycatch reduction schemes in Europe, the UK and the USA are effective and, where found wanting, we shall provide recommendations for improvement and enforcement. Where possible, we shall continue to work with fishers and other stakeholders to find preventative measures that avoid bycatch and entanglement in the first place.

The above information summarises, our aims and objectives and how we plan to achieve them, including outlining our approach and methods. If you want to find out more please visit www.whales.org or send your enquiry to info@whales.org

Financial review

Total income for the year was £3,852,919. This increase of £310,473 from the 2016 level of £3,542,446 is due primarily to a large increase in income from corporate fundraising. This increased to £390,729 from £20,297 largely due to donations received as a recipient of the Humble Bundle/Yogscast Jingle Jangle promotion and other

Whale and Dolphin Conservation
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Report of the Trustees (continued)

Financial review (continued)

corporate donations. Legacy income was similar to last year. Whilst income from individuals was up 4%, income from adoptions and Trusts were both lower than last year.

The cost of generating funds has reduced by 7% from £920,495 to £856,240 which is a reflection on our ability to spend funds efficiently in the current difficult direct marketing market. We are also working to upgrade our website; the expenditure for this will happen in 2017-18, so spending in this area was down in anticipation of a change in the website.

Charitable expenditure in the year amounted to £2,965,079 an increase of 5% from last year. Charitable spend continues to be matched to budgeted regular donation income expected during the year.

The US subsidiary is showing a net loss of £28,451 in the year. Although income from individuals hit the targets set, income from Trusts was lower than budget. The US subsidiary still carries a healthy net retained income into the current year to help any fluctuations in donation income from individuals, legacies, and trusts, which can be unpredictable.

The German subsidiary had net income of £28,404. Corporate fundraising in Germany had a good year, with a partnership with Brita contributing towards the positive net income. Income from individuals was as budgeted, with some new products being tested with current and new supporters. Germany is building on these successes to continue to produce a positive year end result.

The Trading company had a satisfactory year, although the weather affected visitor numbers and therefore shop and café sales at our Scottish Dolphin Centre in Moray. Online sales of merchandise were down as we reduced the amount of shop emails in order to try to give our supporters the communications they want. As ever, the Trustees regularly review the activities of the Trading company and consider that it is useful to the charity as it allows important activities to be undertaken which benefit the charitable objectives but may not be able to be undertaken by a charity. This is especially true as we expand our corporate activities, and many of these can most effectively be done via the Trading company.

Reserves Policy

WDC has a policy of holding sufficient financial reserves to fund current and future activities. Reserves are held to cover for cash flow fluctuations, to provide for unforeseen costs, to provide for a buffer against a fall in income and to enable it to take advantage of unforeseen opportunities. WDC's objective is to maintain an appropriate level of reserves to keep pace with the development of the organisation, with regular reviews being performed of both the reserves policy itself and the level of reserves held.

As a result of the most recent review, the trustees have determined that the reserve level which will meet the above objectives is £650,000 in unrestricted funds.

At the year end, as a group, WDC had total reserves of £1,332,250 as follows:

	Cash £	Non cash £	Total £
Unrestricted – Operational	650,000	-	650,000
Unrestricted – Designated	<u>444,482</u>	<u>75,378</u>	<u>519,860</u>
Total Unrestricted	1,094,482	75,378	1,169,860
Restricted	<u>162,390</u>	-	<u>162,390</u>
Total	<u>1,256,872</u>	<u>75,378</u>	<u>1,332,250</u>

The "non- cash" reserves noted above consist mainly of legacies recognised in the year but not received until after the year end.

The receipt of two unusually large legacies in the past four years has resulted in unrestricted reserves being in excess of the targeted minimum reserve amount of £650,000. The balance of £519,860 has been designated as a strategic reserve. This is being allocated to current and future projects that will allow WDC to invest and grow income in order to implement our strategic plan over the next three years.

Report of the Trustees (continued)

Financial review (continued)

Total unrestricted reserves at the year end of £1,169,860 represents just under 4 months of unrestricted fund expenditure for the UK charity and all subsidiaries.

Statement of trustees' responsibilities

The trustees (who are also directors of Whale and Dolphin Conservation for the purposes of company law) are responsible 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).

Company law requires the trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the group and charity and the income and expenditure of the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the charity's constitution. They are also responsible for safeguarding the assets of the group and charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditor

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

By order of the trustees



Lisa Drewe
Chairman

Date: 18 June 2018

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

Opinion

We have audited the financial statements of Whale and Dolphin Conservation (the 'charitable company') for the year ended 30 September 2017 which comprise the consolidated Statement of Financial Activities, the consolidated and parent charitable company Balance sheets, the consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charitable company's affairs as at 30 September 2017 and of the group's incoming resources and application of resources, including the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and the charity's trustees 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, the charitable company's members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's and group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

Whale and Dolphin Conservation
(Limited by guarantee)

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

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and group and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the information given in the report of the trustees is inconsistent with the financial statements.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities Statement set out on page 11, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Mike McAllister, Senior Statutory Auditor

For and on behalf of Moore Stephens LLP, Statutory Auditor

58 Queens Road
Reading
Berkshire
RG1 4RP

Date: 19-06-2018

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

**Consolidated statement of financial activities
Year ended 30 September 2017
(including an income and expenditure account)**

	Note	Unrestricted funds £	Restricted funds £	Total funds 2017 £	Total funds 2016 £
Income from:					
Donations and legacies:					
Donations and similar income	4	1,898,453	264,889	2,163,342	1,846,325
Legacies	5	558,587	-	558,587	557,275
Charitable activities:					
Membership		209,471	-	209,471	206,463
Adoption programmes		582,181	-	582,181	609,154
Other trading activities:					
Merchandise, cafe, raffle and magazine income	6	252,608	-	252,608	273,426
Royalty and other similar income		84,053	-	84,053	48,228
Interest	7	2,677	-	2,677	1,575
Total income		3,588,030	264,889	3,852,919	3,542,446
Expenditure on:					
Raising funds					
Fund raising costs		664,146	-	664,146	713,196
Merchandise, cafe, raffle and magazine costs		192,094	-	192,094	207,299
Costs of generating funds		856,240	-	856,240	920,495
Charitable activities:					
Conservation and campaigns		2,227,384	217,829	2,445,213	2,361,480
Information and education		174,243	-	174,243	177,915
Membership		39,660	-	39,660	67,844
Adoption programmes		271,565	-	271,565	178,452
Governance costs		34,398	-	34,398	28,606
Total charitable activities expenditure		2,747,250	217,829	2,965,079	2,814,297
Total expenditure	9	3,603,490	217,829	3,821,319	3,734,792
Net movement in funds, being net income / (deficit) for the year		(15,460)	47,060	31,600	(192,346)
Balances brought forward		1,185,320	115,330	1,300,650	1,492,996
Balances carried forward	22&23	1,169,860	162,390	1,332,250	1,300,650

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 18 to 31 form part of these financial statements.

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

**Consolidated statement of financial activities
Year ended 30 September 2016
(including an income and expenditure account)**

	Note	Unrestricted funds £	Restricted funds £	Total funds 2016 £
Income from:				
Donations and legacies:				
Donations and similar income	4	1,643,716	202,609	1,846,325
Legacies	5	557,275	-	557,275
Charitable activities:				
Membership		206,463	-	206,463
Adoption programmes		609,154	-	609,154
Other trading activities:				
Merchandise, cafe, raffle and magazine income	6	273,426	-	273,426
Royalty and other similar income		48,228	-	48,228
Interest	7	1,575	-	1,575
Total income		3,339,837	202,609	3,542,446
Expenditure on:				
Raising funds				
Fund raising costs		713,196	-	713,196
Merchandise, cafe, raffle and magazine costs		207,299	-	207,299
Costs of generating funds		920,495	-	920,495
Charitable activities				
Conservation and campaigns		2,181,262	180,218	2,361,480
Information and education		177,915	-	177,915
Membership		67,844	-	67,844
Adoption programmes		178,452	-	178,452
Governance costs		28,606	-	28,606
Total charitable activities expenditure		2,634,079	180,218	2,814,297
Total expenditure	9	3,554,574	180,218	3,734,792
Net movement in funds, being net Income / (deficit) for the year		(214,737)	22,391	(192,346)
Balances brought forward		1,400,057	92,939	1,492,996
Balances carried forward	23	1,185,320	115,330	1,300,650

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 18 to 31 form part of these financial statements.

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

**Balance sheet
30 September 2017**

	Note	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Fixed assets					
Tangible fixed assets	14	30,666	60,826	14,902	37,614
Investments	15	-	-	-	-
		<u>30,666</u>	<u>60,826</u>	<u>14,902</u>	<u>37,614</u>
Current assets					
Stock	16	44,154	42,704	-	-
Debtors	17	273,533	514,700	340,445	523,156
Cash at bank & in hand		1,256,872	933,867	1,005,230	744,321
		<u>1,574,559</u>	<u>1,491,271</u>	<u>1,345,675</u>	<u>1,267,477</u>
Liabilities:					
Creditors: amounts falling due within one year	19	<u>(272,975)</u>	<u>(251,447)</u>	<u>(185,538)</u>	<u>(187,713)</u>
Net current assets		<u>1,301,584</u>	<u>1,239,824</u>	<u>1,160,137</u>	<u>1,079,764</u>
Total net assets		<u>1,332,250</u>	<u>1,300,650</u>	<u>1,175,039</u>	<u>1,117,378</u>
Unrestricted funds	22&23				
Operational funds		650,000	650,000	650,000	650,000
Designated funds		519,860	535,320	461,688	455,733
		<u>1,169,860</u>	<u>1,185,320</u>	<u>1,111,688</u>	<u>1,105,733</u>
Restricted funds	22&23	<u>162,390</u>	<u>115,330</u>	<u>63,351</u>	<u>11,645</u>
Total funds		<u>1,332,250</u>	<u>1,300,650</u>	<u>1,175,039</u>	<u>1,117,378</u>

These financial statements were approved and authorised for issue by the trustees on 18 June 2018 and signed on their behalf.



**Lisa Drewe
Chairman**

The notes on pages 18 to 31 form part of these financial statements.

Registered number: 02737421

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

**Consolidated cash flow statement
Year ended 30 September 2017**

	2017 £	2016 £
Net cash inflow/(outflow) from operating activities (note 24)	323,570	(633,773)
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	<u>(565)</u>	<u>(3,178)</u>
Net cash inflow/(outflow) before management of liquid resources and financing	323,005	(636,951)
	<u> </u>	<u> </u>
Increase/(decrease) in cash in the year	<u>323,005</u>	<u>(636,951)</u>
Reconciliation of net cash flow to movement in net funds		
Net cash increase/(decrease) in year	323,005	(636,951)
Net funds at start of year	<u>933,867</u>	<u>1,570,818</u>
Net funds at end of year	<u>1,256,872</u>	<u>933,867</u>
	<u> </u>	<u> </u>
Cash at bank and in hand	<u>1,256,872</u>	<u>933,867</u>

The notes on pages 18 to 31 form part of these financial statements.

Notes to the financial statements
Year ended 30 September 2017

1. Legal status of the charity

Whale and Dolphin Conservation (WDC) 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 2017 there were seven 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 in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities Act the restatement of comparative items was required. The Trustees consider that no adjustment is required.

Whale and Dolphin Conservation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost of transaction value unless otherwise stated in the relevant accounting policy note.

The presentational currency of these financial statements is pound sterling rounded to the nearest £1.

b) Basis of consolidation

The group accounts consolidate the accounts of the WDC and its subsidiary undertakings on a line by line basis. The accounts are made up to 30 September 2017.

In accordance with the Companies Act 2006 WDC is exempt from the requirement to present its own statement of financial activities. Net movement in funds for the year ended 30 September 2017 for the charity was a surplus of £57,661.

The amount of the result for the financial period dealt with in the financial statement of subsidiaries is disclosed in note 15 to these accounts.

c) Preparation of the accounts on a going concern basis

The Trustees have considered a period of at least 12 months from the date of signing these financial statements. Given the level of reserves, cash and bank balances and the current operating position of the charitable group, they consider that the accounts should be prepared on the going concern basis.

d) Income

Donations, except in relation to legacies and non-monthly adoptions, are accounted for at the time of receipt at head office.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material (see note 20).

Most adoption programme income is collected on a monthly basis. However, there are some annual and quarterly adoptions. Income received for these adoptions is deferred and matched to the period the adoption covers. See note 18.

Notes to the financial statements
Year ended 30 September 2017 (continued)

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

Expenditure of a capital nature and in excess of £3,000 in value is capitalised.

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) Resources expended

Resources expended are accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs of running the charitable company, such as the costs of board and committee meetings, satisfying statutory requirements.

g) Grant making

WDC invites applications for funding of cetacean research projects, using benign research techniques.

Applications are submitted in a specific format and reviewed by the WDC 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.

h) Donations

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

i) Taxation

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

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 reversed by the balance sheet date, except as otherwise required by accounting standards.

j) Operating 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.

k) Stock

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

l) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Notes to the financial statements
Year ended 30 September 2017 (continued)

m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

p) Pensions

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

q) 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.

r) 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 only 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.

s) Transition to FRS 102

The transition date was 1 October 2015.

t) Critical accounting estimates and areas of judgement

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the charitable company's accounting policies. Estimates and judgments are continually evaluated by Management and the Trustees based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The principal judgements and estimates adopted relate to the accounting for legacies and the amount receivable at the year end; and the provision required against the carrying value of the investments in group companies.

Whale and Dolphin Conservation
(Limited by guarantee)

Notes to the financial statements
Year ended 30 September 2017 (continued)

3. Cash flow statement - Charity

	2017 £	2016 £
Net (outgoing)/incoming resources	57,661	(252,876)
Depreciation	23,277	25,227
Loss on sale of assets	-	-
Decrease/(increase) in debtors	182,711	(245,010)
(Decrease) in creditors	(2,175)	(150,438)
Net cash inflow/(outflow) from operating activities	261,474	(623,097)
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	(565)	(2,240)
Net cash inflow/(outflow) before management of liquid resources and financing	260,909	(625,337)
Increase / (decrease) in cash in the year	260,909	(625,337)
Reconciliation of net cash flow to movement in net funds		
Net cash increase / (decrease) in year	260,909	(625,337)
Net funds at start of year	744,321	1,369,658
Net funds at end of year	1,005,230	744,321
Cash at bank and in hand	1,005,230	744,321

4. Donations and similar income

	2017 £	2016 £
Individuals	1,240,035	1,191,409
Corporates	390,729	20,297
Trusts	272,819	336,891
Adopt a dolphin donations	192,746	223,894
Adopt a whale donations	67,013	73,834
	2,163,342	1,846,325

5. Legacies

35 legacies were received totalling £558,587 (2016: £557,275 in respect of 24 legacies).

6. Merchandise, cafe, raffle and magazine income

	2017 £	2016 £
Merchandising income	116,420	128,334
Raffle income	22,257	23,899
Cafe income	113,931	121,193
	252,608	273,426

Whale and Dolphin Conservation
(Limited by guarantee)

Notes to the financial statements
Year ended 30 September 2017 (continued)

7. Investment income	2017	2016
	£	£
Interest receivable	<u>2,677</u>	<u>1,575</u>

8. Taxation

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

9. Total resources expended

	Staff costs (note 11) £	Other direct costs £	Total 2017 £	Total 2016 £
Costs of generating funds				
Fund raising costs	390,791	273,355	664,146	713,196
Merchandise, raffle and magazine costs				
Cost of merchandise, café sales	-	97,054	97,054	105,708
Raffle costs	-	19,529	19,529	19,495
Administration costs	68,012	7,499	75,511	82,096
	<u>458,803</u>	<u>397,437</u>	<u>856,240</u>	<u>920,495</u>
Charitable activities				
Conservation, campaigns and donations	1,395,929	1,049,284	2,445,213	2,361,480
Information and education	-	174,243	174,243	177,915
Membership	-	39,660	39,660	67,844
Adoption programmes	-	271,565	271,565	178,452
	<u>1,395,929</u>	<u>1,534,752</u>	<u>2,930,681</u>	<u>2,785,691</u>
Governance costs	-	34,398	34,398	28,606
	<u>1,854,732</u>	<u>1,966,587</u>	<u>3,821,319</u>	<u>3,734,792</u>

Other direct costs include:

	2017	2016
	£	£
Auditors' remuneration - group	15,000	13,600
Auditors' remuneration - other auditors	17,437	17,036
Auditors' remuneration - non audit	5,112	4,231
Operating lease rentals - land and buildings	113,318	111,599
- plant and machinery	11,014	11,066
Depreciation	<u>30,725</u>	<u>30,848</u>

Notes to the financial statements
Year ended 30 September 2017 (continued)

10. 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 were as follows:

	2017 Number	2016 Number	2017 £	2016 £
Travel	-	-	-	-

11. Staff costs

	2017 £	2016 £
Wages and salaries	1,619,904	1,602,734
Social security costs	178,842	173,704
Other pension costs (note 13)	55,986	54,856
	<u>1,854,732</u>	<u>1,831,294</u>

The number of employees paid in excess of £60,000 was:

	2017 No.	2016 No.
In the band £60,001 - £70,000	<u>1</u>	<u>1</u>

WDC considers its key management personnel to be the Trustees and the six members of the UK Senior Management Team. The total employment benefits including employer's pension contributions of the key management personnel was £256,521 (2016: £255,019). The Trustees receive no remuneration.

12. Number of staff

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

	2017 No.	2016 No.
Charitable activities	37	37
Cost of generating funds	18	16
Management and administration of the charity	9	10
	<u>64</u>	<u>63</u>
Average number of employees	<u>101</u>	<u>113</u>

13. Pension costs

The group contributes to a group personal pension scheme. The charge for the year represents contributions payable by the group to the scheme and amounted to £55,986 (2016: £54,856). Pension commitments as at the year end were £4,675 (2016: £4,626)

Whale and Dolphin Conservation
(Limited by guarantee)

Notes to the financial statements
Year ended 30 September 2017 (continued)

14. Tangible fixed assets

Group	Tenants improvements £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At beginning of year	40,000	143,014	308,594	491,608
Additions	-	565	-	565
At 30 September 2017	40,000	143,579	308,594	492,173
Depreciation				
At beginning of year	40,000	108,469	282,313	430,782
Charge for the year	-	16,179	14,546	30,725
At 30 September 2017	40,000	124,648	296,859	461,507
Net book value				
At 30 September 2017	-	18,931	11,735	30,666
At 30 September 2016	-	34,545	26,281	60,826
Charity				
Cost				
At beginning of year	40,000	104,892	279,937	424,829
Additions	-	565	-	565
At 30 September 2017	40,000	105,457	279,937	425,394
Depreciation				
At beginning of year	40,000	81,837	265,378	387,215
Charge for the year	-	9,410	13,867	23,277
At 30 September 2017	40,000	91,247	279,245	410,492
Net book value				
At 30 September 2017	-	14,210	692	14,902
At 30 September 2016	-	23,055	14,559	37,614

Whale and Dolphin Conservation
(Limited by guarantee)

Notes to the financial statements
Year ended 30 September 2017 (continued)

15. Fixed asset investments

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

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

Profit and loss accounts

	WDC (Trading) £	WDC GmbH £	WDC (NA)Inc £
Merchandising income & cafe	223,755	-	6,596
Event income	-	-	-
Legacies	-	-	14,925
Raffle income	22,257	-	-
Donations	4,459	515,210	373,823
Royalty and other similar income	13,800	-	2,940
Investment income	-	-	55
Total income	264,271	515,210	398,339
Merchandising and cafe	(169,573)	-	-
Event costs	-	-	-
Raffle expenditure	(19,529)	-	-
Administration expenses	(38,363)	-	-
Fundraising costs	-	-	(57,735)
Charitable expenses	-	(478,399)	(357,339)
Governance costs	(2,275)	(8,407)	(11,716)
Interest payable	(1,215)	-	-
Total expenses	(230,955)	(486,806)	(426,790)
Surplus/(deficit)	33,316	28,404	(28,451)

Whale and Dolphin Conservation
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Notes to the financial statements
Year ended 30 September 2017 (continued)

15. Fixed asset investments (continued)

Balance sheets

	WDC (Trading) £	WDC GmbH £	WDC (NA) £
Fixed assets	5,878	-	9,886
Current assets	56,667	81,922	169,193
Creditors: amounts falling due within one year	(252,542)	(56,512)	(28,755)
Net current (liabilities)/assets	(195,875)	25,410	140,438
Total assets less net current liabilities	(189,997)	25,410	150,324
Creditors: amounts falling due after more than one year	-	-	-
Net (liabilities)/assets	(189,997)	25,410	150,324

16. Stock

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Goods for resale	44,154	42,704	-	-

17. Debtors

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Amounts falling due within one year				
Trade debtors	2,221	36,921	-	-
Amounts owed by subsidiary undertakings	-	-	250,373	258,716
Less provisions against amounts owed	-	-	(171,474)	(225,226)
Prepayments and other accrued income	271,312	477,779	261,546	489,666
Total	273,533	514,700	340,445	523,156

The loans to subsidiary undertakings are repayable on demand, however, WDC have indicated that they will not seek repayment during the next year. The loans of £50,000 (2016: £50,000) included in the above balances, receive interest at 2% above the base rate of the Bank of England. There is no security on these loans.

Notes to the financial statements
Year ended 30 September 2017 (continued)

18. Contingent assets – legacy income

As at 30 September the charity had been notified of three legacies with an estimated value of £100,250. These have not been included in the accounts as there was insufficient information and certainty of receipt to enable their inclusion. This remains the situation as at the time of the signing of the accounts.

19. Creditors

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Trade creditors	95,109	78,146	50,972	47,325
Social security	28,316	27,115	28,316	27,115
VAT	9,793	14,836	(1,751)	1,382
Deferred income	36,477	38,396	36,477	38,396
Accruals	103,280	92,954	71,524	73,495
	272,975	251,447	185,538	187,713

20. Deferred income

Deferred income comprises income from adoptions received during the year but which relates to the next financial year. This amount is estimated based on annual and quarterly donations and the balance of deferred income is adjusted to reflect the amount relevant to future periods.

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Balance as at 1 October	38,396	39,996	38,396	39,996
Released to income earned from charitable activities	(38,396)	(39,996)	(38,396)	(39,996)
Deferred in year	36,477	38,396	36,477	38,396
Balance at 30 September	36,477	38,396	36,477	38,396

21. Financial commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

Group	2017 Other £	2017 Land & Buildings £	2016 Other £	2016 Land & Buildings £
Expiry date				
Within 1 year	7,036	95,027	9,515	23,736
In 2 to 5 years	9,459	247,380	14,111	17,141
In over 5 years	-	-	-	-

Whale and Dolphin Conservation
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Notes to the financial statements
Year ended 30 September 2017 (continued)

21. Financial commitments (continued)

Charity	2017 Other £	2017 Land & Buildings £	2016 Other £	2016 Land & Buildings £
Expiry date				
Within 1 year	7,036	80,518	7,770	9,518
In 2 to 5 years	7,767	247,380	12,366	17,141
In over 5 years	-	-	-	-

The charitable company negotiated a new lease on their premises commencing 1 February 2017. The lease is for 10 years at an initial rental of £710,000 (for full 10 year term) with a break clause and rent review after 5 years. Only the liability relating to the lease until the break clause is included above. The additional liability is £355,000.

22. Statement of funds

	Balance at 1 October 2016 £	Income £	Expenditure £	Balance at 30 September 2017 £
Group				
Operational fund	650,000	3,571,513	3,571,513	650,000
Designated funds	535,320	16,517	31,977	519,860
Restricted funds	115,330	264,889	217,829	162,390
Total funds	1,300,650	3,852,919	3,821,319	1,332,250

	Balance at 1 October 2016 £	Income £	Expenditure £	Balance at 30 September 2017 £
Charity				
Operational fund	650,000	2,578,258	2,578,258	650,000
Designated funds	455,733	5,955	-	461,688
Restricted funds	11,645	179,721	128,015	63,351
Total funds	1,117,378	2,763,934	2,706,273	1,175,039

Restricted funds are funds which have been given for particular purposes and projects and where donors have specifically requested how their donations may be spent.

Designated funds are those unrestricted funds that have been designated for a specific purpose as explained in more detail in the reserves policy in the Trustees Report.

Whale and Dolphin Conservation
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Notes to the financial statements
Year ended 30 September 2017 (continued)

22. Statement of funds (continued)

2016 comparative

	Balance at 1 October 2015 £	Income £	Expenditure £	Balance at 30 September 2016 £
Group				
Operational fund	650,000	3,339,837	3,339,837	650,000
Designated fund	750,057	-	214,737	535,320
Restricted fund	<u>92,939</u>	<u>202,609</u>	<u>180,218</u>	<u>115,330</u>
Total funds	<u>1,492,996</u>	<u>3,542,446</u>	<u>3,734,792</u>	<u>1,300,650</u>

	Balance at 1 October 2015 £	Income £	Expenditure £	Balance at 30 September 2016 £
Charity				
Operational fund	650,000	2,333,220	2,333,220	650,000
Designated fund	702,642	-	246,909	455,733
Restricted fund	<u>17,612</u>	<u>88,494</u>	<u>94,461</u>	<u>11,645</u>
Total funds	<u>1,370,254</u>	<u>2,421,714</u>	<u>2,674,590</u>	<u>1,117,378</u>

Fund Balances

	Balance at 30 September 2017 £	Balance at 30 September 2017 £
Group		
Critical Habitat Fund	86,284	78,203
Biomass Boiler Fund	46,544	-
Important Marine Mammal Project	16,807	11,645
Orca Research Projects	6,155	17,141
CRM system Fund US	4,478	6,154
Reward Fund	1,866	1,923
Salt Quay Fund	<u>256</u>	<u>264</u>
	<u>162,390</u>	<u>115,330</u>
Charity		
Biomass Boiler Fund	46,544	-
Important Marine Mammal Project	<u>16,807</u>	<u>11,645</u>
	<u>63,351</u>	<u>11,645</u>

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Notes to the financial statements
Year ended 30 September 2017 (continued)

23. Analysis of net assets between funds

Group	Restricted funds £	General funds £	Total £
Fund balances at 30 September 2017 are represented by:			
Tangible fixed assets	-	30,666	30,666
Current assets	162,390	1,412,169	1,574,559
Current liabilities	-	(272,975)	(272,975)
Total net assets	162,390	1,169,860	1,332,250

Charity	Restricted funds £	General funds £	Total £
Fund balances at 30 September 2017 are represented by:			
Tangible fixed assets	-	14,902	14,902
Current assets	63,351	1,282,324	1,345,675
Current liabilities	-	(185,538)	(185,538)
Total net assets	63,351	1,111,688	1,175,039

Analysis of net assets between funds (prior year)

Group	Restricted funds £	General funds £	Total £
Fund balances at 30 September 2016 are represented by:			
Tangible fixed assets	-	60,826	60,826
Current assets	115,330	1,375,941	1,491,271
Current liabilities	-	(251,447)	(251,447)
Total net assets	115,330	1,185,320	1,300,650

Charity	Restricted funds £	General funds £	Total £
Fund balances at 30 September 2016 are represented by:			
Tangible fixed assets	-	37,614	37,614
Current assets	11,645	1,255,832	1,267,477
Current liabilities	-	(187,713)	(187,713)
Total net assets	11,645	1,105,733	1,117,378

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Notes to the financial statements
Year ended 30 September 2017 (continued)

24. Reconciliation of net income/(expenditure) to net cash flow from operating activities

Consolidated	2017 £	2016 £
Net income/(expenditure) for the reporting period	31,600	(192,346)
Adjustments for:		
Depreciation	30,725	30,479
Increase in stocks	(1,450)	(2,597)
Decrease/(Increase) in debtors	241,167	(288,431)
Increase/(Decrease) in creditors	21,528	(180,878)
Net cash inflow/(outflow) from operating activities	<u>323,570</u>	<u>(633,773)</u>

Reconciliation of net income/(expenditure) to net cash flow from operating activities

Charity

	2017 £	2016 £
Net income/(expenditure) for the reporting period	57,660	(252,876)
Adjustments for:		
Depreciation charges	23,277	25,227
Decrease/(Increase) in debtors	182,711	(245,010)
Decrease in creditors	(2,174)	(150,438)
Net cash inflow/(outflow) from operating activities	<u>261,474</u>	<u>(623,097)</u>

25. Related parties

During the year, WDC supported an Australian based connected charity. There is a licensing agreement between the two charities which allows WDC Australia to use the WDC logo and brand. During the year, WDC donated funds to WDC Australia which amounted to £11,933 (2016: £10,679) to support their campaigns and conservation projects.