

Whale and Dolphin Conservation Report and Financial Statements 2017-2018

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
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About WDC

WDC, Whale and Dolphin Conservation, is the leading charity dedicated to the protection of whales and dolphins.

Our teams in the UK, USA, Germany and Australia – along with Fundación Cethus in Argentina – work across the world, and in every ocean, to give a voice to whales and dolphins

Through our work, we inspire global action from governments, policy-makers and individuals to achieve our vision of a world where every whale and dolphin is safe and free.

We are authorities on the issues facing whales and dolphins and our work ranges from campaigning, lobbying and advising governments, to running conservation projects, partnerships, rescue work, science, education and fieldwork.

We increase awareness of new science and understanding of whale and dolphin culture and intelligence. At the same time we build a greater appreciation of the role whales and dolphins play in healing our oceans and tackling climate change.

We are entirely funded through voluntary donations and grants by people and partners who, like us, believe that whales and dolphins are extraordinary.

Whale and Dolphin Conservation
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A message from the Chairman

In 2018, WDC celebrated our 30th year.

That's three decades of working towards our vision of a world where every whale and dolphin is safe and free. To achieve this bold ambition, collaboration is key and that's why we work with a broad range of supporters, stakeholders and partners across the spectrum from businesses to governments, from aquaria who recognise that the days of keeping whales and dolphins in tanks need to come to an end, to those looking for innovative solutions to help the fishing industry avoid accidentally catching whales and dolphins.

WDC is active all over the globe. In many places where there are whales and dolphins and where there are *threats* to whales and dolphins, we are present, to help develop solutions as varied as, laws to protect them, sanctuaries where captive individuals can be retired or rehabilitated, or protected areas of ocean where they can feed, breed and raise their families in safety. Our team works at all levels using all the tools in our box including campaigning, educating, mounting legal challenges, lobbying and carrying out research.

However, we celebrate our many successes with caution because WDC is needed more today than ever before.

Great conservation work is driving positive change and people are increasingly aware of how special whales, dolphins and porpoises are and how vital they are to the health of planet Earth. But there are mounting issues, not least the unregulated hunting of dolphins, porpoises and 'small' whales, the vast numbers dying in fishing gear and the ever growing tide of plastic pollution in oceans that are being heated by global warming.

Our strategy relies on learning from the past to help plan for the future; celebrating successes, while honestly assessing the scale of the threats and issues that the modern world brings. This last point is more important now than at any time in our history. A large part of our job over the coming years will be to quantify the scale of the problems; ensuring that what happens at sea isn't 'out of sight, out of mind' but that WDC bears witness and presents evidence to key policy makers.

We know from experience that governments and corporations will sometimes assume no harm to whales and dolphins in their activities without counter evidence. This is where WDC can be truly effective. Our research is critical in changing minds as well as laws.

Economically, politically and environmentally, we share a rapidly evolving and uncertain world with whales and dolphins. WDC is here to remind us all of our common and shared responsibility for the oceans. For example, we are at the forefront of identifying which areas of our oceans, seas and rivers are important for whales and dolphins and therefore need protection; of being the conscience and reminder that we share our planet with these wonderful creatures; of being the alarm bell, the voice for whales and dolphins.

We'll be working hard over the coming year to continue to ensure decision-makers know what will happen if there is no change to how we protect whales, dolphins and our oceans. We'll champion the opportunities available to help whales and dolphins, such as achieving laws and championing techniques to reduce the numbers accidentally caught in fishing gear, the designation of marine protected areas to keep them safe and the creation of coastal sanctuaries as an alternative to the misery of the captive 'entertainment' industry.

It is not only the world for whales and dolphins that is changing. The landscape of funding and how people engage with charities is evolving. Traditional membership and trust and grant income, whilst still so important, are no longer the main source of funding for many charities. WDC is keeping pace with changes, developing partnerships, getting involved with computer and console game fundraising initiatives and other innovative ways of raising funds. And our supporters are responding, WDC is growing. This is not just about 'keeping up with times,' it's about being as effective as we can with the funds we raise.

With the help of our supporters and partners around the world, we'll continue to be the driver for whale and dolphin protection and conservation. With your passion and support WDC will fight – and win – for whales and dolphins.

Yours faithfully,



Dr. Lisa Drewe

Whale and Dolphin Conservation
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Legal and administrative information

Trustees

The trustees, who are also directors, who held office during the year, unless otherwise stated, were as follows:

Lisa Drewe (Chairman)
John Gerard Leigh
Johnny Reed
Percy Kelland
George Adams (resigned 18 June 2018)
Philip Smith

Registered office and principal office

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

Auditor

BDO LLP
Bridgewater House
Finzels Reach
Counterslip
Bristol
BS1 6BX

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

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

Charity number: 1014705 (England and Wales)
SC040231 (Scotland)

Company number: 02737421

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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 2018, 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 and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), 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).

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 a going concern basis.

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 five trustees on the board.

Appointment of trustees

Trustees are appointed by the board of trustees by a majority vote on a skills basis. 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, running a café, 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. Whale and Dolphin Conservation, 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. The US charity 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

Whale and Dolphin Conservation
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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. *Government Policy.* We are still in a period of uncertainty with regard to the withdrawal of the UK from the European Union. The major risk is that uncertainty has a negative impact on consumer behaviour. We are also concerned to ensure that the strict level of protection afforded to cetaceans in current EU law is carried over into UK law and is not diluted under pressure from other countries to create favourable trade deals. WDC is working with a coalition of UK NGOs to represent its views to government and the EU. We remain receptive to supporters' views on these issues and continue to keep them informed of our activities through publications and website and then communicate our collective views to government and agencies.
2. *Reliance on established income streams:* Income from individual giving has stabilised during the period but remains a significant proportion of our income. Whilst we have grown our income from corporate partners, we shall continue to seek to diversify our individual giving to ensure growth but also reduce risk of reliance on one income stream.
3. *Ability to keep up-to-date with supporter segmentation and the impact of 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 utmost 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 and we have hired new staff with specialist e-media experience. We shall continue to be outwardly facing with regard to changes in technology to ensure that WDC is able to maximise our ability to communicate with stakeholders.

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. WDC considers its key management personnel to be the Trustees and the members of the UK senior management team. Trustees are unpaid. Senior management team salary, except for that of the Chief Executive, is set by the Chief Executive and approved by the Trustees. The Chief Executive's pay is set by the Trustees.

Objectives and Activities

Whales and dolphins have the right to life and freedom. They also play a vital role in the health of our planet. 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:

Whale and Dolphin Conservation
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Report of the Trustees (continued)

Objectives and Activities (continued)

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

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

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

WDC works through the International Whaling Commission (IWC), advising governments that oppose whaling, and other international fora such as the Convention on International Trade in Endangered Species (CITES).

However, we are acutely aware that the governments of whaling countries are adept at finding loopholes, making 'objections,' operating outside of such fora remits and even of blatant disregard for the 'rules.'

WDC then, has to take a rounded approach. As well as operating at government level we work on the ground in whaling countries, with the groups and voices that oppose whaling and which will bring about eventual culture change.

We also campaign; for example, putting pressure on countries not to allow whale meat to be exported through their ports and for whaling to be a continual thorn in the whalers' sides when it comes to international trade; making sure whaling was on the table at the recent EU trade negotiations.

In the year, we can report:

St Vincent and the Grenadines

Following negotiation with WDC, one of the two remaining humpback whalers has turned from whaling to whale watching.

Working with the local pro-whale advocates, we are asking the prime minister to reduce the humpback whaling quota and hope to eventually show that this hunt is no longer necessary.

Iceland

In bringing pressure to bear on the whaling interests in Iceland, thanks to WDC the fishing company with the closest links to whaling is under pressure. We have been working with the supermarket Tesco to get leverage- they've promised they will lift their powerful embargo on its fish if the company Hvalur stop whaling.

In our campaign to reduce whale meat consumption in Iceland we contacted the Radisson Hotels Group regarding whale meat sold at the Park Inn Radisson in Keflavik, Iceland. The Group immediately removed whale meat from the menu. WDC continues to put pressure on restaurants and hotels not to serve whale meat, reducing demand and hurting the whalers' interests.

In the year, WDC helped expose the hunt of rare blue/fin whale hybrid whales. This exposure will help put pressure on the Icelandic government *not* to renew whaling quotas in 2019.

Japan

Japan's proposal for a return to commercial whaling at the IWC was defeated. A majority of members, supported by WDC, voted against commercial whaling and for better protection of whales.

We helped ensure that attempts by Japan to bring down the ban, or to relax current regulations were strictly opposed and exposed their trade in sei whale meat and products as illegal.

Report of the Trustees (continued)

Achievements and performance (continued)

Dolphin, porpoise and small whale hunts

WDC co-authored a report on these hunts, revealing that more than 100,000 dolphins, porpoises and small whales are killed in these hunts every year. Our report was circulated to government representatives at the IWC. These hunts are mostly unregulated, and even unrecorded. WDC is playing a leading role in bringing them to global attention, and bringing them to an end.

Plans for the future:

At time of writing, the Japanese government has stated its intent to leave the IWC to officially resume commercial whaling. WDC will continue to work at government level to apply diplomatic pressure to persuade Japan to adhere to international agreements such as the commercial whaling ban. We plan to be more active in whaling countries and will be at the forefront of bringing attention to, and reducing whale and dolphin hunts.

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

WDC was one of the first organisations that opposed the keeping of whales and dolphins in captivity and so for years we have campaigned and lobbied against keeping whales and dolphins in captivity for entertainment. This has led to outright bans on captures and captivity in some countries and severe restrictions on the import, export and the keeping of whales and dolphins in captivity in others. We aim to put an end to capture and trade altogether. With respect to the 3,000 or so whales and dolphins already in captivity the aquariums will need to evolve as quickly as the public's attitude and WDC is well placed to use our expertise to create a better future for these whales and dolphins.

Sanctuary

WDC is at the forefront of change with the world's first Beluga Whale Sanctuary launching in 2019. We are an official partner of The SEA LIFE Trust Beluga Sanctuary. Working with the Trust, who fund the project, we have secured the Icelandic location that two captive belugas will call home.

Construction is underway to create a much more natural home for Little White and Little Grey, who are currently in captivity in China. We are gearing up for their move to the sanctuary in 2019.

We believe that the Beluga Whale Sanctuary will provide a blueprint for the development of other sanctuaries around the world. Our dialogue with companies like Virgin Holidays has helped secure their support for sanctuaries as an alternative to whales and dolphins performing in shows and swim-with-dolphins programmes.

Ending the support of EU operators for captive whale and dolphin shows

After a hard fought campaign by WDC to end tour operator support for facilities holding whales and dolphins in captivity, in 2018 the UK's largest tour operator, Thomas Cook, announced that it will no longer sell tickets to facilities holding orcas in captivity. That includes any SeaWorld park in the US and Loro Parque in Tenerife, Spain.

Following our campaign calling on cruise ship operator Carnival to end its support for whale and dolphin captivity, Carnival is carrying out an audit of all the captive whale and dolphin facilities it sells tickets to around the world.

Plans for the future:

The development of sanctuaries for captive whales and dolphins will continue to be a major part of our strategy in this core area. Once Little White and Little Grey are settled at the Beluga Whale Sanctuary in Iceland, we hope to bring other captive belugas to the sanctuary. We'll also be looking at how we can use the Beluga Whale Sanctuary as a model for others to follow.

We will continue our work in international conventions to secure protection against live captures for whales and dolphins and will be supporting the development of legislation that restricts the keeping of whales and dolphins in captivity, such as in Canada.

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Report of the Trustees (continued)

Achievements and performance (continued)

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

To protect whales and dolphins we must protect their homes. This means a multi-disciplinary approach, not tackling one issue or threat but many, and often simultaneously.

This programme therefore, encompasses a broad range of work. For example, the promotion of reducing plastic consumption through our #NotWhaleFood project and the reduction of vessel strikes in areas where whales, dolphins and vessels overlap.

A key focus in this programme is our work on marine protected areas (MPAs) and Important Marine Mammal Areas (IMMAs). We have developed more than 100 IMMAs across the Mediterranean and in the Southern Hemisphere with a six-year funded programme that goes to 2021, and that plans to tackle the rest of the global ocean in the years to come. Already, there is a clear precedence, of success, a real appetite from countries to protect their marine heritage and the whales and dolphins and other species which live there. WDC is a key player in this global effort.

We are putting IMMAs on governments' radars; especially focusing on areas away from land and country jurisdiction, but where there is lots of activity and which may be crucial feeding or breeding grounds or simply important 'highways' for migrating populations.

IMMAs

IMMAs have been placed centrally in the complex process of identifying particular habitats as part of the healthy seas that whales and dolphins need for survival. The first step is authoritative identification of candidate IMMAs by experts followed by peer review. Next is the implementation through meaningful legislation at national, regional and international level. WDC works through a range of international agreements and forums such as the Convention for Migratory Species (CMS), the International Maritime Organisation (IMO), the Convention on Biological Diversity (CBD), and the IUCN Marine Mammal Protected Areas Task Force which works through the IUCN's Species Survival Commission and the World Commission on Protected Areas.

In 2018, WDC assisted in workshops to identify more than 100 candidate IMMAs and Areas of Interest throughout the North East Indian Ocean/ South East Asian Seas and the Extended Southern Ocean around Antarctica. WDC also engaged in IMMA implementation work in the Andaman Islands in India, helping authorities there to spotlight their IMMA for future protection efforts.

New Zealand

WDC is running an ongoing campaign to get better protection for Hector's and Māui dolphins, collectively known as New Zealand dolphins. As well as lobbying the government, we are working to increase awareness, through education and research. Using our sightings app has proven to be a great way to engage the public in the plight of these little dolphins. Through the app there have been 200 Hector's dolphin sighting reports which would otherwise have been unrecorded. This is key to convincing the government that these dolphins need protection from set and trawl nets to avoid their extinction.

UK

The Scottish government has announced that the three proposed MPAs to protect Risso's dolphins and minke whales that WDC has worked for so many years to establish, will go to public consultation in 2019. WDC will continue to lobby for effective management in these sites, and others including the network of harbour porpoise Special Areas of Conservation, designated after years of WDC lobbying.

Latin America

WDC has worked with the governments of Argentina, Brazil and Uruguay to create or implement MPAs for river and estuarine dwelling dolphins such the Franciscana.

USA

WDC helped a bill pass that will phase out Atlantic salmon net pens in Puget Sound as a means to protect key prey species for endangered orcas.

Whale and Dolphin Conservation
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Report of the Trustees (continued)

Achievements and performance (continued)

WDC successfully pushed the Canadian government to expand critical habitat for Southern Resident orcas and protect key feeding areas.

WDC worked with other NGOs to advance a special Task Force in Washington State dedicated to Southern Resident orca recovery, and provided information and expert input throughout the first year of the Task Force as initial recommendations were developed.

Through its *At the Helm of Conservation* project, WDC is training boaters to operate safely in whale habitats as well as identify and report entangled whales to permitted responders.

Germany

In 2018 WDC's German office initiated a plastics reduction challenge 'Say yes to less plastic'. Together with a number of corporate partners the first year results are impressive with 18,600 takeaway coffee cups, 20,000 plastic straws and 2,000 Tetra Paks saved.

WDC is committed to reducing the use of plastics that harm whales and dolphins.

Plans for the Future:

WDC will continue to work across the range of threats, with particular focus on different kinds of MPAs and IMMAs that will reduce or prevent human impact in areas important for whales and dolphins. From 2019-2021, WDC will assist in IMMA identification and implementation work in the Western Indian Ocean and Arabian Seas (2019), South East Indian Ocean/ Australia-New Zealand Waters (2020) and South West Pacific and Eastern Tropical and Temperate Pacific Waters (2021).

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

The deaths of whales and dolphins in fishing gear are unintentional; a by-product (or by-catch) of fishing- no responsible fisher wants to catch a whale or dolphin. The estimated numbers dwarf every other threat. The most recent, (though out-of-date), estimate is of hundreds of thousands of individuals a year dying this way.

WDC is working with fishing communities and companies to develop fishing gear that could reduce the number of deaths and injuries.

In addition to the deaths, many individuals suffer terribly in nets. Whales and dolphins are intelligent, self-aware and social and often live in communities or family groups. Bycatch can have wide-reaching impacts across these social units and suffering cannot plausibly be reduced without preventing bycatch.

This is an increasingly important priority for WDC, at the international level and in key localities around the world, where interactions are threatening species, such as the endangered North Atlantic right whale off the east coast of the US and Atlantic Canada.

EU – WDC produced a key technical report on flaws in the current bycatch legislation, bringing the attention of governments to the scale of the issue. We have been engaging and influencing new bycatch measures being developed by the European Commission, Parliament and the European Council.

UK – Our campaign led to the establishment of the UK Bycatch Focus Group and a commitment from the UK Fisheries Minister to develop a bycatch strategy.

Scotland – We initiated and raised funds for a collaborative project aimed at understanding the number of whales and other marine animals entangled in fishing ropes in Scottish waters.

WDC were given a seat on the International Whaling Commission Bycatch Expert Panel. We held meetings with both the European Commission and the Spanish government regarding the implementation of fisheries legislation to reduce bycatch. We held similar meetings with the UK and devolved administrations, influencing post-Brexit legislation to protect UK whales and dolphins.

Latin America - After input from WDC, Uruguayan authorities agreed to act for the conservation of the Franciscana dolphin in Uruguay.

Whale and Dolphin Conservation
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Report of the Trustees (continued)

Achievements and performance (continued)

North America - As a member of the federally appointed Atlantic Large Whale Take Reduction Team, WDC works with commercial fishers, scientists, NGOs, and state and federal agency representatives to develop regulatory measures aimed at reducing large whale entanglements along the US east coast.

WDC put forward a proposal to the US government for the implementation of gear, which does not leave vertical/buoy lines in the water column, reducing the risk of entanglements to endangered North Atlantic right whales.

Plans for the future:

WDC will work with the world-leading bycatch experts, including through our role in the IWC Bycatch Expert Group, to find the most effective and quickest ways to reduce bycatch, focusing on small scale fisheries, where some of the highest numbers of dolphins, porpoises and whales are bycaught.

WDC will continue to focus on the welfare as well as the conservation impacts that result from bycatch, with a view to influencing decision makers to act in a way that considers all aspects in fisheries management.

WDC will engage with the Marine Stewardship Council to encourage adequate consideration of bycatch in their fish labelling system so consumers can be more confident that their fish has not resulted in bycatch of non-target species.

We will continue with projects and campaigns specific to key species and/or areas. For example; Māui and Hector's dolphins in New Zealand, updating legislation in Europe and the UK and protecting endangered North Atlantic right whales off the east coast of North America.

The above information summarises our aims and objectives and how we plan to achieve them, including outlining our approach and methods.

Underpinning all of this work is the philosophy that drives our vision: a world where every whale and dolphin is safe and free. WDC believes in the *value* of whales and dolphins; both in terms of their inherent value and right to life and their value to all of us, and even to the planet itself. For example, the way whales distribute nutrients around the oceans and help fight climate change by soaking up carbon. A key part of our work over the coming years, therefore is addressing suffering as well as threats to vulnerable species and populations, and promoting appreciation of the role whales, dolphins and porpoises play in maintaining healthy eco-systems and the role these individuals play within their families, social communities and cultures.

This philosophy gives us ever more compelling reasons to protect these amazing creatures and to ensure their right to life and freedom.

Fundraising practices

WDC is incredibly fortunate to have the support of a large group of individuals who are passionate and committed to whale and dolphin conservation. Many of our supporters have been part of our organisation for decades, and we could not deliver our work without their financial support and their backing for our campaigns. For the year under review, an astonishing 84% of our supporters made donations in the previous year and we will continue to nurture these relationships and demonstrate to our supporters how much we value their commitment to WDC and the impact that their support is having on whale and dolphin conservation and welfare.

More recently, our fundraising activity has increased, particularly with the addition of a partnerships team, and as a result we have received support from a range of companies and individuals, and in particular, from the global computer games industry.

In summary, WDC fundraises via:

- Raising funds through whale and dolphin adoption products and gifts from individuals
- Raising funds through community and events activity
- Promoting supporting WDC through gifts in wills
- Raising funds through commercial partnerships with companies and prominent individuals
- Raising funds from charitable trusts and foundations

WDC is signed up to the Fundraising Regulator, which oversees fundraising activity in the UK, and is fully compliant with its regulations. In the past year we received no complaints from any regulatory body.

Report of the Trustees (continued)

Fundraising practices (continued)

WDC maintains a complaints log and four complaints were received directly from individuals about fundraising activity, all of which were satisfactorily resolved.

As an organisation we have fully explored the requirements of the GDPR regulations and have taken the necessary actions to ensure that we are fully compliant. In reality, since 2015 WDC asked supporters for opt-in consent to all our channels, and has never shared data with other organisations.

WDC has a relatively small fundraising team and we work closely with a small number of carefully selected specialised fundraising agencies and companies to help us deliver our fundraising activity. We operate to the highest ethical standards in all our fundraising activity and only work with external suppliers who match our standards.

In terms of ensuring that we are fully in compliance with all relevant regulations, we are regulated by The Gambling Commission for our bi-annual raffle and Clearcast and the Advertising Standards Agency for press and TV advertising. We comply with all relevant regulations for our telephone fundraising activity and the Give as you Earn agencies that we use are in compliance with their regulatory authority.

In line with the new requirements under Social responsibility code provision 4.3.1 of the License Conditions and Codes of Practice of the Gambling Act 2005, we report that 100% of net lottery proceeds were returned to the purposes of the charity (WDC) from the two lotteries promoted in 2017/18.

In addition, for telephone fundraising, we undertake training with the agency's staff before campaigns, and regularly listen in to and review calls to ensure that the agency is operating to the highest standards.

With any of our activity, supporters are always given an option to opt out or unsubscribe from future communication and we always act upon and respect these requests.

We have a vulnerable person policy, which includes escalation guidance, and public facing staff are aware and know when to escalate.

Lastly, we have a Supporters Charter which details our commitment to our supporters. WDC would not be able to carry out our work without our supporters and we will never take this support for granted.

Financial review

We are delighted to report an increase in income of £1,275,253 to £5,128,172 in 2018 (2017: £3,852,919). This is due primarily to continued excellent results from partnership fundraising income which increased to £1,564,843 (2017: £390,729) largely due to donations received as a recipient of donations from the online gaming industry.

Charitable expenditure in the year amounted to £2,963,858 (2017: £2,965,079) a small decrease of less than 0.1% from last year. Charitable spend continues to be matched to budgeted regular donation income expected during the year. £734,781 of the income recognized in 2017/18 has either not been received (as recognition criteria of legacy income has occurred, in accordance with accounting policy note 2d, but the proceeds have not been received) or was received after year end. We analyse the cash versus non-cash situation below. We only commit to spend these funds when they are received. This has affected our level of reserves in the year which we comment on further below.

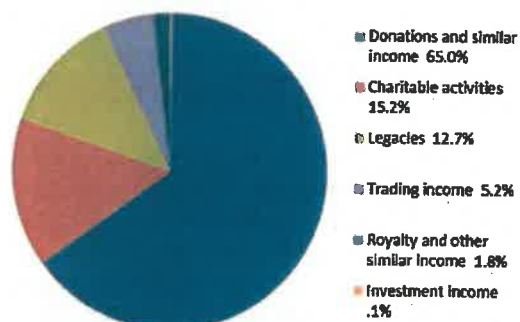
The cost of generating funds has increased by 16.8% from £856,240 to £999,910. As projected last year, during this year we undertook significant work to upgrade our website, which was the main factor in the increase. We launched the new website in February 2019. In line with our strategy to increase funds, we have invested in our income generating team. Additionally, our Trading activities incurred higher expenditure in the year but this resulted in increased income.

Whale and Dolphin Conservation
(Limited by guarantee)

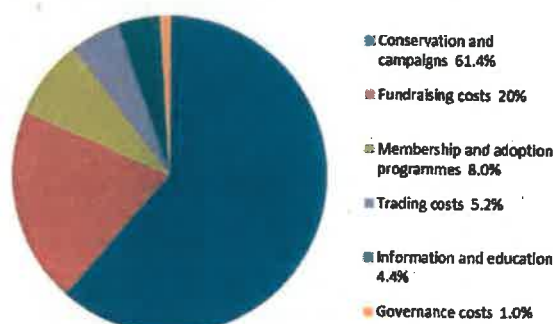
Report of the Trustees (continued)

Financial review (continued)

Where our income came from:



Where the money is spent:



Performance of Subsidiaries

The US subsidiary is showing net income of £123,295 in the year. The charity was the recipient of a large legacy which significantly increased their income to £558,344; normal levels over the last four years being between £380,000 and £500,000. Income from individuals was also higher than last year, but income from Trusts was much lower. However, shortly after year end the office was successful with two large applications, which means they are on track to hit budget in 2018-19. The US subsidiary 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 £43,494. Corporate fundraising in Germany had a good year, with a partnership with Brita continuing to contribute towards the positive net income. Income from individuals was higher than budget, with some new products that were tested last year continuing to be attractive to our supporters. Germany is building on these successes to continue to produce a positive year end result.

The Trading company had a satisfactory year, producing a surplus of £50,908, and we have taken the decision to extend the season of the Scottish Dolphin Centre at Spey Bay. 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, some of which can most effectively be done via this 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 £1,000,000 in unrestricted funds.

At the year end, as a group, WDC had total reserves of £2,498,135 as follows:

| | Cash £ | Non cash £ | Total £ |
|----------------------------|------------------|----------------|------------------|
| Unrestricted – Operational | 1,000,000 | - | 1,000,000 |
| Unrestricted – Designated | <u>568,121</u> | <u>734,781</u> | <u>1,302,902</u> |
| Total Unrestricted | 1,568,121 | 734,781 | 2,302,902 |
| Restricted | <u>195,233</u> | - | <u>195,233</u> |
| Total | <u>1,763,354</u> | <u>734,781</u> | <u>2,498,135</u> |

The "non- cash" reserves noted above consist mainly of legacies recognised in the year as probate had been granted, but payment has not been received from the estate. In addition it includes a significant amount from the proceeds of a partnership donation that were 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 £1,000,000. The balance of £1,302,902 has been designated as

Whale and Dolphin Conservation
(Limited by guarantee)

Report of the Trustees (continued)

Financial review (continued)

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 including funds earmarked to guarantee support of the Beluga Sanctuary in Iceland.

Total unrestricted reserves at the year-end of £2,302,902 represents just under seven 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:

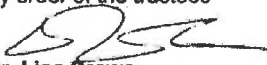
- there is no relevant audit information of which the charity's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the trustees have appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office. A resolution for the reappointment of BDO LLP as auditor of the charity is to be proposed at the forthcoming Annual General Meeting.

By order of the trustees


Dr. Lisa Drewe
Chairman

Date: 15 May 2019

Whale and Dolphin Conservation
(Limited by guarantee)

**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 2018 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 2018 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).

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 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.

Whale and Dolphin Conservation
(Limited by guarantee)

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

We have nothing to report in respect of the following matters where the Companies Act 2016 and 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 13, 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.

Use of our report

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.

BDO LLP

Heather Wheelhouse, *Senior Statutory Auditor*

For and on behalf of BDO LLP, Statutory Auditor

Bridgewater House
Finzels Reach
Counterslip
Bristol
BS1 6BX

Date: 30 May 2019

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

**Consolidated statement of financial activities
Year ended 30 September 2018
(including an income and expenditure account)**

| | Note | Unrestricted funds £ | Restricted funds £ | Total funds 2018 £ | Total funds 2017 £ |
|--|-------|-------------------------|-----------------------|--------------------------|--------------------------|
| Income from: | | | | | |
| Donations and legacies: | | | | | |
| Donations and similar income | 5 | 3,126,009 | 209,286 | 3,335,295 | 2,163,342 |
| Legacies | 6 | 650,182 | - | 650,182 | 558,587 |
| Charitable activities: | | | | | |
| Membership | | 205,041 | - | 205,041 | 209,471 |
| Adoption programmes | | 572,538 | - | 572,538 | 582,181 |
| Other trading activities: | | | | | |
| Merchandise, cafe, raffle and magazine income | 7 | 268,626 | - | 268,626 | 252,608 |
| Royalty and other similar income | | 92,055 | - | 92,055 | 84,053 |
| Interest | 8 | 4,435 | - | 4,435 | 2,677 |
| Total income | | 4,918,886 | 209,286 | 5,128,172 | 3,852,919 |
| Expenditure on: | | | | | |
| Raising funds | | | | | |
| Fund raising costs | | 792,097 | - | 792,097 | 664,146 |
| Merchandise, cafe, raffle and magazine costs | | 207,813 | - | 207,813 | 192,094 |
| Costs of generating funds | | 999,910 | - | 999,910 | 856,240 |
| Charitable activities | | | | | |
| Conservation and campaigns | | 2,255,538 | 176,443 | 2,431,981 | 2,445,213 |
| Information and education | | 172,820 | - | 172,820 | 174,243 |
| Membership | | 69,535 | - | 69,535 | 39,660 |
| Adoption programmes | | 248,489 | - | 248,489 | 271,565 |
| Governance costs | | 41,033 | - | 41,033 | 34,398 |
| Total charitable activities expenditure | | 2,787,415 | 176,443 | 2,963,858 | 2,965,079 |
| Total expenditure | 10 | 3,787,325 | 176,443 | 3,963,768 | 3,821,319 |
| Net gains on investments | | 1,481 | - | 1,481 | - |
| Net income for the year | | 1,133,042 | 32,843 | 1,165,885 | 31,600 |
| Balances brought forward | | 1,169,860 | 162,390 | 1,332,250 | 1,300,650 |
| Balances carried forward | 24&25 | 2,302,902 | 195,233 | 2,498,135 | 1,332,250 |

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

The net income for the year of the parent was £985,289 (2017: £57,661)

The notes on pages 20 to 34 form part of these financial statements.

**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 £ |
|---|-------|-------------------------|-----------------------|--------------------------|
| Income from: | | | | |
| Donations and legacies: | | | | |
| Donations and similar income | 5 | 1,898,453 | 264,889 | 2,163,342 |
| Legacies | 6 | 558,587 | - | 558,587 |
| Charitable activities: | | | | |
| Membership | | 209,471 | - | 209,471 |
| Adoption programmes | | 582,181 | - | 582,181 |
| Other trading activities: | | | | |
| Merchandise, cafe, raffle and magazine income | 7 | 252,608 | - | 252,608 |
| Royalty and other similar income | | 84,053 | - | 84,053 |
| Interest | 8 | 2,677 | - | 2,677 |
| Total income | | 3,588,030 | 264,889 | 3,852,919 |
| Expenditure on: | | | | |
| Raising funds | | | | |
| Fund raising costs | | 664,146 | - | 664,146 |
| Merchandise, cafe, raffle and magazine costs | | 192,094 | - | 192,094 |
| Costs of generating funds | | 856,240 | - | 856,240 |
| Charitable activities | | | | |
| Conservation and campaigns | | 2,227,384 | 217,829 | 2,445,213 |
| Information and education | | 174,243 | - | 174,243 |
| Membership | | 39,660 | - | 39,660 |
| Adoption programmes | | 271,565 | - | 271,565 |
| Governance costs | | 34,398 | - | 34,398 |
| Total charitable activities expenditure | | 2,747,250 | 217,829 | 2,965,079 |
| Total expenditure | 10 | 3,603,490 | 217,829 | 3,821,319 |
| Net movement in funds, being net Income / (deficit) for the year | | (15,460) | 47,060 | 31,600 |
| Balances brought forward | | 1,185,320 | 115,330 | 1,300,650 |
| Balances carried forward | 24&25 | 1,169,860 | 162,390 | 1,332,250 |

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

The notes on pages 20 to 34 form part of these financial statements.

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

**Balance sheet
30 September 2018**

| | Note | Group 2018 £ | Group 2017 £ | Charity 2018 £ | Charity 2017 £ |
|--|-------|--------------------|--------------------|----------------------|----------------------|
| Fixed assets | | | | | |
| Tangible fixed assets | 15 | 73,064 | 30,666 | 58,644 | 14,902 |
| Investments | 16 | - | - | - | - |
| | | <u>73,064</u> | <u>30,666</u> | <u>58,644</u> | <u>14,902</u> |
| Current assets | | | | | |
| Stock | 17 | 42,270 | 44,154 | - | - |
| Debtors | 18 | 817,185 | 273,533 | 886,995 | 340,445 |
| Investments | 19 | 179,163 | - | 25,366 | - |
| Cash at bank & in hand | | 1,763,354 | 1,256,872 | 1,497,914 | 1,005,230 |
| | | <u>2,801,972</u> | <u>1,574,559</u> | <u>2,410,275</u> | <u>1,345,675</u> |
| Liabilities: | | | | | |
| Creditors: amounts falling due within one year | 21 | (376,901) | (272,975) | (308,591) | (185,538) |
| Net current assets | | <u>2,425,071</u> | <u>1,301,584</u> | <u>2,101,684</u> | <u>1,160,137</u> |
| Total net assets | | <u>2,498,135</u> | <u>1,332,250</u> | <u>2,160,328</u> | <u>1,175,039</u> |
| Unrestricted funds | | | | | |
| Operational funds | 24&25 | 1,000,000 | 650,000 | 1,000,000 | 650,000 |
| Designated funds | | 1,302,902 | 519,860 | 1,088,128 | 461,688 |
| | | <u>2,302,902</u> | <u>1,169,860</u> | <u>2,088,128</u> | <u>1,111,688</u> |
| Restricted funds | 24&25 | <u>195,233</u> | <u>162,390</u> | <u>72,200</u> | <u>63,351</u> |
| Total funds | | <u>2,498,135</u> | <u>1,332,250</u> | <u>2,160,328</u> | <u>1,175,039</u> |

These financial statements were approved and authorised for issue by the trustees on 15th May 2019 and signed on their behalf.



**Lisa Drewe
Chairman**

The notes on pages 20 to 34 form part of these financial statements.

Registered number: 02737421

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

**Consolidated cash flow statement
Year ended 30 September 2018**

| | 2018 £ | 2017 £ |
|--|------------------|------------------|
| Net cash inflow from operating activities (note 26) | 565,349 | 323,570 |
| Capital expenditure and financial investments | | |
| Payments to acquire tangible fixed assets | <u>(58,867)</u> | <u>(565)</u> |
| Net cash inflow before management of liquid resources and financing | 506,482 | 323,005 |
| | | |
| Increase in cash in the year | <u>506,482</u> | <u>323,005</u> |
| | | |
| Reconciliation of net cash flow to movement in net funds | | |
| Net cash increase/(decrease) in year | 506,482 | 323,005 |
| Net funds at start of year | 1,256,872 | 933,867 |
| Net funds at end of year | <u>1,763,354</u> | <u>1,256,872</u> |
| | | |
| Cash at bank and in hand | <u>1,763,354</u> | <u>1,256,872</u> |

The notes on pages 20 to 34 form part of these financial statements.

Whale and Dolphin Conservation
(Limited by guarantee)

Notes to the financial statements
Year ended 30 September 2018

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 2018 there were five members.

2. **Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

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), Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006.

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 2018.

In accordance with the Companies Act 2006 WDC is exempt from the requirement to present its own statement of financial activities. This is however, a requirement in Scotland so it has been included in note 3. Net movement in funds for the year ended 30 September 2018 for the charity was a surplus of £985,289.

The amount of the result for the financial period dealt with in the financial statement of subsidiaries is disclosed in note 16 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 when receivable 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 22.

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

Whale and Dolphin Conservation
(Limited by guarantee)

Notes to the financial statements
Year ended 30 September 2018 (continued)

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) **Current asset investments**

The Company carries investments at fair value. Interest and dividends are recorded when earned. Gains and losses are recognised as incurred or based on fair value changes during the period. Investments are exposed to risks such as interest rates, credit and overall market volatility.

g) **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.

h) **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.

i) **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.

j) **Taxation**

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

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.

k) **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.

l) **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.

Notes to the financial statements
Year ended 30 September 2018 (continued)

- m) **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.
- n) **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
- o) **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.
- p) **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.
- q) **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.
- r) **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.
- s) **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 or by the terms of the appeal. 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.
- t) **Transition to FRS 102**
The transition date was 1 October 2015.
- u) **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 2018 (continued)

3. Statement of financial activities – Charity

| | Unrestricted funds £ | Restricted funds £ | Total funds 2018 £ | Total funds 2017 £ |
|--|----------------------------|--------------------------|--------------------------|--------------------------|
| Income from: | | | | |
| Donations and legacies: | | | | |
| Donations and similar income | 2,310,072 | 129,236 | 2,439,308 | 1,288,194 |
| Legacies | 482,880 | - | 482,880 | 543,662 |
| Charitable activities: | | | | |
| Membership | 205,041 | - | 205,041 | 209,471 |
| Adoption programmes | 572,538 | - | 572,538 | 582,181 |
| Other activities: | | | | |
| Intercompany income | 82,673 | - | 82,673 | 73,736 |
| Royalty and similar income | 55,040 | - | 55,040 | 62,854 |
| Interest | 5,125 | - | 5,125 | 3,836 |
| Total income | 3,713,369 | 129,236 | 3,842,605 | 2,763,934 |
| Expenditure on: | | | | |
| Raising funds | | | | |
| Fund raising costs | 783,420 | - | 783,420 | 644,773 |
| Costs of generating funds | 783,420 | - | 783,420 | 644,773 |
| Charitable activities | | | | |
| Conservation and campaigns | 1,444,538 | 120,387 | 1,564,925 | 1,564,032 |
| Information and education | 172,820 | - | 172,820 | 174,243 |
| Membership | 69,535 | - | 69,535 | 39,660 |
| Adoption programmes | 248,489 | - | 248,489 | 271,565 |
| Governance costs | 19,669 | - | 19,669 | 12,000 |
| Total charitable activities expenditure | 1,955,0510 | 120,387 | 2,075,438 | 2,061,500 |
| Total expenditure | 2,738,471 | 120,387 | 2,858,858 | 2,706,273 |
| Net gains on investments | 1,542 | - | 1,542 | - |
| Net income for the year | 976,440 | 8,849 | 985,289 | 57,661 |
| Balances brought forward | 1,111,688 | 63,351 | 1,175,039 | 1,117,378 |
| Balances carried forward | 2,088,128 | 72,200 | 2,160,328 | 1,175,039 |

Whale and Dolphin Conservation
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Notes to the financial statements
Year ended 30 September 2018 (continued)

| | | | |
|----|--|------------------|------------------|
| 4. | Cash flow statement - Charity | 2018 | 2017 |
| | | £ | £ |
| | Net cash inflow from operating activities (note 26) | 545,968 | 261,474 |
| | Capital expenditure and financial investments | | |
| | Payments to acquire tangible fixed assets | <u>(53,284)</u> | <u>(565)</u> |
| | Net cash inflow before management of liquid resources and financing | 492,684 | 260,909 |
| | Increase in cash in the year | <u>492,684</u> | <u>260,909</u> |
| | Reconciliation of net cash flow to movement in net funds | | |
| | Net cash increase in year | 492,684 | 260,909 |
| | Net funds at start of year | <u>1,005,230</u> | <u>744,321</u> |
| | Net funds at end of year | <u>1,497,914</u> | <u>1,005,230</u> |
| | Cash at bank and in hand | <u>1,497,914</u> | <u>1,005,230</u> |
| 5. | Donations and similar income | 2018 | 2017 |
| | | £ | £ |
| | Individuals | 1,286,415 | 1,240,035 |
| | Corporate Partnerships | 1,584,843 | 390,729 |
| | Trusts | 241,347 | 272,819 |
| | Adopt a dolphin donations | 167,170 | 192,746 |
| | Adopt a whale donations | 75,520 | 67,013 |
| | | <u>3,335,295</u> | <u>2,163,342</u> |
| 6. | Legacies | | |
| | 25 legacies were received totalling £650,182 (2017: £558,587 in respect of 35 legacies). | | |
| 7. | Merchandise, cafe, raffle and magazine income | 2018 | 2017 |
| | | £ | £ |
| | Merchandising income | 124,671 | 116,420 |
| | Raffle income | 26,974 | 22,257 |
| | Cafe income | 116,981 | 113,931 |
| | | <u>268,626</u> | <u>252,608</u> |
| 8. | Investment income | 2018 | 2017 |
| | | £ | £ |
| | Interest receivable | <u>4,435</u> | <u>2,677</u> |

Whale and Dolphin Conservation
(Limited by guarantee)

Notes to the financial statements
Year ended 30 September 2018 (continued)

9. Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax is payable in the UK subsidiary in either year due to available trading losses brought forward.

10. Total resources expended

| | Staff costs (note 11) £ | Other direct costs £ | Total 2018 £ | Total 2017 £ |
|--|-------------------------------|----------------------------|--------------------|--------------------|
| Costs of generating funds | | | | |
| Fund raising costs | 467,964 | 324,133 | 792,097 | 664,146 |
| Merchandise, raffle and magazine costs | | | | |
| Cost of merchandise, café sales | - | 103,742 | 103,742 | 97,054 |
| Raffle costs | - | 21,151 | 21,151 | 19,529 |
| Administration costs | 76,804 | 6,116 | 82,920 | 75,511 |
| | <u>544,768</u> | <u>455,142</u> | <u>999,910</u> | <u>856,240</u> |
| Charitable activities | | | | |
| Conservation, campaigns and donations | 1,380,196 | 1,051,785 | 2,431,981 | 2,445,213 |
| Information and education | - | 172,820 | 172,820 | 174,243 |
| Membership | - | 69,535 | 69,535 | 39,660 |
| Adoption programmes | - | 248,489 | 248,489 | 271,565 |
| Governance costs | - | 41,033 | 41,033 | 34,398 |
| | <u>1,380,196</u> | <u>1,583,662</u> | <u>2,963,858</u> | <u>2,965,079</u> |
| | <u>1,924,964</u> | <u>2,038,804</u> | <u>3,963,768</u> | <u>3,821,319</u> |

Other direct costs include:

| | 2018 £ | 2017 £ |
|--|---------------|---------------|
| Auditors' remuneration - group | 19,500 | 15,000 |
| Auditors' remuneration - other auditors | 18,049 | 17,437 |
| Auditors' remuneration - non audit | - | 5,112 |
| Operating lease rentals - land and buildings | 113,952 | 113,318 |
| - plant and machinery | 7,432 | 11,014 |
| Depreciation | <u>16,469</u> | <u>30,725</u> |

11. Trustee remuneration

No remuneration was paid to the trustees and no expense reimbursements were made to trustees in either year.

Whale and Dolphin Conservation
(Limited by guarantee)

Notes to the financial statements
Year ended 30 September 2018 (continued)

12. Staff costs

| | 2018 £ | 2017 £ |
|-------------------------------|------------------|------------------|
| Wages and salaries | 1,688,958 | 1,619,904 |
| Social security costs | 180,563 | 178,842 |
| Other pension costs (note 13) | 55,443 | 55,986 |
| | <u>1,924,964</u> | <u>1,854,732</u> |

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

| | 2018 No. | 2017 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 £271,685 (2017: £256,521). The Trustees receive no remuneration.

13. Number of staff

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

| | 2018 No. | 2017 No. |
|--|-------------|-------------|
| Charitable activities | 37 | 37 |
| Cost of generating funds | 19 | 18 |
| Management and administration of the charity | 10 | 9 |
| | <u>65</u> | <u>64</u> |
| Average number of employees | <u>94</u> | <u>101</u> |

14. 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 £55,443 (2017: £55,986). Pension commitments as at the year-end were £4,771 (2017: £4,675).

Whale and Dolphin Conservation
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Notes to the financial statements
Year ended 30 September 2018 (continued)

15. Tangible fixed assets

| Group | Tenants improvements £ | Fixtures, fittings & equipment £ | Computer equipment £ | Total £ |
|-----------------------------|------------------------------|--|----------------------------|----------------|
| Cost | | | | |
| At beginning of year | 40,000 | 143,579 | 308,594 | 492,173 |
| Additions | - | 58,867 | - | 58,867 |
| At 30 September 2018 | 40,000 | 202,446 | 308,594 | 551,040 |
| Depreciation | | | | |
| At beginning of year | 40,000 | 124,648 | 296,859 | 461,507 |
| Charge for the year | - | 16,081 | 389 | 16,469 |
| At 30 September 2018 | 40,000 | 124,648 | 297,248 | 477,976 |
| Net book value | | | | |
| At 30 September 2018 | - | 61,717 | 11,346 | 73,064 |
| At 30 September 2017 | - | 18,931 | 11,735 | 30,666 |

| Charity | Tenants improvements £ | Fixtures, fittings & equipment £ | Computer equipment £ | Total £ |
|-----------------------------|------------------------------|--|----------------------------|----------------|
| Cost | | | | |
| At beginning of year | 40,000 | 105,457 | 279,937 | 425,394 |
| Additions | - | 53,284 | - | 53,284 |
| At 30 September 2018 | 40,000 | 158,741 | 279,937 | 478,678 |
| Depreciation | | | | |
| At beginning of year | 40,000 | 91,247 | 279,245 | 410,492 |
| Charge for the year | - | 9,153 | 389 | 9,542 |
| At 30 September 2018 | 40,000 | 100,400 | 279,634 | 420,034 |
| Net book value | | | | |
| At 30 September 2018 | - | 58,341 | 303 | 58,644 |
| At 30 September 2017 | - | 14,210 | 692 | 14,902 |

16. Fixed asset investments

| Name of subsidiary | WDC (Trading) Limited | WDC Germany GmbH | WDC (North America) Inc |
|-------------------------|--|---|---|
| Country of registration | England | Germany | USA |
| Registered address | Brookfield House 38 St Paul Street Chippenham SN15 1LJ UK | Implerstrasse 55 81371 Munich Germany | 7 Nelson Street Plymouth 02360 MA USA |
| Company number | 02593116 | HRB126158 | Not applicable |
| Ownership | 100% owned by WDC | 100% owned by WDC | Licence agreement and under the control of WDC through Board membership |

Whale and Dolphin Conservation
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Notes to the financial statements
Year ended 30 September 2018 (continued)

16. Fixed asset investments (continued)

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 | 232,709 | - | 8,943 |
| Event income | - | - | - |
| Legacies | - | - | 167,302 |
| Raffle income | 26,974 | - | - |
| Donations | 30,780 | 518,268 | 380,800 |
| Royalty and other similar income | 5,551 | - | 684 |
| Investment income | - | - | 615 |
| Total income | 296,014 | 518,268 | 558,344 |
| Merchandising and cafe | (186,415) | - | - |
| Event costs | - | - | - |
| Raffle expenditure | (21,151) | - | - |
| Administration expenses | (34,225) | - | - |
| Fundraising costs | - | - | (58,678) |
| Charitable expenses | - | (466,071) | (366,964) |
| Governance costs | (3,315) | (8,703) | (9,348) |
| Total expenses | (245,106) | (474,774) | (434,988) |
| Surplus | 50,908 | 43,494 | 123,356 |

Balance sheets

| | WDC (Trading) £ | WDC GmbH £ | WDC (NA) £ |
|--|-----------------------|------------------|------------------|
| Fixed assets | 5,925 | - | 8,495 |
| Current assets | 60,173 | 128,758 | 286,535 |
| Creditors: amounts falling due within one year | (205,187) | (59,627) | (16,788) |
| Net current (liabilities)/assets | (145,014) | 69,131 | 269,747 |
| Total assets less net current liabilities | (139,089) | 69,131 | 278,242 |
| Creditors: amounts falling due after more than one year | - | - | - |
| Net (liabilities)/assets | (139,089) | 69,131 | 278,242 |

| 17. Stock | Group 2018 £ | Group 2017 £ | Charity 2018 £ | Charity 2017 £ |
|------------------|--------------------|--------------------|----------------------|----------------------|
| Goods for resale | 42,270 | 44,154 | - | - |

Stock recognised in cost of sales during the year as an expense was £126,916 (2017 - £119,561).

Whale and Dolphin Conservation
(Limited by guarantee)

Notes to the financial statements
Year ended 30 September 2018 (continued)

18. Debtors

| | Group 2018 £ | Group 2017 £ | Charity 2018 £ | Charity 2017 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Amounts falling due within one year | | | | |
| Trade debtors | - | 2,221 | - | - |
| Amounts owed by subsidiary undertakings | - | - | 213,292 | 250,373 |
| Less provisions against amounts owed | - | - | (129,520) | (171,474) |
| Prepayments and other accrued income | 817,185 | 271,312 | 803,223 | 261,546 |
| Total | 817,185 | 273,533 | 886,995 | 340,445 |

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 (2017: £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.

19. Current asset investments

| | Group 2018 £ | Group 2017 £ | Charity 2018 £ | Charity 2017 £ |
|-----------------------------|--------------------|--------------------|----------------------|----------------------|
| Cash equivalents on deposit | - | - | - | - |
| Listed investments | 25,366 | - | 25,366 | - |
| Other investments | 153,797 | - | - | - |
| | <u>179,163</u> | <u>-</u> | <u>25,366</u> | <u>-</u> |

20. Contingent assets – legacy income

As of 30 September the charity had been notified of one legacy (2017: 3) with an estimated value of £46,250 (2017: £100,250). This has not been included in the accounts as there was insufficient probability of receipt to enable its inclusion. This remains the situation as at the time of signing the accounts.

21. Creditors

| | Group 2018 £ | Group 2017 £ | Charity 2018 £ | Charity 2017 £ |
|-----------------|--------------------|--------------------|----------------------|----------------------|
| Trade creditors | 122,725 | 95,109 | 99,117 | 50,972 |
| Social security | 29,321 | 28,316 | 29,321 | 28,316 |
| VAT | 15,627 | 9,793 | 1,908 | (1,751) |
| Deferred income | 35,017 | 36,477 | 35,017 | 36,477 |
| Accruals | 174,211 | 103,280 | 143,228 | 71,524 |
| Total | 376,901 | 272,972 | 308,591 | 185,538 |

Whale and Dolphin Conservation
(Limited by guarantee)

Notes to the financial statements
Year ended 30 September 2018 (continued)

22. 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 2018 £ | Group 2017 £ | Charity 2018 £ | Charity 2017 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Balance as at 1 October | 36,477 | 38,396 | 36,477 | 38,396 |
| Released to income earned from charitable activities | (36,477) | (38,396) | (36,477) | (38,396) |
| Deferred in year | 35,017 | 36,477 | 35,017 | 36,477 |
| Balance at 30 September | <u>35,017</u> | <u>36,477</u> | <u>35,017</u> | <u>36,477</u> |

23. Financial commitments

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

| Group | 2018 Other £ | 2018 Land & Buildings £ | 2017 Other £ | 2017 Land & Buildings £ |
|--------------------|-----------------------------|--|-----------------------------|--|
| Expiry date | | | | |
| Within 1 year | 7,006 | 100,810 | 7,036 | 95,027 |
| In 2 to 5 years | 8,457 | 181,047 | 9,459 | 247,390 |
| In over 5 years | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Charity | 2018 Other £ | 2018 Land & Buildings £ | 2017 Other £ | 2017 Land & Buildings £ |
| Expiry date | | | | |
| Within 1 year | 4,444 | 86,139 | 7,036 | 80,518 |
| In 2 to 5 years | 4,557 | 173,387 | 7,767 | 247,380 |
| In over 5 years | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

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 £700,000 (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 £350,000.

Whale and Dolphin Conservation
(Limited by guarantee)

Notes to the financial statements
Year ended 30 September 2018 (continued)

24. Statement of funds

| | Balance at 1 October 2017 £ | Income £ | Expenditure £ | Balance at 30 September 2018 £ |
|--------------------|-----------------------------------|-------------------------|-------------------------|--------------------------------------|
| Group | | | | |
| Operational fund | 650,000 | 3,802,359 | 3,452,359 | 1,000,000 |
| Designated funds | 519,860 | 1,116,527 | 333,485 | 1,302,902 |
| Restricted funds | <u>162,390</u> | <u>209,286</u> | <u>176,443</u> | <u>195,233</u> |
| Total funds | <u><u>1,332,250</u></u> | <u><u>5,128,172</u></u> | <u><u>3,962,287</u></u> | <u><u>2,498,135</u></u> |
| | | | | |
| | Balance at 1 October 2017 £ | Income £ | Expenditure £ | Balance at 30 September 2018 £ |
| Charity | | | | |
| Operational fund | 650,000 | 2,753,443 | 2,403,443 | 1,000,000 |
| Designated funds | 461,688 | 959,925 | 333,485 | 1,088,128 |
| Restricted funds | <u>63,351</u> | <u>129,236</u> | <u>120,387</u> | <u>72,200</u> |
| Total funds | <u><u>1,175,039</u></u> | <u><u>3,842,604</u></u> | <u><u>2,857,315</u></u> | <u><u>2,160,328</u></u> |

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
(Limited by guarantee)

Notes to the financial statements
Year ended 30 September 2018 (continued)

24. Statement of funds (continued)

2017 comparative

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

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

Restricted Fund Balances

| Group | Balance at 30 September 2018 £ | Balance at 30 September 2017 £ |
|---------------------------------|--------------------------------------|--------------------------------------|
| Critical Habitat Fund | 106,485 | 86,284 |
| Biomass Boiler Fund | 46,544 | 46,544 |
| Important Marine Mammal Project | 1,923 | 16,807 |
| Orca Research Projects | 11,284 | 6,155 |
| Project funds | 23,733 | - |
| CRM system Fund US | 3,077 | 4,478 |
| Reward Fund | 1,923 | 1,866 |
| Salt Quay Fund | 264 | 256 |
| | 195,233 | 162,390 |
| Charity | | |
| Biomass Boiler Fund | 46,544 | 46,544 |
| Project funds | 23,733 | - |
| Important Marine Mammal Project | 1,923 | 16,807 |
| | 72,200 | 63,351 |

Whale and Dolphin Conservation
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Notes to the financial statements
Year ended 30 September 2018 (continued)

25. Analysis of net assets between funds

| Group | Restricted funds £ | General funds £ | Total £ |
|---|-----------------------|--------------------|------------------|
| Fund balances at 30 September 2018 are represented by: | | | |
| Tangible fixed assets | - | 73,064 | 73,064 |
| Current assets | 195,233 | 2,606,739 | 2,801,972 |
| Current liabilities | - | (376,901) | (376,901) |
| Total net assets | 195,233 | 2,302,902 | 2,498,135 |

| Charity | Restricted funds £ | General funds £ | Total £ |
|---|-----------------------|--------------------|------------------|
| Fund balances at 30 September 2018 are represented by: | | | |
| Tangible fixed assets | - | 58,644 | 58,644 |
| Current assets | 72,200 | 2,338,075 | 2,410,275 |
| Current liabilities | - | (308,591) | (308,591) |
| Total net assets | 72,200 | 2,088,128 | 2,160,328 |

Analysis of net assets between funds (prior year)

| 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 | 11,645 | 1,111,688 | 1,175,039 |

Whale and Dolphin Conservation
(Limited by guarantee)

Notes to the financial statements
Year ended 30 September 2018 (continued)

26. Reconciliation of net Income/(expenditure) to net cash flow from operating activities

| Consolidated | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Net Income for the reporting period | 1,165,885 | 31,600 |
| Adjustments for: | | |
| Depreciation | 16,469 | 30,725 |
| Increase/(Decrease) in stocks | 1,884 | (1,450) |
| (Increase) in investments | (179,163) | |
| Increase/(Decrease) in debtors | (543,632) | 241,167 |
| Increase in creditors | 103,926 | 21,528 |
| Net cash inflow from operating activities | <u>565,349</u> | <u>323,570</u> |

Reconciliation of net income to net cash flow from operating activities

Charity

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Net income for the reporting period | 985,289 | 57,660 |
| Adjustments for: | | |
| Depreciation charges | 9,542 | 23,277 |
| (Increase) in investments | (25,366) | - |
| (Increase)/Decrease in debtors | (546,550) | 182,711 |
| Increase/(Decrease) in creditors | 123,053 | (2,174) |
| Net cash inflow from operating activities | <u>545,968</u> | <u>261,474</u> |

27. Related party transactions

The related party transactions entered into by the charity are detailed below. All transactions that arose were in the normal course of business.

The charity invoiced WDC (Trading) Ltd £82,673 (2017: £73,736) for management charges provided by the charity. An interest charge of £1,305 (2017: £1,215) was made by the charity to the Trading company during the year. During the year WDC (Trading) Ltd repaid £45,453 (2017: £38,230) of the amount owed to the charity. A balance of £178,451 (2017: £223,904) was owed to the charity by WDC (Trading) Ltd at the year end.

A grant of £3,080 was paid to WDC (NA) during the year to support their projects. A balance of £12,840 (2017: £5,718) was owed to the charity by WDC (NA) at the year end.

WDC Germany owed the charity £20,932 (2017: £26,256) at year end.

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 £8,953 (2017: £11,933) to support their campaigns and conservation projects.