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Chantrey Vellacott DFK LLP

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

Report and financial statements

30 September 2010

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

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Legal and administrative information

Trustees

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

John Gerard-Leigh (Chairman)
Johnny Reed
Percy Kelland
Countess of Antrim
Sandra Pope
George Adams (appointed 23 November 2009)

Chief Executive

Chris Butler-Stroud

Registered office and principal office

Brookfield House
38 St. Paul Street
Chippenham
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SN15 1LJ

Auditor

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Investment Managers

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4th Floor, Tay House
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Glasgow
G2 4LH

Bankers

Barclays Bank plc
99 Hatton Garden
London
EC1N 8DN

Solicitors

Withy King
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Queen Square
Bath
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Chantrey Vellacott DFK LLP

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Report of the Trustees

The trustees, who are also directors of the charity for the purposes of the Companies Act, present their report (which incorporates the report of the directors) and the audited financial statements of Whale and Dolphin Conservation Society (WDCS or the charity) and its subsidiaries (together, the group) for the year ended 30 September 2010.

Structure, governance and management

Governing document

The charity is an incorporated legal entity limited by guarantee, the business of which is governed by its Memorandum and Articles of Association dated 17 November 2008. It is registered as a charity with the Charity Commission. There are currently six trustees on the board.

Appointment of trustees

Trustees are appointed by the board of trustees by a majority vote. Trustees serve for a three year period and may then be re-elected.

Trustee induction

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

Organisation

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

Related parties

The charity has three subsidiaries. The trading subsidiary, WDCS (Trading) Ltd., raises income through merchandise, licensing and lotteries. It gift aids all its taxable profits to the charity. WDCS Germany GmbH, a charitable company under German regulations, was founded to expand awareness of WDCS' work within Germany and German speaking EU countries. WDCS (North America) Inc; a charitable company under United States regulations, is an organisation with similar aims and objectives as WDCS. The organisation raises funds, mainly via a whale adoption programme formerly run by the International Wildlife Coalition. WDCS (North America) Inc. has developed a programme of policy work to enhance international and national efforts of the charity.

The charity also financially supports the connected charity WDCS Australasia, which was established in October 2003. As well as funding the set up period of this related party, which has similar aims and objectives to the UK based charity, WDCS also provides management advice as and when required by WDCS Australasia. WDCS Australasia continues to assist in the delivery of WDCS policy work, both within Australia and New Zealand and internationally.

Risk management

The trustees have overall responsibility for ensuring that the charity has appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 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.

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

These risks and controls are reviewed by the trustees on a regular basis.

Objectives and activities

The objectives of WDCS are:

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

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

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

As a global voice for whales and dolphins, during the year, WDCS has achieved some great things. However, we could not have done any of it without the support of the public and the many institutions and individuals that share our vision of a better future for whales and dolphins.

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

Summary

There are many challenges ahead of us, and the successes you will read about in this Report give us hope for the future. The WDCS Protect Our Dolphins campaign in Scotland has achieved some notable successes: keeping NATO military exercises out of the Moray Firth; limiting marina development and preventing the exploration for oil and gas in what is a European Protected Area designated specifically to protect the charismatic but vulnerable dolphins of the Moray Firth. We continue to fight on all these fronts as the battle to gain real and lasting protection for these amazing animals is an ongoing one. WDCS is also continuing to develop important education and conservation projects around the world, including reaching even more children through our education work in

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Report of the Trustees (continued)

Summary (continued)

Scotland, expanding our Pier2Pier and Dolphin Diploma initiatives to areas such as Haiti, educating the public about drive hunts in the US, and developing a Japanese website for children.

We are proud to say that with the support of the public we have campaigned successfully to keep the current commercial whaling ban in place. However, some nations continue to kill whales and the frightening prospect of the ban being lifted remains a very real one. There are tough times ahead but together we can make the world's oceans and rivers a safer place for these remarkable animals.

We have continued to organize ourselves to further improve the quality of our delivery and our planning to increasingly introduce milestones towards specific campaign objectives that we shall be sharing with all stakeholders. We also increasingly wish to demonstrate how WDSC can reach successes in our campaigns with partners and the public. We shall be increasingly introducing accountability reporting methods that demonstrate how working together with public support we are pursuing the agenda of a growing number of people around the globe that wish to see the benefit of protecting these remarkable creatures.

Whaling

Problem: Despite a ban on commercial whaling, Norway, Iceland and Japan continue to exploit loopholes in international regulations to kill thousands of whales each year between them and are expanding their international trade in whale products. Our aim is to exert political and public advocacy to bring an end to all commercial whaling for good. Under pressure from the whalers claiming the International Whaling Commission ('IWC') had become a dysfunctional entity, some countries have been willing to contemplate a return to commercial whaling in the guise of 'coastal whaling'. They, falsely, we believe, argue that whilst commercial, it would be limited and therefore not an amendment of the moratorium.

Problem: Countries such as Greenland have been increasingly allowing a blurring of the accepted definition of Aboriginal Subsistence Whaling ('ASW') to allow for increased commercialization of what once were necessary hunts to feed communities. WDSC is opposed to the commercialization of these hunts and has been seeking stricter controls on hunts that claim to be ASW.

Successes, solutions and disappointments

Despite a concerted effort by a range of countries to support the IWC Chairman's proposal to see an introduction of coastal commercial whaling, we are pleased to report that WDSC helped maintain the ban on international commercial whaling and trade in whale products, persuading governments and influential organizations that this important ban should remain in place and not be circumvented by inventing some new classification of commercial whaling, which is what the Chairman's proposal would have done.

WDSC produced a report on our investigation on the development of alternative commercial products to whale meat and oil in the form of pharmaceuticals, health supplements and animal feed. The report, 'Reinventing the Whale', which is available at the WDSC website, played a critical role in illustrating to IWC delegates that any legalization of commercial whaling would eventually lead to escalating levels of whales being killed for these new and potentially high growth markets.

WDSC continued our successful relationship with Sea Life to oppose moves for a return of legalized commercial whaling. Visitors to Sea Life's 31 centres around the world signed more than 200,000 'Stop Whaling' postcards for delivery to the EU calling on Member States to oppose whaling. The cards were presented to the EU Environment Commissioner in Brussels and we believe helped cement the EU's member nations opposition to commercial whaling at the IWC Agadir meeting.

In November 2009, together with Sea Life we launched a unique event: the Junior Whale Conference. The two-day event, held at the Alton Towers Resort, saw delegates from nine schools across the UK debate the controversial whaling issue. Our very enthusiastic young conservationists were given the chance to find out more about the history of whaling and the politics and ethics behind the current whaling debate. WDSC is represented at the IWC each year, and some of the arguments and views expressed by these youngsters helped us develop our own arguments and lend extra weight to them.

In highlighting the threat of Icelandic whaling we complemented above campaigns in the UK and US by securing the support of a number of supermarkets for our campaign not to purchase 'fish from whalers', specifically with reference to Icelandic whaling. The campaign also got enormous exposure through our relationship with the Sea Life group of aquaria in the US and across Europe. Some ten million people were exposed to the whaling campaign and this resulted in WDSC becoming a major voice when discussing these issues with the respective governments.

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Report of the Trustees (continued)

Successes, solutions and disappointments (continued)

Unfortunately the Danish Government was successful in persuading the IWC to grant the Greenlandic whalers an additional quota on humpbacks. WDCS had presented results of an undercover investigation into the increased commercialization of the hunt, even demonstrating that tourists were consuming whale meat meant for indigenous peoples. However, despite eloquent opposition from the *Buenos Aires Group* of Latin American countries and others, IWC delegates were concerned at the prospect at their opposition being used by Japan to refuse to continue negotiating on any reduction of their commercial whaling and granted a quota of humpbacks. Opposition to the move did secure an overall reduction in the number of other whales killed in Greenland, but WDCS was saddened to see this escalation on non-ASW whaling being officially sanctioned. WDCS remains committed to pursuing this issue and shall continue to campaign to see all so-called aboriginal subsistence whaling fulfil the requirements of a true and faithful definition of ASW.

How supporters and members of the public helped

Public support for our first Walk for Whales in July 2009 raised vital funds for our Stop Whaling campaign. In partnership with Sea Life we held 11 walks around the UK, and members of the public turned out in their hundreds. Some walkers were as young as four and many travelled hundreds of miles to take part. The money raised helped ensure that our experts were at the International Whaling Commission intercessional meetings to fight proposed plans to allow Greenland to further increase the number of humpbacks it hunts and kills each year.

Another great success was our Abseil for the Whale that saw supporters abseil 100 feet down Bristol's Avon Gorge as part of our campaign to bring an end to commercial whaling. WDCS patron and TV presenter, Miranda Krestovnikoff, together with some of our amazing supporters and representatives from local business, went 'over the edge' to raise funds.

Our special thanks go to Peter Hall and Hunter Hall Investment Management who has been a fundamental supporter of our anti-whaling work. Peter's passion and commitment to whales is unquestioned and all at WDCS are grateful for his ongoing support.

The UK – Protecting our Dolphins

Problem: The dolphins of the Moray Firth are an amazing group of animals and a much-loved part of Scotland's natural heritage, but they are also vulnerable. Our *Protect Our Dolphins* campaign aims to ensure that these animals have a future by helping to strengthen their legal protection, by seeking to ensure the appropriate regulation of all industries that threaten their environment and by campaigning to change the way we the public behave around them.

Successes

We were once again successful in stopping seismic surveys for oil and gas in the Moray Firth close to the European Special Area of Conservation (SAC), whilst pursuing more research to assess the risks of this growing potential threat.

Through extensive field research and lobbying we made the Ministry of Defence aware of the level of protection of the bottlenose dolphins, and as a result they reconsidered conducting part of their military Joint Warrior in the Moray Firth.

We also provided important expertise into a study into the economic value of the Moray Firth dolphins. Demonstrating how much these special animals bring to Scotland's economy will help us gain support for protecting them. In this regard we continued our support of a responsible dolphin watching industry through the Dolphin Space programme but are reviewing how WDCS investment into this programme should develop in the coming years.

We were successful in contributing to the achievement of a new Marine Act for Scotland – which we are working hard to ensure will offer additional protection to the bottlenose dolphins and all whales and dolphins throughout Scotland.

How supporters and members of the public helped

Many supporters and members of the public have been getting out to the Scottish coastline to look out for whales and dolphins through the WDCS Shorewatch initiative. Important data was collected, which helps us to understand more about where these animals are and what threats they may be faced with. The more we understand, the better protection we can provide, and we hope that Shorewatch will go from strength to strength in the coming years.

Whale and Dolphin Conservation Society (Limited by guarantee)

Report of the Trustees (continued)

How supporters and members of the public helped

During the year, some 60,000 visitors passed through the doors of the WDCS Wildlife Centre at Spey Bay and a further 20,000 came to the WDCS Dolphin and Seal Centre at North Kessock. In addition, we welcomed a large number of schools and university visits to our new education room at the WDCS Wildlife Centre where we were able to engage 1,490 conservationists of the future with the issues facing their local dolphins. This great space was kindly funded by Scottish National Heritage, The Baxters Foundation and Moray Leader. And the generosity shown by our supporters and members of the public generated around £90,000 in revenue from the shops at both Centres and also through kind donations.

WDCS patron and TV presenter Monty Halls bravely took on the gruelling London Marathon and with the help of WDCS supporters he raised £9,500 for the campaign.

Anti- Captivity

Problem: WDCS understands why people love whales and dolphins and their desire to see them up-close, but keeping them in captivity inflicts cruelty and suffering. These wide-ranging, social animals are forced to live in confined spaces and suffer lower life expectancy and higher infant mortality than in the wild. WDCS is working for a world where whales and dolphins are no longer subjected to this cruelty and where existing captive cetaceans have a chance at being free or at least retired to a sea pen home.

Successes and solutions in progress

Germany: After the devastating news of six bottlenose dolphins dying in one year at Nuremburg Zoo, WDCS won an important legal battle against the City of Nuremburg to grant us full access to information relating to the conditions of the dolphins kept at the zoo. The information obtained will enable us to conduct an independent review of dolphin deaths there. We hope this will stop similar tragedies in other facilities in Europe.

Austria: Following reports that a new dolphinarium was being proposed in Austria, we conducted a nationwide media campaign to expose the cruelty of live captures, trade and confinement. As a result, the responsible Austrian Ministry publicly stated that the dolphinarium project will not go ahead.

Croatia: In response to the guidance and information provided by WDCS relating to whales and dolphins in captivity, Croatia has now made it illegal to keep dolphins in captivity for commercial exploitation.

USA: We have made strong recommendations to the US Government regarding the public display of whales and dolphins to strengthen the regulations for marine parks and aquaria under the US Marine Mammal Protection Act. WDCS also supported and helped promote the international release of *The Cove*, a documentary detailing the inhumane drive hunts in Japan, which won the Oscar for Best Documentary in March 2010. We also participated in the Dominican Republic Film Festival as a panel expert.

WDCS was called upon to advise the public and governments further to the tragic death of a SeaWorld trainer at the 'hands' of a captive orca, Tilikum. WDCS extensive knowledge of orcas in the wild and captivity uniquely placed us to comment on this issue. WDCS is continuing to cooperate with US officials investigating the death and the role of orca captivity in the tragedy.

International: WDCS has continued to develop our project with Merlin Entertainments to rehabilitate and retire and where possible release, dolphins that come into Merlin Entertainments hands as they continue their global expansion. During the year we have worked with Merlin on protocols for any new such establishment and care programs for the dolphins. In the coming year we hope to identify and secure a location for the current small number of dolphins in Merlin's care, but together look to provide a real alternative to the cruel practice of keeping whales and dolphins in captivity.

How supporters and members of the public helped

We are proud to see a number of younger supporters coming on board to help our campaigns, leaving us feeling positive that today's children are becoming more aware of conservation and wildlife issues. Talented students at the Leesburg High School in Florida, USA wrote and performed a powerful rap, which can be seen on YouTube and the WDCS website. The students are now working with WDCS to arrange a trip to OrcaLab, the home of WDCS's adoption orcas in British Columbia.

In Geneva, Switzerland, 11-year-old student, Jack Davis wrote a report and produced a sculpture to demonstrate his feelings about orcas in captivity. For his last few birthdays he has asked for donations to WDCS instead of presents!

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Report of the Trustees (continued)

Securing Regions Case Study – River Dolphins

Problem: The river dolphins found in South America and Asia are among the most endangered mammals in the world. The world has recently lost one species forever (the baiji) and the few surviving species, like the Amazon river dolphin, are under increasing threat. WDCS works to support conservation projects and research to help the animals and their habitats, and also the local communities who live alongside them.

Successes and solutions

WDCS alongside regional partners produced the regional action plan for South American river dolphins. This fundamental blueprint will act as a foundation for collective and pan-regional action to protect and conserve river dolphins and is a major step forward to securing these highly endangered cetaceans' future.

In South America in partnership with a local conservation foundation, Natútama, WDCS has developed a successful model for working with Amazon indigenous communities in Colombia, to protect river dolphins and local wildlife. Central to this work is the interpretation centre in Puerto Nariño, which provides jobs and an important focal point for visitors and local communities, and which has seen thousands of visitors walk through its doors in the past year. We would like to see this type of initiative roll out to other Amazon countries.

WDCS continues to help work with local children through a dedicated, year-round education programme in schools (and an ecology club at weekends), to communicate and promote key conservation messages and to ensure local knowledge about wildlife conservation is not lost.

WDCS continued its efforts to help communities set up alternative livelihoods that do not impact on the dolphin populations. This includes helping a group of Ticuna women in a new venture to recover the value of fish caught by fishermen, but damaged by predators. The cooperative processes the meat to make fish burgers. The fishermen get better value for the fish and indigenous family incomes are enhanced.

How supporters and members of the public helped

Thanks to support, WDCS is also able to fund a conservation programme in Puerto Nariño to protect river dolphins and their habitats. Thanks to continued support local wildlife guardians carry out regular surveys in the area and report any problems so that they can be dealt with by the team. Working alongside the local Ticuna community, we have implemented protection measures for river dolphins and associated endangered species.

WDCS has an increasingly sophisticated regional seas programme. More details about WDCS success in working with local people around the world, especially in places such as the Pacific Island Region, can be found on the WDCS website at www.wdcs.org for a full round up of our extensive work that supporters and members of the public have made happen.

Creating Homes for Whales

Problem: The critical habitat that is essential for whales and dolphins' survival is increasingly under threat. WDCS believes that conservation led marine protected areas are an essential tool in securing better protection for whales and dolphins and all marine species.

Around the world, there are many key marine areas that are critical as homes for whales and dolphins, and others that are key migratory routes. WDCS is committed to protecting the places where whales and dolphins live to ensure their future. WDCS's goal is to help design and create 12 large 'safe havens' or Marine Protected Areas (MPAs) for whales and dolphins by 2012.

One example is that WDCS has been working as part of the Save Our Marine Life coalition towards a network of Marine Protected Areas in the west of Australia that will be a safe haven for whales and dolphins.

We have been engaging other non-governmental organizations and countries to support the creation of new Special Areas of Conservation ('SAC's) for harbour porpoises in European waters.

We shall be bringing more information on these exciting campaigns as they develop through the year.

Responsible Whale and Dolphin Watching

Problem: WDCS does not want to deny people the great pleasure of watching whales and dolphins at sea, but is committed to ensuring that this increasingly popular pastime is managed with minimal disturbance to the animals themselves.

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Report of the Trustees (continued)

Successes and solutions

To this end WDCS has developed Whale SENSE, a responsible whale-watching programme to protect whales and increase outreach to passengers on the US east coast.

In a similar vein this year has also seen the expansion of our Dolphin SMART programme to the western coastline of Florida, with participating vessel operators now in Alabama, Florida and, in the near future, Hawaii.

We have expanded our youth whale and dolphin awareness programme, Pier2Pier, and Dolphin Diploma programmes to Haiti through our continuing development of an education, research and ecotourism project in the country, promoting marine mammal protection and sustainable tourism.

Ethics

Problem: There are 83 species of cetaceans. Each and every one is under significant threat from human activities. Each and every individual, each family, each community and each social group of cetaceans is impacted by human activities in their environments. There is no corner of the Earth where our activities do not influence the lives of cetaceans in one way or another. Cetaceans' right to the freedom to go about their daily lives unharmed and in peace is infringed upon on a daily basis.

One of the greatest challenges for the 21st Century will be shifting human thinking towards a recognition that 'protection' is about more than just traditional species conservation; there are other sentient non-human animals that are as deserving of protection at the individuals level as we humans. The philosopher Thomas I White argues that dolphins qualify for moral standing as individuals and asks whether our actions toward them are ethically defensible. WDCS asks the same question for all cetacean species.

Successes and solutions

WDCS hosted the first international symposium on the ethics and rights of cetaceans in modern conservation. Philosophers, conservationists and scientists meeting in Helsinki, Finland, reviewed the current understanding of these multi-faceted issues and came out with a Declaration of Whale and Dolphin rights which has subsequently been signed by many of the leading scientists and policy makers around the world.

WDCS will continue to explore this challenging and dynamic area of cetacean protection and we hope to see the issue start to be addressed by more international conventions and agreements as time passes.

The future

Once again the new financial year presents many more challenges to both whales and dolphins and WDCS. The world economic downturn does not give any indication of reversing quickly, however, with the help of our supporters WDCS is determined to rise to the task.

We look forward to further developing our work with partners such as Merlin Entertainments Ltd. and Sea Life.

With continued support some of our major objectives for the coming year are;

Anti-Whaling

1. Continue to protect the commercial whaling moratorium and oppose all attempts to circumvent the ban.
2. Ensure Iceland cannot join the EU whilst still whaling.
3. Deny Icelandic whalers access to European markets for their fish products and so incentivise the divestment out of commercial whaling.
4. Initiate a full review of the IWC's criteria for allocating ASW quotas.

Anti-Captivity

1. Achieve the successful retirement and/or release of Merlin's dolphins and establish precedence for 'retiring' bottlenose dolphins.
2. Secure awareness of the failure of regulations to protect whales and dolphins in European dolphinariums and campaign for specific improvements including a ban on all future imports.

Whale and Dolphin Conservation Society (Limited by guarantee)

Report of the Trustees (continued)

Securing regions

1. North East Atlantic and Baltic (ASCOBANS): Ensure full compliance with existing resolutions - Build on the political review initiated by WDCS to maintain pressure on ASCOBANS countries to live up to their commitments.
2. Mediterranean (ACCOBAMS): Pursue a complaint within the Bern Convention in response to the failed implementation of conservation action by the Greek government for common dolphins.
3. Scotland: Secure protection for cetaceans in the new Marine (Scotland) Act; including specific provisions for creating large highly-protected zones for marine wildlife and achieve four identified UK MPAs as well as mitigate energy development impacts.
4. Pacific Island Region: focus on bycatch, habitat, importance of biodiversity, and increasing in-country research capacity.
5. North America (NA): Secure the success of the WDCS sponsored lobster sink-line initiative in reducing bycatch of critically endangered right whales.

Ethics

1. Explore and summarise current scientific knowledge about cetacean cognition, culture and complexity of cetacean societies. Contrast with how cetaceans are perceived in different human cultures.
2. Raise questions about how we must now change our relationship with cetaceans over the coming century.

We are undertaking a full review of all our regional seas initiatives and hope to bring you more detailed reports on our work as we progress.

The ongoing commitment of our individual supporters, partners and funders is vital if we are to achieve our global and ambitious goals in the increasingly challenging economic environment.

Financial review

Although WDCS felt the effects of the recession, close financial management meant that the organization was able to match spending to income levels and generate a consolidated net income of £269,734 for the year, which will help the charity weather the current difficult economic circumstances.

There were mixed results for our subsidiary companies. The German organization operated with a net loss of just over £7k. Germany is now increasing its level of supporters and operating some very high profile campaigns, making good use of the internet to raise its profile. We hope to return to at least a break even position in Germany during 2011/12. WDCS Trading Ltd returned a modest net income of £4.5k. The Trustees have reviewed 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. The North American subsidiary returned net income of £55k. This was in large part due to an unexpected but welcome legacy. The new program of marketing initiatives begun in 2008-09 has also produced good results and means that the North American operation is repaying the loans made over the last few years.

During 2009-10 the WDCS UK charity generated net income of £272k. We consider that, in this climate, the charity is acting prudently to ensure our work can continue. We were operating in the previous year with a reserve level below our target, and it was a priority to match spending to secured funds.

Donation income amounted to £2,671,181 – an increase over last year. Income from legacies was lower than last year but still a significant contribution. This latter area of revenue is a difficult income stream to predict although over the long-term, as WDCS matures as a charity, this income is on an upward projection. WDCS is continuing to try to reduce dependency on direct marketing income and to increase activity in other areas, such as major giving. We have invested in our major giving team and have seen an increase in our income from Trusts this year.

Overall, our income remained relatively stable. We were able to slightly reduce our fundraising costs. We continue to closely match our expenditure to our income streams and worked hard to build up our reserves, which for many years have been not sufficient to support a charity of our size and activity.

WDCS has been in negotiation with HMRC since 2008 regarding the application of the rules relating to VAT partial exemption for the period from 2005. Subsequent to the year end, these negotiations were concluded resulting in a VAT repayment from HMRC of £202,185 and a payment to HMRC of £32,885.

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Report of the Trustees (continued)

Volunteers

The charity benefits hugely from the dedication of many volunteers who are involved in charitable activities and the administration of the charity. We calculate that our volunteers contributed 15,457 hours (2009 – 14,054), 61% (2009- 56%) of which were in our Wildlife Centres in Scotland.

Reserves policy

WDCS has a policy of continually reviewing the reserves position, to ensure it holds sufficient financial reserves to fund current and future trading. Our objective is to maintain the level of reserves appropriate to keep pace with the development of WDCS. Reserves are held to cover cash flow fluctuations, provide emergency cover and to provide for unforeseen opportunities. The trustees have determined that the reserve level which will meet these objectives is £430,000 in unrestricted funds.

At the end of the year the group had reserves of £527,727 of which £489,366 represents unrestricted funds. This represents a significant increase in unrestricted funds for WDCS, and we have met our reserve objective. Our intention is to invest in projects this year that will bring us to our reserve target.

Statement of trustees' responsibilities

The trustees (who are also directors of Whale and Dolphin Conservation Society 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 charity and of its incoming resources and application of resources, including the income and expenditure, of the charity 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 judgements 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 charity 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 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 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 legislations in other jurisdictions.

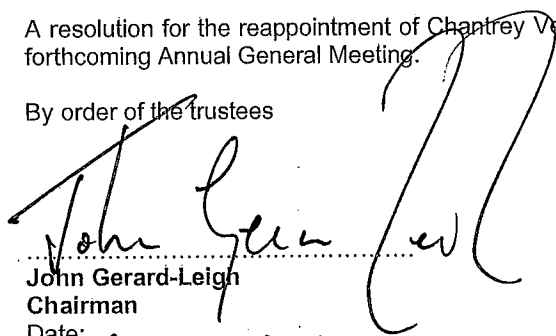
**Whale and Dolphin Conservation Society
(Limited by guarantee)**

Report of the Trustees (continued)

Auditor

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

By order of the trustees



John Gerard-Leigh
Chairman

Date: 23 May 2011

Chantrey Vellacott DFK LLP

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

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

We have audited the financial statements of Whale and Dolphin Conservation Society for the year ended 30 September 2010 which comprise the consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the consolidated Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Charity members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the Charity's Trustees, as a body, in accordance with Section 44 (1)(c) of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the Charity members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Report of the Trustees (incorporating a directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Report of the Trustees (incorporating a directors' report) is consistent with those financial statements.

We also report to you if, in our opinion, the Charity has not adequate and proper accounting records, if the charity's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read other information contained in the Report of the Trustees (incorporating a directors' report) and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Charity's circumstances, consistently applied and adequately disclosed.

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

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the group and charity's affairs as at 30 September 2010 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Report of the Trustees (incorporating a directors' report) is consistent with the financial statements.

Chantrey Vellacott DFK LLP

Chantrey Vellacott DFK LLP

SALLY JAYNE BONNER FCA (Senior Statutory Auditor)
for and on behalf of CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
READING

Date 23/5/11

Chantrey Vellacott DFK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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

**Consolidated statement of financial activities
Year ended 30 September 2010
(including an income and expenditure account)**

	Note	Unrestricted funds £	Restricted funds £	Total funds 2010 £	Total funds 2009 £
Incoming resources					
Incoming resources from generated funds					
Donations and similar income	4	2,530,784	140,397	2,671,181	2,356,094
Legacies	5	116,237	-	116,237	229,630
Merchandise, raffle, and magazine income	6	142,036	-	142,036	138,682
Royalty and other similar income		54,940	-	54,940	50,966
Investment income	7	521	-	521	4,079
		<u>2,844,518</u>	<u>140,397</u>	<u>2,984,915</u>	<u>2,779,451</u>
Incoming resources from charitable activities					
Membership		142,631	-	142,631	166,258
Out of the Blue		3,641	-	3,641	7,688
Adoption programmes		909,902	-	909,902	1,078,139
		<u>1,056,174</u>	<u>-</u>	<u>1,056,174</u>	<u>1,252,085</u>
Total incoming resources		<u>3,900,692</u>	<u>140,397</u>	<u>4,041,089</u>	<u>4,031,536</u>
Resources expended					
Costs of generating funds					
Fund raising costs		733,533	-	733,533	812,709
Merchandise, raffle and magazine costs		149,052	-	149,052	184,657
		<u>882,585</u>	<u>-</u>	<u>882,585</u>	<u>997,366</u>
Charitable activities					
Conservation and campaigns		2,184,810	163,675	2,348,485	2,309,210
Donations		15,865	-	15,865	79,076
Out of the Blue costs		-	-	-	3,373
Information and education		182,302	-	182,302	187,222
Membership		8,200	-	8,200	4,010
Adoption programmes		362,535	-	362,535	380,143
(Recoverable)/Unrecoverable VAT		(41,828)	-	(41,828)	(58,391)
		<u>2,711,884</u>	<u>163,675</u>	<u>2,875,559</u>	<u>2,904,643</u>
Governance costs		<u>13,211</u>	<u>-</u>	<u>13,211</u>	<u>13,287</u>
Total resources expended	9	<u>3,607,680</u>	<u>163,675</u>	<u>3,771,355</u>	<u>3,915,296</u>
Net movement in funds, being net income/(expenditure) for the year		<u>293,012</u>	<u>(23,278)</u>	<u>269,734</u>	<u>116,240</u>
Unrealised gains/(losses) on investments		-	-	-	(544)
Balances brought forward		<u>196,354</u>	<u>61,639</u>	<u>257,993</u>	<u>142,297</u>
Balances carried forward	21	<u>489,366</u>	<u>38,361</u>	<u>527,727</u>	<u>257,993</u>

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

The notes on pages 17 to 28 form part of these financial statements.

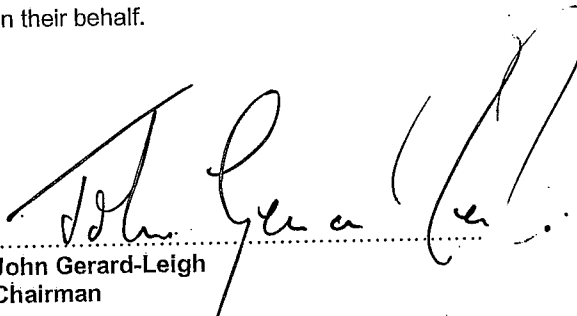
**Whale and Dolphin Conservation Society
(Limited by guarantee)**

**Balance sheets
30 September 2010**

	Note	Group 2010 £	Group 2009 £	Charity 2010 £	Charity 2009 £
Fixed assets					
Tangible fixed assets	14	39,824	93,707	35,833	88,771
Investments	15	-	45,797	-	45,797
		<u>39,824</u>	<u>139,504</u>	<u>35,833</u>	<u>134,568</u>
Current assets					
Stock	16	40,651	39,285	-	-
Debtors	17	170,264	191,742	178,778	202,340
Cash at bank & in hand		715,642	532,697	622,804	347,949
		<u>926,557</u>	<u>763,724</u>	<u>801,582</u>	<u>550,289</u>
Creditors: amounts falling due within one year	18	<u>(438,654)</u>	<u>(611,747)</u>	<u>(283,643)</u>	<u>(369,150)</u>
Net current assets		<u>487,903</u>	<u>151,977</u>	<u>517,939</u>	<u>181,139</u>
Total assets less current liabilities		<u>527,727</u>	<u>291,481</u>	<u>553,772</u>	<u>315,707</u>
Creditors: amounts falling due after more than one year	19	-	(33,488)	-	(33,488)
Total net assets		<u><u>527,727</u></u>	<u><u>257,993</u></u>	<u><u>553,772</u></u>	<u><u>282,219</u></u>
Unrestricted funds	21	489,366	196,354	523,410	228,442
Restricted funds	21	38,361	61,639	30,362	53,777
Total funds		<u><u>527,727</u></u>	<u><u>257,993</u></u>	<u><u>553,772</u></u>	<u><u>282,219</u></u>

Chantrey Vellacott DFKLLP

These financial statements were approved and authorised for issue by the trustees on 23 May 2011 and signed on their behalf.



 John Gerard-Leigh
 Chairman

The notes on pages 17 to 28 form part of these financial statements.

Registered number: 2737421

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

**Consolidated cash flow statement
30 September 2010**

	2010 £	2009 £
Net cash inflow from operating activities (note 23)	229,803	314,701
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	-	(4,509)
Net cash inflow/(outflow) before management of liquid resources and financing	229,803	310,192
New hire purchase and finance lease Capital elements of lease payment	(46,858)	(49,499)
Increase/(decrease) in cash in the year	182,945	260,693
Reconciliation of net cash flow to movement in net funds		
Net cash increase/(decrease) in year	182,945	260,693
Net funds at start of year	532,697	272,004
Net funds at end of year	715,642	532,697
Cash at bank and in hand	715,642	532,697

Chantrey Vellacott DFKLLP

The notes on pages 17 to 28 form part of these financial statements.

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

**Notes to the financial statements
Year ended 30 September 2010**

1. Company status

The Whale and Dolphin Conservation Society (WDSCS) 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 2010 there were six members.

2. Accounting policies

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

a) Basis of accounting

The financial statements have been prepared under the historical cost convention rules and in accordance with Statement of Recommended Practice "Accounting and Reporting by Charities", issued in March 2005, applicable accounting standards and the Companies Act 2006.

The trustees consider that the consolidated statement of financial activities presented contains all the information of income and expenditure required by the Companies Act and is more appropriate to the activities of the charity than the formats for profit and loss as laid down in the Companies Act 2006.

b) Basis of consolidation

The group accounts consolidate the accounts of the WDSCS and its subsidiary undertakings on a line by line basis. The accounts are made up to 30 September 2010.

In accordance with the Companies Act 2006 WDSCS is exempt from the requirement to present its own statement of financial activities. Net movement in funds for the year ended 30 September 2010 for the charity was a surplus of £271,553.

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

c) Investments

Investments in listed securities are stated in the balance sheet at their market value as at the balance sheet date. All movements in value arising from investment changes or revaluation are recognised in the consolidated statement of financial activities. Realised gains or losses on investments are calculated as the difference between the disposal proceeds and the balance sheet value. Unrealised gains or losses are derived from the movement on market values during the year.

Investment income is the amount receivable for the year.

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

**Notes to the financial statements
Year ended 30 September 2010 (continued)**

2. Accounting policies (continued)

d) Income

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

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

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

e) Fixed assets and depreciation

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) Expenditure

All expenditure is accounted for on an accruals basis.

Expenditure categories include support costs (wages and salaries, rent, rates, depreciation and sundry other), which are allocated based on staff numbers, head count or asset value as appropriate.

g) Charitable expenditure

Certain expenditure is directly attributable to charitable activities and has been included in this cost category. Where costs cannot be directly attributed to specific activities, they have been allocated to activities on a basis consistent with the use of the resources.

h) Grant making

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

Applications are submitted in a specific format and reviewed by the WDCS panel of staff and consultants. Projects are monitored on a regular basis and a final report is submitted for each project. The liability for the grant is recognised at the point that the contract is signed and authorised by the Chief Executive. Grants awarded during the year did not exceed 5% of total resources expended.

i) Donations

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

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

**Notes to the financial statements
Year ended 30 September 2010 (continued)**

2. Accounting policies (continued)

j) Taxation

The society was registered as a charity in August 1992. Under s505 ICTA 1988 the charity is not subject to taxation on its charitable activities.

The profits of the non-charitable UK subsidiary are normally gift aided to the parent company, any surplus remaining is subject to a taxation charge. The charge for taxation is based on the result for the year. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not covered by the balance sheet date, except as otherwise required by FRS 19.

k) Leases

All leases entered into are operating leases. The rental charges are charged to the statement of financial activities on a straight line basis over the life of the lease.

l) Pensions

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

m) Foreign currencies

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

n) Fund accounting

The charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

Restricted income funds

Donations or legacies which are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the organisation. From these funds, the donation and income deriving there from may be utilised in accordance with the specific purposes.

General funds

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

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

**Notes to the financial statements
Year ended 30 September 2010 (continued)**

3. Cash flow statement - Charity

	2010 £	2009 £
Net incoming resources	271,553	129,604
Depreciation	52,938	57,264
Unrealised loss on investments	-	544
Gain on disposal of assets	-	(2)
Decrease in investments	45,797	-
Decrease/(increase) in debtors	23,562	7,285
Increase/(decrease) in creditors	(72,137)	50,915
	<hr/>	<hr/>
Net cash inflow from operating activities	321,713	245,610
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets	-	(1,804)
	<hr/>	<hr/>
Net cash inflow before management of liquid resources and financing	321,713	243,806
New hire purchase and finance lease Capital elements of lease payment	-	-
	(46,858)	(49,499)
	<hr/>	<hr/>
Increase in cash in the year	274,855	194,307
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net cash flow to movement in net funds		
Net cash increase in year	274,855	194,307
Net funds at start of year	347,949	153,642
	<hr/>	<hr/>
Net funds at end of year	622,804	347,949
	<hr/> <hr/>	<hr/> <hr/>
Cash at bank and in hand	622,804	347,949
	<hr/> <hr/>	<hr/> <hr/>

4. Donations and similar income

	2010 £	2009 £
Individuals	1,890,126	1,533,381
Trusts	171,587	127,574
Adopt a dolphin donations	560,292	644,648
Adopt a whale donations	49,176	50,491
	<hr/>	<hr/>
	2,671,181	2,356,094
	<hr/> <hr/>	<hr/> <hr/>

5. Legacies

Ten legacies were received totalling £116,237 (2009: £229,630 in respect of thirteen legacies).

6. Merchandise, raffle and magazine income

	2010 £	2009 £
Merchandising income	87,338	77,950
Raffle income	54,698	60,732
	<hr/>	<hr/>
	142,036	138,682
	<hr/> <hr/>	<hr/> <hr/>

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

**Notes to the financial statements
Year ended 30 September 2010 (continued)**

10. Trustee remuneration

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

	2010 Number	2009 Number	2010 £	2009 £
Travel	-	-	-	-

11. Staff costs

	2010 £	2009 £
Wages and salaries	1,020,390	1,031,016
Social security costs	94,816	95,704
Other pension costs (note 13)	41,780	39,790
	<u>1,156,986</u>	<u>1,166,510</u>

There was one employee (2009: one) whose emoluments for the year were within the £50,000 to £60,000 banding range.

12. Number of staff

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

	2010 No.	2009 No.
Charitable activities	19	18
Cost of generating funds	12	13
Management and administration of the charity	11	11
	<u>42</u>	<u>42</u>

13. Pension costs

The group contributes to a stakeholder pension scheme and other personal pension schemes. The charge for the year represents contributions payable by the group to such schemes and amounted to £41,780 (2009: £39,790).

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

**Notes to the financial statements
Year ended 30 September 2010 (continued)**

14. Tangible fixed assets

Group	Tenants improvements £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At beginning of year	40,000	125,380	299,038	464,418
Additions	-	-	-	-
Disposals	-	-	-	-
At 30 September 2010	40,000	125,380	299,038	464,418
Depreciation				
At beginning of year	16,000	113,560	241,151	370,711
Charge for the year	4,000	2,389	47,494	53,883
Eliminated on disposal	-	-	-	-
At 30 September 2010	20,000	115,949	288,645	424,594
Net book value				
At 30 September 2010	20,000	9,431	10,393	39,824
At 30 September 2009	24,000	11,820	57,887	93,707
Charity				
Cost				
At beginning of year	40,000	109,871	285,587	435,458
Additions	-	-	-	-
Disposals	-	-	-	-
At 30 September 2010	40,000	109,871	285,587	435,458
Depreciation				
At beginning of year	16,000	102,886	227,801	346,687
Charge for the year	4,000	1,545	47,393	52,938
Eliminated on disposal	-	-	-	-
At 30 September 2010	20,000	104,431	275,194	399,625
Net book value				
At 30 September 2010	20,000	5,440	10,393	35,833
At 30 September 2009	24,000	6,985	57,786	88,771

Included within the net book value of £39,824 (Charity: £35,833) is £10,344 (Charity £10,344) relating to assets under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £47,393 (Charity £47,393).

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

**Notes to the financial statements
Year ended 30 September 2010 (continued)**

15. Fixed asset investments

	Group and Charity Fixed interest securities	Charity's shares in subsidiaries	Charity Total
	£	£	£
Cost/valuation			
At beginning of year	45,797	-	45,797
Proceeds received on maturity	(44,555)	-	(44,555)
Realised loss	(1,242)	-	(1,242)
	<u>-</u>	<u>-</u>	<u>-</u>
At end of year	<u>-</u>	<u>-</u>	<u>-</u>

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

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

Profit and loss accounts

	WDCS (Trading) £	WDCS gGmbH £	WDCS (NA)inc £
Merchandising income	72,204	14,643	490
Raffle income	54,698	-	-
Out of the Blue income	3,641	-	-
Adopt a Dolphin income	-	72,614	-
Donations	-	639,592	300,229
Other income	24,327	-	2,038
Investment income	-	-	460
Total income	<u>154,870</u>	<u>726,849</u>	<u>303,217</u>
Merchandising	27,649	-	-
Raffle expenditure	45,217	-	-
Administration expenses	77,495	-	-
Fundraising costs	-	59,868	33,026
Charitable expenses	-	674,483	214,814
Total expenses	<u>150,361</u>	<u>734,351</u>	<u>247,840</u>
Surplus/(deficit)	<u>4,509</u>	<u>(7,502)</u>	<u>55,377</u>

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

Notes to the financial statements
Year ended 30 September 2010 (*continued*)

15. Fixed asset investments (*continued*)

Balance sheets

	WDCS (Trading) £	WDCS gGmbH £	WDCS (NA) £
Fixed assets	-	2,461	1,530
Current assets	46,774	70,683	70,746
Creditors: amounts falling due within one year	(267,524)	(114,016)	(63,085)
Net current (liabilities)/assets	(220,750)	(43,333)	7,661
Total assets less net current liabilities	(220,750)	(40,872)	9,191
Creditors: amounts falling due after more than one year	(50,000)	-	-
Net (liabilities)/assets	(270,750)	(40,872)	9,191

16. Stock	Group 2010 £	Group 2009 £	Charity 2010 £	Charity 2009 £
Goods for resale	40,651	39,285	-	-

17. Debtors	Group 2010 £	Group 2009 £	Charity 2010 £	Charity 2009 £
Amounts falling due within one year				
Trade debtors	38,750	6,004	-	-
VAT	13,298	9,051	13,298	9,051
Amounts owed by subsidiary undertakings	-	-	280,055	303,621
Less provisions against amounts owed	-	-	(220,751)	(279,798)
Prepayments and other accrued income	118,216	176,687	106,176	169,466
	170,264	191,742	178,778	202,340
Amounts falling due after more than one year				
Loans to subsidiary undertaking	-	-	50,000	50,000
Less provisions against loans	-	-	(50,000)	(50,000)
Total	170,264	191,742	178,778	202,340

The loans to subsidiary undertakings are repayable on demand. However, WDCS have indicated that they will not seek repayment during the next year. The loans receive interest at 2% above the base rate of the Bank of England. There is no security on these loans.

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

Notes to the financial statements
Year ended 30 September 2010 (*continued*)

18. Creditors

	Group 2010 £	Group 2009 £	Charity 2010 £	Charity 2009 £
Trade creditors	101,305	114,295	64,453	79,166
Social security	32,326	31,177	26,051	25,078
VAT	2,888	2,820	-	-
Accruals and deferred income	266,006	413,956	157,010	215,407
Hire purchase	36,129	49,499	36,129	49,499
	<u>438,654</u>	<u>611,747</u>	<u>283,643</u>	<u>369,150</u>

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

	Group 2010 £	Group 2009 £	Charity 2010 £	Charity 2009 £
Hire purchase (repayable between 2 and 5 years)	-	33,488	-	33,488
	<u>-</u>	<u>33,488</u>	<u>-</u>	<u>33,488</u>

The hire purchase creditors above and disclosed in note 19 are secured on the assets to which they relate.

20. Financial commitments

Group	2010 Other £	2010 Land & Buildings £	2009 Other £	2009 Land & Buildings £
Expiry date				
Within 1 year	615	-	5,730	-
Within 2 to 5 years	16,274	87,469	4,250	87,313
	<u>16,274</u>	<u>87,469</u>	<u>4,250</u>	<u>87,313</u>

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

Notes to the financial statements
Year ended 30 September 2010 (*continued*)

21. Statement of funds

	Balance at 1 October 2009 £	Income £	Expenditure £	Balance at 30 September 2010 £
Group				
Unrestricted funds	<u>196,354</u>	<u>3,900,692</u>	<u>(3,607,680)</u>	<u>489,366</u>
Restricted funds				
Faroe campaign	18,230	-	(4,000)	14,230
BBC Wildlife Trust	16,767	-	(9,960)	6,807
Trusts	<u>26,642</u>	<u>140,397</u>	<u>(149,715)</u>	<u>17,324</u>
Total restricted fund	<u>61,639</u>	<u>140,397</u>	<u>(163,675)</u>	<u>38,361</u>
Total funds	<u><u>257,993</u></u>	<u><u>4,041,089</u></u>	<u><u>(3,771,355)</u></u>	<u><u>527,727</u></u>

	Balance at 1 October 2009 £	Income £	Expenditure £	Balance at 30 September 2010 £
Charity				
Unrestricted funds	<u>228,442</u>	<u>2,802,056</u>	<u>(2,507,088)</u>	<u>523,410</u>
Restricted funds				
Faroe campaign	18,230	-	(4,000)	14,230
BBC Wildlife Fund	16,767	-	(9,960)	6,807
Trusts	<u>18,780</u>	<u>103,400</u>	<u>(112,855)</u>	<u>9,325</u>
Total restricted funds	<u>53,777</u>	<u>103,400</u>	<u>(126,815)</u>	<u>30,362</u>
Total funds	<u><u>282,219</u></u>	<u><u>2,905,456</u></u>	<u><u>(2,633,903)</u></u>	<u><u>553,772</u></u>

Restricted funds are funds which have been given for particular purposes and projects. The Faroe campaign supports WDCS's anti-whaling work. The BBC Wildlife Fund monies are for quarterly wildlife surveys in the UK. Restricted Trusts funds are where individual donors have specifically requested how their donations may be spent.

**Whale and Dolphin Conservation Society
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**Notes to the financial statements
Year ended 30 September 2010 (continued)**

22. Analysis of net assets between funds

Group	Restricted funds £	General funds £	Total £
Fund balances at 30 September 2010 are represented by:			
Tangible fixed assets	-	39,824	39,824
Current assets	38,361	888,196	926,557
Current liabilities	-	(438,654)	(438,654)
Total net assets	<u>38,361</u>	<u>489,366</u>	<u>527,727</u>

23. Net cash inflow from operating activities

	2010 £	2009 £
Net incoming resources	269,734	115,696
Depreciation	53,883	59,864
Unrealised loss on investments	-	544
Decrease in investments	45,797	
Loss on sale of assets	-	332
(Increase) in stocks	(1,366)	(6,887)
Decrease/(increase) in debtors	21,478	(1,264)
Increase/(decrease) in creditors	(159,723)	146,416
Net cash inflow from operating activities	<u>229,803</u>	<u>314,701</u>

24. Related parties

During the year, WDCS supported an Australian based connected charity. There is a licensing agreement between the two charities which allows WDCS Australia to use the WDCS logo and brand. During the year, WDCS donated funds to WDCS Australia which amounting to £15,865 (2009: £79,076) to support their campaigns and conservation projects.