

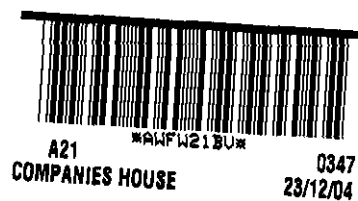
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Company Registration No. 4016725

WWF-UK

**Report and Financial Statements**

30 June 2004



## WWF-UK

The information shown below is that pertaining between 1 July 2003 and 14 December 2004

### President

HRH Princess Alexandra,  
the Hon Lady Ogilvy GCVO

### Trustees Emeriti

Sir Martin Laing CBE  
Hon Sara Morrison  
Sir Arthur Norman KBE DFC

### Vice-President

Rt Hon The Lord Buxton MC DL

### Board of Trustees and Directors

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Christopher Ward

#### Honorary Treasurer

Colin Day

Fabiola Arredondo  
Marc Citron  
Bernard Donoghue *from Oct 04*  
Richard Freeman  
Dr Rita Gardner CBE *resigned May 04*  
Michael Grade *resigned Apr 04*  
Chris Ingram *from Jan 04*  
Anders Johansson  
Professor John Lawton CBE FRS  
Ray Perman *retired Apr 04*  
Jonathon Porritt CBE  
Dr Camilla Toulmin *from June 04*  
Adair Turner  
Professor Lynda Warren  
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#### Chairman

Christopher Ward

Marc Citron  
Colin Day  
Richard Freeman  
Chris Ingram  
Anders Johansson *to June 04*  
John Manktelow *from Jan 04*  
David Taylor-Smith MBE  
Charles Wilson

### Audit Committee

#### Chairman

Charles Wilson

Marc Citron  
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### Investment Committee

#### Chairman

Colin Day

Les Jones, OBE *resigned Dec 03*  
Aileen McLeish *from Nov 03*  
Vanessa Pritchard *resigned Dec 03*

### Pensions Committee

#### Chairman

Colin Day

Carole Aldcroft *resigned Oct 04*  
Diana Brown *from Oct 04*  
Les Jones OBE *resigned Dec 03*  
Aileen McLeish *from Nov 03*  
John Manktelow  
Duncan Parkes *resigned Dec 03*  
Vanessa Pritchard *resigned Dec 03*  
Sarah Jones *from Jan 04*

### Programmes Committee

#### Chairman

Professor John Lawton CBE FRS

Fabiola Arredondo  
Mike Barry *from Sept 04*  
Dr Steve Bass  
Dr Steve Broad *from April 04*  
Pamela Castle *resigned Feb 04*  
Ian Christie *from Sept 04*  
Dr Rita Gardner *resigned May 04*  
Patricia Henton  
Anders Johansson *from July 04*  
Professor Ray Ison  
Professor Gordon McGregor-Reid *from April 04*  
Paul Monaghan  
Anthony Sampson  
Professor Philippe Sands *from Sept 04*  
Dr Ros Wade *from Sept 04*  
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### Nominations Committee

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Christopher Ward

Colin Day  
Professor John Lawton CBE FRS

### Remuneration Committee

#### Chairman

Christopher Ward

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Professor John Lawton CBE FRS

## **Principal Officers**

### **Chief Executive**

Robert Napier

Nicky Bishop

Dr Jill Bowling *appointed July 04*

Winnie De'Ath *appointed April 04*

Perdita Hunt *resigned April 04*

Leslie Jones OBE *retired Dec 03*

Andrew Lee

Aileen McLeish *appointed Nov 03*

Sally Nicholson *Feb 04-June 04*

Duncan Parkes *retired Dec 03*

Simon Pepper OBE

Francis Sullivan *on secondment from Feb 04*

## **Professional Advisers**

### **Independent Auditors**

Deloitte & Touche LLP

Hill House

1 Little New Street

London EC4A 3TR

### **Bankers**

The Co-operative Bank

London City Office

80 Cornhill

London EC3V 3NJ

### **Solicitors**

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# Financial headlines

WWF-UK's headline financial results for the year ended 30 June 2004 are as follows:

- Record total income of £36.3 million
- Record expenditure of £25.8 million on our programme and other charitable objectives
- Operating surplus of £1.99 million
- Unrealised investment gains increased the operating surplus to £5.63 million
- Trading subsidiary surplus of £189,000

Further and more detailed commentary on these headline figures is given in this report.

# Highlights of the year

WWF-UK's work produces positive results throughout the world. We list some of our achievements during the year under review.

## **Primate success**

In no small measure due to WWF's long-term conservation work, Brazil's golden lion tamarin was moved from "critically endangered" to "endangered" on the IUCN Red List of Threatened Species – the world's most comprehensive inventory of the global conservation status of plants and animals.

## **Investing in fish**

The first project in the *Invest in Fish* initiative was launched in Plymouth by the Prince of Wales. This innovative project aims to demonstrate how recovery of fish stocks can be achieved in the Celtic Sea. *Invest in Fish* is a broad partnership led by WWF-UK, Marks & Spencer and the National Federation of Fishermen's Organisations, and is being tracked closely by the UK government and interested stakeholders as a tangible way forward for an industry in decline.

## **Tiger crisis averted**

WWF joined forces with the Indian government to avert a major crisis facing the country's tigers after water resources dried up in two reserves. We funded the drilling of six wells to replenish a series of ponds throughout the reserves – without which as many as 50 tigers and most of their prey species would have been forced into outside areas, facing almost certain poaching.

## **Darwin Mounds saved**

Following sustained lobbying by WWF, the EU agreed permanently to protect the Darwin Mounds, Britain's unique cold-water coral reefs of the north-west coast of Scotland, from being destroyed by deep water fishing activities. This is the first time that the EU has prioritised environmental protection over fishing.

## **Catastrophe forestalled**

WWF-UK questioned the legality of EU funding for Spain's National Hydrological Plan – an environmentally catastrophic scheme to extract water from the already depleted River Ebro and pump it 900km to golf courses, subsidised fruit farms and tourist resorts. In March, the newly-elected government halted the plan with immediate effect.

## **New elephant discovered**

WWF and the Sabah Wildlife Department in Malaysia led DNA work that identified a genetically distinct subspecies of Asian elephant – the Borneo pygmy elephant (*Elephas maximus borneensis*), which is smaller and more mild-tempered than other elephants. It is believed to have become separated from other elephant populations some 300,000 years ago.

## **Protecting nature in Europe**

WWF lobbied the UK government to increase its list of Special Areas of Conservation – protected areas for rare and endangered species and habitats which form part of the international *Natura 2000* network. We have helped secure an increase from the initial 340 sites to 605 now agreed with the European Commission. Our experience has helped the EU's new member states protect their own special areas – for example, Poland's wetlands and forests – and further demonstrates WWF's influence among decision-makers.

## Land management

WWF and the Alliance of Religions and Conservation signed an agreement to develop a model for managing land owned by religious organisations throughout the world. It's estimated that the 11 major faiths own around seven per cent of the habitable surface of the planet.

# The year under review

As the environmental challenges facing the world continue to grow in scale and complexity, WWF-UK's work becomes more and more important. The year under review has seen our activities expand and our influence yield positive results.

To be effective in our work, we have to confront critical global threats to the health and security of the natural world and the people and wildlife that depend on it. These threats include climate change, the use of toxic chemicals, and the unsustainable consumption of natural resources.

Our Chemicals and Health campaign took the issue of toxic chemicals to the heart of Brussels, where the EU is reviewing legislation that regulates man-made industrial chemicals. And our One Million Sustainable Homes campaign has made progress in its efforts to persuade the UK government to accept the building of sustainable homes as the norm.

WWF opposed two environmentally damaging oil pipeline systems, and we were strongly represented at the World Trade Organisation meeting in Cancún, where we expressed our firm opposition to environmentally threatening developments in international trade.

Our corporate relationships are an increasingly important part of our work. The *Investing in Nature* partnership we enjoy with HSBC is now producing benefits across the world, including the UK. And thanks to our partnership with Vodafone, telecommunications are being established in the Mafia Island Marine Park, Tanzania. This technological step forward is already proving to be a boon to local communities, and to our own staff in this ecologically important area of Africa.

The building materials company Lafarge decided not to pursue plans to open a quarry on the island of Harris in the Outer Hebrides, as a result of pressure from WWF. This removes a significant bone of contention from an otherwise productive relationship, and clearly demonstrates that engaging in partnerships with the commercial sector does not prevent our criticising or opposing any aspect of our partners' activities when the need arises. Rather, it provides the opportunity for dialogue and progress.

WWF-UK's advocacy work has engaged parliamentarians of all political persuasions during the year in Brussels and Westminster, and in the UK's devolved administrations. Not least among some important successes was the coming into force of the Criminal Justice Act in the UK, which makes illegal trade in endangered species an arrestable offence.

Our work with endangered species has contributed to impressive increases in giant panda, mountain gorilla, African elephant and golden lion tamarin populations, and our programme in Namibia was rewarded with a United Nations prize. But despite this good news, there is still much to be done. Climate change is an overarching global threat. The Amur tiger remains in peril in the Russian far east, dolphins and porpoises in Europe are in danger, the

cod fisheries in the North Sea are in peril, the widespread growth of fish farming is causing concern, and deforestation across the world – particularly in the Amazon – continues apace.

At the heart of this global environmental crisis – for that is what it is – is the certainty that humans cannot continue to consume more and more of the Earth's limited natural resources without regard for the impact upon the planet and the consequences for future generations. That is why WWF will continue to integrate its conservation goals with the needs of the world's people, particularly the most vulnerable.

### **Capacity building**

Capacity building means empowering others to improve their lives sustainably and effectively – but it also applies to WWF itself. Improving our ability to deliver strong results in support of our mission is now regarded by the network as a priority. This is because WWF has set itself ambitious conservation goals and is operating in an ever-changing and challenging environment. The scale of our programmes, which rightly come under increased external scrutiny, demand that we demonstrate transparency and accountability at all times, and that we are effective in what we deliver.

WWF Develop is a network initiative to drive forward accountability and enable each part of the network, including WWF-UK, to develop to its full potential. This initiative is a global programme designed to strengthen the whole organisation, its individual offices and staff. The goal is to create a network of National Organisations and Programme Offices working effectively together, with a highly capable staff committed to continuous learning and development. This will significantly strengthen our long-term goal of fulfilling WWF's global mission, helping us to deliver against our environment agenda.

Running parallel with WWF Develop is the UK Capacity Building Plan, which is designed to ensure strategic, targeted support to offices implementing UK-funded programmes. Those offices and programmes not supported under WWF Develop receive assistance under the UK initiative.

Of course, capacity building is not new to WWF. For many years, our programmes have worked to ensure that local and indigenous communities are given the wherewithal to strengthen their ability to safeguard the environment upon which they depend, and to ensure that their livelihoods and wellbeing are protected through their own endeavours. A wider international education initiative in Asia, east Africa and Latin America has supported country education programmes at a community self-help level.

And here in the UK, our capacity building work includes engaging educators in our Education for Sustainability programme, engaging businesses in sustainable practices through publication of *To Whose Profit?(ii): Evolution – Building Sustainable Corporate Strategy*, and engaging people everywhere through our UK Footprint programme, which in March brought together delegates from around the world to discuss the practical implementation of sustainable development in regional government. (see also *Formal education*)

### **Climate change**

All over the world, including the UK, extreme weather conditions did much to heighten awareness of climate change among the public, politicians and the media.

It was entirely coincidental that the WWF-UK Climate Change team was working on two important and related issues – the European Union Emission Trading Scheme (ETS) and the WWF Network's forthcoming *PowerSwitch!* campaign.

The EU directive establishing a greenhouse gas emission trading system in Europe is set to become one of the central pillars of Europe's efforts to meet its commitments under the

Kyoto Protocol, and the ETS can lay the foundations for deep long-term cuts in greenhouse gas emissions. WWF and other NGOs are lobbying the UK government to set the cap for carbon dioxide (CO<sub>2</sub>) emissions and strict limits on the power sector and industry, in line with meeting the country's domestic targets of a 20 per cent reduction by 2010 (baseline 1990). However, a newly-revised government plan, which favours industry, is now likely to place the UK's reductions target at risk. The ETS comes into effect on 1 January 2005.

The global *PowerSwitch!* climate change campaign will focus on the imperative of keeping global warming below the danger threshold of 2°C and the objective of a more rapid shift to clean power worldwide. Given that the UK holds both the G8 and EU presidencies next year, and that the Prime Minister has re-stated his commitment to climate change as one of the two main issues of the presidencies, this is the ideal time for this campaign. WWF-UK is now developing its own domestically-focused public and political campaign, and will be a strong participant in the global campaign, which is scheduled to launch in late November 2004.

The UK presidencies of G8 and EU in 2005 present an unrivalled opportunity for the government to lead global action for climate change. We have already started working with other organisations and government to ensure that climate change is top of the agenda.

The Prime Minister attended the launch of the Climate Group, a new WWF-supported initiative. This brings together businesses, NGOs and government, all committed to reducing CO<sub>2</sub> emissions. The Climate Group will provide means for exchange of best practice throughout the world.

### **Forests**

Policy work concentrated on two main areas during the year – illegal logging and UK government timber procurement. We lobbied the government on the need for the UK to support legislation that would make it unlawful to import timber from illegally logged sources into the EU. The response has been cautious but positive. We have also pressed the government to implement the timber procurement policy it announced in July 2000. We have accepted a government invitation to sit on the advisory board of the Central Point of Expertise, a body which will provide advice to government departments on timber issues.

During the year, the WWF 95+ Group was re-launched as the WWF-UK Forest & Trade Network. The new name reflects the fact that it is part of the Global Forest & Trade Network (GFTN), which has developed across some 30 countries. The GFTN brings together nearly 400 companies that produce, buy or sell timber and paper products and which are committed to sourcing from well-managed forests.

Following the WWF 95+ Group's re-launch, all members were required to re-apply for membership with a credible action plan showing how they intend to identify and eliminate wood products from unknown sources. We received 55 applications, including those from all the major retailers, and we have accepted new members, including Marks & Spencer plc, Pearson plc and Travis Perkins plc.

WWF is helping to assure the effective protection of nearly 4.5 million hectares of Colombia's tropical forests through long-term funding for the country's National Parks, financed initially through a debt-for-nature swap. This will allow Colombia to invest at least US\$10 million over the next 12 years in tropical forest protection. Funds from the debt swap will go towards establishing private and public protected areas and reserves, restoring and maintaining existing protected areas, and local capacity building. The agreement will be managed by the governments of Colombia and the US, as well as WWF, Conservation International and the Nature Conservancy. WWF-UK has made a single payment of US\$200,000 to cover the next three years.

The Mexico Forests Programme has appointed a number of senior management and field positions in the Mexico Programme Office, and we helped establish the first monarch butterfly regional forum of government, private and community interests in the region. Our report, *Illegal Logging and its Impact in the Monarch Butterfly Biosphere Reserve*, provided evidence of the extent of illegal logging in the reserve and a series of recommendations to stop this activity. Vigilance has now increased in this protected area and WWF continues to press for real commitment from the authorities to stop illegal logging.

Ten community forestry enterprises from Oaxaca participated in the first national exposition on forestry, resulting in greater recognition of community forestry, a more united group of certified enterprises, and contracts with industry being established. We have obtained a three-year grant from the EU to promote pro-poor and community forest management.

During the year WWF-UK continued to support the Forest Stewardship Council (FSC) as the only credible independent certification scheme which fulfils our criteria. There are now more than 40 million hectares of forest certified under the FSC system.

We have prepared two new programmes – Forests of New Guinea and Cork Oak Forests of the South-west Mediterranean. Subject to funds, these will begin in 2005.

### **Formal education**

Building on the learning gained from more than 20 years' experience of working with schools, in March WWF's Formal Education team published *A development framework for developing good practice through Learning for Sustainability*. This is designed to help schools evaluate where they are on their "sustainability journey", where they want to be, and how to get there. Now, WWF is working with a selection of these schools to learn from their experiences, and we will incorporate this learning into a revised edition and the development of supporting tools. There has also been wide interest in the publication from local education authorities, environment and development education centres and regional education forums and networks.

One important component of the document is a self assessment activity which enables schools to monitor 16 elements of Education for Sustainable Development (ESD). This will provide the schools sector, and WWF, with a framework to look at all ESD practice. These elements closely follow Ofsted's self-evaluation on ESD.

Meanwhile, our participatory online course for educators has gone from strength to strength, and our online pupil debates were subject to participants' and expert evaluations. This has resulted in an enhanced debate model.

Our dedicated ESD website – [www.wwflearning.co.uk](http://www.wwflearning.co.uk) – was also evaluated by schools across the country. The results confirmed the value placed on the site by teachers – something which the user numbers had suggested (peak monthly totals during the period were 291,756 hits and 65,889 page views). We believe that [wwflearning](http://www.wwflearning.co.uk) is therefore achieving its aims: engaging teachers and pupils to develop their ESD knowledge and skills, building "communities" of learners in debates and courses – and increasing our own understanding of ESD and Information and Communication Technology as a learning medium.

WWF's view of ESD has for a long time included a "whole society and lifelong learning" approach. For the past 10 years we have worked with community and local authorities as well as businesses, and we believe that companies need to question many conventional business assumptions and models. As the national debate about sustainability gathers momentum, we are working more and more with forward-looking companies to promote the business case for sustainability through the use of positive examples. *To Whose Profit?(ii): Evolution – Building Sustainable Corporate Strategy*, published in January, is the culmination of more

than two years' research, consultation and collaboration between a broad spectrum of interests in business sustainability. Together with its companion piece, *To Whose Profit – Building a Business Case for Sustainability*, the publication aims to help companies address sustainability issues, build sustainable business strategies and communicate the outcomes – particularly their implications for business value – to the investment community. Both publications have received much attention: our website has recorded a total of 34,000 downloads (See also *Capacity building* and *UK social change*).

### **Freshwater**

Freshwater is so scarce that it can no longer be regarded as limitless. Unless the world increases its investment in projects that prioritise the sustainable management of water as a resource, it is no exaggeration to say that we will be faced with a global catastrophe of unknown proportions. The importance of water as an essential natural resource is the focus of WWF's freshwater programme.

Our *Investing in Nature* partnership with HSBC is now beginning to benefit millions of people as it helps rejuvenate three of the world's major rivers – parts of the Yangtze in China, the Amazon in Brazil and the Rio Grande along the US-Mexico border. In the UK, the partnership is creating a new wetland at the Potteric Carr Nature Reserve near Doncaster, in conjunction with the Yorkshire Wildlife Trust.

In China, we have created important links with national and provincial governments. As a result, a national demonstration site is being established near Wuhan in Hubei province, which will show the benefits of reconnecting isolated lakes with the Yangtze River. In addition, WWF's membership of the Chinese International Environmental Task Force is a huge opportunity to influence China's long-term national policy on river basin management.

Good progress has been made in Brazil with the continued support of the government and local communities, many of whom are now benefiting from the development of sustainable fishing and other livelihoods. A regional campaign was launched in Brasilia to improve water quality and reduce pollution, and four more national and regional campaigns are planned.

In Mexico and the US, we have laid the groundwork for effective river basin management. In April the New Water Law in Mexico was approved after almost a year of negotiations and lobbying by WWF. This national legislation is important, as it will allocate water for ecological uses and reward good management practices. We are also lobbying the US government in support of restoring the Florida Everglades.

Away from *Investing in Nature*, WWF's work continues to restore year-round water flow to Tanzania's Great Ruaha River. One priority of the programme is the dry season control of irrigation practices. As a result of a WWF-supported survey that identified illegal irrigation canals, an estimated 25-30 cubic metres per second of water are being returned to the tributaries. This confirms that, if well managed, much more water could flow downstream than at present.

WWF-UK questioned the legality of EU funding for Spain's National Hydrological Plan – an environmentally catastrophic scheme to extract water from the already depleted River Ebro and pump it 900km to provide uneconomically viable water to golf courses, subsidised fruit farms and tourist resorts. In March, the newly-elected government halted the plan with immediate effect.

WWF was also successful in influencing the implementation of new European legislation in the UK, which sets the standards for the use, conservation and protection of water resources in the future.

## **Global policy**

To maintain WWF's influence around the world and bring about the changes we often achieve, it is essential to lobby extensively and exert pressure to secure changes in the policies and practices of governments, companies, multilateral institutions and others. This is accomplished by our Global Policy team, which provides WWF-UK and the network with specialist experience, expertise and contacts covering economics, finance, trade, investment, corporate accountability, agriculture, extractive industries, poverty alleviation, and development policy.

WWF's opposition to two environmentally-disruptive oil pipeline systems has been a focus of our Global Policy work during the year. The Baku-Tbilisi-Ceyhan (BTC) pipeline is planned to run for 1,700km from the Caspian to the Mediterranean, and the Sakhalin II pipeline project in eastern Russia involves the construction of offshore oil platforms linked by 800km of pipelines.

Our heavy lobbying of financial institutions – such as the World Bank, the European Bank for Reconstruction and Development, and private banks – over both projects has led to some of these institutions becoming aware of negative environmental impacts, delaying funding and calling a meeting with BP, the pipeline consortium leader. Some other banks decided not to fund, and construction has been temporarily halted in Georgia due to a lack of environmental permits.

A successful engagement with the European Bank for Reconstruction and Development on Shell's Sakhalin project has resulted in the bank being unwilling to offer finance without more environmental information. WWF has used these efforts to inform an extensive engagement with the World Bank as it reviews its policies in the oil, gas and mining sectors.

The Global Policy team has also been involved in further international work. WWF was strongly represented at the WTO meeting in Cancún in September, where we were at the centre of significant NGO resistance to environmentally threatening international trade developments. We have also continued our attempts worldwide to reduce the impact of agriculture on threatened freshwater ecosystems, and WWF is now engaged with sugar interests in India, Pakistan, South Africa and Zambia to pursue reduced water use in these sectors.

WWF seeks to ensure that environmental issues are incorporated in national development and poverty reduction strategies. Expert advisers from the Global Policy team have been supporting our partners in Kenya, Nepal and Tanzania in their conversations with key ministries. We have used this experience to lobby the UK government on incorporating the environment into overseas aid policy, and this has led to engagement with the European Union as it reviews the overseas impacts of its Sustainable Development Strategy, and its aid relationships with African, Caribbean and Pacific countries.

## **Marine**

As fish stocks around the world continue to plummet, fishing communities are being jeopardised and marine wildlife and habitats are being destroyed. WWF campaigns to bring about the efficient management of our seas and to achieve sustainable development of our marine environment.

After more than three years of preparation, the first project in the *Invest in Fish* initiative, *Invest in Fish SW*, was launched in Plymouth by the Prince of Wales. This initiative aims to demonstrate how recovery of fish stocks can be achieved in the Celtic Sea.

*Invest in Fish* is a broad partnership led by WWF-UK, Marks & Spencer plc and the National Federation of Fishermen's Organisations. The South-west project will run for three years,

after which we hope it inspires similar schemes across Europe. The initiative has been funded by the EU through Defra to the tune of £1 million, with £600,000 match funding raised from donors. WWF-UK is the financial executant, and one of 12 partners involved in the steering group. As an exemplary project, *Invest in Fish* is being tracked closely by the UK government and interested stakeholders as a tangible way forward for an industry in decline.

Following sustained lobbying by WWF-UK, the EU finally agreed permanently to protect the Darwin Mounds, Britain's unique cold-water coral reefs, from being trashed by deep water fishing activities. This follows a promise made by Margaret Beckett at our first ORCA (Oceans Recovery campaign) summit in October 2001. WWF was instrumental in this decision, which has set a precedent for the future of fisheries management in the EU: this is the first time that environmental protection has been prioritised over fishing.

The UK Living Seas Programme continues to campaign for a UK Marine Act, and good progress has been achieved through our behind the scenes advocacy work. We also met the Environment Minister, Elliot Morley, who said he was keen to begin drafting a Marine Act before the general election.

Meanwhile, the Number 10 Strategy Unit's recommendations for a long-term strategy for UK fisheries incorporated many of WWF-UK's own recommendations. This review followed pressure from WWF and fishing organisations after widespread coverage of our *Choose or Lose* report in parliament and the media in 2001. There is no doubt that WWF strongly influenced the outcome of the Strategy Unit's report, which included the need to put fisheries management back into the context of the wider marine environment and the need for a dedicated marine agency. WWF-UK was one of only four key stakeholders invited to discuss the report before the launch.

WWF-UK is leading development of the 2003 Green Shipping Group which exemplifies best practice for the shipping industry. We have also led negotiations with INTERTANKO, a shipping industry body representing 70 per cent of the global tanker fleet, to develop a joint agreement. This includes reducing pollution from illegal operational discharges into the sea, reducing the use of anti-fouling systems containing biocides, and implementing controls to protect sensitive habitats in local areas. In addition, we have been successful at the International Maritime Organisation with the designation of two Particularly Sensitive Sea Areas (PSSAs) in the Baltic and western Europe. WWF-UK led the delegation. A further success was the agreement to phase out single-hulled tankers carrying heavy crude oil by 2015. These will be replaced by double-hulled tankers, which should decrease the possibility of oil spills.

### **Species**

WWF-UK's species work resulted in some notable achievements during 2003/04. The undoubted highlight was in November, when the Criminal Justice Act came into force and the WWF-UK/TRAFFIC Wildlife Trade Campaign's principal objective became law. Under this new legislation, for which we campaigned hard, illegal trade in the world's most endangered species has become an arrestable offence in the UK. The maximum prison sentence for wildlife trafficking is increased from two to five years and the law now allows police officers to enter premises without a warrant, search and seize property, obtain DNA samples and compel suspects to be interviewed. This UK-based success story will have far-reaching effects on the world's most endangered wildlife.

WWF-UK's long-term investment in giant panda conservation has helped bring about three new panda reserves in the Min mountains, home to the largest population of the species. This includes an area of 90,000 hectares, which will protect the habitat of a recently discovered panda population in the region. The other reserves cover a total of 100,400 hectares, including a linking corridor which allows the animals vital freedom of movement.

Now, WWF is planning to carry out detailed surveys in all these reserves. The programme is supported by the Vodafone Foundation and our Adopt a Panda supporters.

Following a fivefold increase in the golden lion tamarin population in Brazil over the past 30 years, the primate has been moved from "critically endangered" to "endangered" on the IUCN Red List of Threatened Species – the world's most comprehensive inventory of the global status of plants and animals. Again, this success demonstrates how WWF really does make a difference: when we began work on GLT conservation in 1971, the species was on the brink of extinction. Now, the IUCN downlisting is proof that we are winning the battle. Even so, if the golden lion tamarin is to thrive, its numbers and habitat need to be increased – which is why we and our partners are creating forest corridors to link its extremely fragmented habitat. WWF-UK provides about 60 per cent of the overall WWF Network contribution to golden lion tamarin work.

We can also report good news from Africa. A census in the Virunga mountains has recorded an impressive 17 per cent increase in the population of the highly endangered mountain gorilla. This indicates that the world population of mountain gorillas now stands at a remarkable 700, and highlights how effective conservation can be accomplished in difficult conditions by closely engaging local people and park authorities. WWF, along with the African Wildlife Foundation and Fauna and Flora International, funds the International Gorilla Conservation Programme, which works not only to protect the great ape, but also to provide environmentally sustainable solutions for the human population in the war-ravaged region.

In the eastern Himalayas, we continue to restore the corridor forests linking lowland India and Nepal to facilitate wildlife movement, and we can confirm the use of the newly established Khata corridor by tigers and Asian elephants. WWF has been providing support to all the community forest groups in the area since 2001.

WWF's partnerships in Namibia won a prestigious United Nations prize, honouring the work to reduce human poverty while conserving the country's biological wealth. The black rhinos of Kunene, in north-west Namibia, are one of the few rhino populations to survive outside protected areas. In some regions, numbers have trebled. Since our partner organisation began working in Namibia in 1982, in the project area the elephant population has grown from 250 to more than 500, springbok numbers have increased from 650 to in excess of 75,000, and giraffe and mountain zebra populations have also increased dramatically.

Meanwhile, the news from IUCN that Kenya's elephant population has increased from 16,000 in 1989 to 22,000 in 2002 is good for conservation – but it comes at a price for many crop farmers. Elephants have killed some 200 people in Kenya and injured many more over the past seven years, so a WWF project is working with farmers to keep elephants off farmland. The use of chilli bombs – elephant dung mixed with chilli powder and burnt to produce a pungent smoke – has resulted in elephants staying away for five weeks. Now, villagers are growing their own chilli crops in order to be self-sustaining, and the project will be expanded to 10 new sites over the next three years.

## **Toxics**

The issue of chemical pollution was recently drawn into sharper focus with the news that flame retardants have been discovered in wild brown trout in Lochnagar, Scotland, and in farmed salmon around the world.

Much of our work on toxic chemicals is focused on the EU's current review of its legislation regulating industrial chemicals. This is offering us a rare opportunity to make a direct input into the decision-making process, and the objectives of our campaign – run in conjunction with the Co-operative Bank and the National Federation of Women's Institutes – are

supported by 70 independent scientists working in the field of hazardous man-made chemicals across Europe.

During the year, our high-profile Chemicals and Health campaign tested the blood of scores of people, delivered a 77,000-name petition to the European Parliament, and published a hard-hitting report, *Compromising our Children*.

In March, a delegation of 35 women, including WWF supporters and members of the National Federation of Women's Institutes, travelled to Brussels to demand safer chemicals in everyday products and an end to the contamination of children and wildlife. Twenty-five MEPs had individual meetings with the delegates. Earlier, we set up an exhibition stand in the House of Commons to raise parliamentarians' awareness of the health impacts of chemicals, and the Chemicals and Health campaign itself.

We also presented new data on the hazardous chemical deca-BDE (brominated diphenyl ether) at the EU's technical committee of experts of member states. This data cast doubt on the assessment that continued use of this chemical posed an "acceptable" risk, and we hope our submission will help secure a ban on the use of this chemical in the EU.

### **UK Social Change**

As a leading economic and political power in the world, the UK's impact on the planet's natural environment is substantial. For that reason, WWF-UK is working to bring about a change in attitudes and thinking throughout the country in terms of what we consume and what we do in our everyday lives.

We now know that if present trends of consumption go unchecked, the global population will soon need the resources of three Earth-sized planets to sustain our utilisation of energy, crops, meat, fish, water and wood. Measuring and reducing our ecological footprint – the impact each of us makes on the natural world and its resources – is the aim of a number of new WWF partnerships that have been developed during the year.

WWF gained funding of £520,000 from Biffaward, the landfill tax credit scheme operated by Biffa Waste Services and the Royal Society for Nature Conservation, for a project that will provide the means of enabling the UK to make positive changes for sustainability, which in turn will reduce its ecological footprint. In addition, £210,000 has been donated by the Scottish Executive and other partners for a local project in Scotland.

In England, we are working on two detailed regional projects – one in the West Midlands, which will focus on regional policies, strategies and sustainable homes; and the other in Sunderland and the North-east, which will home in on community strategies and participation. In addition, we are developing a Footprint for every region of England.

In Scotland, a partnership between WWF and local authorities in North Lanarkshire and the North-east (Aberdeen City and Aberdeenshire) will calculate the use of natural resources in their areas so that they can find ways of reducing pollution, waste and energy consumption. The project will also develop software to enable local authorities and schools to calculate their own footprint, develop better policies, and generate news stories to get the message across to the public.

In Wales, WWF is leading a project with 12 public, voluntary and academic partners to identify strategies for reducing our footprint. The project brings together a range of partners including WWF, Cardiff and Gwynedd Councils, Cardiff and Bangor Universities, Stockholm Environment Institute (York), the National Assembly for Wales, and Assembly-sponsored public bodies such as the Environment Agency for Wales.

Northern Ireland has the biggest ecological footprint of any region in the UK. We are working in the Province so that the footprint will become an indicator of how successful government policies are for sustainable development.

One of the UK Social Change priorities is our One Million Sustainable Homes (OMSH) campaign. OMSH is lobbying strongly to persuade the UK government to require the building of sustainable homes as the norm. WWF-UK's Chief Executive, Robert Napier, was the only NGO representative invited to speak at the Better Building Summit in October, alongside three Secretaries of State. We were pleased that at the event, the government announced reforms to its Planning Policy and Guidance, so that sustainability will be at the heart of all planning decisions.

The government also set up a Sustainable Buildings Task Group, which has already recommended new regulations, standards and incentives to raise the environmental performance of all new housing. WWF was the only NGO on the Group.

In partnership with Insight Investment (part of the HBOS group), we conducted a sustainability benchmarking study of all FTSE-listed house builders. A "league table" ranking the builders was launched by Insight and WWF in January at the House of Commons, where Phil Hope, the minister responsible for building regulations, and John Prescott, the Deputy Prime Minister, endorsed the report. We regard this as a clear demonstration of the importance that government and investors increasingly attach to sustainability in house-building.

A further key element of our UK social change programme is our Formal Education work (see under that heading).

### **Fundraising**

WWF-UK's fundraising team went through enormous changes in the last year, while raising £31.5 million gross income from voluntary sources – an increase of £1.7 million over the previous year. This represents an increase of 6 per cent over the period, which outperformed many other major charities' growth in an increasingly tough marketplace.

*The Division transformed to become the Supporter Relationship Management Division (SRM).* This reflects the move towards putting the supporter at the heart of our business. To achieve this, we also merged some 20 separate contacts databases into one that could manage all the relationships WWF-UK has with its various stakeholders. We now have a single complete view of the supporter, and we can see how often and in which ways we interact with any individual.

The new database also allows us to create stronger personal relationships with our supporters. For example, we can now ask them to take action for WWF – perhaps by contacting an MP about a specific issue – as well as giving financial support.

The restructure of the team began in November and was completed in April. Throughout that time, it was essential to keep focused on "business as usual". Membership and donations from individuals, the mainstay of our income, has shown 2 per cent growth to £16.7 million. Growth in value of our Direct Debit income increased by 5 per cent year on year, which reflects the seriousness with which our supporters take the environmental challenges we all face.

Our legacy income rose during the year. Notoriously difficult to predict, this major source of income increased by £0.1 million to £8.0 million, mainly due to the timing of residuary notifications to WWF-UK.

Corporate sponsorship and donations rose again significantly to £4.9 million, compared with £3.1 million last year. This was primarily due to our continued global partnership with HSBC plc, a new partnership with Vodafone and a renewed partnership with MBNA, Europe's largest affinity card company, which has also launched an environmentally friendly card with us. Our relationships with corporate supporters have now become a third major income stream, growing from under £1 million four years ago – an increase of more than 400 per cent.

We are also able to report increased income from government grants, aid agencies and other non-governmental organisations. This reflects the strong relationships we have established with these important funders.

The Supporter Relationship Management team embraced the major restructure and change in an extremely positive way. During the year it has created a platform for WWF-UK's growth for the next decade, and we believe that our supporters will come on the WWF journey with us.

### **Financial and operational review**

Despite the tougher fundraising climate, we have increased our total income by £2.0 million compared with the previous year. Key to our success has been our ability to engage with and appeal to different groups of donors. Our performance this year has been particularly challenging, given the changes outlined in the previous section.

Expenditure on generating funds decreased slightly from £8.8 million to £8.6 million, leading to an improved cost:income ratio of 24 per cent from 26 per cent last year.

A combination of income growth and tight control of overhead costs has enabled us to invest £25.8 million in our critical conservation programmes. This represents a 5 per cent increase on last year's record investment. We now have 12 global programmes in place around the world, with a further four programmes in an advanced stage of preparation.

Our transition from projects to a series of major long-term programmes is being supported by a fundamental review of the processes and procedures needed to monitor the effectiveness of our conservation expenditure. The programmes are developed in collaboration with our overseas partners, ensuring joint ownership of the goals and outcomes and the means by which they will be achieved. Monitoring plans are in place, and progress is being regularly reported. We are working with our colleagues in the WWF Network to ensure we have common simple processes which support and facilitate the work of the field offices.

Stock markets at last showed some recovery this year and after two years of losses on our investments we are pleased to report an investment gain of £0.7 million during the year. Our investments have still not returned to their previous peak in 2000/01, but this is at least a step in the right direction. Our investment policy is to maintain the real value of our investments by way of a diversified portfolio consistent with our legal powers. Our investments are regularly reviewed, using recognised environmental and socially responsible criteria. We are pleased to report that notwithstanding our rigorous screening of our investment portfolio, we have experienced a higher investment return than the market benchmarks.

We have recorded a surplus of £5.6 million in 2003/04, including the £0.7 million growth on the investment portfolio and the £2.9 million revaluation of the Bohunt Estate. Our level of free reserves at 30 June 2004 is £10.0 million, representing just over 3 months' expenditure, or 91 per cent of our current commitments to conservation programmes. We remain committed to keeping our reserves low, but have to balance this against our increasing commitments to long-term conservation programmes at a time when we cannot assume we will continue to experience growth in income.

### **Volunteer involvement**

WWF-UK's work, including fundraising, depends a great deal on its volunteer group network. Our volunteers throughout the UK are a constant source of support to us. In addition, we receive guidance on a variety of issues from advisory committees, membership of which comprises Trustees and experts with relevant experience across a wide spectrum. Volunteers with professional experience also sit on the Finance and Business Committee and its sub-committees. Our volunteers consistently make an outstanding contribution to our work and we are enormously grateful to them.

### **In gratitude**

Our programmes throughout the world rely on the commitment and dedication of our highly valued staff. We attach great importance to good staff relations, and our work processes incorporate consultation and planning through the line management structure. Over the years, WWF-UK's staff has been noted for its professionalism, dedication and hard work, and this year is no exception. We pay warm tribute to their remarkable efforts – exemplified this year by the fact that they are the recipients of a number of external awards. The Communications Division won the Institute of Public Relations excellence award in 2003 for "outstanding achievement" and "exceptional work", and the WWF/TRAFFIC Wildlife Trade campaign received the Institute's 2004 excellence award in the Public Affairs category. The IT Department won *Computer Weekly* magazine's "best place to work in IT in the not-for profit category" award, and David Southern, Head of IT, gained the title "Voluntary Sector Continuity Manager of the Year" in the Business Continuity Awards. We congratulate them all on their achievements.

### **The future**

In the coming years, WWF-UK's global work will be more crucial than ever. With the help and backing of our members, supporters, volunteers and staff, we will rise to the challenges ahead and seek sustainable solutions for the benefit of people and nature.

# Report of the Board of Trustees and Directors

For the year ended 30 June 2004

## Objectives

WWF's mission is to stop the degradation of the planet's natural environment, and to build a future in which humans live in harmony with nature by:

- conserving the world's biological diversity;
- ensuring that the use of renewable natural resources is sustainable; and
- promoting the reduction of pollution and wasteful consumption.

WWF-UK takes action to conserve biodiversity and it campaigns against global threats to the planet by seeking sustainable solutions for the benefit of people and nature. As well as our projects and programme work, we also influence governments, industry, educators and civil society. Species, habitats, global threats and sustainable solutions form the basis of all our programmatic and campaigning work.

## Structure, governance and management

WWF-UK is registered as a charity with the Charity Commission and is also a registered company limited by guarantee. It was founded in 1961 and was formerly known as the World Wildlife Fund and the World Wide Fund for Nature.

WWF-UK is part of the WWF global environment network, which is co-ordinated by WWF-International, based in Gland, Switzerland. Within the network we influence and support policy and programme priorities, working with our WWF colleagues worldwide to achieve our joint mission. The majority of our programme activity takes place overseas through local WWF and other partners whom we grant fund. Within the UK we campaign and run other programmes either on our own or in partnership with funders and other complementary organisations and activists. Details of transactions with related parties are included in Note 24 to the Accounts.

The Board of WWF-UK comprises up to 15 Trustees who are also the Directors of the company limited by guarantee. The Board is responsible for setting policy, agreeing strategy and approving major commitments based on advice from senior management, as well as the appointment of the Chief Executive. Day to day operational matters are the responsibility of the Chief Executive who leads a Management Team, comprising principal officers.

The Board has two principal committees, a Finance and Business Committee and a Programme Committee, to help it with its work. The Finance and Business Committee is responsible for reviewing WWF-UK's financial performance, and matters relating to management and organisation issues. There are three sub-committees of the Finance and Business Committee comprising the Audit Committee, which deals with the system of internal control and risk management, the Investment Committee, and the Pensions Committee. The Programme Committee advises the Board of Trustees on strategic issues affecting conservation programmes and related activities. In addition, the Nominations Committee is responsible for recommending new Trustees to the Board. In making its recommendations this Committee takes into account the mix of skills and competencies required as well as equal opportunities considerations. There is also a Remuneration

Committee that is responsible for confirming changes to payroll policies and the remuneration of the Chief Executive. Membership of all these Committees are detailed on pages 2 and 3 of this Report.

### **Statement of Trustees' Responsibilities**

United Kingdom company and charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- 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 which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985 and the Charities Act (1993). They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Basis of accounts**

The report and statements for the year ended 30 June 2004 appear in the format required by the Charity Commission Statement of Recommended Practice for Accounting and Reporting by Charities (SORP 2000). They also comply with the Companies Act 1985.

### **Post-balance sheet events**

WWF has on 12 August 2004 signed a 60 month lease agreement with MTI Technology Ltd to acquire use of business premises. The cost to the company in the next financial year amounts to £50,500.

Notice was issued on 25 September 2004 to the property lessors, Godalming Business Park of the company's intention not to renew the current use of the Business premises. The cost to the company in the next financial year amounts to £94,000.

The investment property, Bohunt Manor has been actively marketed for sale since September 2004.

### **Equal Opportunities policies**

WWF-UK is committed to a policy of equality of opportunity in all areas of employment. To encourage diversity in the workplace formal policies in equal opportunities, disability and harassment have been developed and communicated to staff. General training on these policy areas is provided to staff and specific training is provided in areas such as recruitment and personal development reviews.

### **Consultation with and provision of information to employees**

The Trustees and Directors encourage widespread consultation and exchange of information at all levels of the organisation. To facilitate information flows, regular meetings are held between Directors and Staff Association representatives.

### **Reserves policy**

WWF-UK's reserves policy is based on an assessment of risks to future income flows. The resulting number is then tested against current rates of expenditure to ensure it is robust. The "free reserves" policy was last reviewed during 2002/3. Applying the assumptions used in the last review, we would require free reserves of £9.5 million. Actual free reserves at June 2004 were £10.0 million.

### **Investment policy**

WWF-UK's investment policy is to maintain the real value of our investments and to maximise income by way of a diversified portfolio consistent with our legal powers. This is underpinned by our socially responsible investment policy, which promotes the principles of sustainable development and improvements to the environment. Our policy was last reviewed in 2002/3. The performance of investments is measured against appropriate benchmarks. Over the last three years the performance of the WWF portfolio has comfortably exceeded these benchmarks.

### **Grant making policy**

WWF-UK makes grants, in line with its strategic objectives, to partners in the WWF network, other conservation organisations and individuals.

### **The management of risk**

The Trustees are responsible for ensuring that WWF has a sound system of internal control to safeguard its assets and funds, and to give assurance that its policies are implemented and its aims and objectives are met. For reasons of cost and practicality, the system of internal control is intended to manage rather than eliminate risks and to give reasonable rather than absolute assurance.

The Trustees exercise their responsibilities through their Board meetings and the meetings of their subcommittees (these are described on page 19). The system of internal control includes the following:

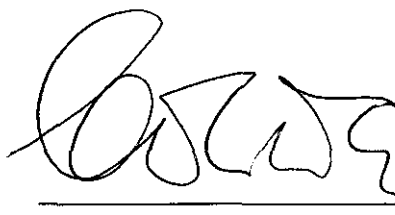
- A strategic plan covering the aims and objectives of the organisation, used as a basis for annual planning and progress reviews. We are currently updating this plan and aim to complete it by June 2005.
- Annual performance targets and operating plans, with actual performance being monitored at regular intervals.
- A continuing risk assessment programme. The risk register was completed and reviewed during 2003/04. Updates to the risk register and the key risks are reported to the Audit Committee.
- An internal audit programme with findings and progress reviews being reported to the Management Team and the Audit Committee.
- A scheme of delegations from the Trustees to the Chief Executive and to managers in the organisation.

- Procedures in place to monitor and evaluate the effectiveness of expenditure on conservation programmes and the achievement of outputs and outcomes.
- An environmental management system to ensure that we monitor and manage our own impact on the environment. We are strongly committed to this and we demonstrate our transparency by annually publishing our performance against the targets we have set ourselves.

This report was approved by the Board of Trustees on 14<sup>th</sup> December 2004 and is signed on their behalf by :



Christopher Ward  
*Chairman WWF-UK*



Colin Day  
*Honorary Treasurer*

# Independent auditors' report

To the members of WWF-UK

We have audited the financial statements of WWF-UK for the year ended 30 June 2004 which comprise the consolidated statement of financial activities, the balance sheets, the consolidated cash flow statement and its related notes, and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Trustees and auditors

As described in the Report of the Board of Trustees and Directors, the Trustees, who are also the directors of the charity for the purposes of company law, are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the Report of the Board of Trustees and Directors is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanation we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the charitable company and other members of the group is not disclosed.

We read the Report of the Board of Trustees and Directors and other information contained within the annual report as described in the contents section for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

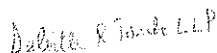
## Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and estimates and judgements made by the Trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the charitable company and the group, consistently applied and adequately disclosed.

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

## Opinion

In our opinion, the financial statements give a true and fair view of the group's and the charitable company's state of affairs as at 30 June 2004 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors, London

DATE

# Consolidated statement of financial activities

(incorporating an income and expenditure account) for the year to 30 June 2004

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2004 £'000	Total 2003 £'000
<b>Incoming resources</b>						
Membership and donations from individuals		11,513	5,178	-	16,691	16,352
Corporate sponsorships and donations		1,611	3,265	-	4,876	3,087
Charitable trusts		162	717	-	879	600
Legacies		7,891	118	-	8,009	7,880
Activities in furtherance of the charity's objectives						
Aid agencies and government grants	9	-	3,267	-	3,267	3,007
Income from non-governmental organisations		38	375	-	413	138
Activities for generating funds						
Lottery promotions		373	-	-	373	299
Community and trading activities		1,010	396	-	1,406	1,529
Investment income	7	467	-	-	467	579
Input Value Added Tax recovered from prior years		-	-	-	-	844
<b>Total incoming resources</b>		<b>23,065</b>	<b>13,316</b>	<b>-</b>	<b>36,381</b>	<b>34,315</b>
<b>Resources expended</b>						
Costs of generating funds						
Cost of generating voluntary income		6,700	332	-	7,032	7,116
Lottery promotions		120	-	-	120	104
Community and trading activities		1,003	138	-	1,141	1,183
Corporate sponsorship and donations		210	-	-	210	263
Investment management fees		36	-	15	51	32
Cost of recovering Input Value Added tax		-	-	-	-	99
	11	8,069	470	15	8,554	8,797

Consolidated statement of financial activities for the period to 30 June 2004 *continued*

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2004 £'000	Total 2003 £'000
<b>Charitable expenditure</b>						
Grants payable in furtherance of the charity's objectives						
Species		2	2,178	-	2,180	2,497
Freshwater		248	3,229	-	3,477	2,543
Forests		56	1,788	-	1,844	2,038
Climate Change		268	225	-	493	762
Toxics		426	312	-	738	1,090
Marine		496	1,258	-	1,754	1,186
Capacity Building		516	1,761	-	2,277	2,488
Global Policy		762	754	-	1,516	922
UK Social Change		471	1,100	-	1,571	1,382
Cost of other activities in furtherance of the charity's objectives						
Conservation		2,781	-	-	2,781	2,706
Education		1,309	-	-	1,309	1,348
Public awareness		2,654	-	-	2,654	2,735
Support costs		2,975	-	-	2,975	2,600
Management and administration		271	-	-	271	204
<b>Total charitable expenditure</b>	12	<b>13,235</b>	<b>12,605</b>	<b>-</b>	<b>25,840</b>	<b>24,501</b>
<b>Total resources expended</b>		<b>21,304</b>	<b>13,075</b>	<b>15</b>	<b>34,394</b>	<b>33,298</b>
Net incoming resources/(resources expended) before transfers		1,761	241	(15)	1,987	1,017
Gross transfers between funds		(40)	40	-	-	-
Net incoming resources/(resources expended)		1,721	281	(15)	1,987	1,017
Net gains/(losses) on investment assets		3,414	-	228	3,642	(532)
<b>Net movement in funds</b>		<b>5,135</b>	<b>281</b>	<b>213</b>	<b>5,629</b>	<b>485</b>
<b>Total funds brought forward</b>		<b>11,394</b>	<b>1,513</b>	<b>2,042</b>	<b>14,949</b>	<b>14,464</b>
<b>Total funds carried forward</b>		<b>16,529</b>	<b>1,794</b>	<b>2,255</b>	<b>20,578</b>	<b>14,949</b>

All activities derive from continuing operations.

There are no recognised gains or losses in the current or preceding financial year other than as shown in the statement of financial activities.

# Balance sheets

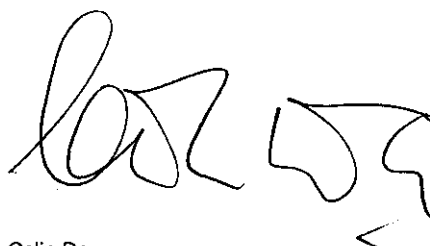
at 30 June 2004

	Notes	Group 2004 £'000	Group 2003 £'000	Charity 2004 £'000	Charity 2003 £'000
<b>Fixed assets</b>					
Tangible fixed assets	2	1,661	1,635	1,661	1,635
Investments	3	11,104	6,640	11,104	6,640
		<b>12,765</b>	<b>8,275</b>	<b>12,765</b>	<b>8,275</b>
<b>Current assets</b>					
Stocks	4	97	85	-	-
Debtors	5	4,312	3,002	4,244	2,856
Amounts due from WWF-UK Trading Limited		-	-	94	134
Cash on short-term deposits		7,734	7,512	7,734	7,512
Cash at bank and in hand		104	93	95	90
		<b>12,247</b>	<b>10,692</b>	<b>12,167</b>	<b>10,592</b>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	6	4,434	4,018	4,360	3,924
<b>Net current assets</b>		<b>7,813</b>	<b>6,674</b>	<b>7,807</b>	<b>6,668</b>
<b>Total assets less current liabilities</b>		<b>20,578</b>	<b>14,949</b>	<b>20,572</b>	<b>14,943</b>
<b>Accumulated funds</b>					
Endowment funds	13	2,255	2,042	2,255	2,042
Restricted funds	14	1,794	1,513	1,794	1,513
Unrestricted funds [including a revaluation reserve £2,893,000 (2003 : nil) ]		16,529	11,394	16,523	11,388
<b>Total funds</b>		<b>20,578</b>	<b>14,949</b>	<b>20,572</b>	<b>14,943</b>

The financial statements were approved by the Trustees on  
14 December 2004 and signed on their behalf by:



Christopher Ward  
Chairman



Colin Day  
Honorary Treasurer

# Consolidated cash flow statement

For the year ended 30 June 2004

	Notes	2004 £'000	2003 £'000
<b>Net cash inflow from operating activities</b>	<b>1</b>	<b>617</b>	<b>2,463</b>
Returns on investments and servicing of finance	2	467	579
Capital expenditure	3	(1,253)	(592)
Net cash (outflow)/ inflow before use of liquid resources		(169)	2,450
Management of liquid resources and financing	4	(12)	(2,370)
(Decrease)/Increase in cash	5	(181)	80

## Notes to the Consolidated cash flow statement

### 1 Reconciliation of incoming resources to net cash inflow from operating activities

Net incoming resources	1,987	1,017
Investment income received	(210)	(195)
Interest received	(257)	(384)
Depreciation on fixed assets	208	156
( Increase) in stocks	(12)	(72)
(Increase)/decrease in debtors	(1,310)	1,261
Increase in creditors	224	680
Realised and unrealised translation differences	(10)	-
Profit on sale of investments	(3)	-
Net cash inflow from operating activities	617	2,463

### 2 Returns on investments and servicing of finance

Investment income received	210	195
Interest received	257	384
	467	579

### 3 Capital expenditure

Purchase of tangible fixed assets	(341)	(300)
Purchase of fixed asset investments	(2,125)	(2,554)
Sale of fixed asset investments	1,213	2,262
	(1,253)	(592)

### 4 Management of liquid resources and financing

Decrease/(increase) in cash held for investment	210	(205)
(Increase) in cash on short-term deposit	(222)	(2,165)
	(12)	(2,370)

	At 1 July 2003 £'000	Cash flow £'000	Other non-cash movement £'000	At 30 June 2004 £'000
<b>Notes to the Consolidated cash flow statement <i>continued</i></b>				
<b>5 Analysis of net funds</b>				
Cash at bank and in hand	93	(181)	-	(88)
Cash on short-term deposit	7,512	222	-	7,734
<b>Total</b>	<b>7,605</b>	<b>41</b>	<b>-</b>	<b>7,646</b>

**Reconciliation of net cash flow to movement in net funds**

	2004 £'000	2003 £'000
(Decrease)/Increase in cash at bank and in hand in the year	(181)	80
Increase in cash on short-term deposit	222	2,165
Change in net cash arising from cashflows	41	2,245
Non-cash movement	-	13
	41	2,258
Net funds brought forward	7,605	5,347
<b>Net funds carried forward</b>	<b>7,646</b>	<b>7,605</b>

# Notes to the accounts

## 1 Accounting policies

### Basis of accounting

The accounts have been prepared under the historical cost convention, with the exception of listed investments and investment properties, which are included on a market value basis. The accounts have been prepared in accordance with the Charity Commission Statement of Recommended Practice (SORP) and applicable United Kingdom accounting standards. The particular accounting policies adopted by the Trustees are described below and have been applied consistently throughout the current and proceeding year.

### Basis of consolidation

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The result of the subsidiary are consolidated on a line by line basis.

The charity has availed itself of paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone as permitted by Section 230 of the companies Act 1985 and paragraph 304 of the SORP.

### Fund accounting

- **Unrestricted funds**

These funds can be used for any of the charity's purposes.

- **Restricted funds**

These funds have been raised by WWF-UK for particular restricted purposes and include funds with specific restrictions imposed by the donors.

WWF-UK acts as a custodian of these funds and consequently they are not available for general use.

- **Endowment funds**

These funds are held permanently by the Trustees on behalf of WWF-UK. These funds provide income that can be used for any of the charity's purposes.

### Incoming resources

Incoming resources are accounted for when the charity has entitlement, there is certainty of receipt and the amount can be reliably measured.

Membership income and other donations from individuals and income from lotteries is credited on a cash received basis.

Legacy entitlement is taken as the earlier of cash being received or estate accounts being settled.

Other income, including grant income, is accounted for on an accrual basis when the charity becomes entitled to the resource.

Income from investments is included gross.

Gifts in kind, where material, are included in donations at the value of the gift received.

## Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular heading they have been allocated to activities on a basis consistent with the use of the resource.

Fundraising costs are primarily those incurred in seeking voluntary contributions but also include an element of raising the charity's public profile in the context of the issues with which it deals.

Direct support costs comprise all services supplied directly in support of the programme and the charity's objects.

Management and administration costs relate to the management of the charity's assets and organisational administration in compliance with constitutional and statutory requirements.

## Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Foreign currency balances have been translated at the rates of exchange ruling at the balance sheet date.

## Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Impairment reviews are performed when the charity becomes aware that a significant event has occurred.

Depreciation is calculated to write off the cost of tangible fixed assets by equal annual instalments over their expected useful lives as follows:

Motor vehicles	25.0 per cent
Office furniture	12.5 per cent
Equipment	25.0 per cent
Leasehold	
Improvements	10.0 per cent
Contacts database system	14.3 per cent

Freehold property is not depreciated.

All tangible fixed assets are capitalised, subject to a cost threshold of £3,000.

## Investments

Investments listed on a recognised stock exchange are stated at market value.

Investment properties are stated at market value, less any provision for impairment; and are not depreciated.

Any gains or losses on revaluation are taken to the Consolidated Statement of Financial Activities.

## Stocks

Stocks are valued at the lower of cost and net realisable value.

## Operating leases

Rental costs under operating leases are charged to the statement of financial activities in equal amounts over the periods of the leases.

## Pensions

WWF-UK administers a group pension plan as well as a stakeholder pension plan for its employees.

Payments made by the charity on behalf of individual employees are charged to the Consolidated Statement of Financial Activities as incurred.

**2 Tangible fixed assets for use by the charity**

GROUP AND CHARITY	Freehold property £'000	Motor vehicles £'000	Office furniture and equipment £'000	Leasehold improvements £'000	Contacts database system £'000	Total £'000
<b>Cost or valuation</b>						
At 1 July 2003	107	24	1,091	696	766	2,684
Additions	-	-	50	-	291	341
Transfer to investments	(107)	-	-	-	-	(107)
At 30 June 2004	-	24	1,141	696	1,057	2,918
<b>Depreciation</b>						
At 1 July 2003	-	24	857	168	-	1,049
Charge for the year	-	-	88	70	50	208
At 30 June 2004	-	24	945	238	50	1,257
<b>Net book value</b>						
At 30 June 2004	-	-	196	458	1,007	1,661
At 30 June 2003	107	-	234	528	766	1,635

The freehold property, Bohunt Manor, was bequeathed to WWF-UK in 1975, subject to a life tenancy which came to an end in February 2004. The Trustees have reviewed the options for this Estate and concluded that it is in the best interests of WWF-UK to sell the property. This was under way at the time of approving these Financial Statements. As a result, the property has been transferred to investments as an investment property (See note 3.)

**3 Fixed asset investments**

GROUP AND CHARITY	2004	2003
	£'000	£'000
Market value at 1 July	6,289	6,529
Additions at cost	2,125	2,554
Transfer from tangible fixed assets – freehold property (note 2)	107	-
Disposals at opening book value (proceeds: £1,213,000 gains £3,000)	(1,210)	(2,642)
Unrealised investment gains/(losses) on Equities	759	(152)
Unrealised gain on investment property	2,893	-
<b>Market value at 30 June</b>	<b>10,963</b>	<b>6,289</b>
Cash balances	141	351
<b>Total market value at 30 June</b>	<b>11,104</b>	<b>6,640</b>
<b>Cost at 30 June</b>	<b>7,834</b>	<b>7,045</b>
<b>Portfolio distribution</b>		
UK Fixed interest	645	692
UK equities	4,910	3,722
Overseas equities	2,408	1,875
Investment property	3,000	-
Cash balances	141	351
	<b>11,104</b>	<b>6,640</b>
<b>Restriction analysis</b>		
Endowment funds	2,255	2,042
Unrestricted funds	8,849	4,598
	<b>11,104</b>	<b>6,640</b>

The investment property, Bohunt Manor, was revalued on 12 August 2004 on the basis of existing market value, by Messrs Clarke, Gammon Wellers, Chartered Surveyors. The net book value determined according to the historical cost convention is £107,500. The difference between the year end market value of £3,000,000 and the brought forward carrying value of £107,500 has been included within the net investment gains.

With the exception of investment property, Newton Investment Management Limited, acting as agents on behalf of WWF-UK, have appointed The Bank of New York Limited as custodians and safekeepers of the Group's investments

**4 Stocks**

Stocks consist of finished goods for resale held by the subsidiary company, WWF-UK Trading Limited.

**5 Debtors**

	Group 2004 £'000	Group 2003 £'000	Charity 2004 £'000	Charity 2003 £'000
Amounts due within one year:				
Trade debtors	174	383	152	295
Other debtors	1,016	800	996	797
Prepayments and accrued income	3,122	1,819	3,096	1,764
	<b>4,312</b>	<b>3,002</b>	<b>4,244</b>	<b>2,856</b>

**6 Creditors**

	Group 2004 £'000	Group 2003 £'000	Charity 2004 £'000	Charity 2003 £'000
Amounts falling due within one year:				
Bank overdraft	192	-	192	-
Trade creditors	2,061	2,270	2,018	2,238
Other creditors, including taxation and social security	463	490	456	483
Accruals and deferred income	1,718	1,258	1,694	1,203
	<b>4,434</b>	<b>4,018</b>	<b>4,360</b>	<b>3,924</b>

**7 Interest and dividends**

On investments	210	195
On deposits	257	384
	<b>467</b>	<b>579</b>

**8 Subsidiary company**

The ordinary shares in the subsidiary company, WWF-UK Trading Limited, are owned by WWF-UK.

The main activities of the company are the sale of environmentally friendly products and other goods, running lotteries, receiving licensing and sponsorship income and miscellaneous trading activities. The aggregate assets of the subsidiary company were £175,000 (2003: £234,000) and the aggregate liabilities were £169,000 (2003: £228,000), resulting in shareholders' funds of £6,000 (2003: £6,000).

The taxable profits earned by the company are donated to WWF-UK and in the current year amounted to £189,000 (2002/3: £251,000).

A summary of the trading results is shown below. Audited accounts have been filed with the Registrar of Companies.

	2004 £'000	2003 £'000
Profit and Loss Account:		
Turnover	1,358	1,437
Cost of Sales	(688)	(678)
Gross profit	670	759
Distribution costs	(256)	(233)
Administrative expenses	(226)	(276)
	(482)	(509)
Operating profit	188	250
Interest receivable	1	1
Profit on ordinary activities before taxation	189	251
Taxation	-	-
Profit on ordinary activities after taxation	189	251
Donation to WWF-UK	(189)	(251)
Retained result for the financial year	-	-
Retained profit brought forward	6	6
Retained profit carried forward	6	6

**9 Aid agencies and government grants**

	2004 £'000	2003 £'000
Major grants from aid agencies and governments include funds from:		
<b>Department for International Development</b>		
Partnership Programme Agreement	2,490	2,420
<b>Foreign and Commonwealth Office</b>		
Research and publication of Sustainable Forestry, China	-	17
<b>The Department for Environment, Food and Rural Affairs (Defra)</b>		
Environmental Action Fund		
Strategic support, implementation of CITES in the UK	10	28
Trade in musk deer	-	7
People and Plants programme	75	-
Brazil Biodiversity fiscal incentives	32	-
Other	2	-
<b>National Lottery Charities Board</b>		
Namibia, Caprivi community-based conservation	119	125
<b>European Union</b>		
People and Plants programme	-	71
Mexico, Oaxaca project	-	29
Vanuatu, Wansmolbag	68	110
Lake Nakuru project (repayment)	-	(1)
Green Electricity	23	22
Greenhouse Emissions reductions project	-	38
Pakistan, tackling poverty in coastal community project	117	89
Developing Institutional and Social Capacities for Urban Sustainability	-	35
UK Woodland restoration	168	-
Other projects	-	18
<b>Welsh Assembly government</b>		
Wales and the World Summit	-	(13)
<b>Forestry Commission</b>		
UK Woodland restoration	74	-
<b>Scottish Executive</b>		
Reducing Scottish global footprint	64	-
<b>Countryside Agency</b>		
South East Forum for Sustainability	10	9
<b>Other agencies</b>	15	3
	<b>3,267</b>	<b>3,007</b>

**10 Grants paid**

"Grants paid" covers project work undertaken in the UK and internationally. It includes all expenditure directly incurred on each programme or project, and includes payments to institutions, individuals and independent programme offices managed by either WWF International or WWF-US. This information is normally the basis of reporting to donors, including government agencies. The total amount paid out to conservation, education and public awareness programmes and projects in the year amounted to £15,850,000 (2002/3: £14,908,000). The 50 largest programmes and projects totalling £6,901,000 are listed below. Payments totalling £6,963,000 were made to a further 197 projects and grants totalling £1,986,000 were also made to WWF International in respect of expenditure on institutional development, communications and public awareness.

Programme or Project Organisation	2004 £'000
<b>Colombia Programme</b>	
WWF Colombia Programme Office	499
<b>Mexican Forests Programme</b>	
WWF Mexico Programme Office	221
<b>Ruaha Freshwater Programme</b>	
WWF-Tanzania	319
<b>North East Atlantic Programme</b>	
Opinion Leader Research	79
<b>Freshwater Programme, Brazil</b>	
WWF-Brazil – Projeto Várzea, Phase 2	99
WWF-Brazil – Water for Life Programme	813
	<hr/> 912
<b>Yangtze Programme, China</b>	
WWF China Programme Office	396
<b>UK Freshwater Programme</b>	
Yorkshire Wildlife Trust	152
<b>Rio Bravo Programme, USA/Mexico</b>	
WWF-US – South Florida Everglades	183
WWF-US – Rio Grande and Rio Conchos	200
	<hr/> 383
<b>Eastern Himalayas Programme</b>	
WWF Bhutan Programme Office	89
<b>Endangered Species Programme</b>	
WWF-India – Tiger Conservation	98
WWF-Indonesia – Rhinos	73
Nigerian Conservation Foundation – Chimpanzees	97
WWF Eastern Africa Regional Programme Office – Gorillas	124
WWF Eastern Africa Regional Programme Office – Black Rhinos	54
TRAFFIC International	175
WWF China Programme Office – Pandas	123
WWF-Malaysia – Orang-utans	69
	<hr/> 813

**10 Grants paid *continued***

Programme or Project	2004
Organisation	£'000
<b>East Africa Marine Programme</b>	
WWF-Tanzania – East Africa Marine Programme Coordinator	62
WWF-Tanzania – Mafia Island Marine Park	84
	<hr/> 146
<b>Namibia Programme</b>	
IRDNC, Namibia – Community Based Natural Resource Management Project, Kunene	288
IRDNC, Namibia – Community Based Natural Resource Management Project, Caprivi	314
	<hr/> 602
<b>Other projects</b>	
English Nature – Restoration of the Core Ravine Woodlands of England and Wales	54
International Institute for Environment and Development – EU Sustainable Development Southern Perspectives	50
Nigerian Conservation Foundation – Participatory Sustainable Management of Renewable Natural Resources	50
WWF Colombia Programme Office – Colombia Social Change Programme – Trust Fund/Debt Swap	111
WWF Danube Carpathian Programme Office – Conservation of East European Medicinal Plants	62
WWF Eastern Africa Regional Programme Office – Community Based Wetlands Conservation Programme	146
WWF Eastern Africa Regional Programme Office – Eastern Africa Coastal Forests Programme	66
WWF Eastern Africa Regional Programme Office – Kenya Woodcarving Project	62
WWF European Programme Office – Global Trade Network Policy Officer	56
WWF-Indonesia – Nusa Tenggara, integration of conservation and development (ICD)	73
WWF International – European Toxics Programme	100
WWF International – Forest Certification	60
WWF International – Global Trade Network – Trade & Investment Officer	93
WWF-Nepal – People & Plants Phase 3	51
WWF-Pakistan – Environmental Education Programme	66
WWF-Pakistan – Pakistan Mangroves – Tackling Poverty in Pakistan Coastal Communities	56
WWF-Pakistan – People & Plants Phase 3	59
WWF-Pakistan – Sustainable Resource Use in Bar Valley and adjoining areas	83
WWF-Philippines – Turtle Islands	54
WWF South Pacific Programme Office – Devlpmt. Theatre for Natural Resource Awareness & Capacity Bldg.	182
WWF South Pacific Programme Office – Local Resource Initiatives	161
WWF South Pacific Programme Office – Pacific Marine Programme	79
WWF-Tanzania – Cons & Management of Udzungwa National Park Tanzania Phase 3	104
WWF-Tanzania – Tanzania Environmental Education Project	124
WWF-Thailand – Building Community Capacity for Conservation of Coastal Resources	82
WWF-Thailand – Phu Luang Rural Revitalisation & Conservation	80
WWF Zambia Coordination Office – Zambia: Education Project – Phase 3	126
	<hr/> 2,290
<b>Total</b>	<hr/> <b>6,901</b> <hr/>

**11 Cost of generating funds**

	Staff costs	Direct costs	Total 2004	Total 2003
	£000	£000	£'000	£'000
Cost of generating voluntary income	1,501	5,531	7,032	7,116
Lottery promotions	-	120	120	104
Community and trading activities	165	976	1,141	1,183
Corporate Sponsorships and donations	190	20	210	263
Investment management fees	-	51	51	32
Cost of recovering Input Value Added Tax	-	-	-	99
	1,856	6,698	8,554	8,797

**12 Charitable expenditure**

	Staff costs	Direct costs	Total 2004	Total 2003
	£000	£000	£'000	£'000
Grants	553	15,297	15,850	14,908
Conservation	2,285	496	2,781	2,706
Education	1,036	273	1,309	1,348
Public awareness	1,454	1,200	2,654	2,735
Support costs	1,425	1,550	2,975	2,600
Management and administration	115	156	271	204
	6,868	18,972	25,840	24,501

**13 Endowment funds**

GROUP AND CHARITY	Balance 1 July 2003	Incoming Reserves	Investment management fees	Balance 30 June 2004
	£'000	£'000	£'000	£'000
<b>Permanent endowments</b>				
Kleinwort Endowment Fund	1,164	130	(9)	1,285
Willingdon Memorial Fund	878	98	(6)	970
	2,042	228	(15)	2,255

**Permanent endowments**

The Kleinwort Endowment Fund was established in 1970. Under the terms of the Trust, the fund is invested in approved equities. Income is available for the general purposes of WWF-UK. The fund is represented mainly by fixed asset investments.

The Willingdon Memorial Fund was received by way of a legacy in 1991 and 1994. Income is available for the general purposes of WWF-UK. The fund is represented mainly by fixed asset investments.

**14 Restricted funds**

Restricted funds comprise the following unspent balances on donations given for specific purposes:

	Balance at 1 July 2003	Incoming Resources	Expenditure (less transfers)	Programme Fundraising costs	Balance at 30 June 2004
	£'000	£'000	£'000	£'000	£'000
Project restricted (1)	362	8,661	(7,997)	-	1,026
UK countryside	68	9	(77)	-	-
Rhinos	182	531	(503)	(52)	158
Tigers	348	536	(505)	(142)	237
Vanishing species	203	1,868	(1,964)	(82)	25
Tanzania	17	4	(21)	-	-
Primates	-	295	(279)	(11)	5
Climate change	-	11	(11)	-	-
Forests	-	132	(132)	-	-
Asian elephants	188	339	(348)	(24)	155
Wildlife trade	-	3	(3)	-	-
Mountain gorillas	-	5	(5)	-	-
Big cats	-	16	(16)	-	-
Marine	-	243	(192)	(51)	-
Pandas	101	107	(176)	(7)	25
Namibia	-	28	(28)	-	-
European carnivores	-	16	(16)	-	-
Snow leopards	44	17	(18)	(1)	42
Latin America	-	12	(12)	-	-
Eastern Himalayas	-	127	(33)	(2)	92
Polar bears	-	275	(187)	(88)	-
Colombia	-	49	(40)	(9)	-
East African marine programme	-	32	(2)	(1)	29
	1,513	13,316	(12,565)	(470)	1,794

(1) Project restricted donations are where the donor has specified the project to be funded.

**15 Staff costs**

	2004	2003
	£'000	£'000
Wages and salaries	7,857	7,246
Social security costs	825	675
Pension costs	517	451
	<b>9,199</b>	<b>8,372</b>

The number of employees whose emoluments exceeded £50,000 in the year were:

	2004	2003
	Number	Number
£50,001 to £60,000	5	3
£60,001 to £70,000	3	2
£70,001 to £80,000	1	2
£80,001 to £90,000	-	-
£90,001 to £100,000	-	1
£100,001 to £110,000	1	-

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

	2004	2003
	Number	Number
Charitable activities	180	175
Generating funds	61	63
Support, management and administration	47	47
	<b>288</b>	<b>285</b>

The comparative figures for 2003 have been restated in order to correct for the erroneous inclusion of WWF Network staff hosted by WWF-UK

**16 Trustees' Remuneration and Expenses**

No Trustee has received any remuneration from WWF-UK during the year. Expenses totalling £1,832 (2002/3: £613) were reimbursed to four Trustees for travel costs incurred in attending meetings.

During the year the charity paid £1,386 (2002/3: £1,023) in respect of Trustees' Indemnity Insurance on behalf of the Trustees.

**17 Operating lease commitments**

At the end of the year, WWF-UK was committed to making the following payments during the next year in respect of operating leases:

	2004	2004	2003	2003
	land and buildings	other	land and buildings	other
	£'000	£'000	£'000	£'000
Leases which expire:				
Within one year	3	-	3	2
Within two to five years	62	73	68	81
After five years	561	-	561	-
	<b>626</b>	<b>73</b>	<b>632</b>	<b>83</b>

**18 Programmatic Commitments**

WWF has committed to a large number of programmes and projects for which it will continue to provide funding.

At the end of the year, the commitments under contract amounted to £10,911,000. These programmes will continue to be funded, subject to the delivery of contractual obligations and the availability of sufficient funds.

**19 Analysis of group assets and liabilities between funds**

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2004
	£'000	£'000	£'000	£'000
Fixed assets:				
Tangible assets	1,661	-	-	1,661
Investments	8,849	-	2,255	11,104
Net current assets	6,019	1,794	-	7,813
	16,529	1,794	2,255	20,578

	2004 £'000	2003 £'000
As part of the above funds, free reserves are calculated as being:		
Total unrestricted funds	16,529	11,394
Less:		
Tangible Fixed Assets	(1,661)	(1,635)
Investment Property	(3,000)	-
Legacy Accruals	(1,863)	(1,101)
	10,005	8,658

**20 Net incoming resources from operations**

	2004 £'000	2003 £'000
Net incoming resources from operations for the year are stated after charging		
Auditors' remuneration		
for audit services	36	32
for taxation and other services	5	9
Depreciation of tangible fixed assets	208	156
Operating lease rentals		
hire of equipment	84	75
other	658	637

## **21 Legacy Notifications**

By the end of the financial year, WWF-UK has been advised of a number of legacies which have indicated the company as beneficiaries. These have not been included in the Statement of Financial Activities as the company's final entitlement has not yet been established by the executors.

The initial indicated values for legacies estimated to be in excess of £200,000 amount to a total of £1,790,000.

## **22 Post Balance sheet events**

WWF has on 12 August 2004 signed a 60 month lease agreement with MTI Technology Ltd to acquire use of business premises. The cost to the company in the next financial year amounts to £50,500.

Notice was issued on 25 September 2004 to the property lessors, Godalming Business Park of the company's intention not to renew the current use of the Business premises. The cost to the company in the next financial year amounts to £94,000.

The investment property, Bohunt Manor has been actively marketed for sale since September 2004.

## **23 Contingent Liabilities**

In accordance with normal business practice, WWF has provided indemnities to the executors of certain estates. These indemnities provide legal recourse to the recovery of any over-payments up to the total value of receipts by WWF. The value of indemnities provided over the last three financial years, for receipts in excess of £25,000, amounted to £348,000.

## **24 Related Party Transactions**

In line with the Statement of Recommended Practice no disclosures have been made in relation to donations from Trustees or their charitable trusts.

A Trustee, Mr Jonathon Porritt, has during the year acted as a Trustee of Forum for the Future.

A Trustee, Ms Fabiola Arredondo, has during the year acted as a committee member of The BOC Foundation.

A Trustee, Professor John Lawton, has during the year acted as a vice-president of the Royal Society for the Protection of Birds.

The Chairman, Mr Christopher Ward, has during the financial year served as a Trustee of WWF International.

The Group's Chief Executive, Mr Robert Napier, has during the financial year served as Trustee of the Alliance of Religion and Conservation, as well as Director and Company Secretary of the Carbon Disclosure Project.

The Director of Communications, Ms Perdita Hunt, has during the financial year served as Director of the Wildscreen Trust.

Notes to the accounts *continued*

The Trustees of WWF-UK are required to appoint a Trustee of the Iris Darnton Foundation as per that Foundation's Trust Deed

The aggregate amount of the company's trade with these organisations amounted to:	2004
	£'000
<b>Forum for the Future</b>	
Grants provided	6
<b>The BOC Foundation</b>	
Donations received	18
<b>Royal Society for the Protection of Birds</b>	
Grants provided	11
Grants received	2
<b>WWF International including Programme Offices under its direct control</b>	
Grants provided and expenditure in respect of institutional development, communications and public awareness	6,377
Grants received	4
Amounts due from the above included in trade debtors	37
Amounts due to the above included in trade creditors	145
<b>Alliance of Religion and Conservation</b>	
Grants provided	70
<b>Carbon Disclosure Project</b>	
Amounts due from the above included in trade debtors	2
<b>Wildscreen Trust</b>	
Grants provided	28
<b>Iris Darnton Foundation</b>	
Donations received	20

## 25 Taxation

WWF-UK is a registered charity and as such is exempt from taxation of its income and gains to the extent that they are applied to its charitable objectives. WWF-UK Trading Limited is subject to corporation tax but remits by Gift Aid any taxable profit to WWF-UK.

## 26 Guarantee

WWF-UK is a company limited by guarantee and each Trustee has agreed to Contribute up to £10 towards the assets of the company in the event of it being wound up.