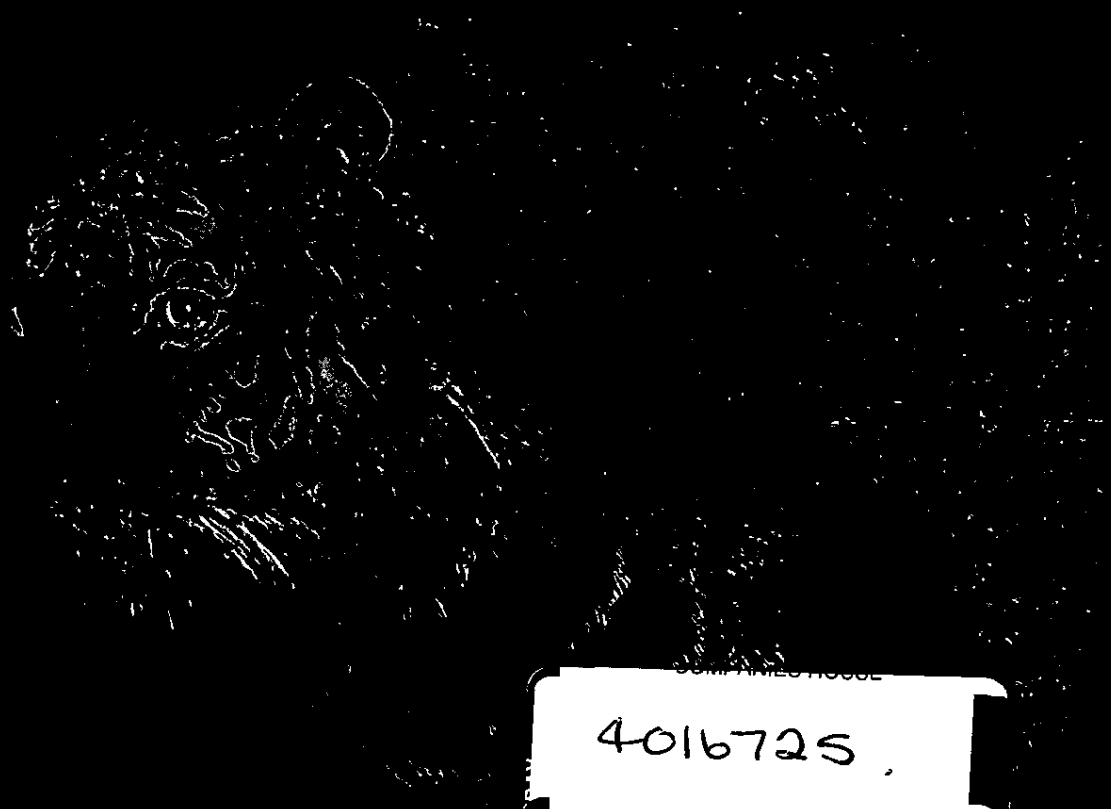




DO IT  
FOR YOUR  
PLANET

# WWF-UK ANNUAL REPORT AND FINANCIAL STATEMENTS 2015-16



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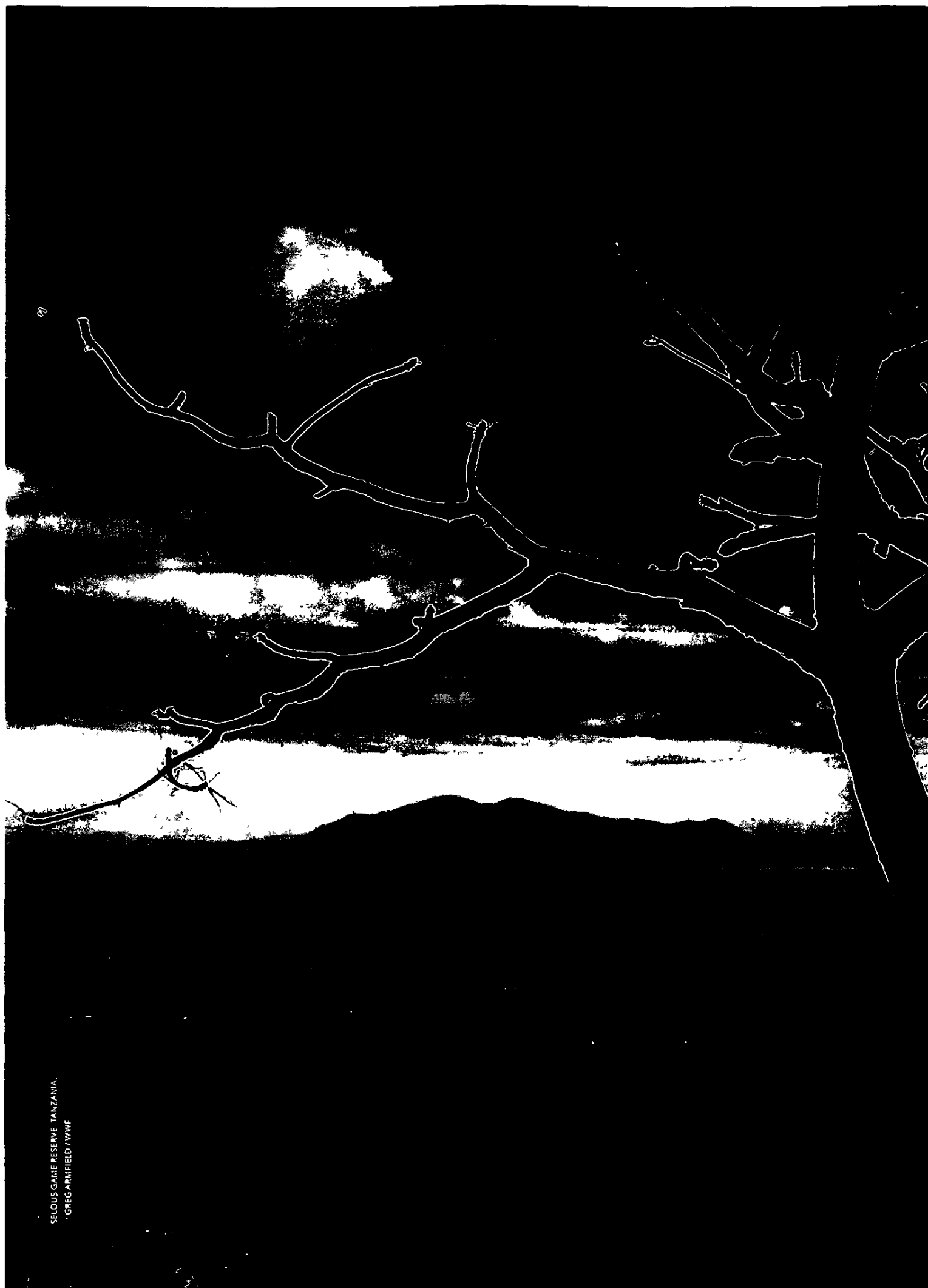
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COMPANIES HOUSE



SELOUS GAME RESERVE TANZANIA.  
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## WWF-UK IN BRIEF

At WWF, we believe that a living planet – from the global climate to local environments – is vital not only for wildlife, but also as the source of our food, clean water, health and livelihoods. And as a source of inspiration, now and for future generations. So we're tackling critical environmental challenges and striving to build a world with a future where people and nature thrive.

To do this, we're educating, inspiring, influencing and engaging the public, policy-makers, business leaders and influencers. In particular, we're strengthening our voice at the heart of decision-making in the rapidly-growing economies of the global South

and East. These are becoming ever more significant as they gain greater economic and political influence and use a larger proportion of the world's natural resources. And they're located in regions where much of the world's most important biodiversity is concentrated.

We're engaging the business community – especially in sectors we believe can make the greatest difference – to encourage global companies to become stewards of the natural world their activities depend on. And we're working to ensure that governments in the UK and EU are environmental champions – particularly when it comes to policies on climate and energy, marine issues and international development.



## A LIVING PLANET

We're publishing the 11th edition of our *Living Planet Report* in 2016. It's the world's most comprehensive survey of the health of our planet.

It shows that global wildlife populations have fallen by more than half in just 40 years.

And that humanity's demand for natural resources has more than doubled since 1961.

Taken together, biodiversity loss and unsustainable use of natural resources threaten natural systems and human wellbeing – and indeed our very future

At WWF, we're determined to reverse these two trends, so that we no longer live as though we have more than one planet at our disposal.



[WWF.ORG.UK/LIVINGPLANETREPORT](http://WWF.ORG.UK/LIVINGPLANETREPORT)



AFRICAN ELEPHANTS IN THE MASAI MARA RESERVE, KENYA.  
© GREG ARMFIELD / WWF UK

## A MESSAGE FROM OUR CHAIR

This year WWF-UK has again been at the centre of many successes. We're at the heart of efforts to steer governments, businesses and individuals in a direction that will help people and nature to thrive. You'll find many examples of this set out in this report. In particular, we note where we have exceeded our targets as we reach the halfway point in our five-year strategy.



**Sir Andrew Cahn KCMG**  
chair of the board of trustees

For me, the most encouraging moment of the past 12 months was the agreement reached by 195 countries at the Paris climate summit. Finally, most nations in the world have committed to take action to tackle climate change – a global threat that has already changed the natural world so much and will do far more damage unless nations honour their promises.

The devastating impact of climate change and many other current pressures on our beautiful planet are comprehensively measured in WWF's regular *Living Planet Report*. The 2016 edition will be published imminently. It makes for uncomfortable reading, showing as it does the scale of human responsibility for consuming far more than our share of nature's bounty and putting much of the natural world at risk.

At WWF-UK, we're determined to reverse the declines outlined in the *Living Planet Report*. To this end, we've been closely involved during the year with some radical changes to the WWF global network – a project designed to ensure that globally we become an even more collaborative conservation organisation that achieves greater impacts in more than 80 countries around the world.

I would like to pay tribute to a giant figure in the history of WWF who died this year aged 93. Luc Hoffmann was one of the creators of WWF, more than that, he achieved so much for conservation. Just one example: his singular determination was central to the establishment of Doñana National Park in Spain, which provides sanctuary to millions of migratory birds as well as the Iberian lynx. Please support our current campaign to protect this unique refuge by going online to [wwf.org.uk/donana](http://wwf.org.uk/donana).

I would also like to note my gratitude to David Nussbaum, our departing chief executive who leaves us to become chief executive of The Elders. He has achieved so much for WWF-UK and for the global network. The *Living Planet Centre* is a physical legacy of his efforts, but the conservation successes set out in this report are even more important. David leaves an efficient and effective organisation which, despite increasing challenges to fundraising, is in excellent financial health and full of energy and determination to address the challenges facing our planet. I thank him with admiration for all he has done for the conservation of our planet, for species and habitats, and for our charity.

We welcome in his place Tanya Steele, who is joining us in January from Save the Children. Tanya is hugely engaging and has immense energy and enthusiasm. I know she will be a great chief executive for WWF-UK.

Finally, I want to thank all our supporters for their incredible generosity, as well as all the wonderful people who work at WWF for their inspiring commitment. Together they do so much to help us move towards our goal of a planet where people live in harmony with nature.

## A MESSAGE FROM OUR CHIEF EXECUTIVE

Each year, I approach this message determined to weave in a broad flavour of the marvels that we at WWF-UK have achieved, and to do justice to our boundless gratitude for the incredibly generous support for our work that flows from huge numbers of people, as well as from many trusts, foundations and companies



**David Nussbaum**  
chief executive, WWF-UK

This year I feel an even greater need to recognise those successes and your backing, as this is my last opportunity to do so. After nine years as chief executive, I am handing over this wonderful role

During those nine years, I believe WWF-UK has been strengthened by the excellent strategies we have developed, as well as notably by the wonderful sustainable building – the Living Planet Centre – we’ve constructed. This attracts around 25,000 people a year to engage more closely with our work

From our many achievements during this time, I am particularly proud of our successful campaign to protect Virunga national park – and its natural wonders and local communities – from oil exploration. And of having led our team in reaching an agreement with the oil company involved. It’s an outcome that bolstered WWF-UK’s leading

role in the international WWF family, working together to safeguard the natural world

The year in review is also a fine one to celebrate. Not least for the announcement that the global population of wild tigers has risen for the first time in conservation history – to nearly 3,900. This is incredibly welcome news at the halfway point in our 12-year quest to double their numbers

It was a year, of course, during which 195 countries came together in Paris to reach a ground-breaking global agreement to tackle climate change. WWF staff from the UK and the network have worked for years towards this excellent achievement, as well as working into the nights at the summit itself to push world leaders for an ambitious outcome. There was success, too, this year for our campaign calling with others for the UK to phase out coal power for electricity generation

We achieved some equally impressive breakthroughs that are less likely to make the headlines. Such as our freshwater partnership with HSBC (and various high street retailers) to advance the use of cleaner technologies which reduce the devastating pollution that tanneries pour into the Ganges river basin. Closer to home, large conservation areas for harbour porpoises in UK seas are now under consultation as a direct result of our complaint to the European Commission

I encourage you to take time to read about these and other successes in this annual report. And you’ll find far more about our work if you visit our newly-refreshed website [wwf.org.uk](http://wwf.org.uk)

I leave WWF at a time where our influence has never been stronger. But it needs to be. Nature is under threat as never before, as our regular *Living Planet Report* underlines. And the EU referendum result leaves us with a potential vacuum in regulations that protect the air, seas, freshwater and more – but one that we’re determined to grasp as an opportunity to place the UK as a true global force for the protection of nature

I’m confident that I leave my successor with a WWF-UK that is in good health. Despite recent and continuing challenges in the fundraising environment, our total income (excluding gifts in kind) for the year was £69.2 million. This record figure was thanks in no small part to the lifeblood of the organisation – the fantastic numbers of generous supporters. It represents a 13% increase on the previous year – providing extra money that we are spending on additional conservation work

I will retain a lifelong connection with this organisation, and will feel great delight at the future successes I know our passionate and committed staff will continue to achieve. I truly hope we can rely on your ongoing support, too, for a world with a future where people and nature thrive





NANCY RONO, FARMER, BOMET COUNTY, MARA RIVER UPPER CATCHMENT, KENYA  
© JONATHAN CARMANUS / GREEN RENAISSANCE / WWF-UK

## OUR FIVE-YEAR STRATEGY

This reporting year was the third in which we've been implementing our current five-year strategy. The strategy focuses our efforts so we can rise to the scale of the challenges we seek to address and achieve truly transformational change. It commits us to responding to three important trends:

1

### INCREASING PRESSURE ON THE NATURAL WORLD

In October 2016, we will publish the 11th edition of our biennial *Living Planet Report*. It will show that humanity's demand on the world's finite resources has more than doubled since 1961. Unsurprisingly, nature is suffering: the 2014 edition of the report shows that threats including habitat loss and degradation, hunting and climate change have contributed to a decline of 52% in the world's biodiversity since 1970. In other words, the number of mammals, birds, reptiles, amphibians and fish that we share our planet with has fallen by half. Global greenhouse gas emissions also continue to increase as the world remains locked into a fossil-fuel economy.

We're devoting resources to interventions that have the greatest potential to reverse those threats.

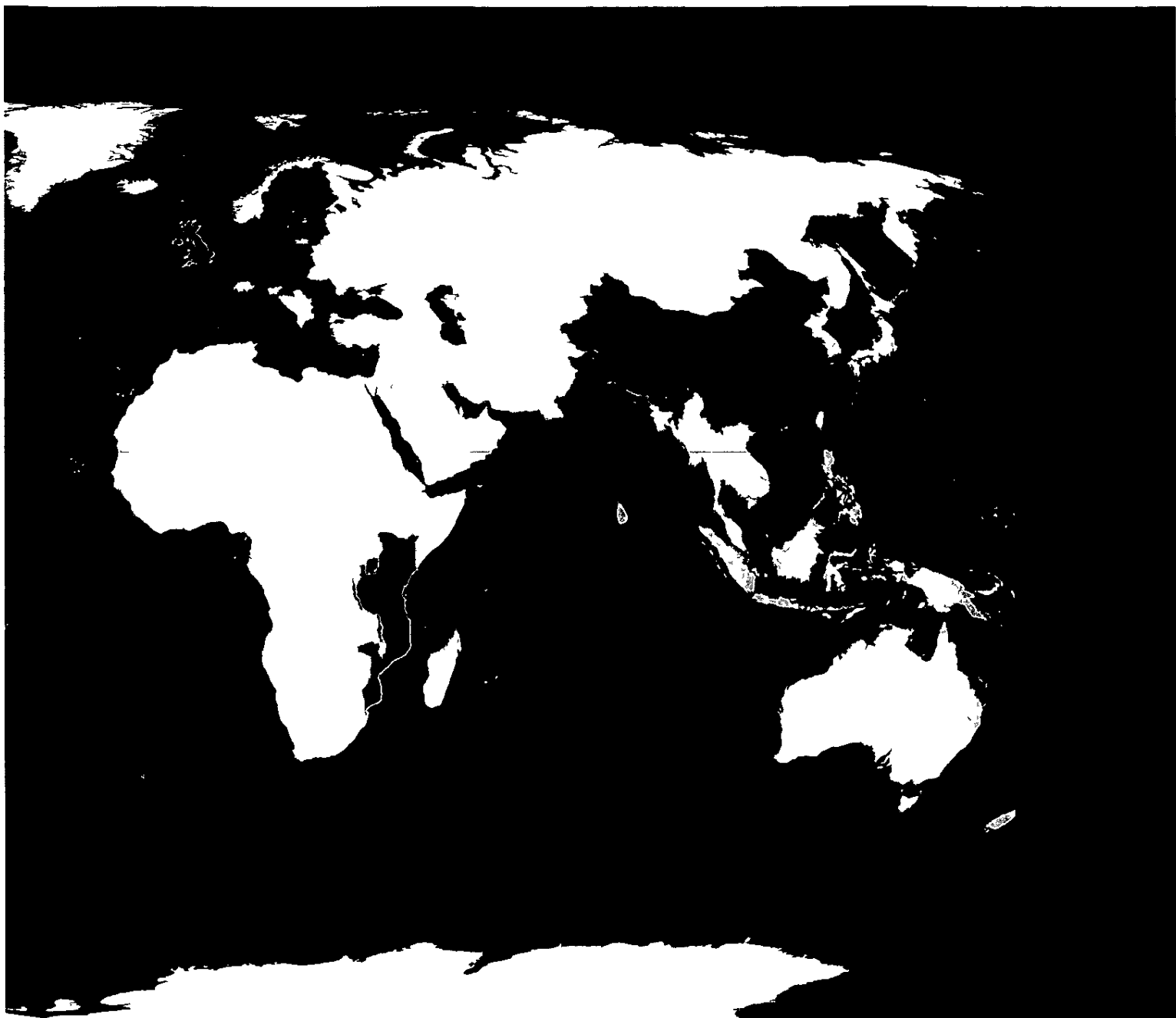
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### THE GLOBAL SHIFT SOUTH AND EAST

The rapidly-growing economies of the global South and East are ever more significant to the challenges facing the natural world. We are strengthening our voice and influence at the heart of decision-making in these regions, where some of the world's most important biodiversity is concentrated.

In particular, we're focusing on *Brazil* and the *Amazon*, *East Africa*, and *South Asia*. We're investing in the WWF offices there to help make them stronger so that together we can influence the key decisions, whether local or international, that will safeguard the natural world in the places where it matters most. As a result we believe we can help lead the way, connect people, see the bigger picture and deliver solutions.





## DIGITAL COMMUNICATIONS

Our strategy also makes it a priority to engage the business community – especially in sectors we believe can make the greatest difference. By doing so, global companies will become stewards of the natural resources – such as forests, rivers and oceans – on which their activities depend.

And we're working to ensure that governments in the **UK** and **EU** are environmental champions – particularly when it comes to policies on climate and energy, marine issues and international development.

The growth of digital communications is revolutionising the way in which organisations and people relate to each other. Online communications are transforming our audiences' expectations. So we have a 'digital first' approach to our communications with people.

This approach is ensuring that we learn from our supporters as well as engaging, informing and inspiring them and increasing their influence alongside ours.

# BIGGER IMPACTS

PHOTOGRAPH BY JESSE SVALLBARD  
FOR ORION SEPHULZ ASSOCIATES OF NEW YORK



We're determined to have the greatest possible positive impact on the natural world. To help us achieve just that, we have set ourselves challenging targets to meet by 2018. We call these our 'big wins'. They are:

## RESTORING WILDLIFE

*Populations of 10 of the world's most iconic and threatened species are safeguarded*

We're working to stabilise or increase populations of many of the world's most iconic and threatened species. There's an urgent need to protect wildlife: nearly a quarter of all mammal species and a third of amphibians are threatened with extinction, owing to pressures including habitat loss, poaching and climate change. Our main focus is on tigers, Amur leopards, snow leopards, Javan rhinos, orang-utans, freshwater dolphins and porpoises, giant pandas, black rhinos, marine turtles and polar bears.

## SUSTAINING FORESTS AND OCEANS

*There is a significant increase in the area of forests and oceans effectively managed and protected in our priority places*

We're aiming for substantial increases in the area of forests and oceans that are properly protected and well-managed in places we regard as particularly vital. The world is losing forest cover at a rate of one football pitch every two seconds, so we're working urgently to maintain millions of hectares of forests in areas including the eastern Himalayas, east Africa and the Amazon. In the oceans, the biggest threats include overfishing, pollution and climate change. We're protecting areas including the polar regions, the seas around the UK and Europe, and the western Indian ocean.

## KEEPING RIVERS FLOWING

*Measures are in place to secure or improve flows in four or more of the world's great rivers and to ensure UK rivers are returned to good ecological health*

The world's precious freshwater resources are under severe pressure from impacts such as changes to water flow, pollution and a changing climate. A billion people don't have access to safe drinking water. And populations of freshwater species have plummeted by 76% since 1970. But we believe it's possible to meet the freshwater needs of people and nature, if water is managed wisely. We're striving to secure or improve the flow of some of the world's great rivers – including the Yangtze, Ganges, Mekong, Mara and Great Ruaha rivers. And we're pressing for measures to ensure UK rivers, including our unique chalkstreams, are returned to good ecological health.

## TRADING SUSTAINABLE TIMBER AND SEAFOOD

*The timber and seafood sectors in the UK are radically changed*

We're pressing for radical changes that will transform the timber and seafood sectors in the UK – so that these natural resources are maintained or restored for the future. We want to ensure that all timber and seafood products entering the UK are legally produced and traded. And we're working to boost the proportion of products available in the UK that are credibly certified as being sustainably produced – through organisations such as the Forest Stewardship Council and Marine Stewardship Council.

## REDUCING CARBON EMISSIONS

*Global climate and energy policy has shifted such that carbon emissions are reduced sufficiently to avoid catastrophic climate change*

Millions of people will suffer if climate change spirals out of control. It will also threaten the places and wildlife we've done so much to care for. So we're developing coalitions that can shift global climate and energy policies such that carbon emissions are reduced sufficiently to avoid catastrophic climate change. We're pressing governments for strong climate targets and we're working with the WWF Network to reduce carbon emissions in major new economies.

## LIVING SUSTAINABLY

*We have ensured that the true values of nature are reflected in political and economic decision-making affecting our priority places. A 'one planet' economy where people and nature thrive is promoted*

The goods and services nature provides underpin our economy, our society and our very existence. Our forests, rivers, oceans and soils provide us with the food we eat, the air we breathe, the water we irrigate our crops with, and much more. At WWF, we're striving to ensure the true values of nature are reflected in political and economic decision-making affecting our priority places. And we're promoting a 'one planet' economy where people and nature thrive.

# FY16 ACHIEVEMENTS AND PERFORMANCE, AND FY17 PLANS

In this section we outline a selection of our achievements and performance against our objectives for the year ended 30 June 2016. And we list examples of our plans for the future, including financial year 2017. This does not cover the full scope of our work. You will also find a summary of the amount we spent in pursuit of each of the six objectives (which we call our 'big wins') in the Financial Review, on page 37.

## OBJECTIVE 1: RESTORING WILDLIFE

Populations of 10 of the world's most iconic and threatened species are safeguarded. In FY16 our priorities included that:

- A census of Amur tigers is carried out in north-east China, providing a more accurate baseline for their recovery.
- A reintroduction programme begins for the Amur leopard in Russia's far east – the start-up phase of establishing a much-needed second population there.
- An Amur leopard conservation strategy is produced by the Chinese authorities, along with an Amur leopard habitat status report.

**WILD TIGERS HAVE INCREASED GLOBALLY FOR THE FIRST TIME IN CONSERVATION HISTORY. THE NEW ESTIMATE PUTS THE GLOBAL FIGURE AT CLOSE TO 3,900 WILD TIGERS - UP FROM AS FEW AS 3,200 SIX YEARS AGO**

### AMUR TIGER SURVEY

In April we celebrated news that wild tigers have increased globally for the first time in conservation history. The new estimate puts the global figure at close to 3,900 wild tigers – up from as few as 3,200 six years ago when we began 'TX2', our 12-year goal to help double wild tiger numbers.

This year we provided technical and monitoring support for a comprehensive survey of Amur tigers in Heilongjiang province in north-east China. The survey was conducted throughout the full 12 months of our financial year. It's part of our push to get updated wild tiger population numbers from all tiger range countries.

The survey combined information gathered from camera traps at 600 sites across 6,000 sq km, winter transect surveys covering 2,600 sq km, and DNA analysis of droppings and hair. We expect results to be available this autumn.

When these new figures are combined and compared with recent surveys in neighbouring Jilin province, we'll have a relatively full picture of the Amur tiger population in China. This will help us ensure plans to boost the recovery of wild tiger numbers are based on the latest science.



TRACKS OF WILD AMUR LEOPARD IN SNOW, KEDROVAPAD NATURE RESERVE, FAR EAST RUSSIA  
© NATUREPL.COM / YURI SHIBNEV / WWF

# 2,600

**NEW FIGURES FROM CAMERA TRAPS AND SURVEYS ACROSS 2,600 SQ KM WILL HELP ENSURE TIGER RECOVERY PLANS ARE BASED ON THE LATEST SCIENCE**

In China, we've been focusing on improving the protected area network, supporting alternative livelihoods, helping to increase prey populations and reducing poaching of tigers and their prey

The global increase in wild tiger numbers gives us great hope that we can reverse species declines when governments, communities and conservationists work together

But it's not all good news in south-east Asia, where some countries have not carried out recent tiger surveys, the situation is unclear and of real concern. It's thought there are only 250 wild tigers in Malaysia, down from an estimate of 500 in 2010. And there are thought to be no breeding populations of tigers in Cambodia, Laos and Vietnam

There remains much work to do, and a strong plan of action for the next six years is vital. Our priorities are to help improve and connect tiger habitats, and to tackle wildlife trafficking and poaching

## AMUR LEOPARD REINTRODUCTION

The total wild population of Amur leopards is thought to be perilously low, at around 70 animals. All are found in Russia's Land of the Leopard national park and the adjacent border area with China. So it's vital that we help to establish a second viable population

Last year the Russian government agreed Amur leopards could be reintroduced to Lazovsky nature reserve in the far east of Russia – a protected area that was once home to these incredible big cats. Since then, the 11 partners involved in this programme have agreed the best approach. It's crucial to get agreement on the start-up and planning phases. We've agreed to try two methods, for the best chance of success

Wild Amur leopards can't be translocated as there are so few of them. So captive-bred cubs will be moved to Lazovsky for potential release. Experts will assess the cubs' ability to survive in the wild – including catching prey and avoiding contact with people. Captive-bred adults will also be moved to the reintroduction centre for breeding, so their cubs can be released into the wild

The time taken to agree these approaches and turn this plan into action has delayed achieving our stated objective. Trying two approaches and agreeing that preparing cubs for release into the wild should last 24 months (longer than originally planned) and will increase costs, too

WWF's generous Amur leopard adopters and other supporters in the UK are providing around half the funding needed to design and build the centre over the coming year. We're also providing our technical expertise, which is the result of our involvement in conservation of Amur leopards in the wild for more than 20 years

The next steps include designing and constructing a reintroduction centre, and improving the management of the surrounding protected area where the leopards will be released

# 2ND

**11 PARTNERS HAVE AGREED TO TRY TWO METHODS FOR THE BEST CHANCE OF ESTABLISHING A SECOND VIABLE POPULATION OF AMUR LEOPARDS**



# 195

## THE NEW CONSERVATION ACTION PLAN AND STATUS REPORT FOR CHINA'S AMUR LEOPARDS CONFIRMS ENOUGH SUITABLE HABITAT TO SUPPORT 195 OF THE BIG CATS

### CHINA'S AMUR LEOPARD STRATEGY

This year WWF and the Feline Research Centre of the Chinese government's State Forestry Administration jointly produced a publication that contains both a status report of China's Amur leopards and a conservation action plan

The report, *Population and habitat of Amur leopard in China*, draws heavily on data we gathered from camera traps and other surveys. It offers great hope for the recovery of Amur leopards in the region, with positive findings such as confirmation that there are large areas of suitable habitat for Amur leopards in north-east China. This includes an additional 20,000 sq km which, together with the existing range, could support around 195 of the big cats. Currently, China is thought to be home to between 10 and 24 Amur leopards.

The report identifies three priority areas for conservation and two wildlife corridors that link them. It also outlines many conservation actions, including expanding and strengthening protected areas and ecological corridors, boosting populations of prey species, raising awareness, demonstrating development and livelihoods that are favourable to Amur leopard conservation, monitoring and research, developing ways to avoid conflict between people and wildlife, and promoting better links and cooperation between China and Russia. The action plan will guide what we do in the next 10 years.

We're hopeful, too, that China's recent ban on commercial logging in Jilin and Heilongjiang provinces will help usher in a new era of recovery for Amur leopards.

# FY17

We have 13 priorities to help us achieve objective 1 by 2018. In FY17, as we progress towards meeting them, those priorities include:

- *New national black rhino management strategies are agreed for Kenya and Tanzania, to enable future rhino population growth in east Africa*
- *A second habitat for Javan rhinos is identified and agreed with the Indonesian government*
- *As part of the International Gorilla Conservation Programme, we help to conclude the latest census of mountain gorillas in the Virunga volcanoes. It shows an increase in the number of individuals in this sub-population, and a consequent rise in the global estimate of this subspecies – from the previous estimate of 880*

## OBJECTIVE 2: SUSTAINING FORESTS AND OCEANS

There is a significant increase in the area of forests and oceans effectively managed and protected in our priority places. In FY16 our priorities included:

- A doubling in the area of UK seas designated as marine protected areas (to 18%, from the 2009 figure of 9%). And reducing the level of discards of at least one key commercial species of fish to zero (from 25%).
- Boosting progress towards zero net deforestation and degradation by 2020 – for example, by achieving a new mechanism that extends or replaces the moratorium on land clearance for soy in Brazil, and by gaining widespread support at the Paris climate summit that protected areas in the Amazon offer a solution to climate change

### 17%

**MARINE PROTECTED AREAS NOW COVER 17% OF UK WATERS AND 25% OF ENGLISH WATERS**

#### DOUBLING MARINE PROTECTED AREAS

In January, the UK government designated 23 new protected areas known as Marine Conservation Zones in England, adding to 27 existing zones. This means marine protected areas now cover 17% of UK waters and 25% of English waters. We responded to consultations on these sites and worked alongside Wildlife and Countryside Link to build support for the sites among MPs and Peers and to ensure they were designated. In addition, the governments across the UK published a consultation on six large Special Areas of Conservation for harbour porpoises. This was a direct result of our complaint to the EC about the UK government's lack of protection of the harbour porpoise. We're now pressing for a third tranche of Marine Conservation Zones, to achieve the Conservative manifesto commitment to create an ecologically coherent 'blue belt' of protected areas in UK seas.

### ZERO

**COMMON FISHERIES POLICY REFORM MEANS NO UNWANTED COMMERCIAL FISH CAN BE DISCARDED AT SEA. IT'S ONE OF THE BIGGEST OPERATIONAL SHIFTS IN EUROPEAN FISHERIES**

#### REDUCING DISCARDS

The recent reform of the EU's Common Fisheries Policy introduced key changes across European fisheries, one of which was the landing obligation (or discard ban) which means unwanted commercial fish can no longer be discarded at sea. This attempt to end the wasteful discarding of fish back to sea is one of the biggest operational shifts in European fisheries. It requires fisheries to operate much more selectively. To date it covers some of the UK's most important commercial species including mackerel, haddock and langoustine, so we are on target to meet our objective.

The ban should result in more fish remaining in the sea. But if it's implemented poorly, there's a risk of widespread illegal fishing practice. So we've also demonstrated the most cost-effective and efficient solution to monitoring implementation and enforcement of the ban – a system of onboard cameras and sensors that monitor catches. Our report on this subject, *Electronic Monitoring in Fisheries Management*, has been well received by UK and EU fisheries regulators and by key retailers.

## MORATORIUM ON FOREST CLEARANCE FOR SOY

In Brazil, where production of the country's main agricultural commodity – soy – is a major driver of forest clearance, deforestation was reduced by 70% between 2005 and 2013, while soy production actually increased. A critical factor in this success has been a move by the biggest soy producers to suspend deforestation in the Amazon. There's been a marked improvement in law enforcement to clamp down on illegal forest clearing, too – and the government has established new protected areas.

Such remarkable progress was given a further boost this year. In May, the soy moratorium was extended indefinitely (or until the Amazon is safe from deforestation for agricultural production). The moratorium is a voluntary agreement between civil society, industry and government that ensures companies don't trade, acquire or finance soybeans that are linked to deforestation in the Amazon. It was established in 2006, and until now it had only been renewed a year at a time.

We and our colleagues in Brazil were among many organisations instrumental in making this indefinite extension happen. We helped to fund and support the work. We encouraged key soy supply chain companies to sign up to support the moratorium and lobby for its extension.

The soy moratorium has been immensely successful. It has resulted in the deforestation rate associated with soy production in the Amazon biome dropping close to zero.

## PREVENTING CLIMATE CHANGE BY PROTECTING THE AMAZON

Ending deforestation isn't just about protecting natural resources for people and wildlife. It's also essential if we're to prevent disastrous climate change.

So it was good news indeed when, in August, 17 Latin American countries signed a declaration calling for protected areas to be recognised as natural solutions to climate change – recognising for instance the vital role forests play in storing carbon, or how fundamental rainforests the size of the Amazon are to regulating the climate across a whole continent. The countries committed to include protected areas in their national and regional climate change strategies. This should boost the extent of protected areas, which would help to reduce deforestation.

The countries will also incorporate more flexibility into the way they design and manage protected areas – being mindful that as the planet warms there will be unpredictable changes in climate, more extreme weather events that lead to fires, floods and drought, and changes in how suitable certain protected areas will be for particular species. WWF has been tirelessly supporting the development and signing of the declaration. The declaration was endorsed by WWF-UK's president, HRH The Prince of Wales. It was presented at the Paris climate summit, which has helped to raise its profile further – something that will help in garnering the finance needed to ensure the countries make good on their commitments.

# FY17

We have nine priorities to help us achieve objective 2 by 2018. In FY17, as we progress towards meeting them, those priorities include.

- Our work with Brazil's Amazonas state government leads to the designation of a 150,000 sq km 'forestry district' where sustainable forestry production will be developed to provide an alternative to the extensive cattle ranching that is currently the biggest driver of deforestation in the region.
- We will influence progress in the conservation and management of Southern Ocean biodiversity through our participation in (and policy recommendations to) the Antarctic Treaty and the Commission for the Conservation of Antarctic Marine Living Resources.

## OBJECTIVE 3: KEEPING RIVERS FLOWING

Measures are in place to secure or improve flows in four or more of the world's great rivers and to ensure UK rivers are returned to good ecological health. In FY16 our priorities included that:

- A vision is developed for the Marañon river basin through a series of workshops and meetings with government and a wider set of stakeholders in Peru, using WWF's Hydropower Suitability Index tool.
- At least four British companies join us in a 'collective action' to support improved tannery practices (and reduce pollution) along the Ganges.

>20

**WE'VE ASSESSED WAYS PERU  
COULD PRODUCE HYDROPOWER  
WHILE REDUCING THE SOCIAL  
AND ENVIRONMENTAL  
IMPACTS OF MORE THAN 20  
PLANNED DAMS**

### SUSTAINABLE HYDROPOWER

The Marañon river in Peru is the westernmost large tributary of the Amazon river. Plans to build more than 20 dams there for hydropower pose a threat to this unique ecosystem.

We believe there's potential to develop sustainable hydropower there, if the right kind of dams are put in the right places. We're determined that social and environmental impacts are considered alongside the standard economic and political ones.

To this end, we're using our Hydropower Suitability Index (HSI) tool – software that allows us to map lots of environmental information so it's clear which parts of a river basin are conservation priorities that are at most risk if they're altered. This tool recently really helped us engage Brazil's government in a similar project to avoid unsustainable dams in the Tapajos basin. Since then, we've added social indicators, as well as measures that can simulate the impact of climate change and extreme events on a river basin – and their impact on river flows and the performance and life-span of planned dams.

In Peru, we've looked at four potential scenarios – to find ways the country could produce the same amount of hydropower energy while reducing the social and environmental impacts.

However, this financial year proved to be an unsuitable time to engage with Peru's government. There were national elections and a change in president and ministers. Instead, we are meeting with new ministers and other stakeholders at an event in autumn 2016.

Given our success in Tapajos, and the increasing understanding of reputational risks and social problems (as well as environmental impacts) of badly-designed dams, we remain optimistic that when we demonstrate our HSI tool, it will help us to prevent many poorly-planned dams.

## 6

### SIX UK HIGH STREET COMPANIES SIGNED A MEMORANDUM OF UNDERSTANDING WITH US TO PROMOTE IMPROVEMENTS IN TANNERIES PRACTICES IN KANPUR

#### REDUCING POLLUTION IN THE GANGES

The mighty Ganges river is sacred to Hindus and is home to a rich diversity of wildlife including the Ganges river dolphin and the gharial (a fish-eating crocodile). But the river faces grave threats from dams, abstraction of water to irrigate crops – and especially from domestic and industrial pollution.

The volumes of pollution are hard to visualise. The equivalent of 120-130 Olympic-sized swimming pools of largely untreated domestic and industrial wastewater are being returned to the river every day. As a result, there is very poor water quality in areas downstream of cities and industrial areas. It's having severe impacts on people and nature.

One of the most significant polluters in the Ganges river basin is the cluster of more than 400 tanneries in the Indian city of Kanpur. It is estimated that about two thirds of the wastewater produced by tanneries is returned to the river without being treated.

Through our freshwater partnership with HSBC, we're helping to make the business case for tanneries to use cleaner technology. These include ways to reduce the volume of chemicals used, recycle ecologically hazardous chemicals (such as chromium), reuse waste products (such as lime), and use more effective treatments to deal with effluent. We aim to show that these can deliver environmental and social benefits and save money. And we're supporting the use of such technologies on a broader scale.

We're also building support from international companies that buy substantial quantities of leather from Kanpur, as they can use their influence to promote improvements. This year, six UK high street companies signed a memorandum of understanding with us to this end. We have recently reached out to a number of additional UK companies. We hope we will then reach the critical mass needed to drive change.

The tanneries in Kanpur were featured in a BBC programme about the impact of the tanneries on the Ganges. The programme spurred four further companies to ask to join one of our workshops on the subject.

## FY17

We have eight priorities to help us achieve objective 3 by 2018. In FY17, as we progress towards meeting them, those priorities include:

- *Completing an assessment of the river flows needed to sustain the Mara wetland in Tanzania. Combining this with an assessment we commissioned for the Upper Mara will give us the first good picture of overall water quantity challenges in the Mara river.*
- *Continuing our collaboration with the China Three Gorges Company and China's Ministry of Agriculture such that they include our recommendations for minimising adverse impacts on key aquatic species and fisheries in official dam operation guidelines.*
- *Lobbying for a UK Water Bill to be announced as part of the Queen's speech in May 2017, which includes new measures to ensure water abstraction protects rivers and wildlife.*

## OBJECTIVE 4: TRADING SUSTAINABLE TIMBER AND SEAFOOD

The timber and seafood sectors in the UK are radically changed. In FY16 our priorities included that:

- One forest improvement project is under way in coastal east Africa aimed at achieving sustainable forest management and engaging with local communities and small and medium enterprises.
- At least two projects commence that aim to improve fisheries/farms towards achieving the environmental standards of the Marine Stewardship Council or Aquaculture Stewardship Council.
- We seek UK government commitment to respond to the EU Timber Regulation review and take action. We increase to more than 50 the number of major companies from multiple forest trade sectors that pledge to buy sustainably and support our call to the UK government to enable a shift to a 100% sustainable timber market by 2020

## LINKS

**WE'VE WORKED WITH PARTNERS TO HELP ESTABLISH TRADING LINKS BETWEEN A UK COMPANY AND A COMMUNITY ENTERPRISE IN TANZANIA THAT IS HARVESTING TIMBER SUSTAINABLY**

### MANAGING FORESTS SUSTAINABLY

The precious forests that remain along the coast of east Africa are part of what makes this region a priority region of the world for us. We've been working for many years to find opportunities to protect the forests – to improve the livelihoods of people who depend on them and the prospects of the incredible wildlife that inhabit them.

As part of that work, we're developing wider markets that will provide the best possible returns for communities who have pursued Forest Stewardship Council (FSC) certification for the forests they manage.

This year, we have worked with our partners to help establish trading links between a UK company and a community enterprise in the Kilwa district of Tanzania that is harvesting timber sustainably. We've organised meetings and a field trip to the forests to help achieve this.

The project is boosting community engagement in managing and benefiting from the forests under their ownership and stewardship. We're encouraging long-term sustainable options, such as the harvesting of a broad number of timber species. And, by working with our partners to improve sawmilling technology, develop new forest products and boost training among the local communities, we're helping them to add more value to their timber before it's exported.

The work is supported by the governments of Finland and Sweden, as well as Tanzania and the UK. A number of non-governmental organisations, including a local one called Mpingo Conservation and Development Initiative, are working with WWF in Tanzania to implement the project.

Our early success is demonstrating that working in such a partnership with a local NGO has great potential to ensure sustainability in the long term.

## FISHERIES IMPROVEMENTS

This year our Partnership Programme Towards Sustainable Tuna, based in the Philippines, received funding from four UK companies (M&S, New England Seafood International, Sainsbury's and Waitrose). The support means it can continue the great work that had been achieved, to move the artisanal fishery to achieve the standards of the Marine Stewardship Council (MSC). We also generated funds for the North-west Madagascar shrimp improvement project, to develop an action plan and the implementation steps for the project. This project aims to certify the fishery to the MSC standards. The Orkney crab fisheries improvement project continued to proceed towards its aim of achieving MSC certification. And the Canadian Atlantic cod fishery received MSC certification in March 2016. Our priority is to establish projects for tuna, cod and shrimp.

## PROMOTING A SUSTAINABLE TIMBER MARKET

Our Forest Campaign reached its peak this year. The number of UK businesses that have signed up (and pledged that by 2020 they will buy only legal and sustainable timber) rose to 56, including two major trade associations.

During the year we published our Timber Scorecard, which assesses companies on their timber procurement policy. It has resulted in 23 companies improving the information they make publicly available about their timber procurement. Several of these companies are making major improvements, putting them on the road to 100% sustainability.

We joined forces with businesses across the EU to demonstrate to the European Commission that business supports an improved EU Timber Regulation. Many of these companies joined us at a reception in Brussels with the Commissioner for Environment, Maritime Affairs and Fisheries.

We were pleased that the EC's report on the review of the EU Timber Regulation committed to address our main concerns. The review of the EU Timber Regulation will continue through the next year, but we are now in a much stronger position to see the improvements that will stamp out trade of illegal timber in the EU.

But despite meetings and correspondence with the UK government, our goal of ensuring that only sustainable timber is traded in the UK remains a challenge – especially in a time of austerity. Representatives from some of the companies supporting our campaign joined us at a meeting with former Defra minister Rory Stewart, calling on him to commit to take action on this subject. We continue to push the government to ensure it implements its own timber procurement policy and backs mechanisms that will enable trade in sustainable timber.

# FY17

We have five priorities to help us achieve objective 4 by 2018. In FY17, as we progress towards meeting them, those priorities include:

- *The EU Timber Regulation is reformed to include full coverage of all timber and wood products*
- *One furniture trade association makes a formal commitment to work with participants on legal and sustainable forest trade*
- *Memorandums of understanding are signed with at least two new fisheries/farms to work towards achieving Marine Stewardship Council or Aquaculture Stewardship Council standards for UK supply chains by 2021*
- *A forest improvement project is in place in Tanzania at landscape scale*

## OBJECTIVE 5: REDUCING CARBON EMISSIONS

Energy policy has shifted in Europe, China, India and Brazil such that carbon emissions are reduced sufficiently to avoid catastrophic climate change. In FY16 our priorities included that:

- The international community agrees – at the Paris conference in December – to measures consistent with limiting global average temperature rise to within 2°C, with the UK playing a leading role.

The UK government sets the fifth carbon budget (limiting UK emissions over the period 2028-32) in line with the advice of the Committee on Climate Change.

The UK government takes steps to ensure unabated coal (the most polluting fossil fuel) is no longer used to generate electricity in the UK from the early to mid 2020s.

If we're to tackle climate change, we need to change things at scale – and quickly. We need to shut down coal-fired power stations, move money from fossil fuels to renewables, build zero-carbon homes, increase the use of electric vehicles and control emissions from aviation. It's almost impossible to do any of this unless there is supportive government policy. So it was vital for us to push for success in the government-level priorities noted above, and in our many other efforts under this objective.

# 1.5°C

**195 COUNTRIES AGREED A MILESTONE TARGET TO LIMIT INCREASES IN GLOBAL WARMING TO “WELL BELOW” 2°C ABOVE PRE-INDUSTRIAL LEVELS, AND TO AIM FOR 1.5°C**

### PARIS AGREEMENT

We were delighted that, in December, 195 countries reached a ground-breaking global agreement to tackle climate change – at the UN climate summit in Paris. They agreed to limit increases in global warming to “well below” 2°C above pre-industrial levels, and to aim for 1.5°C. Countries have made pledges to limit their emissions through actions such as reducing fossil fuel use and investing in renewable energy. As well as measures to limit temperature rise, there were also crucial commitments on adapting to the impacts of climate change, which is vital to protect vulnerable places and people. It's a major milestone on the road towards a fairer, cleaner and more renewable future.

The climate deal was the result of years of effort. At the talks themselves, a WWF team from the UK and around the globe played a key role, working into the nights to push world leaders for an ambitious agreement. Our policy strategies aligned closely with the key issues debated and discussed at COP21, and helped to influence them. WWF was rated on Twitter as the seventh most influential brand at COP21. This was bolstered by huge support shown from many thousands who joined marches and events in the UK and elsewhere to keep pressure on governments. The challenge ahead is to make sure commitments in Paris turn into ambitious action. Following the outcome of the EU referendum, the UK will need to ratify the Paris Agreement in its own right, rather than as part of the EU, and it will need to submit to the UN a national plan for emissions reductions.



## FIFTH CARBON BUDGET

After the EU referendum vote, there were fears that low-carbon policy could be at risk or given less priority. So we were heartened when the UK government listened to the scientists and approved a new and ambitious carbon pollution reduction target. It commits the UK to cutting carbon emissions by 57% from 1990 levels between 2028 and 2032. This is the level of reduction that the Committee on Climate Change (the independent scientific advisers to the government) said would be needed to keep the UK on track to reduce emissions by 80% by 2050. The commitment provides a clear signal that will help boost the UK's green economy.

The target is the fifth in a series of carbon budgets designed to ensure the UK meets its legally-binding commitments under the UK Climate Change Act. We convened a group of civil society and business to coordinate work on the fifth carbon budget. And we provided technical and legal analysis to support the case for passing the budget at the level that had been recommended to the government. We were thanked by officials at the Department of Energy and Climate Change for our advocacy efforts.

However, the Committee on Climate Change also made it clear in its advice that current government policies are inadequate to deliver on the targets in either the fourth or fifth carbon budgets. So our next task is to make sure there is a plan of action and enough supporting policy, financing and vision to meet the targets. We were expecting the government to announce an emissions reduction plan later this year. But this is now uncertain, owing to the changes in government following the referendum vote.

The carbon budgets are currently contingent on EU policy. When we exit from the EU, we may need to set our own targets or plans for decarbonising the power and industrial sectors.

## COAL-FIRED POWER

This year we were successful in our long-running call for the UK to phase out coal power for electricity generation. In December the UK government announced plans to stop using coal to generate electricity by 2025, with limited hours from 2023. The UK became the first major economy to announce it will phase coal out of its power sector. In doing so, it set an example in the lead-up to the UN climate summit in Paris.

It was a great campaign win. The announcement followed a coordinated public campaign by us, Greenpeace and Oxfam. Our own petition collected 40,000 signatures. Our advocacy work behind the scenes with the government and our analysis were important, too. Civil servants and the special adviser from DECC confirmed that a study from WWF and Imperial College on phasing out coal was instrumental in their decision to set a date of 2023. When the secretary of state, Amber Rudd, phoned our chief executive she also acknowledged our input. We were the only NGO invited to the speech announcing the phase out.

Coal-fired power plants are currently the world's biggest source of greenhouse gas emissions. Using coal is the dirtiest, most carbon-intensive way to produce electricity. So this change will lead to substantial carbon reductions. However, while announcing the coal phase-out, the government also made clear its preferred technologies for the energy sector remain gas (including a focus on domestic shale gas) and nuclear. There remains some support for offshore wind development, but we still have our work cut out.

## FY17

We have five priorities to help us achieve objective 5 by 2018. In FY17, as we progress towards meeting them, those priorities include:

- *Following our campaigning and advocacy work, the UK government publishes a progressive low-carbon plan and ratifies the Paris Agreement*
- *Our efforts, including engaging key airlines to back our sustainability recommendations, result in agreement by the International Civil Aviation Organisation for an international market-based mechanism to regulate emissions from the aviation sector at its October 2016 Assembly*
- *Our input helps to ensure the Scottish government publishes a new energy strategy consistent with achieving a decarbonised power sector by 2030*

## OBJECTIVE 6: LIVING SUSTAINABLY

We have ensured that the true values of nature are reflected in political and economic decision-making affecting our priority places. A 'one planet' economy where people and nature thrive is promoted. In FY16 our priorities included:

- Influencing the UK government's 25-year plan for nature, and promoting wider recognition of the importance of natural capital to our economy through the application of a 'stress testing' approach to assessing the risks from natural capital depletion.
- Supporting implementation of the Sustainable Development Goals (SDGs) by developing an initial road map with key WWF offices to clarify and define the 15-year agenda for SDG implementation.
- Assessing the business case for innovative financing mechanisms to support investment in natural capital, and documenting and sharing the learnings from the process with the WWF network.

### IMPACTS

**WE'VE DEVELOPED THE CONCEPT OF A 'STRESS TEST' THAT WOULD LOOK AT DIFFERENT ECONOMIC IMPACTS OF DEPLETING NATURAL CAPITAL**



**WWF.ORG.UK/VALUENATURE**

### 25-YEAR PLAN FOR NATURE

It was a big success for us when the UK government pledged they would develop a 25-year plan for nature. It's something we had been calling for, to ensure the value of nature is taken into account in decision-making. After all, we rely on nature's many benefits – such as clean air, clean water, fertile soils, forests and fish stocks – for everything from our livelihoods and health to tackling climate change.

The plan is yet to be published, as it was delayed following the outcome of the EU referendum. But we were involved in a lot of preparatory work during the year, and we were pleased to hear it will still go ahead.

It offers a vital opportunity to develop an approach that recognises how we depend on the natural environment for our ongoing prosperity and wellbeing, and embeds that thinking in policymaking. During the year we worked with other NGOs to develop our vision of how the plan should function. We had meetings and workshops with key Defra officials to set out our asks. In October we were invited to the launch of the process to develop the plan, to speak about innovative ways to finance investment in natural capital.

And we produced an animation, narrated by our ambassador Miranda Richardson, to increase awareness of the importance of protecting and investing in our natural capital.

We set out recommendations on how to incorporate thinking about natural capital into economic policymaking in our *Greener Budget 2016* report. And we have developed the concept of a natural capital 'stress test' that would look at the economic impacts of natural capital depletion under different scenarios. For example, it would show how an increase in water shortages would affect different sectors of the economy. The Treasury and Defra are both keen to engage as we develop it further. We hope this will lead to better understanding from the Treasury and businesses of the risks and opportunities associated with different scenarios, which will encourage them to improve their approach to managing such risks.

## 5

**WE'VE FUNDED WORK THAT'S HELPED WWF OFFICES IN FIVE COUNTRIES GET A CLEARER IDEA OF THE 'ROADMAP' NEEDED TO MAKE THE SUSTAINABLE DEVELOPMENT GOALS A SUCCESS**

### SHAPING THE SUSTAINABLE DEVELOPMENT GOALS IMPLEMENTATION PLANS

It was a huge success for WWF when in September 2015 the UN's 193 member states agreed and adopted new universal goals to guide the world towards sustainable development over the next 15 years. These could fundamentally change how we treat our planet and its people.

The '2030 Agenda' includes wording that shows our influence in the process, such as 'a world in which humanity lives in harmony with nature and in which wildlife and other living species are protected'. The huge ambition of the Sustainable Development Goals (SDGs) will impact on every aspect of our work from forests, oceans and fresh water to energy, climate change and the economy.

It's vitally important that we invest in shaping national SDG implementation plans around the world that will advance our objectives.

So during the year we've focused on engaging with governments in China, Colombia, India and Kenya, as well as in the UK. We've funded policy staff in these countries to convene key stakeholders. WWF-China brought six government departments together to discuss the SDGs, which is a great achievement. In Colombia, we helped to bring 10 Latin American WWF country offices and their government representatives together. And in Kenya, we helped to convene 10 African WWF country teams.

As a result, WWF offices now have a clearer sense of what the priorities are in their countries. So they have a better idea of what 'roadmap' is needed to make the SDGs a success.

In a perfect world, with additional funding, we would support the same in many more countries.

We're taking a similar approach in the UK, too. We've established UK Stakeholders for Sustainable Development – a group that includes representatives from the public, private and third sectors to discuss and develop solutions to sustainable development challenges in the UK. We also helped run a survey with the Office for National Statistics to assess what data is needed so we can measure the UK's progress on achieving the SDGs.

## RESTORE

**WE'VE PROMOTED FINANCIAL MECHANISMS THAT WILL CHANNEL INVESTMENT TOWARDS PROJECTS THAT CONSERVE FORESTS, RESTORE DEGRADED LAND AND IMPROVE RURAL LIVELIHOODS**

### INNOVATIVE FINANCING

The choices investors make about what to finance can determine the future of nature's resources. We're promoting investment that will sustain nature's riches. To this end, this year we have been working on a project led by the Global Canopy Programme called Unlocking Forest Finance. The project aims to catalyse the creation of financial mechanisms that operate at a regional scale, which will prevent tropical forest from being cleared to make way for commodities such as soy and beef to be produced. We're promoting a transition towards sustainable modes of development instead.

The financial mechanisms will consider various things, such as supply chains, conservation and livelihoods. They will have the capacity to generate the scale of investment that's required, by using public funds to leverage private capital. They will channel investment towards activities such as projects that conserve forests, restore degraded land, improve rural livelihoods, alleviate the pressure to deforest, and promote more sustainable management of land.

The Unlocking Forest Finance project is working in Acre and Mato Grosso in Brazil, and in San Martín, Peru. These are three case study areas where regional governments are actively pursuing innovative financial mechanisms that aim to slow deforestation and protect surrounding ecosystems. We have been helping to lead the financial and environmental work streams. The Unlocking Forest Finance project is now focusing on the structure of financial instruments, which is likely to be different in all three pilot sites.

We have also been engaging with fund managers, NGOs and other WWF offices on conservation financing. We're focusing on impact investing (investments that aim to generate positive social and environmental impact alongside a financial return). We hosted an event for the WWF network in December to discuss current investment initiatives and to share learnings on sustainable oceans finance, which we have also documented in a strategy paper for the WWF network.

## FY17

We have nine priorities to help us achieve objective 6 by 2018. In FY17, as we progress towards meeting them, those priorities include:

- *Influencing the UK Treasury to develop an approach that considers the value of nature in its decision-making – for example by applying 'stress testing' to assess the risk that depleting natural capital poses to our economy. We will also continue to influence the new 25-year plan for the environment to this end.*
- *By engaging directly with UK insurance companies we will lead them to recognise their exposure to climate risks, and we will urge them to adopt stronger climate policies that will encourage the businesses they invest in to align with a sustainable and green economy.*
- *Continuing to develop the UK Stakeholders for Sustainable Development – a multi-stakeholder platform that will lobby for successful implementation of the UN Sustainable Development Goals in the UK. This would support a number of WWF-UK's 'big wins'.*



SELOUS GAME RESERVE IN TANZANIA  
GREG ARMFIELD / WWF

THE FOLLOWING THREE 'ENABLERS'  
ARE HELPING US TO ACHIEVE THE SIX  
OBJECTIVES OUTLINED PREVIOUSLY...

# ONE

## STRENGTHENING OUR PRIORITY PARTNER WWF OFFICES

We are helping our four priority partner offices (Brazil, India, China and Kenya) develop into strong local institutions, delivering their critical contributions on behalf of the WWF Network with the strategies and resources in place to make an even bigger impact.

In FY16 we focused on supporting further strengthening and realisation of the change plans in our four priority partner offices. By doing this, we aimed to achieve the strategies by applying good practice in each country and developing a thriving 'community of practice' to enable us to work together. Our priorities included:

- Resourcing the long-term change plans of the four partner WWF offices.
- Creating opportunities for knowledge exchange and learning between the partners.
- Building the best partnerships and relationships to enable us to deliver our conservation work.

A key element of our five-year strategy is our commitment to help strengthen the effectiveness of WWF offices in areas of the global South and East where rapidly-growing economies are leading to ever bigger impacts on the natural world. We're focusing our efforts in Brazil, China, India and Kenya. By investing in this way, we're boosting the ability of these WWF offices to influence businesses and governments in those countries, and to benefit from their own emerging fundraising opportunities. This will make them more able to achieve conservation successes in the long term.

To this end, we've helped to support change plans and new strategies for all four countries. And critically, we've supported opportunities for them all to learn from each other and from us. For instance, during this financial year we hosted colleagues from all four countries at an event to share and develop what being a strong office means and how to achieve this.

## 2016

OUR FINANCIAL AND TECHNICAL SUPPORT HAS HELPED IN THE HUGE SUCCESS OF WWF'S KENYA OFFICE CHANGING ITS STATUS IN 2016 SO IT BECOMES AN INDEPENDENT CHARITY

Together, we've made some notable breakthroughs. In Kenya, our financial and technical support has helped in the huge success of this office changing its status (in October 2016) so it becomes an independent charity. This will allow it to raise its own funds and influence more effectively within Kenya. It now has a 2020 strategy and an interim board in place.

In India, we've funded an organisational development programme – a major part of which was investing in the capacity to fundraise. This has been rewarded with excellent progress. WWF-India is now closer to being financially self-sustaining thanks to raising funds at far higher levels than before. As a result it has invested in new conservation areas, such as 13 marine projects that have started thanks to local fundraising. The subsequent increase in engagement with the public is also boosting understanding and support for WWF in India.

Thanks to our support, WWF-China has raised impressive levels of funds as part of its involvement in Earth Hour, our annual global awareness-raising event. Six local corporate sponsors provided unrestricted funding to show their support. In total WWF-China raised US\$2 million this financial year, which marks a substantial advance in its aim to become financially sustainable. This has allowed WWF-China to support programmes including panda conservation, Yangtze freshwater projects, and other conservation work through local NGOs.

## X2

WE HAVE HELPED WWF-BRAZIL TO DOUBLE THE NUMBER OF VISITS TO ITS WEBSITE

With financial support from us, WWF-Brazil created an internal communications team this year, which has helped to double the number of visits to its website and boost (from 300,000 to 450,000) the number of followers it has on Facebook and Twitter. There was great interest from the Brazilian public, especially about WWF-Brazil's Atlantic Forest programme, marine issues, and the Olympic sustainable food campaign.

## FY17

Building on these successes, in FY17 we will focus on increasing our partners' ability to:

- *Raise funds, communicate about conservation work and build a stronger public profile in their respective countries*
- *Develop their operations team and systems to manage their organisations more effectively*
- *Capture the lessons and experiences from this ground-breaking approach, so other WWF organisations and the WWF Network can learn from them and deliver more conservation*

# TWO

## GROWING OUR BASE OF FINANCIAL AND NON-FINANCIAL SUPPORTERS

This will increase our long-term income, and our influence with business, government and media – with a particular focus on digital means of engagement. In FY16 our priorities included:

- Increasing our income from individuals by 6%.
- Continuing to build our supporter base by increasing numbers by 7%.
- Reaching more than 1.5 million followers on UK social media platforms, with high engagement (more than 500,000 click-throughs to our content) and increasing the number of actions taken for WWF (to more than 100,000).

# +13%

**WE ACHIEVED A 13% INCREASE ON THE PREVIOUS YEAR'S TOTAL INCOME FIGURE, HELPED BY A SUBSTANTIAL INCREASE IN INCOME FROM LEGACIES**

This has been a strong year for us in terms of income: thanks to incredible generosity, we achieved a fantastic 13% increase on the previous year's total income figure, helped by a substantial increase in income from legacies.

But the fundraising environment has been challenging – charity fundraising has often been in the spotlight, and the regulations are changing. Against such a backdrop, we reduced the amount we invested in public fundraising and looked for ways to diversify our income in the future – such as investing in refreshing our online shop, and starting to develop exciting new ways of involving our supporters in our work.

This shift in focus resulted in small reductions in membership and donations income from individuals, and in our supporter base during the year. But we expect to see positive results in the coming years, despite the ongoing uncertainties.

We continued to work with corporate partners to drive transformational change among businesses, reach new audiences, and generate substantial funding for our conservation programmes. We have worked with the likes of Alpro, HSBC, John West, MBNA, M&S and Sodexo. During the year we launched new partnerships focusing on water stewardship with both Coca-Cola and SABMiller, and a new employee engagement partnership with Pentland. We are enormously grateful to Sky for its extensive support of Earth Hour through adverts on its channels, as well as an evening of programming that reflected the aims of Earth Hour. And our 'Farewell to the Forests' campaign with Unilever has inspired consumers around the world to protect trees.



# £2.4M

FUNDING FROM PEOPLE'S  
POSTCODE LOTTERY HAS  
GROWN TO £2.4 MILLION

We're grateful, too, for the support we've had from players of People's Postcode Lottery – funding from this source has grown very substantially, to £2.4 million. This huge boost means we're able to invest in initiatives to secure the survival of rhinos and turtles in east Africa, as well as our work to protect marine life around Britain's coast.

Our many achievements were made possible by huge levels of non-financial support during the year, too. We exceeded our target by reaching more than 1.6 million followers across all WWF-UK social media platforms. This excellent result was helped by some wonderful content, including a film in which our global ambassador Andy Murray was joined by Kevin Spacey at Wimbledon to raise awareness of (and donations to) our work to double wild tiger numbers. This has been watched by more than two million people. Our thought-provoking April fool about adopting a unicorn tripled rhino adoptions compared to an equivalent period in the previous year.

# 1.6M

WE REACHED MORE THAN  
1.6 MILLION FOLLOWERS  
ACROSS ALL WWF-UK  
SOCIAL MEDIA PLATFORMS

We've made it easier for people to take actions for us within the social media networks themselves, rather than needing to click through to other sites. More than 400,000 did click through – a similar number to last year. We achieved 86% of our target for the number of actions taken as a result. The shortfall was impacted by an international decision to delay the launch of our global campaign to protect World Heritage sites in danger, and in calling for actions to support this.

Huge numbers of supporters helped to create a buzz around our many events, including an incredible 10.4 million people who took part in Earth Hour 2016.

Our website attracted a record 4.1 million visits, up from four million last year.

# FY17

Our priorities in FY17 include:

- *Launching a new and exciting fundraising offer*
- *Maintaining our current supporter base*
- *Seeking to make ourselves relevant to the daily lives of millions of people in the UK, by applying a new level of insight into our public audiences. We will inspire them to engage actively with our work and to join us in our efforts to achieve major conservation change.*

# THREE

## CAMPAIGNING TOGETHER WITH THE GLOBAL WWF NETWORK

Our priority for FY16 was:

- To launch the next phase of our global campaign to save some of the world's most precious places from industrial activities, building on our work in Virunga National Park and the Great Barrier Reef. And to produce analysis that makes clear what proportion of natural World Heritage sites are under threat from extractive concessions. Also to work with and motivate interested investors to help secure more 'no-go' commitments from extractives companies.

### 1/3RD

WE SHOWED THAT ALMOST A THIRD OF NATURAL WORLD HERITAGE SITES ARE UNDER THREAT OF OIL, GAS AND MINING EXPLORATION

World Heritage sites are some of our planet's most extraordinary places. Millions of people rely directly on them for their food, jobs, fresh water and more. But, shockingly, 114 natural World Heritage sites are under threat from harmful industrial activities such as mining, oil and gas drilling, and construction of large-scale infrastructure.

In April, we supported the launch of WWF's international campaign to 'Save Our Shared Heritage'. So far, our main focus has been alerting the public to the threats facing the barrier reef system in Belize. More than 140,000 supporters, a substantial proportion of them from the UK, have already emailed the prime minister of Belize, urging him to commit to long-term protection of the reef.

We're determined to tackle the underlying drivers behind such threats. To this end, we joined forces with Aviva Investors and Investec Asset Management to research and publish *Safeguarding Outstanding Natural Value* – a report that shows almost a third of natural World Heritage sites are under threat of oil, gas and mining exploration. This is the case despite extractive operations being declared incompatible with World Heritage status. Our research, compiled using industry data, found that in Africa the proportion of sites under threat is almost two thirds.

The chief executives of Aviva Investors and Investec Asset Management noted in the report that major investors want to avoid the risk of investing in extractive companies that threaten World Heritage sites. Our report has been used by investors with collective assets under management of over £1 trillion to engage with (and attempt to improve practices among) extractives companies, using a UN platform known as Principles for Responsible Investment.

## NO-GO

MAJOR INVESTORS WANT  
TO AVOID THE RISK OF  
INVESTING IN EXTRACTIVE  
COMPANIES THAT THREATEN  
WORLD HERITAGE SITES

There is growing momentum in the past three years, oil companies Total, Soco International and Tullow Oil have all made commitments to avoid World Heritage sites

With WWF colleagues in France, Germany and Switzerland, we organised a workshop with leading global banks in London to review and eventually improve on their World Heritage site policies, and how they implement them

### VIRUNGA

Our campaign to promote a sustainable future for Virunga national park was given a boost this year. In March, the UK government announced it would fund the hydroelectric network in the park, in the Democratic Republic of the Congo (DRC). This signalled a future for sustainable development in Virunga. We had suggested the UK should direct its development support towards projects such as this. Our 2013 report on the economic value of Virunga national park (compiled by global development advisers Dalberg) recommended investment in this as part of a long-term development plan that would provide local employment in Virunga and keep revenues in the local area.

Soco International returned its oil concession to the DRC government. We noted that Soco had omitted in its policy a pledge it had made to respect the buffer zones of all World Heritage sites. Soco agreed it would update its policy and add this point.

## FY17



[WWF.ORG.UK/SAVEOURHERITAGE](http://WWF.ORG.UK/SAVEOURHERITAGE)

Our priority in FY17 is:

- *To build on and significantly contribute to WWF's global 'Saving Our Shared Heritage' campaign to boost protection for natural World Heritage sites and the species and people who rely on them. In the UK, we will mobilise 50,000 supporters to take advocacy actions to protect World Heritage. WWF-UK will lead global work to contribute to the campaign goal that at least 10 multinational companies make positive public commitments to ensure their supply chains and activities do not harm World Heritage sites. To this end, we will lead the WWF Network's strategy on motivating banks and investors to improve their policies and practices.*

DOREEN ADONGO - RANGER, NAIROBI NATIONAL PARK, KENYA  
© JONATHAN CARAMANUS / GREEN RENAISSANCE / WWF-UK



# FINANCIAL REVIEW

## OPERATING STATEMENT

	Year ended 30 June 2016	Year ended 30 June 2015 (restated*)
	£m	£m
Incoming resources excluding Living Planet Centre donations	69.2	61.2
Exceptional income – Living Planet Centre donations	-	0.1
Gifts in kind	1.9	1.9
<b>Incoming resources</b>	<b>71.1</b>	<b>63.2</b>
<b>Costs of raising funds and reorganisation costs</b>		
Cost of raising funds	13.3	14.9
Reorganisation costs	0.4	-
	<b>13.7</b>	<b>14.9</b>
<b>Net income available for charitable purposes</b>	<b>57.4</b>	<b>48.3</b>
<b>Expenditure on charitable activities</b>		
Restoring wildlife	8.7	7.7
Sustaining forests and oceans	6.5	6.3
Keeping rivers flowing	4.2	4.6
Trading sustainable timber and seafood	2.1	2.6
Reducing carbon emissions	1.6	1.5
Living sustainably	4.7	4.6
Strengthening our priority partner WWF offices	2.6	2.2
Building capacity in the network	6.9	5.9
Campaigns, education and public awareness	10.1	9.8
Gifts in kind attributable to charitable activities	1.9	1.9
	<b>49.3</b>	<b>47.1</b>
Net income before gain on investment assets	8.1	1.2
Net gain on investment assets	1.1	1.0
<b>Net increase in reserves</b>	<b>9.2</b>	<b>2.2</b>
<b>Net income before gain on investment assets</b>	<b>8.1</b>	<b>1.2</b>
Less Living Planet Centre donations	-	(0.1)
<b>Net operating income</b>	<b>8.1</b>	<b>1.1</b>

\*Prior year accounts have been restated following the transition to FRS102. Further details are provided in note 3 to the accounts.

## INCOME

Total income for the year for the Group (comprising WWF-UK and WWF-UK (World Wide Fund For Nature) Trading Ltd) was £71.1m, compared with £63.2m in the previous year. Income excluding gifts in kind of £1.9m was £69.2m, which is £7.9m (13%) more than in the previous year.

The main reason for this significant uplift in income was an increase of £7.0m in income from legacies, including a second tranche (£4.8m) of the largest legacy ever received by WWF-UK. We have spent or designated this tranche of the legacy on a number of programmes, including work in Kenya on spatial planning and black rhino conservation and work in the northern Amazon relating to forest conservation. We received the first tranche of the legacy (£5.0m) in 2013-14.

The organisation has also benefited from an increase of £1.8m in net proceeds received from People's Postcode Lottery. This has also been allocated to a number of programmes.

Against this there has been a reduction of £0.8m (2%) in income from membership and donations from individuals. This resulted from the decision to reduce investment in recruitment of new supporters in the year and to explore the potential for changes to our public fundraising focus in the future.

## EXPENDITURE

We reduced the amount we spent on raising funds from £14.9m to £13.3m. As a result, the cost of raising funds was 19% of our total income. This reduction, together with the increase in income, meant that the net contribution from fundraising increased by £9.5m – from £46.4m to £55.9m. This has helped to increase charitable activity expenditure in the year. But more particularly, it will also have a significant positive impact on charitable activities in future years.

The lower cost of raising funds was mainly due to a £0.9m reduction in expenditure on raising funds from individuals. This was the result of the reduced investment in recruitment of new supporters referred to above. We also reduced expenditure on corporate sponsorship and donations and on legacies, mainly resulting from a review and reorganisation of our Communications and Fundraising department that took place during the year.

The reorganisation costs of £0.4m relate to the review and reorganisation of the Communications and Fundraising department.

We increased our charitable activity expenditure by nearly 5% – from £47.1m to £49.3m. This was partly attributable to an increase of £1.0m in expenditure on our Big Win 1, 'Wildlife Restored', which arose from increased conservation work on the coast of east Africa and in the eastern Himalayas. There was also an increase of £1.0m in the cost of 'Building Capacity in the Network'. Some £0.4m of this related to an increased contribution to the WWF network, a figure based on increased income in 2013-14. And £0.3m related to the cost of hosting international programmatic staff, although this cost was reimbursed by WWF International.

Support costs (as per Note 9 to the Accounts) reduced by £0.7m, mainly due to foreign currency holding gains in the year of £0.6m stemming from the depreciation of sterling against the US dollar and the euro – particularly at the end of our financial year, following the EU referendum result.

## RESERVES

The net increase in total reserves for the year of £9.7m to £58.4m comprised an increase in unrestricted funds of £10.2m to £38.6m, an increase in the value of endowments of £0.3m to £4.5m and a reduction in restricted funds of £0.8m to £15.3m

The increase in unrestricted funds is split between an increase in general reserves of £0.4m (see below) from £15.6m to £16.0m, an increase of £0.4m in the foreign exchange hedge reserve and an increase of £9.4m in designated reserves (including unrestricted funds held as fixed assets) from £12.9m to £22.3m

The increase in designated reserves is detailed at Note 23 and below. It primarily concerns an allocation of £6.0m for spend on programmatic work and £2.4m for a loan to WWF International which will be repayable in instalments between July 2018 and July 2020.

The increase of £0.4m in general reserves can be summarised as follows:

	£m
General reserves at 1 July 2015	15.6
Net increase in unrestricted funds (Note 23)	9.7
Decrease in designated reserve for fixed assets (Note 23)	0.1
Decrease in designated reserve for the Living Planet Centre (Note 23)	0.5
Capital expenditure designated reserve (Note 23)	(0.5)
Fundraising designated reserve (Note 23)	(0.5)
Programmes designated reserve (Note 23)	(6.0)
Designated reserve for loan to WWF International (Note 23)	(2.4)
Increase in designated reserve for investments (Note 23)	(0.5)
General reserves at 30 June 2016	16.0

The WWF-UK reserves policy requires that general reserves are reviewed on at least an annual basis to ensure that they are at an appropriate level and sufficient to protect programmatic expenditure in the short term from any sudden drop in income.

Applying the assumptions set out in the policy, we have reviewed the requirement for general reserves and decided to retain a range of between £12m and £16m (approximately 18 to 24 weeks of unrestricted funds expenditure). We are of the opinion that the current level of general reserves, being at the top of the range at £16.0m, is appropriate at the present time in the context of future income uncertainties.

## INVESTMENTS

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 the trustees' legal powers and duties. This is underpinned by our socially responsible investment policy, which promotes the principles of sustainable development and improvements to the environment and is designed to ensure that there is no exposure to investments that may be inconsistent with our mission and objectives. A large range of potential investments are excluded on this basis. All equity investments are screened to ensure that the portfolio complies with the investment policy.

# PRINCIPAL RISKS AND UNCERTAINTIES

The trustees are responsible for ensuring that WWF-UK has a sound system of internal control to safeguard its assets and funds, and for ensuring that its assets and funds are used only in furtherance of WWF-UK's objectives. The system of internal control is intended to manage appropriately 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 the committees of the board described on page 41. The system of internal control includes:

- A five-year strategic plan for 2013-18, approved by trustees in 2012, which came into effect on 1 July 2013 and has been implemented across the organisation. This covers the overall aims and objectives of the organisation and is used as a basis for annual planning and quarterly progress reviews by the Executive Group, with trustee updates delivered every six months.
- Annual performance targets and operating plans, with actual performance being monitored at least quarterly against key performance indicators.
- A continuing risk management programme. The Top Risk register is reviewed on a quarterly basis by the Executive Group, and reported to the Audit Committee. At each quarterly review meeting, in addition to reviewing risks and their potential likelihood and impact, priority actions are identified. The operational risk registers are updated every six months by each department, and inform the Top Risk register.
- The top risks reported to Executive Group and Audit Committee are:
  - Inability to deliver a sustainable financial position
  - Our reliance on the capacity of the WWF Network, including our four priority partner offices, to deliver transformational impacts (see page 30)
  - Significant impact of changes to the regulatory and legislative environment including fundraising
  - The effectiveness of the implementation of the current Network change process
  - Catastrophic physical event that prevents normal operations, including cyber risk
  - Critical and sudden impact on reputation and brand leading to sharp reduction in fundraising and audience engagement
  - Potential frauds in relation to the programmatic activity in overseas locations
- An internal audit programme with findings and progress reviews being reported to the Executive Group and the Audit Committee.
- A scheme of delegation from the trustees to the chief executive and thereon to managers in the organisation. The scheme delegating authority from the trustees to the chief executive is reviewed annually and formally approved by the trustees each year.
- 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 committed to transparency by publishing annually our performance against the targets we have set ourselves.
- A sign-off process, to ensure that external projects with which we are associated reflect our values and protect our reputation.
- Due diligence checks on our corporate partners.



# GOVERNANCE

## STRUCTURE

WWF-UK is a charity registered with the Charity Commission for England and Wales (Registration No 1081247) and the Office of the Scottish Charity Regulator (Registration No SC039593). It is also a company limited by guarantee registered in England and Wales (Registration No 04016725). It was founded in 1961 and was formerly known as the World Wildlife Fund. Its objects and powers are set out in its Memorandum and Articles of Association.

WWF-UK is part of the WWF global environment network which is coordinated 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 objectives. A portion of our programmatic activity takes place overseas through local WWF offices and other partners to whom we provide funding. In the UK, we run programmes alone or in partnership with funders and other complementary organisations. In addition, we undertake some campaigning activity to further our objectives. Details of transactions with related parties are included in Note 30 to the accounts.

WWF-UK's commercial activities are undertaken by its wholly-owned trading subsidiary, WWF-UK (World Wide Fund for Nature) Trading Limited. All profits are donated under Gift Aid to WWF-UK. WWF-UK (World Wide Fund for Nature) Trading Limited was incorporated as a company in 1966 to conduct trading activities in support of the WWF-UK's charitable objectives. The company is registered in England and Wales (Registration No 00892812). The principal activities are the licensing of the WWF logo and corporate sponsorships. Details of transactions between WWF-UK and its subsidiary are included in Notes 22 and 30 to the accounts.

## TRUSTEES

The board of WWF-UK comprises up to 15 unpaid trustees, as listed on page 74 (who are also the directors of WWF-UK for the purposes of company law). The board is responsible for setting policy, agreeing strategy and approving major commitments based on advice from senior management, and the appointment of the chief executive. Day-to-day operations are delegated by the board to the chief executive, who leads the Executive Group.

The Memorandum and Articles of Association of WWF-UK provide that trustees may be appointed for periods of up to three years at a time and may be appointed for subsequent terms of office of a similar duration provided that each trustee shall take a minimum break of 12 months when s/he has held office for six years and may not serve more than three periods of three years altogether.

The board has four principal committees: the Programme Committee, the Finance and Business Committee, the Audit Committee, and the Nominations and Remuneration Committee. Membership of all these committees is detailed on page 74 of this report.

The Programme Committee advises the board of trustees on strategic issues affecting conservation programmes and related activities.

The Finance and Business Committee is responsible for reviewing WWF-UK's financial performance, and matters relating to management and organisation issues. The committee has a sub-committee, the Investment Committee, to assist its work.

The Audit Committee is responsible for oversight of and reporting on internal control systems and risk management.

A comprehensive recruitment exercise is undertaken for the appointment of trustees, to ensure that any new trustees recommended to the board have the skills and experience required, complementing the current composition of the board. The Nominations Committee is responsible for undertaking the selection process and for recommending new trustees to the board for approval.

Each new trustee attends an induction at WWF-UK headquarters, where s/he learns about the organisation and the role and responsibilities of a trustee and meets the chief executive and members of the Executive Group. The trustee also receives an induction pack including Charity Commission guidance on The Essential Trustee, WWF-UK's governing documents, and the most recent annual report and financial statements.

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of WWF-UK for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware

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

The trustees are also responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

## ENVIRONMENTAL POLICY

In carrying out our mission to safeguard the natural world and create a future where people live in harmony with nature, we undertake activities that also have a negative impact on the environment. As an environmental charity, it's vital to us that we reduce these impacts to a minimum. In order to achieve this we have an Environmental Management System in place, and we are certified to the ISO 14001 standard – an internationally recognised and independently audited environmental standard that is awarded only after rigorous appraisal. Our certification recognises a commitment to environmental excellence and involves a process of continuous monitoring and targeted improvement.

Our largest impacts relate to business travel and electricity consumption at our offices. To manage our travel we have a sustainable travel policy in place and a carbon budgeting and tracking process for air travel. We monitor our office electricity use at the Living Planet Centre regularly and compare it to the Better Building Partnership good practice benchmark for offices. We also tightly monitor all other office consumption including the paper we print for internal and external purposes, all of which is either FSC certified or 100% recycled.

You can find our full annual environmental report and environmental policy on our website

## GRANT-MAKING POLICY

WWF-UK makes donations or grants, in line with its charitable and strategic objectives, to partners in the WWF Network and other conservation organisations. Many grants are made to long-running programmes, the outcomes of which are reviewed at regular periods.

## PUBLIC BENEFIT

We promote education in nature conservation, the natural environment and the sustainable use of natural resources and ecological processes. We strive to conserve for the public benefit, fauna and flora, water, soil and other natural resources. We promote and support scientific and educational studies, research and projects and publication of scientific and educational works.

Our headquarters, the Living Planet Centre, enables WWF-UK to educate, inspire, influence and engage much more effectively in a building from which we can reach out to the public, including policymakers, children and business leaders.

In reviewing our charitable objectives and as part of planning our future programme of work, the trustees of WWF-UK have taken account of the Charity Commission's guidance on public benefit and have considered how our planned programme of work will consistently contribute to the charity's aims and objectives.

## REMUNERATION POLICY

Our Remuneration Committee determines the chief executive's salary and reviews this each year, in line with the principles set for the organisation's annual pay review process. This committee also approves annual recommendations made by the chief executive on any changes to the three executive directors' salaries. In addition, at the end of the organisation's annual pay review process, the Remuneration Committee reviews the salaries agreed for all senior managers.

Our approach to remuneration across the organisation is designed to ensure we can attract and retain the talented and motivated people we need to deliver our mission. We seek to link pay to performance, recognising high performance through additional salary progression. We also aim to pay competitively in the not-for-profit sector, within the context of affordability, using an external salary survey to benchmark our salaries against other top charities.

Our approach is applied consistently across the organisation, through our annual pay review process which includes a comprehensive moderation process.



## OUR EMPLOYEES

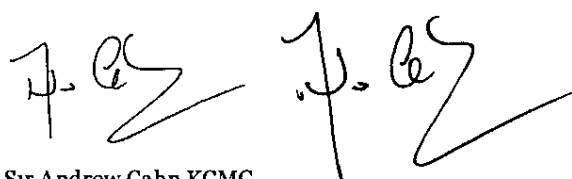
At WWF-UK, we know that the delivery of our mission relies on our talented and motivated people. We are proud to have held our Investors in People accreditation for over 11 years.

Our performance review process underpins our approach to performance and development, ensuring all our people are set and measured against clear operational objectives, linked to our organisational strategy, and career aspirations and development needs are identified and addressed.

The trustees and Executive Group encourage widespread consultation and exchange of information at all levels of the organisation. We have an active Employee Forum which ensures our compliance with the requirements of the Information and Consultation (I&C) Regulations 2004. Over the course of this year, our Executive Group and our Employee Forum have continued to work together on a range of actions to improve employee engagement, ensuring that WWF-UK remains a great place to work.

At WWF-UK we value diversity and are committed to equality of opportunity. We understand the value of an inclusive approach and recognise the impact that different perspectives bring to the work we do in the UK, and across the world as part of our global network.

The trustees' report and strategic report were approved by the board of trustees on 21 October 2016 and were signed on their behalf by



Sir Andrew Cahn KCMG  
Chair of the board of trustees

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF WWF-UK

We have audited the financial statements of WWF-UK for the year ended 30 June 2016 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes numbered 1 to 35

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005. 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 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 AUDITOR

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

We have been appointed as auditor under section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Strategic report and the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

## OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and the charitable company's affairs as at 30 June 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended)

## OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic report and the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 or the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion

- the parent charitable company has not kept adequate accounting records, or
- the parent charitable company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Pesh Framjee  
Senior Statutory Auditor  
For and on behalf of  
Crowe Clark Whitehill LLP  
Statutory Auditor  
London

13 October 2016

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating income and expenditure account) for the year ended 30 June 2016

		Unrestricted funds	Restricted and endowment funds	Total 2016	Total 2015 (restated*)
	Notes	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>					
<b>Donations and legacies</b>					
Membership and donations from individuals		23,896	12,398	36,294	37,086
Corporate donations		659	4,415	5,074	4,823
Charitable trusts		161	757	918	1,997
Legacies		15,707	322	16,029	9,070
Gifts in kind	27	1,925	-	1,925	1,915
		42,348	17,892	60,240	54,891
<b>Charitable activities</b>					
Aid agencies and government grants	6	(2)	4,350	4,348	4,685
Corporate income		-	148	148	140
Income from non-governmental organisations		28	1,319	1,347	894
		26	5,817	5,843	5,719
<b>Other trading activities</b>					
Corporate income		122	1,457	1,579	1,605
Lottery promotions		2,816	-	2,816	400
Other trading income		17	46	63	71
		2,955	1,503	4,458	2,076
<b>Investments</b>	5	547	-	547	447
<b>Income (excluding Living Planet Centre)</b>		45,876	25,212	71,088	63,133
<b>Living Planet Centre incoming resources</b>					
Membership and donations from individuals		-	-	-	40
Charitable trusts		-	-	-	30
<b>Total Living Planet Centre incoming resources</b>		-	-	-	70
<b>Total income</b>		45,876	25,212	71,088	63,203
<b>Expenditure on</b>					
<b>Raising funds</b>					
Costs of generating voluntary income		9,431	3,754	13,185	14,778
Investment management fees		94	33	127	126
<b>Total expenditure on raising funds</b>	8	9,525	3,787	13,312	14,904

\*Prior year accounts have been restated following the transition to FRS102. Further details are provided in note 3 to the accounts.



## Consolidated statement of financial activities for the year ended 30 June 2016 continued

		Unrestricted funds	Restricted and endowment funds	Total 2016	Total 2015 (restated*)
	Notes	£'000	£'000	£'000	£'000
<b>Total expenditure on raising funds brought forward</b>	8	<b>9,525</b>	<b>3,787</b>	<b>13,312</b>	14,904
<b>Charitable activities</b>					
Grants and project costs	7,8	16,574	20,770	<b>37,344</b>	35,343
Campaigns, education and public awareness	8	8,579	1,481	<b>10,060</b>	9,816
Gifts in kind	27	1,925	-	<b>1,925</b>	1,915
<b>Total expenditure on charitable activities</b>		<b>27,078</b>	<b>22,251</b>	<b>49,329</b>	47,074
<b>Reorganisation costs</b>	8	<b>374</b>	-	<b>374</b>	39
<b>Total expenditure</b>		<b>36,977</b>	<b>26,038</b>	<b>63,015</b>	62,017
<b>Net income/(expenditure) before gains on investments</b>		<b>8,899</b>	<b>(826)</b>	<b>8,073</b>	1,186
Net gains on investments		840	295	<b>1,135</b>	972
<b>Net income/(expenditure)</b>		<b>9,739</b>	<b>(531)</b>	<b>9,208</b>	2,158
Gains on forward currency contracts		442	-	<b>442</b>	30
<b>Net movement in funds</b>		<b>10,181</b>	<b>(531)</b>	<b>9,650</b>	2,188
Total funds brought forward	23	28,424	20,341	<b>48,765</b>	46,577
<b>Total funds carried forward</b>	23	<b>38,605</b>	<b>19,810</b>	<b>58,415</b>	48,765

\*Prior year accounts have been restated following the transition to FRS102. Further details are provided in note 3 to the accounts

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

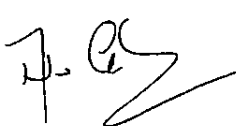
All activities derive from continuing operations

# CONSOLIDATED AND CHARITY BALANCE SHEET AS AT 30 JUNE 2016

	Notes	Group 2016 £'000	Group 2015 (restated*) £'000	Charity 2016 £'000	Charity 2015 (restated*) £'000
<b>Fixed assets</b>					
Intangible assets	13	17	-	-	-
Tangible assets	14	17,370	18,320	17,370	18,320
Investments	15	17,380	15,753	17,380	15,753
<b>Total fixed assets</b>		<b>34,767</b>	<b>34,073</b>	<b>34,750</b>	<b>34,073</b>
<b>Current assets</b>					
Stocks	16	459	583	458	583
Debtors	17	3,744	3,478	4,191	4,300
Investments		15,216	5,053	15,216	5,053
Cash at bank and in hand		8,836	10,409	8,012	9,331
<b>Total current assets</b>		<b>28,255</b>	<b>19,523</b>	<b>27,877</b>	<b>19,267</b>
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	18	(4,607)	(4,831)	(4,218)	(4,581)
<b>Net current assets</b>		<b>23,648</b>	<b>14,692</b>	<b>23,659</b>	<b>14,686</b>
<b>Net assets</b>		<b>58,415</b>	<b>48,765</b>	<b>58,409</b>	<b>48,759</b>
<b>The funds of the charity:</b>					
<b>Unrestricted funds</b>					
General reserves	23	15,955	15,592	15,949	15,586
Hedge reserve	23	369	(73)	369	(73)
Designated reserves	23	22,281	12,905	22,281	12,905
<b>Total unrestricted funds</b>		<b>38,605</b>	<b>28,424</b>	<b>38,599</b>	<b>28,418</b>
<b>Endowment funds</b>	23	<b>4,470</b>	<b>4,208</b>	<b>4,470</b>	<b>4,208</b>
<b>Restricted funds</b>	23	<b>15,340</b>	<b>16,133</b>	<b>15,340</b>	<b>16,133</b>
<b>Total funds</b>		<b>58,415</b>	<b>48,765</b>	<b>58,409</b>	<b>48,759</b>

\*Prior year accounts have been restated following the transition to FRS102. Further details are provided in note 3 to the accounts.

The financial statements were approved by the trustees on 21 October 2016 and signed on their behalf by

  
Sir Andrew Cahn KCMG  
Chair of the board of trustees

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015 (restated*)
	£000	£000
<b>Cash flows from operating activities</b>		
Net cash provided by/(used in) operating activities	8,623	(615)
<b>Cash flows from investing activities</b>		
Dividends, interest and rents from investments	547	447
Purchase of intangible assets	(17)	-
Purchase of property, plant and equipment	(71)	(478)
Proceeds from sale of investments	5,380	3,714
Purchase of investments	(5,757)	(4,389)
(Increase)/decrease in cash held for fixed asset investments	(115)	360
(Increase)/decrease in cash held for current asset investments	(10,163)	1,976
<b>Net cash provided by/(used in) investing activities</b>	<b>(10,196)</b>	<b>1,630</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>(1,573)</b>	<b>1,015</b>
Cash and cash equivalents at the beginning of the reporting period	10,409	9,394
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>8,836</b>	<b>10,409</b>
<b>Reconciliation of net income/(expenditure) to the net cash flow from operating activities</b>		
Net income for the reporting period (as per the statement of financial activities)	9,208	2,158
Depreciation charges	1,021	1,005
Gains on investments	(1,135)	(972)
Dividends, interest and rents from investments	(547)	(447)
Decrease/(increase) in stocks	124	(47)
Decrease/(increase) in debtors	58	(514)
(Decrease) in creditors	(106)	(1,778)
(Decrease) in provisions	-	(20)
<b>Net cash provided by/(used in) operating activities</b>	<b>8,623</b>	<b>(615)</b>
<b>Analysis of cash and cash equivalents</b>		
Cash in hand	8,836	10,409
<b>Total cash and cash equivalents</b>	<b>8,836</b>	<b>10,409</b>

\*Prior year accounts have been restated following the transition to FRS102. Further details are provided in note 3 to the accounts.

# NOTES TO THE ACCOUNTS

## 1. CHARITY INFORMATION

WWF-UK is a registered charity (No 1081247 and SC039593) which is incorporated and domiciled in the UK. The address of the registered office is The Living Planet Centre, Rufford House, Brewery Road, Woking, Surrey GU21 4LL.

## 2. ACCOUNTING POLICIES

### Basis of preparation

The accounts have been prepared under the historical cost convention, with the exception of listed investments and forward currency contracts which are included on a market value basis. The accounts have been prepared in accordance with the Companies Act 2006, Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland (FRS 102) ('the SORP'), FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'), the Charities Accounts (Scotland) Regulations 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and applicable United Kingdom accounting standards.

These financial statements for the year ended 30 June 2016 are the first financial statements that comply with FRS 102. The date of transition is 1 July 2014. The transition to FRS 102 has resulted in some changes in accounting policies to those used previously. The prior year financial statements were restated on adoption of FRS 102 in the current year.

The trustees have also updated the accounting treatment of cash in the field for grant expenditure.

An explanation of how the transition to FRS 102 and the changes to grant expenditure accounting have affected the reported financial performance is provided in note 3 to the financial statements.

The particular accounting policies adopted by the trustees are described below.

WWF-UK constitutes a public benefit entity as defined by FRS 102 and detailed on page 43.

### Going concern

WWF-UK has adequate financial resources and the trustees consider it is well placed to manage the business risks. As explained in the Trustees Report, the planning process, including financial projections, takes into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. The trustees have a reasonable expectation that the charity has adequate resources and are of the view that there are no material uncertainties about the charity's ability to continue in operational existence for the foreseeable future. The accounts have therefore been prepared on the basis that the charity is a going concern.

### Basis of consolidation

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

No separate SOFA has been presented for the charity alone, as permitted by Section 408 of the Companies Act 2006. The charity has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Cash Flow Statement and certain disclosures about the charity's financial instruments.

## Fund accounting

- **Unrestricted funds**

These funds can be used at trustees' discretion in furtherance of the charity's objectives

- **Designated funds**

Designated funds comprise unrestricted funds that have been set aside for particular purposes by the trustees. The aim and use for each designated fund is set out in the notes to the financial statements

- **Restricted funds**

These funds have been raised by WWF-UK for particular restricted purposes and include funds with specific project-related restrictions imposed by the donors as well as funds where the donor has specified a broad restriction, but not the specific projects to be funded. 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, and provide income that can be used for any of the charity's purposes

## Income

Income is recognised when the charity has entitlement, there is certainty of receipt, and the amount can be reliably measured. Where income is received in advance of providing goods or services, it is deferred until the charity becomes entitled to the income

Membership income and other donations from individuals and income from lotteries are recognised when received

Legacies: residuary legacy income is recognised when received or, if earlier, when estate accounts are agreed. Pecuniary legacy income is recognised when notified

Lottery income: WWF-UK received proceeds of lotteries held by People's Postcode Lottery (PPL). WWF-UK has no ability to alter the price of tickets, determine the prizes or reduce the management fee. As such, PPL is treated as acting as the principal. Net proceeds due to WWF-UK are recognised under lottery income in the statement of financial activities. The analysis of the proceeds is detailed in note 35. Where lotteries are run by WWF-UK, the proceeds from these are reported gross of any prize monies or other expenditure

Other income, including grant income, is recognised on an accruals basis when the charity becomes entitled to the resource

Income from investments is included gross of tax and fees

Gifts in kind are included at current market value where their value is ascertainable and material, with an adjustment based on the estimated worth to the charity

## Expenditure

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

Costs of raising funds are primarily those incurred in seeking voluntary contributions and other income

In line with WWF-UK's strategic objectives, grants are made to partners in the WWF Network and to other conservation organisations. These grants are performance-related, with mid-term reviews. Although future years funding is indicated, the binding commitment is for annual funding only. The full commitment of the grant is stated in Note 28

Governance costs relate to compliance with constitutional and statutory requirements and have been included as support costs together with management and finance costs, HR costs, IT costs and premises and facilities costs

### Foreign currencies

Transactions in foreign currencies are recorded either at the rate of exchange at the date of the transaction or, in the case of expenditure at the rate at which corresponding foreign currency income was recorded. Foreign currency balances have been translated at the rates of exchange ruling at the balance sheet date.

### Financial instruments

WWF-UK has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost). Financial assets held at amortised cost comprise current asset investments, cash at bank and in hand, and the group's debtors excluding prepayments. Financial liabilities held at amortised cost comprise the group's creditors excluding deferred income. No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

Investments, including bonds and cash held as part of the investment portfolio, are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

WWF-UK also enters into forward foreign exchange contracts that do not qualify as basic financial instruments. These are accounted for using hedge accounting.

### Hedge accounting

WWF-UK enters into forward foreign exchange contracts to hedge currency exposure on certain future expenditure. These are designated as hedging instruments in cash flow hedges. At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the Group determines and documents causes for hedge ineffectiveness. Note 21 sets out details of the fair values of the derivative instruments used for hedging purposes.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in gains/(losses) on forward currency contracts. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in gains/(losses) on forward currency contracts and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in gains/(losses) on forward currency contracts is reclassified immediately to profit or loss.

### Intangible assets

Intangible fixed assets are stated at cost, net of amortisation and any provision for impairment.

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

WWF online shop website 20.0% (5 years) on a straight line basis

Contacts database system 14.3% (7 years) on a straight line basis

Amortisation is not charged on assets in the course of construction until they are complete and in use.

Intangible fixed assets costing £3,000 or more and where it is probable they will create future economic benefit are capitalised.

### **Tangible fixed assets and depreciation**

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

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

Freehold buildings	17% (60 years) - 6.7% (15 years) over the expected remaining life of the asset on a straight line basis
Office furniture	12.5% (8 years) on a straight line basis
Equipment	25.0% (4 years) on a straight line basis
Leasehold improvements	10.0% (10 years) - 33.3% (3 years) over the remaining life of the lease on a straight line basis

Depreciation is not charged on assets in the course of construction until they are complete and in use

All tangible fixed assets costing £3,000 or more are capitalised

### **Investments**

Investments are stated at market value

The Statement of Financial Activities includes the net gains or losses arising from revaluations and disposals of investment assets during the year

### **Stock**

Stock is valued at the lower of cost and net realisable value

### **Debtors**

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

### **Current asset investments**

Current asset investments are bank balances held on deposit and are not available for immediate access. They have a maturity of one year or less.

### **Creditors**

Creditors are recognised at their settlement amount after allowing for any trade discounts due.

### **Provisions**

Provisions are recognised when the charity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be estimated reliably. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation.

### **Operating leases**

Rental costs under operating leases are charged to the statement of financial activities in equal amounts over the periods of the leases, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are, similarly, spread on a straight-line basis over the lease term.

## Pensions

WWF-UK administers a group personal pension plan through Aviva which is also a defined contribution scheme. Payments made by the charity on behalf of individual employees are charged to the Consolidated Statement of Financial Activities as incurred.

## Significant areas of estimation and judgement

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. The nature of estimation and judgement means that actual outcomes could differ from expectation. Significant areas of estimation and judgement include:

- Accrued legacy income is estimated based on the best information available at the balance sheet date
- Gifts in kind are recorded at market value and are adjusted to take into account the value to the charity

## 3. RECONCILIATION WITH PREVIOUS GENERALLY ACCEPTED ACCOUNTING PRACTICE

	Unrestricted funds £'000	Restricted and endowment funds £'000	Total 2015 £'000
<b>Reconciliation of funds brought forward at 1 July 2014</b>			
Total funds brought forward as reported	27,371	20,512	47,883
(a) Cash in the field	(278)	(669)	(947)
(b) Foreign exchange forwards	(103)	-	(103)
(c) Rent free periods	(11)	-	(11)
(d) Holiday pay	(245)	-	(245)
	<u>26,734</u>	<u>19,843</u>	<u>46,577</u>
<b>Reconciliation of funds carried forward at 30 June 2015</b>			
Total funds carried forward as reported	29,254	21,653	50,907
(a) Cash in the field	(442)	(1,312)	(1,754)
(b) Foreign exchange forwards	(73)	-	(73)
(c) Rent free periods	(57)	-	(57)
(d) Holiday pay	(258)	-	(258)
	<u>28,424</u>	<u>20,341</u>	<u>48,765</u>
<b>Reconciliation of net movement in funds for the year ended 30 June 2015</b>			
Net movement in funds as reported	1,883	1,141	3,024
(a) Cash in the field	(164)	(643)	(807)
(b) Foreign exchange forwards	30	-	30
(c) Rent free periods	(46)	-	(46)
(d) Holiday pay	(13)	-	(13)
	<u>1,690</u>	<u>498</u>	<u>2,188</u>



**(a) Cash in the field**

In previous years, grant expenditure was adjusted to reflect any grants unspent at the year end. However, this treatment has been amended on the basis that there is a binding commitment for the grants paid during the year and, therefore, any refund of any unspent funds is highly unlikely. This is confirmed by our review of the grants unspent at the year end.

**(b) Foreign exchange forward contract**

Under FRS102 and the Charities SORP (2015), a foreign exchange forward contract is classified as a financial instrument. As a result, any foreign exchange forwards held by WWF-UK must be initially recognised and then subsequently measured at fair value. WWF-UK has designated these derivatives as cash flow hedges with changes in fair values reported through gains/(losses) on forward currency contracts. The hedge accounting policy is further detailed in note 2.

**(c) Rent free periods**

FRS 102 requires that a lessee shall recognise lease payments under operating leases as an expense over the lease term on a straight-line basis. This differs from the previous GAAP where these were recognised to the lease break point. As a result of a rent free period at the start of the lease, this has resulted in an increase in the lease costs accrual on transition.

**(d) Holiday pay**

FRS 102 requires the recognition of all employee benefits to which employees have become entitled during the period. Accordingly, an accrual has been made for the value of annual leave that staff are entitled but have carried forward to the following financial year.

**4. PRIOR YEAR CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (RESTATED)**

	Unrestricted funds £000	Restricted and endowment funds £000	Total 2015 £000
<b>Income and endowments from</b>			
<b>Donations and legacies</b>			
Membership and donations from individuals	24,441	12,645	37,086
Corporate donations	465	4,358	4,823
Charitable trusts	153	1,844	1,997
Legacies	8,661	409	9,070
Gifts in kind	1,915	-	1,915
	35,635	19,256	54,891
<b>Charitable activities</b>			
Aid agencies and government grants	-	4,685	4,685
Corporate income	-	140	140
Income from non-governmental organisations	2	892	894
	2	5,717	5,719
<b>Other trading activities</b>			
Corporate income	59	1,546	1,605
Lottery promotions	400	-	400
Other trading income	(7)	78	71
	452	1,624	2,076
<b>Investments</b>	447	-	447
<b>Incoming resources (excluding Living Planet Centre)</b>	<b>36,536</b>	<b>26,597</b>	<b>63,133</b>
<b>Living Planet Centre incoming resources</b>			
Membership and donations from individuals	-	40	40
Charitable trusts	-	30	30
<b>Total Living Planet Centre incoming resources</b>	<b>-</b>	<b>70</b>	<b>70</b>
<b>Total incoming resources</b>	<b>36,536</b>	<b>26,667</b>	<b>63,203</b>

## PRIOR YEAR CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (RESTATED) CONTINUED

	Unrestricted funds £'000	Restricted and endowment funds £'000	Total 2015 £'000
<b>Expenditure on</b>			
<b>Raising funds</b>			
Costs of generating voluntary income	10,249	4,529	14,778
Investment management fees	92	34	126
<b>Total expenditure on raising funds</b>	<b>10,341</b>	<b>4,563</b>	<b>14,904</b>
<b>Charitable activities</b>			
Grants and project costs	15,248	20,095	35,343
Campaigns, education and public awareness	8,039	1,777	9,816
Gifts in kind	1,915	-	1,915
<b>Total expenditure on charitable activities</b>	<b>25,202</b>	<b>21,872</b>	<b>47,074</b>
<b>Reorganisation costs</b>	<b>39</b>	<b>-</b>	<b>39</b>
<b>Total expenditure</b>	<b>35,582</b>	<b>26,435</b>	<b>62,017</b>
<b>Net income before gains on investments</b>	<b>954</b>	<b>232</b>	<b>1,186</b>
Net gains on investments	706	266	972
<b>Net income</b>	<b>1,660</b>	<b>498</b>	<b>2,158</b>
Gains on forward currency contracts	30	-	30
<b>Net movement in funds</b>	<b>1,690</b>	<b>498</b>	<b>2,188</b>
Total funds brought forward	26,734	19,843	46,577
<b>Total funds carried forward</b>	<b>28,424</b>	<b>20,341</b>	<b>48,765</b>

## 5. INVESTMENT INCOME

	2016 £'000	2015 (restated) £'000
Dividends and fixed interest	443	377
Bank interest	104	65
Rent received	-	5
	<b>547</b>	<b>447</b>

## 6. AID AGENCIES AND GOVERNMENT GRANTS

	2016	2015 (restated)
	£'000	£'000
Major grants from aid agencies and governments include funds from		
<b>Department for International Development (DFID)</b>		
Partnership Programme Agreement 4	2,318	3,090
Partnership Programme Agreement 5	773	-
DFID Non-PPA funding	40	466
<b>European Community</b>		
Livewell plate for low impact food in Europe	95	-
Forest Law Enforcement, Governance and Trade - Legal & sustainable global timber trade	256	549
Partnerships involving Stakeholders in the Celtic Sea Eco-System	565	-
India Thirsty Crops	-	1
WaterLIFE - healthy rivers for people and nature	177	357
<b>DEFRA - Department for Environment, Food and Rural Affairs</b>		
Demand Reduction	50	16
<b>Agence des Aires Marines Protegees</b>		
Panache	6	-
<b>CEFAS - Centre for Environment, Fisheries and Aquaculture Science</b>		
GAP2 - Integration of evidence-based knowledge - fisheries and the marine environment	8	-
<b>National Lottery (Note 34)</b>		
Sustainable land & natural resource use in Namibia	50	186
<b>Scottish Executive</b>		
Earth Hour Scotland	10	18
<b>Other agencies</b>		
<b>Total Aid Agencies and Government Grants</b>	<b>4,348</b>	<b>4,685</b>

## 7. GRANT AND PROJECT COSTS

Individual conservation projects and grants are grouped as programmes that reflect our key conservation priorities. Grants are made to other offices in the WWF network as well as other partners in the UK and internationally. This information is normally the basis of reporting to donors, including government agencies. All our grants are performance-related, with mid-term reviews.

	2016	2015 (restated)
	£'000	£'000
<b>Organisation/Programme</b>		
<b>WWF International</b>		
WWF Network Support	3,523	3,140
<b>WWF Network</b>		
Tiger Network Initiative	2,619	2,637
Species Conservation Programme	2,556	1,742
Organisational Development	2,248	1,776
Amazon Programme	2,195	2,460
East Africa Coastal Programme	1,898	1,305
Eastern Himalayas Programme	1,581	1,199
The Water Partnership - China Programme	825	820
East Africa Freshwater Programme	685	595
South Asia Water Security	566	566
China Africa - Sustainable Development	503	670
<b>Grant and project costs carried forward</b>	<b>19,199</b>	<b>16,910</b>

## GRANT AND PROJECT COSTS CONTINUED

Organisation/Programme	2016 £'000	2015 (restated) £'000
<b>Grant and project costs brought forward</b>	<b>19,199</b>	<b>16,910</b>
Climate Change	387	224
The Water Partnership - Brazil Programme	311	334
China Global Shift Initiative - Supporting Sustainable Economic Development	311	191
Kenya County Spatial Planning	299	-
Arctic Programme	299	346
Fisheries Policy & Markets	273	416
European Policy Programme	237	238
Mekong	230	434
Wildlife Trade	180	102
Forest Law Enforcement, Governance and Trade (FLEGT)	179	283
The Namibia Programme	67	192
Coral Triangle Programme	-	261
<b>Total grants made to largest programmes</b>	<b>21,972</b>	<b>19,931</b>
<b>Other projects aggregated</b>	<b>2,245</b>	<b>2,012</b>
<b>Total grant funding on programmes and projects</b>	<b>24,217</b>	<b>21,943</b>
Other project activity undertaken directly (Note 8)	10,036	10,027
<b>Total grants and projects expenditure (Note 8)</b>	<b>34,253</b>	<b>31,970</b>
Support costs (Notes 8,9)	3,091	3,373
<b>Total expenditure on grants and projects</b>	<b>37,344</b>	<b>35,343</b>

## 8. RESOURCES EXPENDED

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2016 £'000	Total 2015 (restated) £'000
Restoring wildlife	696	7,258	718	8,672	7,729
Sustaining forests and oceans	1,808	4,178	540	6,526	6,331
Keeping rivers flowing	1,240	2,622	349	4,211	4,597
Trading sustainable timber and seafood	1,464	503	177	2,144	2,587
Reducing carbon emissions	1,007	467	133	1,607	1,452
Living sustainably	1,391	2,883	386	4,660	4,599
Strengthening our priority partner WWF offices	161	2,252	218	2,631	2,142
Building capacity in the network	2,269	4,054	570	6,893	5,906
<b>Total grants and project costs</b>	<b>10,036</b>	<b>24,217</b>	<b>3,091</b>	<b>37,344</b>	<b>35,343</b>
Campaigns, education and public awareness	9,165	62	833	10,060	9,816
Gifts in kind attributable to charitable activities	1,925	-	-	1,925	1,915
<b>Total expenditure on charitable activities</b>	<b>21,126</b>	<b>24,279</b>	<b>3,924</b>	<b>49,329</b>	<b>47,074</b>
Expenditure on raising funds	12,210	-	1,102	13,312	14,904
Reorganisation costs	374	-	-	374	39
<b>Total expenditure</b>	<b>33,710</b>	<b>24,279</b>	<b>5,026</b>	<b>63,015</b>	<b>62,017</b>

### Basis for the support cost allocation

Support costs are allocated on a pro-rata basis according to the total cost of activities undertaken directly and grant funding of activities

## 9. SUPPORT COSTS

	Governance	Management & Finance	HR	IT	Premises & Facilities	Total 2016	Total 2015 (Restated)
	£000	£000	£000	£000	£000	£000	£000
Grants and project costs	338	334	460	740	1,219	3,091	3,373
Campaigns, education and public awareness	91	90	124	199	329	833	937
Expenditure on raising funds	121	119	164	264	434	1,102	1,423
<b>Total support costs</b>	<b>550</b>	<b>543</b>	<b>748</b>	<b>1,203</b>	<b>1,982</b>	<b>5,026</b>	<b>5,733</b>

The reduction in support costs in the year is mainly due to foreign currency holding gains in the year of £550,000 compared with £51,000 in the prior year stemming from the depreciation of sterling against the US dollar and the euro – particularly at the end of our financial year, following the EU referendum result

## 10. STAFF COSTS

	2016	2015 (restated)
	£000	£000
Wages and salaries	12,331	12,065
Social Security costs	1,282	1,280
Pension costs	1,125	1,107
	<b>14,738</b>	<b>14,452</b>

The above costs exclude 12 staff (2015: 8 staff) who were hosted by WWF-UK on behalf of WWF International and WWF-US. Total cost £791,000 (2015: £557,000)

Included within staff costs above is £169,000 (2015: £nil) relating to redundancy costs arising from the review and reorganisation of the Communications & Fundraising department. At the end of the year £36,000 (2015: £nil) was still to be paid.

During the year ex-gratia payments of £15,769 were made to members of staff on termination of employment.

In addition, the cost of temporary staff in the year was £350,860 (2015: £329,003)

Pension costs are allocated to activities on the same basis as those staff costs to which they relate.

The average number of employees during the year was 332 (2015: 339)

The average number of employees calculated on a full-time equivalent basis was

	2016 Number	2015 Number
Charitable activities	193	180
Raising funds	52	61
Support and governance	49	52
	<b>294</b>	<b>293</b>

## STAFF COSTS CONTINUED

The number of employees whose emoluments exceeded £60,000 in the year was

	2016 Number	2015 Number
£60,001 to £70,000	8	8
£70,001 to £80,000	6	9
£80,001 to £90,000	2	-
£90,001 to £100,000	1	1
£100,001 to £110,000	1	1
£110,001 to £120,000	-	1
£120,001 to £130,000	1	-
£130,001 to £140,000	1	-
£150,001 to £160,000	-	1
Total	20	21

Pension contributions for the 20 highest paid employees (21 in 2015) amounted to £149,794 (2015 £141,181)

The key management personnel of the charity are the four members of the executive group referred to on page 75. The total employee benefits of the executive group was £503,584 (2015 £504,716). The chief executive officer is the highest paid employee in the organisation.

## 11. TRUSTEES' REMUNERATION AND EXPENSES

No trustee received any remuneration from WWF-UK during the year (2015 nil). Expenses totalling £2,381 (2015 £2,871) were reimbursed to two trustees (2015 three trustees) solely for travel costs incurred in attending meetings.

During the year the charity paid £4,982 (2015 £4,982) in respect of trustees' indemnity insurance on behalf of the trustees. No other costs were borne on behalf of any trustee.

## 12. NET INCOMING RESOURCES FROM OPERATIONS

	2016 £'000	2015 £'000
Net incoming resources from operations for the year are stated after charging		
<b>Auditors' remuneration</b>		
Fees payable to the charity's auditors for the audit of the charity's annual accounts	35	34
Fees payable to the charity's auditors for the audit of the charity's subsidiaries	24	24
	59	58
Fees payable to the charity's auditors for the audit of projects	30	16
Total audit fees	89	74
Depreciation of tangible fixed assets	1,021	1,005
<b>Operating lease rentals</b>		
Plant and machinery	12	11
Other	64	36
Total operating lease rental	76	47
Unrealised (gain) on foreign exchange translation	(550)	(51)

### 13. INTANGIBLE FIXED ASSETS

	Contacts database system	Other software	Total
	£'000	£'000	£'000
<b>GROUP AND CHARITY</b>			
<b>Cost or valuation</b>			
At 30 June 2015	1,206	44	1,250
Additions in the year	-	17	17
<b>At 30 June 2016</b>	<b>1,206</b>	<b>61</b>	<b>1,267</b>
<b>Amortisation</b>			
At 30 June 2015	1,206	44	1,250
<b>At 30 June 2016</b>	<b>1,206</b>	<b>44</b>	<b>1,250</b>
<b>Net book value</b>			
<b>At 30 June 2016</b>	<b>-</b>	<b>17</b>	<b>17</b>
At 30 June 2015	-	-	-

Software additions in the year were not complete or in use by the balance sheet date

Amortisation will be charged in line with the accounting policy when the software development is complete and in use

### 14. TANGIBLE FIXED ASSETS

	Living Planet Centre	Leasehold improvements	Office furniture and equipment	Total
	£'000	£'000	£'000	£'000
<b>GROUP AND CHARITY</b>				
<b>Cost or valuation</b>				
At 30 June 2015	19,349	63	707	20,119
Additions in the year	(2)	73	-	71
Disposals in the year	-	-	(37)	(37)
<b>At 30 June 2016</b>	<b>19,347</b>	<b>136</b>	<b>670</b>	<b>20,153</b>
<b>Depreciation</b>				
At 30 June 2015	1,405	15	379	1,799
Charge for the year	843	15	163	1,021
Disposals in the year	-	-	(37)	(37)
<b>At 30 June 2016</b>	<b>2,248</b>	<b>30</b>	<b>505</b>	<b>2,783</b>
<b>Net book value</b>				
<b>At 30 June 2016</b>	<b>17,099</b>	<b>106</b>	<b>165</b>	<b>17,370</b>
At 30 June 2015	17,944	48	328	18,320

## 15. INVESTMENTS

	2016	2015
	£'000	£'000
<b>GROUP AND CHARITY</b>		
<b>Investment – movement</b>		
Market value at 1 July 2015	15,177	13,530
Additions at cost	5,757	4,389
Disposals at market value	(5,380)	(3,714)
Net gain on revaluation	1,135	972
<b>Market value at 30 June 2016</b>	<b>16,689</b>	<b>15,177</b>
Cash balances	691	576
<b>Total market value at 30 June 2016</b>	<b>17,380</b>	<b>15,753</b>
<b>Historic cost at 30 June 2016</b>	<b>14,884</b>	<b>13,976</b>
<b>Portfolio distribution</b>		
UK fixed interest	6,295	4,266
UK equities	3,610	3,470
Overseas equities	6,288	5,999
Overseas fixed interest	496	1,442
Cash funds	691	576
<b>Total investment portfolio</b>	<b>17,380</b>	<b>15,753</b>
<b>Restriction analysis</b>		
Endowment funds	4,470	4,208
Unrestricted funds	12,910	11,545
<b>Total</b>	<b>17,380</b>	<b>15,753</b>

## 16. STOCK

Stock consists of finished goods for resale held by the charity

## 17. DEBTORS

	Group 2016	Group 2015 (restated)	Charity 2016	Charity 2015 (restated)
	£'000	£'000	£'000	£'000
Amounts due within one year				
Trade debtors	897	820	476	396
Amounts due from WWF-UK (World Wide Fund For Nature) Trading Limited	-	-	905	1,300
Other debtors	1,079	637	1,079	637
Forward foreign exchange contracts	369	45	369	45
Prepayments	278	209	273	209
Accrued income	1,121	1,767	1,089	1,713
<b>Total debtors</b>	<b>3,744</b>	<b>3,478</b>	<b>4,191</b>	<b>4,300</b>



## 18. CREDITORS

	Group 2016	Group 2015 (restated)	Charity 2016	Charity 2015 (restated)
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade creditors	786	650	735	618
PAYE & National Insurance	389	379	389	379
Other creditors	229	226	227	223
Forward foreign exchange contracts	-	118	-	118
Accruals	2,732	2,558	2,691	2,497
Deferred income	471	900	176	746
<b>Total creditors</b>	<b>4,607</b>	<b>4,831</b>	<b>4,218</b>	<b>4,581</b>

### 18(a) Group deferred income

	1 July 2015	Income received in current year	Released in current year	30 June 2016
	£'000	£'000	£'000	£'000
Corporate sponsorship	724	375	(1,005)	94
Corporate donations	154	1,192	(1,051)	295
Staff hostings	17	546	(481)	82
Others	5	-	(5)	-
<b>Deferred income</b>	<b>900</b>	<b>2,113</b>	<b>(2,542)</b>	<b>471</b>

Deferred income relates to amounts received prior to entitlement

## 19. PROVISIONS

	2016 £'000	2015 £'000
Opening balance	-	20
Credited during the year	-	-
Utilised during the year	-	(20)
Closing balance	-	-

Provisions relate to dilapidations arising on the termination of a property lease. This was fully utilised in the year ended 30 June 2015.

## 20. FINANCIAL INSTRUMENTS

The charity has certain financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. Certain other financial instruments are held at fair value, with gains and losses being recognised within the SOFA.

## FINANCIAL INSTRUMENTS CONTINUED

The charity has the following financial instruments

	Group 2016	Group 2015 (restated)	Charity 2016	Charity 2015 (restated)
	£'000	£'000	£'000	£'000
<b>Financial assets measured at amortised cost</b>				
Current asset investments	15,216	5,053	15,216	5,053
Cash at bank and in hand	8,836	10,409	8,012	9,331
Amounts owed by group undertakings	-	-	905	1,300
Other receivables	3,097	3,224	2,644	2,746
	<b>27,149</b>	<b>18,686</b>	<b>26,777</b>	<b>18,430</b>
<b>Financial liabilities measured at amortised cost</b>				
Accruals	2,732	2,558	2,691	2,497
Other creditors	1,404	1,255	1,351	1,220
	<b>4,136</b>	<b>3,813</b>	<b>4,042</b>	<b>3,717</b>
<b>Financial assets measured at fair value</b>				
Fixed asset investments	17,380	15,753	17,380	15,753
Forward foreign exchange contracts	369	45	369	45
	<b>17,749</b>	<b>15,798</b>	<b>17,749</b>	<b>15,798</b>
<b>Financial liabilities measured at fair value</b>				
Forward foreign exchange contracts	-	118	-	118
	<b>-</b>	<b>118</b>	<b>-</b>	<b>118</b>

## 21. CASH FLOW HEDGES - FORWARD FOREIGN CURRENCY CONTRACTS INSTRUMENTS

The following table details the forward foreign currency contracts outstanding as at the year end

	Notional value		Average contractual exchange rate		Fair value	
	2016	2015	2016	2015	2016	2015
	£'000	£'000	Rate	Rate	£'000	£'000
<b>Buy CHF, Sell GBP</b>						
Due within 1 year	4,423	3,366	1.4017	1.4260	369	(73)

WWF-UK has entered into forward foreign exchange contracts to hedge the exchange rate risk arising from commitments to make WWF network support payments expected to occur and to affect profit or loss within the next financial year

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Gains of £442,000 (2015: gains of £30,000) were recognised in gains on forward currency contracts. No hedge ineffectiveness was recognised in the year (2015: nil).

## 22. SUBSIDIARY COMPANY

The ordinary shares in the subsidiary company, WWF-UK (World Wide Fund For Nature) Trading Limited (previously known as WWF-UK Trading Limited), are wholly owned by WWF-UK. The company is registered in England and Wales (Registration No 00892812).

The main activities of the company during the year were receiving royalties licensing income from the use of the WWF logo and sponsorship income and miscellaneous trading activities.

The aggregate assets of the subsidiary company were £1,300,352 (2015 £1,555,820) and the aggregate liabilities were £1,294,064 (2015 £1,549,532), resulting in shareholders' funds of £6,288 (2015 £6,288).

The taxable profits earned by the company are donated to WWF-UK and in the current year amounted to £1,006,704 (2015 £997,276).

A summary of the subsidiary company's trading results is shown below.

Profit and loss account	2016	2015
	£000	£000
Catalogue and retail sales	1	-
Corporate sponsorship and licensing	1,737	1,665
<b>Turnover</b>	<b>1,738</b>	<b>1,665</b>
Cost of sales	(103)	(176)
<b>Gross profit</b>	<b>1,635</b>	<b>1,489</b>
Administrative expenses	(630)	(493)
<b>Operating profit</b>	<b>1,005</b>	<b>996</b>
Interest receivable	2	1
	<b>1,007</b>	<b>997</b>
Gift Aid donation for WWF-UK	(1,007)	(997)
<b>Retained profit for the year</b>	<b>-</b>	<b>-</b>
Profit & loss account brought forward	6	6
<b>Retained profit carried forward</b>	<b>6</b>	<b>6</b>

## 23. GROUP STATEMENT OF FUNDS

	At 1 July 2015	Incoming resources	Outgoing resources	Transfers between funds	Net gains/ (losses)	At 30 June 2016
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Endowment funds</b>						
Kleinwort Endowment Fund	2,397	-	(19)	-	168	2,546
Willingdon Memorial Fund	1,811	-	(14)	-	127	1,924
<b>Total endowment funds</b>	<b>4,208</b>	<b>-</b>	<b>(33)</b>	<b>-</b>	<b>295</b>	<b>4,470</b>
<b>Restricted funds</b>						
<b>Project restricted funds</b>						
HSBC Water Programme	1,285	2,699	(2,021)	-	-	1,963
Marks & Spencer Ethical & Eco Programmes	80	343	(294)	-	-	129
M&S Forever Fish Campaign	602	122	(452)	-	-	272
Unilever	-	495	(107)	-	-	388
Coca-Cola Freshwater Programme	35	389	(168)	-	-	256
Big Lottery Fund Grant	19	50	(69)	-	-	-
John West	95	356	(406)	-	-	45
Conservancy work in Kenya	692	397	(356)	-	-	733
European Commission – FLEGT*	33	256	(434)	-	-	(145)
European Commission – Celtic Seas	(38)	569	(329)	-	-	202
European Commission – WaterLife	140	177	(317)	-	-	-
European Commission – Other*	(49)	94	(120)	-	-	(75)
Other Project Restricted, GAA and DFID	1,090	1,136	(1,458)	-	-	768
<b>Broadly restricted funds</b>						
Sky Amazon Project	1,876	865	(1,509)	-	-	1,232
Arctic**	(283)	475	(318)	-	-	(126)
Climate change**	(211)	513	(438)	-	-	(136)
Primates (Orang-utan)	387	551	(895)	-	-	43
Rhinos	48	535	(523)	-	-	60
Pandas**	(57)	429	(472)	-	-	(100)
Elephants**	(283)	673	(523)	-	-	(133)
Amur leopards	774	790	(680)	-	-	884
Snow leopards**	(724)	1,900	(1,429)	-	-	(253)
Tigers	870	2,689	(2,961)	-	-	598
Jaguars	-	601	(154)	-	-	447
Penguins**	(191)	449	(466)	-	-	(208)
Mountain gorillas**	(200)	831	(686)	-	-	(55)
Endangered species	332	875	(598)	-	-	609
Other broadly restricted funds	937	1,868	(2,002)	-	-	803
DFID – PPA 4	2,194	2,318	(4,512)	-	-	-
DFID – PPA 5	-	773	-	-	-	773
Hosting costs (including staff costs)	-	994	(994)	-	-	-
<b>Total project and broadly restricted funds</b>	<b>9,453</b>	<b>25,212</b>	<b>(25,691)</b>	<b>-</b>	<b>-</b>	<b>8,974</b>

	At 1 July 2015	Incoming resources	Outgoing resources	Transfers between funds	Net gains/ (losses)	At 30 June 2016
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Living Planet Centre</b>						
Living Planet Centre Rufford	4,642	-	(218)	-	-	4,424
Living Planet Centre other	2,038	-	(96)	-	-	1,942
<b>Total Living Planet Centre funds</b>	<b>6,680</b>	<b>-</b>	<b>(314)</b>	<b>-</b>	<b>-</b>	<b>6,366</b>
<b>Total restricted funds</b>	<b>16,133</b>	<b>25,212</b>	<b>(26,005)</b>	<b>-</b>	<b>-</b>	<b>15,340</b>
<b>Unrestricted funds</b>						
<b>Designated reserves</b>						
Living Planet Centre reserve	11,264	-	(529)	(2)	-	10,733
Fixed asset reserve	376	-	(178)	90	-	288
Capital expenditure reserve	-	-	-	533	-	533
Fundraising reserve	-	-	-	500	-	500
Programmes reserve	-	7,254	(1,226)	-	-	6,028
Loan reserve	-	-	-	2,400	-	2,400
Investment reserve	1,265	-	-	534	-	1,799
<b>Designated reserves</b>	<b>12,905</b>	<b>7,254</b>	<b>(1,933)</b>	<b>4,055</b>	<b>-</b>	<b>22,281</b>
<b>Hedge reserve</b>	<b>(73)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>442</b>	<b>369</b>
<b>General reserve</b>	<b>15,592</b>	<b>38,622</b>	<b>(35,044)</b>	<b>(4,055)</b>	<b>840</b>	<b>15,955</b>
<b>Total unrestricted funds</b>	<b>28,424</b>	<b>45,876</b>	<b>(36,977)</b>	<b>-</b>	<b>1,282</b>	<b>38,605</b>
<b>Total funds</b>	<b>48,765</b>	<b>71,088</b>	<b>(63,015)</b>	<b>-</b>	<b>1,577</b>	<b>58,415</b>

\*There are negative balances on the restricted funds for European Commission – FLEGT (£145,000) and European Commission – other (£75,000) due to outstanding claims to be submitted

\*\*There are negative balances on the restricted funds for Arctic (£126,000), Climate change (£136,000), Pandas (£100,000), Elephants (£133,000), Snow leopards (£253,000), Penguins (£208,000) and Mountain gorillas (£55,000) This is due to investment being made in the recruitment of regular giving supporters in respect of whom we are confident that future net income will exceed the amount of the deficit balance

## PERMANENT ENDOWMENTS

The Kleinwort Endowment Fund was established in 1970. Income is available for the general purposes of WWF-UK. The fund is represented 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 by fixed asset investments.

## GROUP STATEMENT OF FUNDS CONTINUED

### RESTRICTED FUNDS

Restricted funds are grants and donations given for specific purposes. They may be project-specific or more broadly restricted to a theme or country.

- 1 Other project, GAA and DFID restricted donations are where the donor has specified the project to be funded and neither income nor expenditure exceeds £300,000
- 2 Other broadly restricted donations are where the donor has specified the restriction, but not the project to be funded, and neither income nor expenditure exceeds £300,000
- 3 European Commission - other restricted donations are where the donor has specified the project to be funded and neither income nor expenditure exceeds £300,000
- 4 Living Planet Centre restricted donations have been used for the construction of the new headquarters

### DESIGNATED RESERVES

- The designated reserve in respect of the Living Planet Centre represents the unrestricted element of the net book value of the property. The transfer of £2,000 relates to new fixed assets purchased in the year less additional VAT recovered on prior year's capital expenditure.
- The fixed asset reserve represents resources invested in fixed assets other than the Living Planet Centre and which, as a result, are not available for other purposes. The transfer of £90,000 relates to new fixed assets purchased in the year.
- The capital expenditure reserve represents resources allocated to cover future expenditure on major repairs and replacements for the Living Planet Centre building. This amount has been calculated on the basis of an independent professional assessment of likely future costs and will be reviewed at regular intervals.
- The fundraising reserve represents resources designated for investment in the development of a new fundraising initiative for WWF-UK. An amount of £500,000 was allocated to this reserve in the year. It is anticipated that this will be fully used within the following financial year.
- The programmatic reserve represents funds received from a major legacy and from People's Postcode Lottery (PPL) which had not been spent by the year end and which, while not restricted funds, the trustees believe should be designated for specific projects including Kenya Spatial Planning, black rhino conservation and the Northern Amazon Action Plan. It is planned that approximately £2,400,000 will be spent during the next financial year and the remainder in the following three years.
- The loan reserve is designated for a loan of £2.4m to WWF International relating to an agreement that has been signed on 11 August 2016. Along with other WWF network offices, WWF-UK is providing funding for transition costs relating to an organisational restructure intended to improve the global impact of the WWF network. The loan is on commercial terms and is due to be repaid in three equal instalments in July 2018, July 2019 and July 2020.
- The investment reserve is to provide for foreseeable volatility in the value of the unrestricted fixed asset investments.

### HEDGE RESERVE

The hedge reserve represents foreign currency forward currency contracts that are hedged against committed expenditure.

## CHARITY STATEMENT OF FINANCIAL ACTIVITIES

The total income of the charity in 2016 was £68.6m (2015 restated £62.6m) and total expenditure was £60.5m (2015 restated £61.4m)

## 24. ANALYSIS OF GROUP ASSETS AND LIABILITIES BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Endowment funds	Total 2016	Total 2015 (restated)
	£'000	£'000	£'000	£'000	£'000
Intangible fixed assets	17	-	-	17	-
Tangible fixed assets – Living Planet Centre	10,733	6,366	-	17,099	17,944
Tangible fixed assets – other	271	-	-	271	376
Investments	12,910	-	4,470	17,380	15,753
Fixed assets	23,931	6,366	4,470	34,767	34,073
Current assets	19,281	8,974	-	28,255	19,523
Current liabilities	(4,607)	-	-	(4,607)	(4,831)
Net assets	38,605	15,340	4,470	58,415	48,765

	Notes	£'000	£'000
<b>As part of the above funds, general reserves are calculated as being:</b>			
Total unrestricted funds	23	38,605	28,424
Less			
Designated reserves	23	(22,281)	(12,905)
Hedge reserve	23	(369)	73
<b>Total general reserves</b>		<b>15,955</b>	<b>15,592</b>

## 25. OPERATING LEASE COMMITMENTS

At the end of the year, WWF-UK was committed to making future minimum operating lease payments which fall due as follows

	2016 Land and buildings	2016 Plant and machinery	2015 Land and buildings	2015 Plant and machinery
	£'000	£'000	£'000	£'000
Payments due				
within one year	80	3	12	12
within two to five years	247	-	197	3
<b>Total</b>	<b>327</b>	<b>3</b>	<b>209</b>	<b>15</b>

Operating lease commitments have increased in the year as a result of the move of our Welsh office to a new property in Cardiff

## 26. LEGACY NOTIFICATIONS

By the end of the financial year, WWF-UK had been advised of a number of legacies which indicated the charity as a beneficiary. These have not been included in the Statement of Financial Activities as the charity's final entitlement has not yet been established by the executors. The initial indicated values for these legacies are estimated to be £5,161,586 (2015 £9,058,028). The previous year included an amount of £4.8m which was received during the year.

## 27. GIFTS IN KIND

WWF-UK received gifts in kind during the year relating to the goods and services detailed below

	£'000
<b>Campaigning costs</b>	
Poster advertising space donated and used to promote awareness of the annual WWF Earth Hour and other campaigns	1,650
Donation of internet search terms to generate public awareness and for testing fundraising media	275
<b>Total gifts in kind received</b>	<b>1,925</b>

## 28. OUTSTANDING GRANT AWARDS

WWF-UK aims to continue to provide funding to a number of programmes and projects subject to the delivery of obligations contained in the grant awards. At the end of the year, the amount of grants outstanding that did not meet the definition of an accounting accrual is detailed below. Payment of the grants is contingent on the outcome of reviews of the programmes and therefore the liability has not been recognised at the year end. The commitments will be funded through general funds or restricted funding from individual and institutional donors. The funding of these commitments falls due as detailed below.

	2016	2015
	£'000	£'000
<b>Due within</b>		
1 year	12,552	16,948
2 years	600	5,042
3 years	77	50
	<b>13,229</b>	<b>22,040</b>

## 29. CONTINGENT LIABILITIES

In accordance with normal business practice, WWF-UK 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 maximum possible liability arising from indemnities outstanding at the balance sheet date was £716,392 (2015 £928,659) with the maximum indemnity period being 12 years.

## 30. RELATED PARTY TRANSACTIONS

The chief executive and the executive director of global programmes both served as trustees of the Alliance of Religions and Conservation. The aggregate amount of grants from WWF-UK to this organisation was £70,000 (2015 £60,000). In addition £600 (2015 nil) was paid to this organisation for the executive director of global programmes to attend a conference.

Andrew Cahn, who was chair of WWF-UK during the year, was also a trustee of WWF International. Total income from WWF International during the year was £866,704 (2015 £685,909). Expenditure during the year comprised grant payments of £4,752,669 (2015 £4,242,462) and other expenditure of £41,981 (2015 £24,179).

Jane Cotton, who is a trustee of WWF-UK, is also a trustee of Canal and River Trust. Total income from Canal and River Trust during the year was £720 (2015 £720).

Georgina Mace, who is a trustee of WWF-UK, is a council member for the Natural Environment Research Council. During the year grant payments made to the Natural Environment Research Council were £85,000 (2015 £86,578).

Mark Richardson, who is a trustee of WWF-UK, is the chair of the audit committee for the Big Yellow Group. During the year payments for storage costs were made to the Big Yellow Self Storage Company of £796 (2015 £1,640).

Trustees and other related parties, including key management personnel, made donations to WWF-UK during the year totalling £1,469 (2015 £1,882).



The following transactions between WWF-UK and its subsidiary WWF-UK (World Wide Fund For Nature) Trading Limited took place during the year

	2016	2015
	£'000	£'000
<b>Intercompany balances</b>		
Amounts due from WWF-UK (World Wide Fund for Nature) Trading Limited	905	1,300
<b>Transactions with WWF-UK (World Wide Fund for Nature) Trading Limited</b>		
WWF-UK income received by the subsidiary	113	9
Subsidiary income received by WWF-UK	73	63
Payments made by WWF-UK on behalf of subsidiary	17	51
WWF-UK expenditure recharged to subsidiary	557	445
Subsidiary VAT paid by WWF-UK	318	340
Gift aid donation from subsidiary to WWF-UK	1,007	997

### 31. TAXATION

WWF-UK is a registered charity and as such is potentially exempt from taxation of its income and gains to the extent that they fall within the exemptions available to charities under the Taxes Act and are applied to its charitable objectives. WWF-UK (World Wide Fund For Nature) Trading Limited is subject to Corporation Tax but it remits by Gift Aid any taxable profit to WWF-UK.

### 32. COMMITMENTS

At the year end, WWF-UK had no capital commitments.

### 33. 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.

### 34. BIG LOTTERY FUND GRANT

During the year WWF-UK received £50,334 (2015: £186,342) from the Big Lottery Fund as a contribution towards a three-year project that ended in 2015. The project aimed to improve access rights and sustainably manage natural resources and rangelands in Namibia. During the year £69,224 (2015: £180,967) of expenditure was allocated to the project.

### 35. PEOPLE'S POSTCODE LOTTERY (PPL) INCOME

During the year WWF-UK received the proceeds of lotteries held by PPL. WWF-UK has no ability to alter the price of tickets, determine the prizes or reduce the management fee. As such, PPL is treated as acting as the principal, and so only net proceeds due to WWF-UK are recognised under lottery promotions in the statement of financial activities. The net proceeds received are analysed as follows:

	2016	2015
	£'000	£'000
Ticket value	8,815	-
Prize fund	(3,526)	-
Management fee	(2,865)	-
Net proceed received	2,424	-

# WWF-UK CORPORATE DIRECTORY

The information shown below is that pertaining between 1 July 2015 and 21 October 2016, the date of signing the accounts

## President: HRH The Prince of Wales

### Trustees

Sir Andrew Cahn KCMG (Chair)  
 Mark Chambers (retired October 2015)  
 David Phillips  
 Natalie Gross  
 Andrew Reicher (retired December 2015)  
 Richard Sambrook  
 Jane Cotton  
 Ila Kasem  
 Professor Michael Dixon  
 Professor Georgina Mace  
 Mark Richardson  
 Professor Malcolm Press

### Committees

F, N  
 A, F  
 A, F, Inv, N  
 N  
 F, Inv  
 F  
 A, F  
 \  
 P  
 P  
 A, F, Inv  
 P

### The following, who are not trustees, hold honorary positions:

Sir Martin Laing CBE (Trustee Emeritus)  
 The Hon Mrs Sara Morrison (Trustee Emeritus)  
 Ed Smith CBE (Trustee Emeritus)

### Independent members and external advisers

Pesh Framjee  
 Mike Acreman  
 John Hudson  
 Paul Elkins  
 Elizabeth Passey  
 Andy Wales  
 Alex Rogers  
 Simon Rivett-Carnac

### Committees

A  
 P  
 P  
 P  
 P  
 P  
 P  
 Inv

**Committees****(A) Audit Committee****(F) Finance and Business Committee****(N) Nominations & Remuneration Committee****(P) Programme Committee****(Inv) Investment Sub-Committee****Chair**

Mark Chambers (retired October 2015)

Mark Richardson (appointed October 2015)

Sir Andrew Cahn KCMG

Sir Andrew Cahn KCMG

Professor Georgina Mace

David Phillips

**The Executive Group/principal officers**

Chief executive

Executive director of operations

Executive director of communications and fundraising

Executive director of global programmes

David Nussbaum (resigned September 2016)

Robert Hardy

Alison Lucas

Dr Glyn Davies

**Company Secretary**

Simon Major

**Principal and registered office**

The Living Planet Centre

Rufford House

Brewery Road

Woking GU21 4LL

**Principal professional advisers****Bankers**

The Co-operative Bank

London City Office

80 Cornhill

London EC3V 3NJ

**Auditors**

Crowe Clark Whitehill LLP

St Bride's House

10 Salisbury Square

London EC4Y 8EH

**Legal advisers**

Farrer &amp; Co

66 Lincoln's Inn Fields

London WC2A 3LH

**Investment managers**

Newton Investment Management Ltd

160 Queen Victoria Street

London EC4V 4LA



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