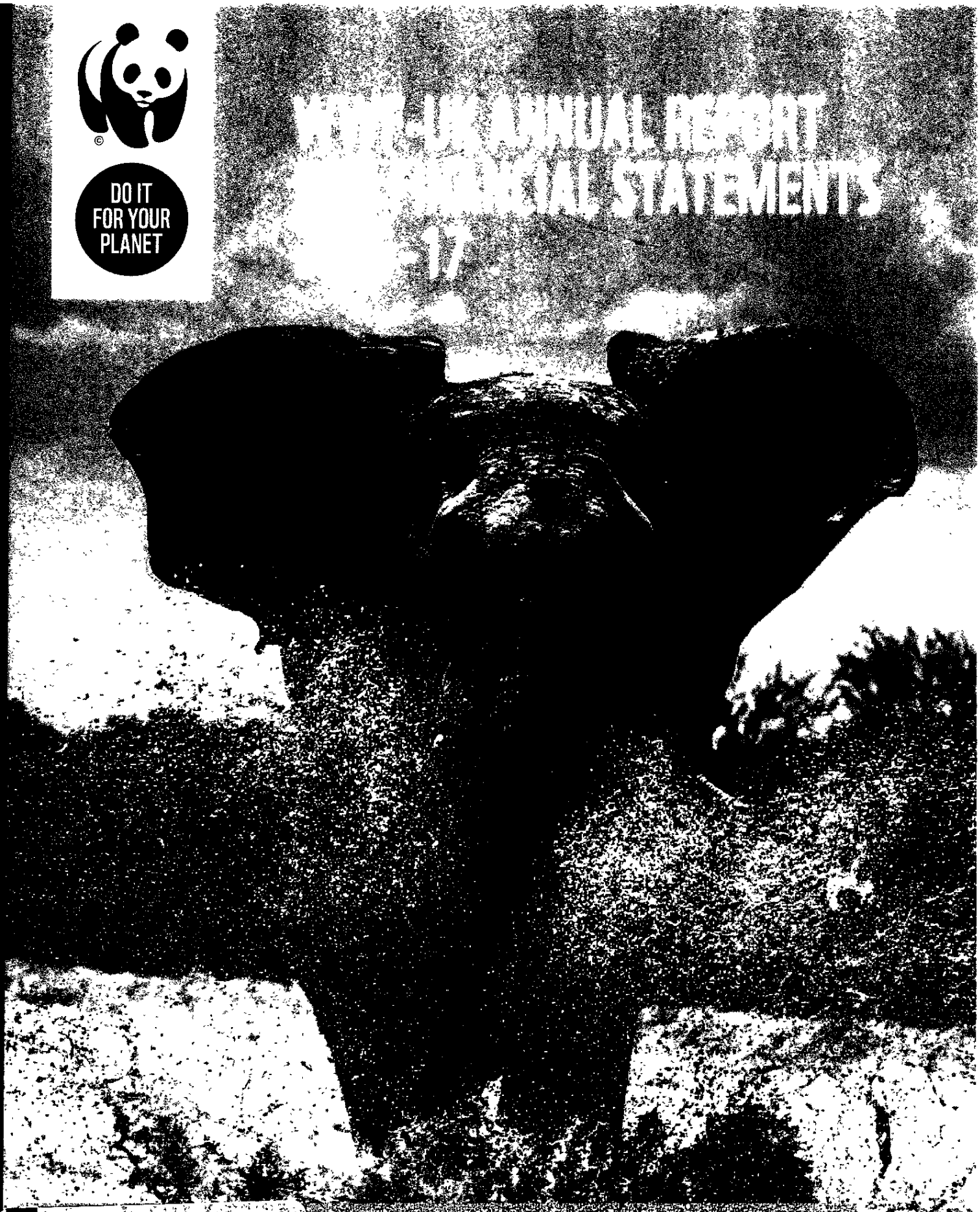
WWF-UK ANNUAL REPORT AND FINANCIAL STATEMENTS 2017

DO IT FOR YOUR PLANET



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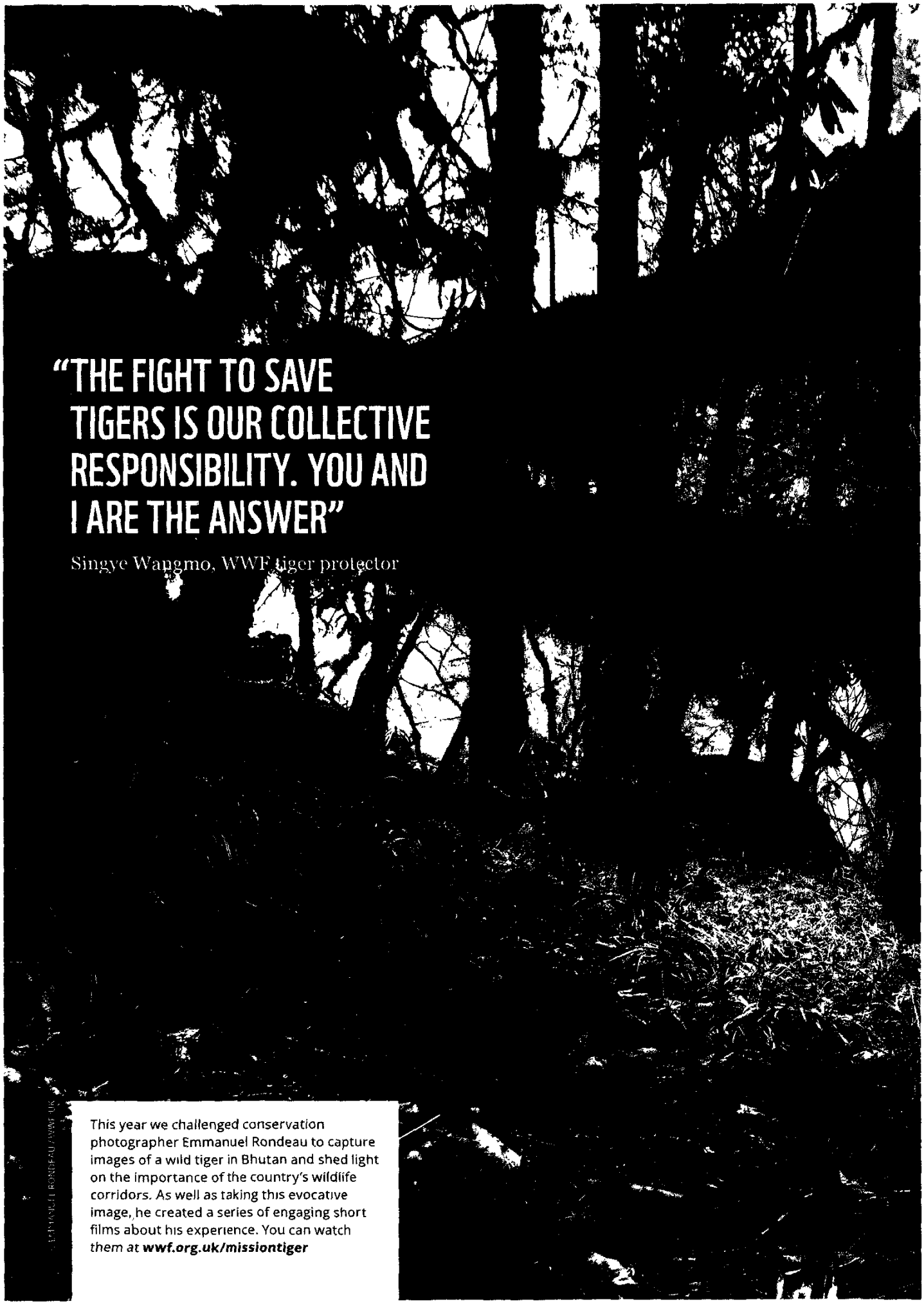


"THE FIGHT TO SAVE TIGERS IS OUR COLLECTIVE RESPONSIBILITY. YOU AND I ARE THE ANSWER"

Singye Wangmo, WWF tiger protector

EMMANUEL RONDEAU/WWF-UK

This year we challenged conservation photographer Emmanuel Rondeau to capture images of a wild tiger in Bhutan and shed light on the importance of the country's wildlife corridors. As well as taking this evocative image, he created a series of engaging short films about his experience. You can watch them at **wwf.org.uk/missiontiger**

RAISING SUPPORT

Here's a quick summary of our income and expenditure for the year ending 30 June 2017. You can find more detail in our Financial Statements on page 48.

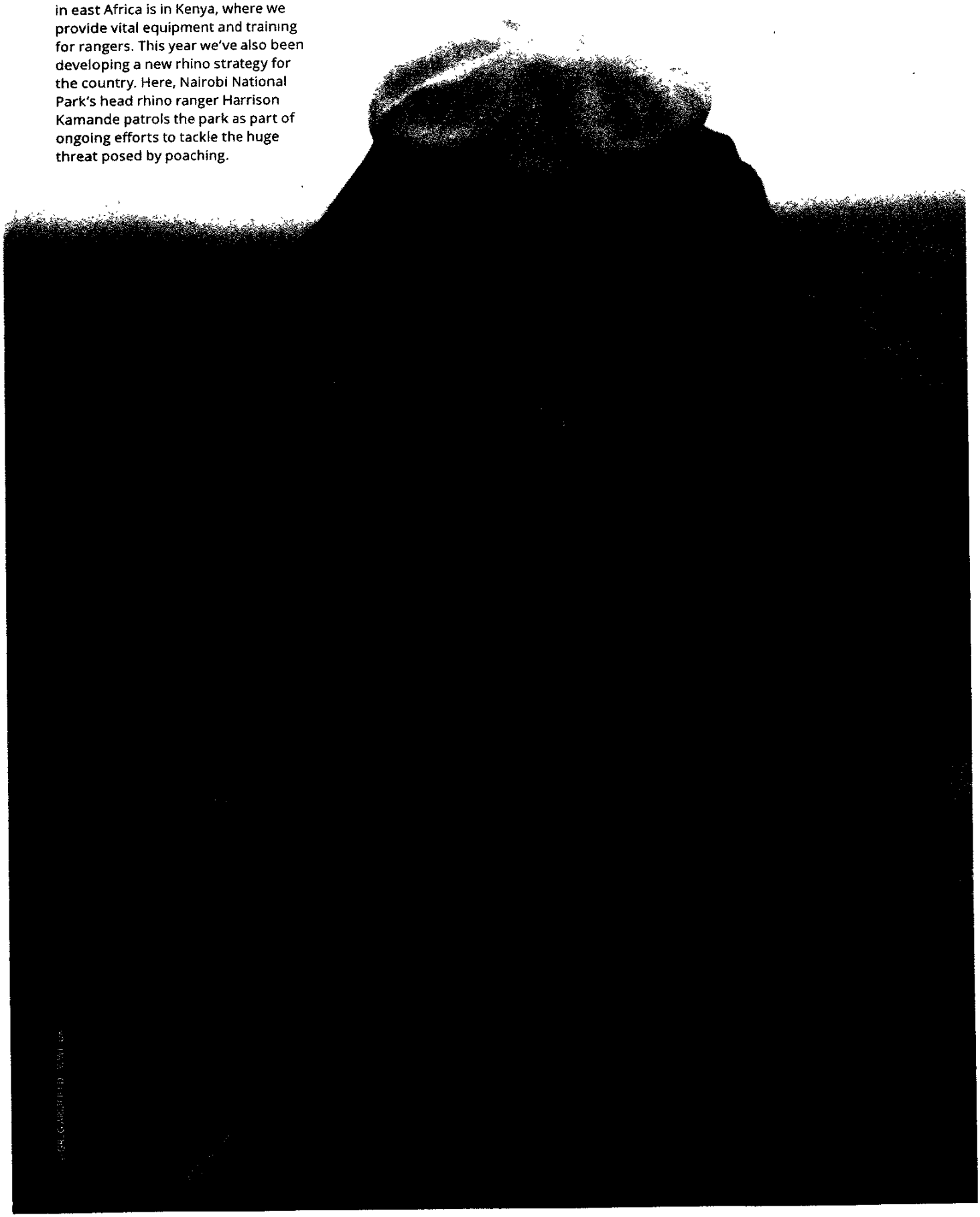
£60.8M INCOME

MEMBERSHIP AND DONATIONS
LEGACIES
CORPORATE DONATIONS AND SPONSORSHIPS
LOTTERY PROMOTIONS
AID AGENCIES AND GOVERNMENT GRANTS
WWF NETWORK AND OTHER CHARITIES
CHARITABLE TRUSTS
GIFTS IN KIND
INVESTMENT INCOME
OTHER £0.1M

£63.2M EXPENDITURE

CONSERVATION
COST OF RAISING FUNDS
COMMUNICATING, INFLUENCING AND AWARENESS
GIFTS IN KIND

Only around 5,000 black rhinos survive in Africa. The main population in east Africa is in Kenya, where we provide vital equipment and training for rangers. This year we've also been developing a new rhino strategy for the country. Here, Nairobi National Park's head rhino ranger Harrison Kamande patrols the park as part of ongoing efforts to tackle the huge threat posed by poaching.



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WWF-UK IN BRIEF

At WWF, we believe that a living planet is vital not only for wildlife, but also as the source of our food, clean water, health and livelihoods. We're finding ways to help transform the future for the world's wildlife, rivers, forests and seas. We're pushing for the reduction in carbon emissions needed to avoid catastrophic climate change. And we're pressing for measures to help people live sustainably, within the means of our one amazing planet. **Join us.**

A MESSAGE FROM OUR CHAIR

Protecting our planet and all its natural wonders is a mission that *everyone* needs to get behind – urgently. The world's wildlife relies on us transforming the frankly precarious prospects of our planet. And so do people, everywhere – now and in the future.

During a period of political uncertainty, one where living standards are under pressure, it might be argued that the needs of humankind should be put above those of nature. But that would be missing the point: the damage we do to the natural world inevitably causes harm to humans. Instead, I believe right now each of us should consider what we can do to conserve or revitalise nature.

We were honoured when our ambassador Sir David Attenborough and Professor Johan Rockström helped us share such a message at WWF's first Living Planet lecture last November. Their reflection on the subject of humanity's impact on the planet, and our potential to find solutions, makes for compelling viewing. Please do take time to watch it, at **wwf.org.uk/lpr**

Knowing that we already understand the problems and have many of the solutions at our disposal fills me with great hope. But it also places a huge responsibility on us all. Not least for a charity whose purpose is to achieve exactly this brighter future.

Finding ways to make a positive difference is what WWF has always been about. And this year, as you'll see in these pages, we've had great success. For instance, our expert input helped in establishing the world's largest marine protected area, across 1.55 million square kilometres of the Ross Sea in Antarctica. And we played an important role in negotiations that led to an international agreement to tackle aviation emissions.

There were some great wins for wildlife too, including an ivory ban in China, a critical step to protect vaquitas, and an increase in the numbers of the critically endangered Javan rhino.

But vital though these and many other successes are, they are not yet reversing overarching global problems such as habitat loss, wildlife population declines and increasing greenhouse gas emissions – pressures that are largely driven by the increasing impact of human populations.

As I commented in last year's report, that is why radical changes are being made to the WWF global network and I am pleased to be able to report that new conservation structures are now in place, ready to deliver exciting work that will further align and unite the network and our partners to achieve ambitious global goals under six banners – forests, oceans, wildlife, food, climate and energy, and water.

Linked to this, spearheaded by our new chief executive Tanya Steele, we're also now developing an ambitious new strategy at WWF-UK that will aim to reach out to millions more people and galvanise the scale of change that the world needs.

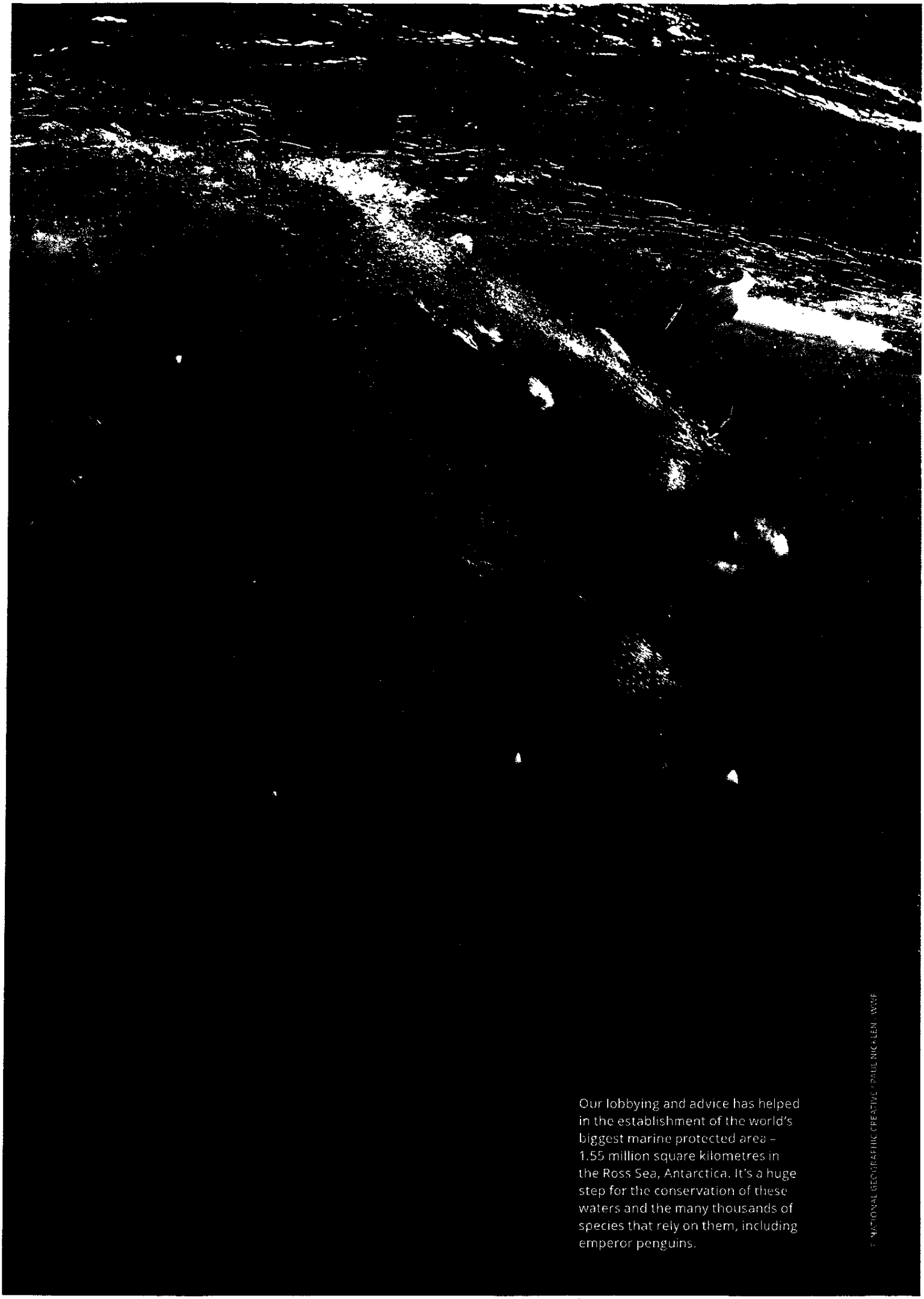
A fundamental element of this redoubled ambition will focus on fundraising. We will need a revolution in the level of our funding if we're to achieve the step-change in our impact that we're determined to accomplish.

Right now, raising that money is more challenging than ever. Our income (excluding gifts in kind) in 2016-17 fell by 13% from £69.2m to £60.1m – although our record-breaking income in the previous year included exceptional legacy income and was itself up 13% on the year before. Fortunately, investment gains enabled us to achieve an unrestricted surplus of £1.9m in 2016-17 and maintain our free reserves at an acceptable level.

Our income was partially affected by suspending some fundraising activities pending changes to charity fundraising regulations. We reviewed our fundraising operations to ensure that they comply with regulations including the Institute of Fundraising code and the Charity Commission fundraising guide (CC20). The trustees have been closely involved and we are sure we have the necessary processes in place, including a compliance unit.

I would like to take this opportunity to thank our supporters, whose ongoing generosity enables us to achieve our many successes, as well as our dedicated staff and my fellow trustees for their boundless commitment to our work.

Sir Andrew Cahn KCMG
chair of the board of trustees



Our lobbying and advice has helped in the establishment of the world's biggest marine protected area – 1.55 million square kilometres in the Ross Sea, Antarctica. It's a huge step for the conservation of these waters and the many thousands of species that rely on them, including emperor penguins.

© NATIONAL GEOGRAPHIC CREATIVE / PAUL NICKLEN / WWF

A MESSAGE FROM OUR CHIEF EXECUTIVE

I feel immensely privileged to be taking on the reins of WWF-UK and I want to thank everyone for welcoming me so warmly into this remarkable and unique organisation.

Immersing myself in the world of conservation has been inspiring and sobering. I've spent time listening to those inside and outside the organisation – supporters, colleagues, scientists, commentators and fellow NGOs – to get their thoughts on the scale of biodiversity loss that continues at a pace.

I've met with our experts in the field to experience first-hand the work they're doing and the challenges they face. In Kenya, I saw the impact of climate change on the everyday lives of both wildlife and communities. I also learnt that in Dar Es Salaam, 10,000 trees are felled each day just to produce charcoal for cooking in this rapidly growing city; while in 13 years' time, India is predicted to have only half the groundwater it needs due to water being abstracted for agriculture.

But with challenge comes hope. I met our committed team in Tanzania's Selous Game Reserve deploying innovative methods, including live feeds from drones, to tackle the number of elephants lost since 2007 – a shocking 80%. And closer to home, despite seeing our precious chalk streams in a poor state of health due to pressures such as abstraction and agricultural pollution, this year we have helped to improve the quality of 200 million litres of water flowing through our rivers.

Despite the enormous scale of the task, we at WWF are wholeheartedly embracing these challenges and seeking solutions with the vital support of others.

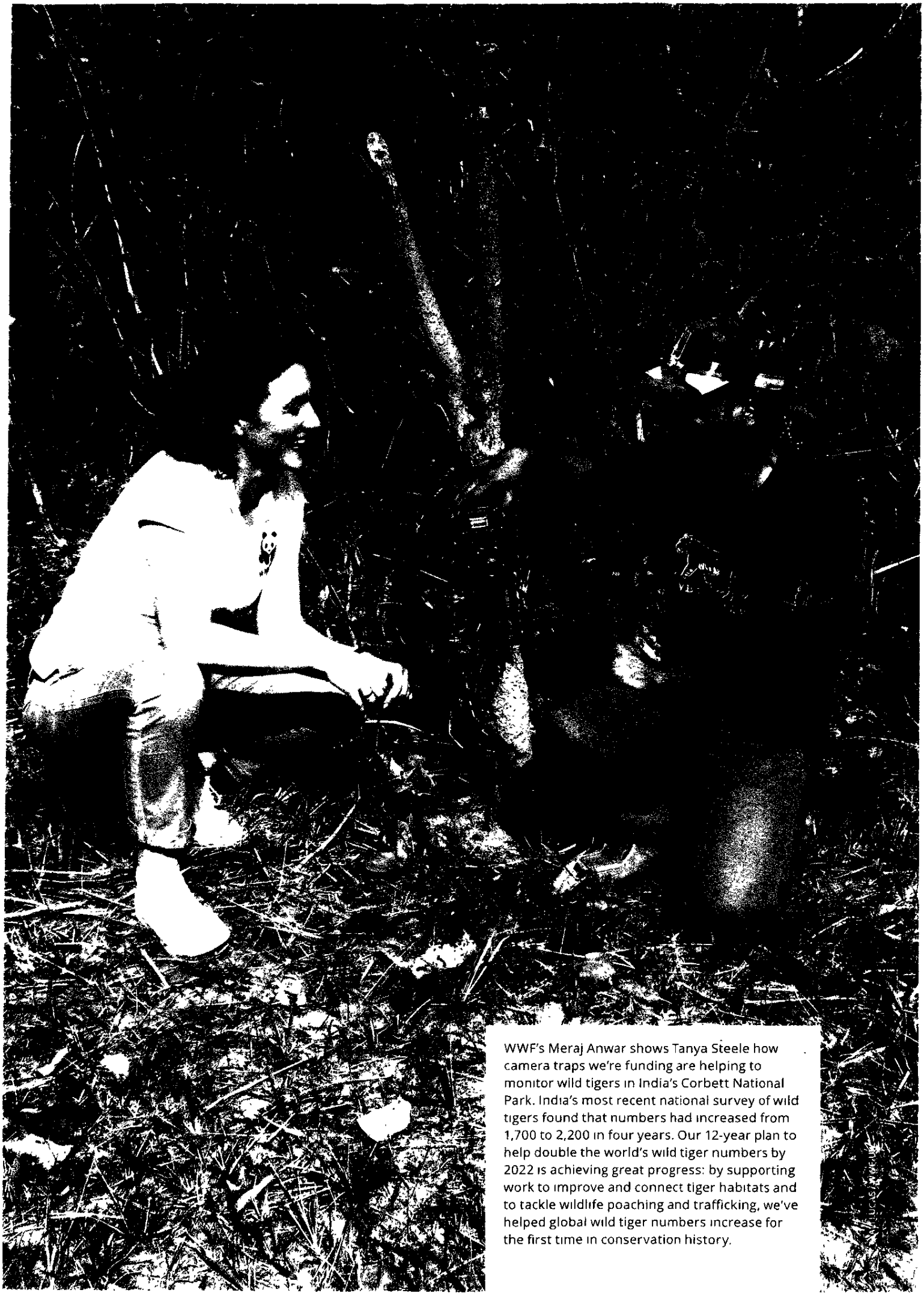
Our loyal supporters, some who have been with us from the very beginning, continue to run marathons, bake cakes, adopt animals and much more. We never take your support for granted and we are grateful for everything that you do.

The UK government is claiming to make a step change to deliver an ambitious agenda for the environment and we will be sure to hold them to account on this. And as we continue to experience record global temperatures, it is more important than ever for the UK to maintain its global leadership and commitment to tackle climate change.

Our longstanding corporate partnerships are valuable drivers of change and I appreciate their support enormously. As major employers and users of natural capital, they assist in influencing and accelerating our key issues. This year, marked the 10th year of our affiliation with M&S, during which we've worked together to adopt resilient growth and management practices. Our continuing partnership with HSBC has seen more than half a million hectares of river basins under improved management, while our groundbreaking relationship with Sky enables our message to reach millions of homes across the UK.

And it's millions of people that we need to reach, engage with and engender support from if we are to halt biodiversity loss. Because, despite our best efforts and those of government, business and individuals, the overall decline of our natural world shows no sign of slowing. It's time for me and you to do more – much more. To bring about real change. To take responsibility for, champion and protect our world for future generations of people and wildlife alike – and this will be my priority in the years ahead. Please join me.

Tanya Steele
chief executive, WWF-UK



WWF's Meraj Anwar shows Tanya Steele how camera traps we're funding are helping to monitor wild tigers in India's Corbett National Park. India's most recent national survey of wild tigers found that numbers had increased from 1,700 to 2,200 in four years. Our 12-year plan to help double the world's wild tiger numbers by 2022 is achieving great progress: by supporting work to improve and connect tiger habitats and to tackle wildlife poaching and trafficking, we've helped global wild tiger numbers increase for the first time in conservation history.

OUR FIVE-YEAR STRATEGY

This reporting year was the fourth in 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:

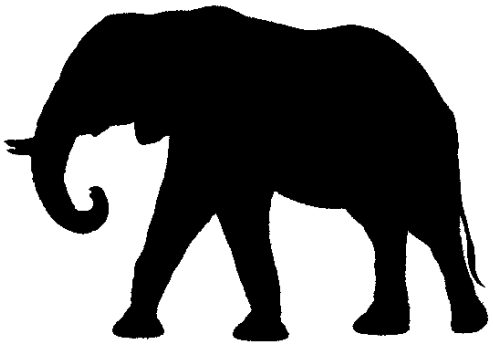
BRAZIL AND THE AMAZON

1

INCREASING PRESSURE ON THE NATURAL WORLD

During our financial year we published the latest of our regular updates on the state of our planet and its natural wonders – the *Living Planet Report*. Its findings are shocking; its forecasts are even bleaker. If humanity continues to plunder and pollute nature as it is currently doing, then by 2020 populations of the world's wildlife will have declined by two thirds since 1970.

We're absolutely determined that we focus our resources on interventions that have the greatest potential to reverse these threats. A particular priority for us in the coming year is to take huge strides to tackle the illegal wildlife trade, which is having devastating impacts on some of the world's most endangered species.



PLEASE HELP US END THE ILLEGAL WILDLIFE TRADE.
VISIT: WWF.ORG.UK/ILLEGALWILDLIFETRADE

2

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. So our international programmes are focusing particularly on Brazil and the Amazon, China, east Africa, and India and the Himalayas. And our efforts are paying off, as you'll read on pages 14 to 27. For example, this year we've helped to boost black rhino conservation in east Africa; we've reached agreements that will help address river flow problems in the Yangtze and the Mara; and we've managed great progress in the fight to tackle Amazon deforestation.

You'll also find out, on page 28, how our investment in WWF offices in these regions has helped 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.

3

DIGITAL COMMUNICATIONS

The growth of digital communications is revolutionising the way organisations and people relate to each other. Online communications are transforming our audiences' expectations.

We continue to make the most of the opportunities this offers us to inspire and involve greater numbers of people with our mission.

You can read more on page 30 about how we're learning from our supporters as well as finding many new ways to engage them and to increase their influence alongside ours.

STRATEGIC REPORT

OUR ACHIEVEMENTS AND PERFORMANCE DURING 2016-17, AND OUR FUTURE PLANS

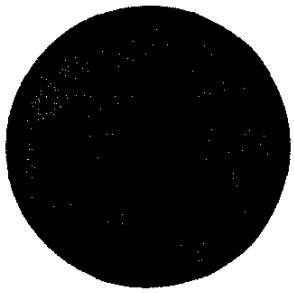
We're determined to have the greatest possible positive impact on the natural world. To help us achieve just that, we've set ourselves challenging targets to meet by 2018.

In this section we outline a selection of our achievements and performance against our objectives for the year ended 30 June 2017. And we list examples of our plans for the financial year 2018. This does not cover the full scope of our work. You can find out more about all of our work on our website: **wwf.org.uk**

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 35.

In Kenya's Lamu seascape, we're working with communities to help reduce the impact people have on marine turtles. Incidents of poaching have now fallen in this region. Here Mike Olendo (right), who heads WWF's marine team in Kenya, collects data on a female green turtle that has just laid a clutch of eggs. This year we fitted a green turtle with a satellite tag, which Mike and his team hope will provide new insights including turtle migration routes and feeding sites, as well as helping us identify priority marine areas for their protection.

OBJECTIVE 1: RESTORING WILDLIFE



We're working to stabilise or increase populations of 10 of the world's most iconic and threatened species, and to tackle the illegal trade in wildlife.

Among our priorities last year were:

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.

BOLSTERING BLACK RHINOS

Black rhinos are critically endangered. Only around 5,000 survive in Africa, and they're facing renewed pressure from poaching to supply the illegal wildlife trade, as well as threats posed by disease and reduced habitat. Rhino conservation in east Africa has been an ongoing priority – and challenge – for WWF ever since we were founded.

The main population in the region is in Kenya, where we provide vital equipment for rangers, as well as training for both rangers and prosecutors to help ensure poachers are successfully prosecuted. We've also been developing a new rhino strategy for the country. This is particularly important as it guides all stakeholders as they implement conservation actions. During the year we convened more than 100 representatives of wildlife parks, private sanctuaries, government ministries and non-government organisations to review how well the current strategy has been implemented, and to produce a new one for the next five years. The plan has been finalised and is awaiting the signature of the minister of environment.

Another key achievement for us was completing work on a new rhino sanctuary in Kenya's Tsavo East National Park, to increase the area of safe habitat for rhinos. The 5,000 sq km of Tsavo East was once home to thousands of rhinos, but rampant poaching has cut the population to about 13. The rhino sanctuary we've supported has created a safe haven of 100 sq km within the park. Additional rhinos will be moved here: we aim to increase the numbers to 30 by December 2018.

Meanwhile in Tanzania we've overcome many hurdles this year to gain a memorandum of understanding with the key institutions and government departments that must agree to a much-needed national strategy for black rhinos. There has been a huge surge in poaching in Tanzania, notably in Selous Game Reserve, a World Heritage site and a former stronghold of black rhinos. It's a key place we're determined to protect through our global Shared Heritage campaign and other project work.

FINDING JAVAN RHINOS A SECOND HOME

The perilously small population of Javan rhinos is under severe threat from poaching. And because the last 67 of these rhinos are limited to one area – Ujung Kulon National Park, on the western tip of Java – they could face extinction if there is a natural disaster such as a volcanic eruption or tsunami. Establishing a separate population would reduce this threat. So, with our partners, we are developing a programme to translocate several rhinos, to begin establishing a viable second population.

67

THE JAVAN RHINO POPULATION HAS INCREASED FROM 63 TO 67 SINCE 2015

Identifying and securing a suitable new site means getting agreement from many stakeholders, including local authorities and the public. And we're nearly there. During the year, Indonesia's Joint Rhino Secretariat endorsed a site that our assessments have pinpointed – Java's Cikepuh Wildlife Reserve. And we gained agreement in principle from the Ministry of Environment and Forestry. We expect an official government decree shortly.

We funded and led comprehensive assessments of how suitable various other habitats would be – looking at factors including ecological and social impacts. Our aerial surveys and other analysis of Cikepuh show what restoration is needed to make this habitat fully suitable for rhinos. Indonesia's government also asked us to organise a second population working group. Through intensive monitoring in Ujung Kulon we have identified 18 individuals that could be picked, and we've developed translocation protocols.

Our monitoring and data analysis has also revealed some positive news: the Javan rhino population has increased from 63 to 67 since 2015. Camera traps we provided revealed rhinos are living at higher altitudes than was previously known. They also confirmed the remaining population is breeding, as we discovered seven new calves.

In addition, we're supporting the Ujung Kulon National Park Authority to scale up its habitat management. For instance, over the next five years we'll support work to control arenga palm in a 2,500-hectare area. This palm inhibits the growth of plants that rhinos eat. So removing it will mean the park will be able to support a bigger population of these critically endangered rhinos.

SURVEYING MOUNTAIN GORILLAS

The critically endangered mountain gorilla is found only in two small populations in Africa – in the Virunga volcanoes and Bwindi Impenetrable Forest. Since 1991, we've been working as part of the International Gorilla Conservation Programme to improve the conservation status of this great ape. Our latest efforts have included helping to undertake a new census of mountain gorillas in the Virunga volcanoes.

It's been a huge collaborative effort between three countries – Rwanda, Uganda and the Democratic Republic of the Congo. Together we've surveyed the entire 451 sq km of this landscape – twice. We recorded signs of mountain gorillas and other large mammals, as well as any evidence of illegal activities. We also collected samples of gorilla faeces which can provide information about the health and genetic diversity of the gorillas. By conducting two sweeps and undertaking genetic analysis, we're ensuring we have robust data to provide the most accurate possible estimate of the mountain gorilla population.

It's taken the team more time than expected to get all the samples processed, so we're still undertaking genetic analysis and crunching the numbers. We don't yet have a confirmed population estimate, but we hope to publish the results in the next few months.

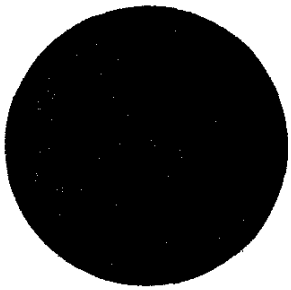
This information will be critical in assessing how effective our conservation efforts are, and informing our long-term planning – including looking for opportunities to improve and expand habitat to support our aim of increasing the population from 880 in 2012 to 1,100 by 2020. Other data collected during the census, such as finding out where snares are being set, is already helping us to improve management of the protected areas and to make these habitats more secure for the mountain gorillas.

2017-18

This objective includes 13 specific goals. In the final year of our current strategy, as we progress towards meeting all the targets, our priorities will include:

- *Continuing work to stabilise populations of Javan rhinos and Kenyan black rhinos by pushing for government approval for a second habitat in Indonesia, and by supporting the implementation of the National Black Rhino Action Plan in Kenya.*
- *Delivering our Illegal Wildlife Trade campaign and engaging with the Chinese and UK governments to support effective implementation of national ivory trade bans. And working with the UK government to shape the agenda for the London Conference on illegal wildlife trade in October 2018.*
- *Holding high-profile events in the UK and Scottish parliaments ahead of the UK government's review of its Arctic policy in 2018, and highlighting the UK's responsibility to promote sustainable development in the Arctic – including protecting polar bears in the Last Ice Area.*

OBJECTIVE 2: SUSTAINING FORESTS AND OCEANS



We're aiming for significant increases in the area of forests and oceans that are properly protected and well-managed in places we regard as particularly vital.

Among our priorities last year were:

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 land policy recommendations for the Antarctic Treaty and the Commission for the Conservation of Antarctic Marine Living Resources.

TACKLING AMAZON DEFORESTATION

Amazonas is the largest state in Brazil and its southern reaches are under extreme pressure from deforestation. Key highways that transect this region have made it especially prone to high levels of forest conversion – mostly for cattle ranching. In 2016, deforestation in Amazonas state rose 54% on the previous year – the largest increase in the Brazilian Amazon.

We're determined to promote sustainable alternatives. But this year the extremely volatile political situation in Brazil included the unexpected replacement of the Amazonas state governor. This has delayed designation of a sustainable-use forestry district.

We have still managed great progress towards improved forest management in this region. In February, WWF and the government of Amazonas signed a memorandum of understanding that subsidises actions to combat deforestation in southern Amazonas. The memorandum focuses on areas such as forest management, restoring degraded areas, and consolidating conservation zones.

The Amazonas government launched a Sustainable Municipalities Programme, which aims to reduce deforestation by around two thirds by 2020. It pinpoints the same municipalities we've been pressing to include in the forestry district as particular priorities – it's an area that covers more than the 150,000 sq km we were aiming for. We were pleased the government used a map we produced to identify these priority areas. The government also made official its plan for an economy that focuses on sustainable fish farming, fruit growing, pharmaceuticals and cosmetics.

WWF convened many organisations across this vast region to share challenges to implementing the Sustainable Municipalities Programme – and to develop the sustainable-use forestry district in the southern Amazonas.

Sustainable livestock

We also organised a meeting with the Amazonas state government about the Sustainable Livestock Working Group. This group collaborates to build deforestation-free supply chains and promote recovery of degraded land. We ran training on applying a Sustainable Livestock Indicators Guide, which we helped to develop. Among other things, the guide helps to maximise land productivity and mitigate against the need to clear more forests.

-2/3RDS

A NEW PROGRAMME IN BRAZIL AIMS TO REDUCE DEFORESTATION BY TWO THIRDS ACROSS 150,000 SQ KM, BY 2020

1.55M SQ KM

OUR LOBBYING AND ADVICE HAS HELPED IN THE ESTABLISHMENT OF WORLD'S BIGGEST MARINE PROTECTED AREA, IN THE ROSS SEA

ANTARCTIC PROTECTION

In a huge step for the conservation of Antarctica's seas and wildlife, more than 1.5 million square kilometres of the Ross Sea is now protected following a landmark agreement in October 2016. It's created the world's largest marine protected area. We've been lobbying for years to secure this protection – we identified the Ross Sea as a key area of the Southern Ocean to protect, and provided advice on draft management plans. The protection was agreed by the 24 member countries plus the EU at the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR).

The current measures only extend for 35 years, but they're great progress in safeguarding the whales, penguins, seals and thousands of other amazing species that live there. The deal means no fishing will be allowed in more than two thirds of the protected area. It will help to ensure the conservation of globally important ocean habitats. And it will provide research opportunities and increase the Southern Ocean's resilience to climate change.

At the same meeting, CCAMLR also adopted a UK-led initiative to establish a moratorium on commercial fishing in marine areas along the Antarctic peninsula that are newly exposed when ice shelves collapse or retreat by at least 10%. This is designed to provide for scientific study. The major calving of part of the Larsen C ice shelf in June 2017 may trigger this mechanism for the first time.

Rod Downie, our head of polar programmes, participates in CCAMLR and Antarctic Treaty meetings as an adviser to the UK government on these matters.

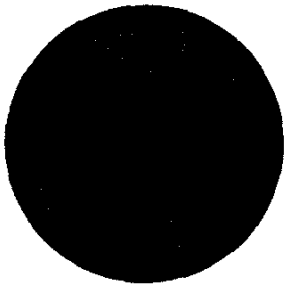
We're now pursuing protection of three further large-scale areas of the ocean around Antarctica: the Antarctic peninsula, Weddell Sea, and East Antarctica. We have supported field studies including penguin tracking, and provided technical and policy advice for all three areas. The information is ready for discussion during the October 2017 CCAMLR meeting.

2017-18

This objective includes nine specific goals. In the final year of our current strategy, as we progress towards meeting all the targets, our priorities will include:

- *Engaging with the UK governments and calling on them to build on environmental protections as we prepare to leave the EU. Also ensuring the UK establishes an effective system of marine protected areas, as well as sustainable management of fish stocks in UK and European waters.*
- *Lobbying for two more large-scale marine protected areas (following the Ross Sea success) in East Antarctica and the Antarctic peninsula, while engaging our stakeholders and supporters with exciting stories and citizen science.*
- *Establishing a committee (including private sector, livestock sector, banks and development agencies) to support effective and sustainable landscape governance of five million hectares in Acre state, Brazil.*

OBJECTIVE 3: KEEPING RIVERS FLOWING



We're striving to secure or improve the flow of four or more of the world's great rivers. And we're helping to put measures in place to return UK rivers to good ecological health.

Among our priorities last year were:

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.

GREEN LIGHT

AFTER OUR REPORT ON THE URGENT NEED FOR REFORM, DEFRA GOT THE GREEN LIGHT TO PURSUE ONE OF OUR WATER ABSTRACTION RECOMMENDATIONS

AGREEING RIVER FLOWS IN THE MARA

The waters of the Mara river basin are vital to people and wildlife in both Kenya and Tanzania. The Mara river flows through the rangelands around the renowned Maasai Mara and Serengeti reserves. The river is important for many socioeconomic activities including small-scale farming to support livelihoods; tea and wheat production for export; and safari tourism. But growing and competing water demands and unsustainable land management are threatening the river's health and future water security.

This, coupled with a lack of coordinated water resource management between Kenya and Tanzania, and increasing pressure from drought, prompted our colleagues in Tanzania and Kenya to start the process of developing a transboundary plan that will help manage the allocation of the finite water to different uses in an equitable and environmentally-sustainable way.

This year, we've supported our colleagues in Kenya and Tanzania with this work by helping to assess the 'environmental flow' (or quantity and quality of water flow) in both countries. And our colleagues have convened meetings that have resulted in all the key stakeholders reaching a consensus to develop a transboundary water allocation plan.

Now WWF is coordinating various activities that are being carried out with other partners – including engaging the many stakeholders and undertaking technical assessments in Tanzania that will inform the development of the transboundary allocation plan. Among other things, they will assess the availability, demand for and use of water, compile available data, and consider different development scenarios. We aim to complete the transboundary water allocation plan by the end of 2018.

RESTORING FLOW IN THE YANGTZE

Critically-endangered species including the Yangtze finless porpoise and Chinese sturgeon rely on the Yangtze river basin, and more than a million birds overwinter in its wetlands. The river basin is home to more than 400 million people and is of vital economic, agricultural and cultural importance to China.

Human activities present many challenges to freshwater habitats and species. Water infrastructure projects, which fragment and alter aquatic ecosystems, have some of the biggest impacts. Dams in particular affect the natural flow, as well as the temperature of the water downstream.

The Yangtze's Three Gorges Dam is the world's largest power station in terms of its capacity. Completed in 2003, it has had huge detrimental impacts on the river's ecosystems – particularly on fish populations.

WWF has been working with the dam's operating company and other partners since 2011 to ensure enough water is released from the dam at times of the year that are critical for the spawning of four species of carp whose populations have been significantly impacted by the dam. These species are fished by people, but they're also a vital food source for the Yangtze finless porpoise.

The timing, quantity and quality of water released from dams is known as the 'environmental flow'. We're very pleased that the Three Gorges Company incorporated environmental flow requirements within its operating rules, and this has been approved by the Ministry of Water Resources. Now we're continuing to engage with the dam's operating company to widen the focus of environmental flow releases to other priority species such as sturgeon, as well as to improve the health of wetlands and lakes.

In 2016-17, we began working with the dam's operating company to consider river health holistically. To this end, our Basin Report Card has been really useful. It's a tool that WWF developed to help different stakeholders reach a common understanding of the value of rivers and advocate for their protection.

LOBBYING FOR A UK WATER BILL

Nearly a quarter of rivers in England are at risk as too much water is taken from them, leaving too little to sustain wildlife. This spring, several rivers dried up across the country. Our rivers face mounting pressures as the population increases and as we experience longer dry spells owing to climate change.

The system that governs water abstraction was created more than 50 years ago, with little consideration for the environment. The system is now fundamentally broken. So we've been pushing hard for several years for it to be reformed.

This year we lobbied the government to announce a new Water Bill with abstraction reform at its heart. Unfortunately, despite repeated promises, this important legislation wasn't announced in the Queen's speech, owing to the lack of Parliamentary time due to Brexit.

But we persevered. We continued to put pressure on Thérèse Coffey, the minister responsible. We explained the issues to her during a trip to the River Itchen. And we produced *Water for Wildlife* – a report that highlights the urgency of the abstraction problem. Our report set out recommendations for reforming abstraction under existing legislation. It received significant attention in the media. And now the minister has given Defra and the Environment Agency the green light to pursue one of our recommendations – a catchment-based approach to water abstraction.

But there are problems that cannot be solved under existing legislation, so we are still pushing for a Water Bill. To help gain momentum for the bill, this autumn we'll create a river in the Houses of Parliament, as part of our Nature Needs You campaign. Through the campaign, we're calling on the UK government to ensure habitat protection is maintained or strengthened as we prepare to leave the EU. Our event will give us a unique opportunity to highlight to MPs and peers how our society and economy depend on rivers.

2017-18

This objective includes eight specific goals. In the final year of our current strategy, as we progress towards meeting all the targets, our priorities will include:

- *Working with UK water companies and Ofwat on the price review process, and setting water company business plans for 2020-25. We'll strive to ensure that a key environmental resilience indicator for water companies is reducing threats to achieving 'good ecological status' in our rivers.*
- *Launching China's national guidelines for 'river chiefs' with China's Ministry of Water Resources. Under a new water management mechanism, river chiefs will cooperate across regions to protect water resources, control pollution and restore the ecology.*
- *Encouraging more UK companies to join the Ganges Leather Buyers Platform, and extending the platform to other tannery clusters in India. We'll also help to develop and submit recommendations and a business case for improved national regulations that embed sustainability considerations in tannery practices.*

OBJECTIVE 4: TRADING SUSTAINABLE TIMBER AND SEAFOOD

We're pressing for radical changes that will transform the timber and seafood sectors in the UK.

Among our priorities last year were:

REFORMING EU TIMBER REGULATION

With global demand for wood set to triple by 2050, we're determined that the UK market in timber and wood products should be 100% legal and sustainable by 2020.

One way we're working to achieve this is by pressing for changes to the EU Timber Regulation. The regulation prohibits illegally-harvested timber from being placed on the EU market. But it's not currently effective: limitations on what's within its scope mean only 41% of wood products (by value) are covered. For instance, blank paper is included but books and magazines aren't.

We've campaigned hard for change, and gained strong backing from businesses. Many of them agree with us that an 'all-inclusive' option, where all wood-based products are within the scope, would create a level playing field for them. But we're facing long delays from the EC. As a result of our lobbying, we're now confident that the EC will present our favoured 'all-in' option as one of the alternatives for amending the regulation – but it still hasn't launched its formal consultation.

In the meantime, we've been keeping the pressure on to enforce the existing regulation. Working with colleagues across the EU, we gathered case studies of problems caused by the current weaknesses in the regulation and inconsistency in how it's applied. Our efforts to bring cases to the EC's attention have led to extra resources being allocated to monitor implementation of the regulation and increase transparency about enforcement.

In April, we and other WWF teams across the EU organised a roundtable to advocate for stronger implementation. Around 50 participants – from companies, federations, NGOs and the EC – helped identify ways the regulation could be better implemented and enforced.

We're now looking at how the regulation is transposed during Brexit. The UK government's current approach is to maintain whatever the legislation is in March 2019, so we're determined to gain full product coverage before then.

ALL-IN

WE'RE CONFIDENT THE EC'S FORTHCOMING CONSULTATION WILL INCLUDE OUR FAVOURED OPTION OF ALL WOOD PRODUCTS BEING COVERED BY THE EU TIMBER REGULATION

IMPROVING FURNITURE SUPPLY CHAINS

The world is losing forest cover at a truly alarming rate – an area of roughly one football pitch every two seconds. So tackling illegal logging and unsustainably managed forests is a big priority for us. One of the ways we're trying to address this problem is by raising awareness of the risks it poses to businesses, and the need for companies and trade associations to take action.

We chose to target furniture companies and their trade associations because our 2015 *Timber Scorecard* had showed that in the UK it was this sector where companies were still failing to act to exclude illegal and unsustainable timber from their supply chains. A lot of furniture comes through the south-east Asia region, where there is a higher risk of illegal or unsustainable timber in the supply chain owing to ongoing forest governance challenges.

We didn't get the formal commitment we set in our objective, which was a disappointment considering our many efforts. But we did help to inspire progress among individual companies.

25

TWENTY-FIVE FURNITURE COMPANIES AND ASSOCIATIONS CAME TO OUR TRAINING ON AVOIDING ILLEGAL TIMBER AND MORE

A key association we hoped to gain commitments from was the Furniture Industry Research Association (FIRA). It was among 25 furniture companies and associations that attended wide-ranging training we offered during the year, which included improving timber-sourcing policies and checking supply chains to avoid illegal timber.

Some companies really took our advice, including Oak Furniture Land, Furniture Village, and Steinhoff (which owns Harveys and Bensons for Beds). But this was not the case with FIRA.

After our training, we published a report about the furniture sector – *Are you sitting comfortably?* And in our 2017 Timber Scorecard we published further advice about what trade associations could do to help more on timber trade. We're following these reports by engaging these big companies individually, as we know this is the best way to make progress. But this demonstrates how long it can take to achieve transformational change.

TRANSFORMING FISHERIES

60%

WE'VE SUPPORTED RECOVERY PLANS FOR FISHERIES THAT REPRESENT MORE THAN 60% OF CANNED TUNA SOLD IN THE UK

Most of the world's tuna are fully exploited and some populations are overexploited – meaning there's a risk that stocks will collapse. So we're working urgently with others to transform tuna fishing into a sustainable business.

To this end, this year we supported two new memorandums of understanding that will hugely improve the way tuna in the Indian Ocean and the eastern Atlantic is caught. One is a five-year fishery improvement project in the Indian Ocean that brings together the governments of the Seychelles and Mauritius, 16 local and EU fishing fleets, and producer organisations. Our involvement is part of our partnership with UK seafood brand John West and its parent company Thai Union Europe. We also successfully engaged the governments of Ghana and Ivory Coast, nine local and EU fleets, and producer organisations in the east Atlantic Ocean tuna improvement project.

Together they have agreed to help ensure that by 2021, purse seine tuna fisheries in these two oceans will meet sustainability standards of the Marine Stewardship Council (MSC). They will support the recovery plan of three commercial tuna species in these regions, as well as promoting healthy fish stocks, minimal impacts on ecosystems, and effective management of fisheries. These are important steps, as together these fisheries represent more than 60% of the canned tuna sold in the UK.

We have been supporting the completion of preparatory stages in eight further projects before they commence improvement projects – in Africa, Latin America and Asia.

And projects we set up in previous years are continuing to progress towards certification. Notably, an Orkney crab project supported by M&S has entered the MSC assessment process, and a shrimp farm run by Unima in Madagascar became the first in Africa to receive certification from the Aquaculture Stewardship Council, which promotes the best environmental and social performance. Unima has boosted community development as well as achieving sound management of the mangrove areas it uses.

IMPROVING FORESTRY IN TANZANIA

The precious forests that remain along the coast of east Africa are part of what makes this a priority region of the world for us. We've been working for many years to find opportunities to protect these forests – to improve the livelihoods of people who depend on them and the prospects of the incredible wildlife that inhabits 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. FSC recognises responsible and sustainable management of forests. So this approach means managing the forests sustainably while bringing important additional income to these rural communities.

This year we signed an agreement with a UK company, Sound and Fair, which will explore lesser-known timber species that could be harvested from these forests and sold in the UK.

At the moment, only a small number of timber species are sold on international markets, some of which are now endangered. Trading in a wider range of species is better for maintaining the natural ecosystem balance and could provide more income for local communities without over-exploiting the forest.

And with Mpingo Conservation and Development Initiative (the NGO working with us to implement this project) we have purchased a solar-powered kiln so the local community will be able to add further value to their sustainable timber harvest.

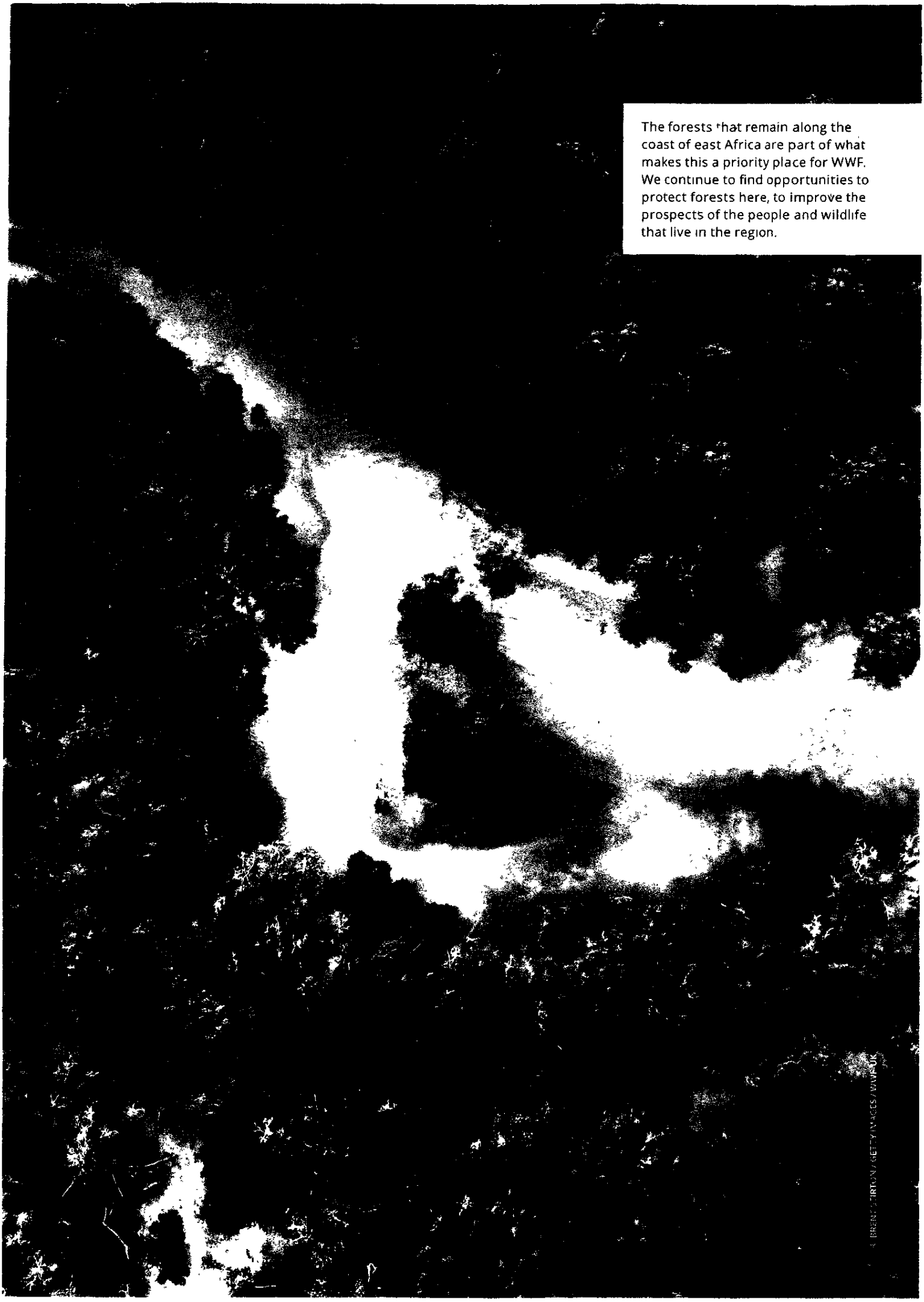
These and other measures are already having a positive impact on the ground. For example, high conservation value forests are being set aside, and the harvesting techniques will minimise ecological damage. Workers are also guaranteed better working conditions.

2017-18

This objective includes five specific goals. In the final year of our current strategy, as we progress towards meeting all the targets, our priorities will include:

Continuing work with Thai Union Europe to transform its supply chains so all the products it sells in Europe come from sustainable sources by 2022. Its fisheries and farms will be certified by the Marine Stewardship Council or Aquaculture Stewardship Council, or engaged in projects to bring them to these standards.

Lobbying and advocating for the UK government to support an increase (to at least 75%) in the proportion of timber and wood products by value covered by the EU Timber Regulation. And by June 2018 the UK timber sector will source at least 55% of products from credibly-certified sources.



The forests that remain along the coast of east Africa are part of what makes this a priority place for WWF. We continue to find opportunities to protect forests here, to improve the prospects of the people and wildlife that live in the region.

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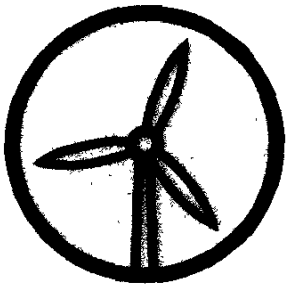
OBJECTIVE 5: REDUCING CARBON EMISSIONS



We're developing coalitions that can shift energy policy and reduce carbon emissions in Europe, Brazil, China and India – sufficiently to avoid catastrophic climate change.

Among our priorities last year were:

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.

191

MANY OF OUR ASKS WERE INCLUDED IN THE NEW CARBON OFFSETTING AND REDUCTION SCHEME FOR INTERNATIONAL AVIATION, AGREED BY 191 COUNTRIES

If the world is to tackle climate change, we need to transform how we use energy – urgently. That means using less energy – by making our homes more energy efficient, powering our vehicles with electricity instead of petrol and diesel, and controlling emissions from aviation, for example. It also means cleaning up how we generate heat and power – shifting investment from fossil fuels to more renewables. Such changes depend on pushing for supportive policies at the international and national level, which is greatly helped by a huge show of public support.

PRESSING FOR UK GOVERNMENT PROGRESS

This year we and our climate coalition partners maintained pressure on the UK government to deliver an ambitious and progressive low-carbon plan.

Our voice is stronger when we have backing from the public. So as part of the Climate Coalition we encouraged people to speak up about the need for climate action through the Show the Love initiative and the follow-up 'week of action'. Both this and our very successful Earth Hour #MakeClimateMatter message mobilised thousands of supporters to make their voices heard, including by writing to MPs to press for specific targets to improve domestic energy efficiency, to cut emissions from our homes by a third.

UK greenhouse gas emissions have fallen by more than 40% since 1990, during which time the economy has continued to grow. But the decarbonisation of our power supply is now slowing as subsidies are removed, emissions from buildings are static, and transport emissions have risen. So we continue to press for a strong and ambitious clean growth plan that spans these three areas.

We've engaged with government ministers and officials to press home our preferred solutions, as well as with MPs to put pressure on ministers and departments. And we've generated political, public and media pressure that played a part in securing UK ratification (in November 2016) of the Paris Agreement, as well as driving the prime minister to speak out about Donald Trump's decision to pull the US out of the Paris Agreement, and to reaffirm her commitment to UK leadership on climate change.

Following the UK election, new climate minister Claire Perry acknowledged the importance of a strong plan for reducing emissions. Despite delays, the government published a Clean Growth Strategy in October 2017. Its ambition and tone are strong, but it lacks detail. We are preparing further evidence and we're campaigning to press for ambitious climate action – sufficient to deliver existing targets, but also to go further, to deliver on the commitments made in Paris.

AVIATION AGREEMENT

International aviation is among the world's fastest-growing sources of greenhouse gas emissions. But these emissions weren't included in the Paris Agreement, because they happen above and between countries, not within them. That's why the new Carbon Offsetting and Reduction Scheme for International Aviation, agreed by 191 nations at the assembly of the UN aviation agency ICAO in October, is so important. The result is the first ever carbon cap on a global industry. This vital step – after years of talk but little progress – means airlines will now have to start paying for their climate-warming pollution.

WWF built strong relationships with other NGOs, governments and airlines around the world to push for the best possible outcome to these negotiations. As members of the Flightpath 1.5 campaign, we urged ICAO to deliver climate action in line with the Paris Agreement. It was fantastic to see some of our key asks included in the final deal – such as commitment to standards for high-quality carbon credits and biofuels, and a process to increase the scheme's ambition over time to align with the goals of the Paris Agreement.

WWF-UK has a long history on aviation, including a successful legal challenge against the need for a third runway at Heathrow in 2010, and our One in Five challenge, which helped businesses save money by flying less. There's still much to do. We need an ambitious 2050 goal for aviation emissions and clear steps to achieve it – including cleaner planes, greener fuels and more travel by train and sea.

The ICAO agreement was achieved early in our financial year. Since then, we've shifted our focus to opportunities and challenges for transport and climate change in the UK. These have included working to promote electric vehicles and pushing the government for a plan on aviation emissions before it approves any new runways.

DECARBONISING SCOTLAND

We were delighted when, in early 2017, the Scottish government's draft energy strategy committed to a completely decarbonised power sector. And it announced that 50% of all Scotland's energy will come from renewables by 2030 – across heat and transport as well as electricity. With well over half of Scotland's electricity already coming from renewables, we know such a target is achievable. The strategy is an ambitious step and a huge campaign win for WWF in Scotland. This major commitment was reiterated by First Minister, Nicola Sturgeon, at the All Energy Conference in May.

We worked hard to influence this outcome, commissioning an independent research report into Scotland's energy future – the most sophisticated modelling to date of how Scotland can meet its emissions reductions targets. The report – *The energy of Scotland* – was debated in Holyrood and the 50% renewable energy target it advocated received cross-party support. We also established an independent taskforce of leading energy academics to provide recommendations for the energy strategy. The taskforce launched its findings early in 2017 And we garnered strong public support for our campaigning on this subject.

Now we're working hard to ensure the final energy strategy, which is likely to be published in early 2018, puts in place more policies to deliver on this commitment – such as encouraging low carbon heat, driving forward the electric vehicle market, and increasing renewable electricity generation.

2017-18

This objective includes six specific goals. In the final year of our current strategy, as we progress towards meeting all the targets, our priorities will include:

- *Pressing the UK government to produce ambitious plans for delivering the fourth and fifth carbon budgets – getting back on track for legally-binding 2050 emissions reduction targets. And working to drive and shape the implementation of new policies, especially for transport and buildings.*
- *Working with the UK government (before UN talks in winter 2018) to strengthen climate action in line with the 1.5°C goal of the Paris climate agreement.*

OBJECTIVE 6:
LIVING SUSTAINABLY

We're addressing the drivers of environmental degradation and promoting a 'one planet' economy where people and nature thrive.

Among our priorities last year were:

VALUING NATURE IN TREASURY DECISION MAKING

The goods and services nature provides are worth an incredible US$125 trillion a year globally. But in the UK, businesses and the government are giving too little consideration to the potential economic impacts of environmental decline when making decisions.

We're highlighting the connection between environmental depletion and economic risk, to demonstrate that businesses and government need to change the way they regard the natural world if we're to future-proof the economy. To this end, we've been developing a new risk-mapping technique – which we call a 'natural capital stress test'. During the year we pilot-tested this approach. We've published our findings and we're discussing the results with the Treasury and Defra.

We've been working closely with the government, businesses and other NGOs to influence the development of the 25-year environment plan, which should set the overarching vision and framework of environmental goals in the UK that should apply to all government policies (including those such as agriculture and fisheries that need to be developed due to Brexit).

We organised events to discuss how the plan can provide incentives for businesses to manage natural assets more sustainably and invest in them, and a workshop with Defra to discuss how the plan can incorporate measures to address the UK's impact on natural capital overseas. Otherwise we could 'export' additional environmental damage to other countries. The government has subsequently agreed to include an international component in its plan. Despite significant delays related to Brexit, we expect the 25-year plan to be published by the end of 2017.

INSURERS CONSIDERING CLIMATE RISK

Insurance companies are particularly exposed to risks presented by climate change – both the direct impacts of extreme weather events, and the risks inherent in investing their assets in high-carbon industries. But for the same reasons, they're well placed to help in the transformation towards a low-carbon economy.

So, in partnership with ShareAction, we've held meetings with key people at a number of insurance companies to engage them in moves to always consider the effects of climate change in their business and investment decisions – and to disclose clear details about climate-related financial information.

Three of the insurance companies we engaged with have now set out climate policies, and appear to have increased their governance and board-level responsibility for climate risk, and improved their disclosure and reporting of climate risk in their invested assets. As a result, they are sending clear signals on climate risk management.

There are many forces at play and our sustainable finance work can only be understood in the context of multiple influencing factors. One positive announcement was the launch by Legal & General of a global equity fund that incorporates a filter to address the risks of investing in sectors that exacerbate climate change. Legal & General also announced that it will now vote against company boards that fail to embrace the transition to a low-carbon economy.

Some of the insurance companies we engaged with also played an important role in supporting the Financial Stability Board's Task Force on Climate-related Financial Disclosures – an initiative we've been involved with since its inception in 2015. We're now working to ensure the task force's recommendations are adopted quickly and consistently. We were heartened when Aviva changed its shareholder voting policy to support the uptake of the recommendations.

[illegible]

The UN's Sustainable Development Goals (SDGs), which came into force in 2015, are universal goals to guide the world towards sustainable development over 15 years. They have the potential to support every aspect of WWF's work – from forests, oceans and fresh water to energy, climate change and the economy.

To help ensure the goals are implemented effectively in the UK, in 2015 we established UK Stakeholders for Sustainable Development (UKSSD) – a group of representatives from public, private and civil society sectors who discuss and develop solutions to sustainable development challenges. It now has more than 70 partners (up from 40 a year ago) and is the only national entity focused on sustainable development in the UK.

Our lobbying is effective: in the six months from January to June we moved the government from having no position on delivering the SDGs in the UK to stating that it intends to include SDG targets in each department's plans.

WWF led a UKSSD initiative to publish a full-page letter in the *Times* to Theresa May. In the letter, 84 signatories – including many of the biggest supermarkets, food companies and banks – called on the government to show its commitment to delivering the SDGs in the UK. The companies made clear that they believe this will create jobs, increase competitiveness and secure the natural resources our economy relies on – and that they are ready to support the government's efforts.

In response, the prime minister made a stronger commitment to engage businesses and others in the development of the SDGs in the UK. We organised four further gatherings during the year at which statements from government ministers became progressively stronger. This is positive, but as with most policy work with this scale of ambition we are playing a long game. Sustainable development will take many years to achieve, but the UK's domestic response to SDGs provides an enormous opportunity to move us down this path.

2017-18

This objective includes nine specific goals. In the final year of our current strategy, as we progress towards meeting all the targets, our priorities will include:

Seeking to shape the UK government's 25-year environment plan through regular engagement with Defra and the Natural Capital Committee, and by detailing how the plan must tackle the UK's global environmental footprint. And bringing businesses and the environment secretary together to discuss priorities for the plan.

Developing our Livewell Plate and building our communication strategy on food issues. Working with Sodexo to provide a global guide for sustainable meals that considers the whole supply chain.

The following three strands of our work are helping us to achieve the previous six objectives...

1 STRENGTHENING WWF OFFICES IN BRAZIL, CHINA, INDIA AND KENYA

We're helping four priority partner offices 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.

Last year we focused 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.

9

IN INDIA, WWF NOW HAS A PRESENCE IN NINE MAJOR CITIES - UP FROM FIVE LAST YEAR

By providing funds and other support for the last four years, we've been able to help these four WWF offices to become more effective and independent local institutions.

This year we've achieved progress in all four countries. We've also shared what we've been learning through a new organisational development community of practice we've set up across the WWF Network, as well as at our international annual conference. So this ground-breaking approach has inspired and informed organisational development work in other key countries. For example, our colleagues in Germany have used the work we've led on as a blueprint for their own programme.

Among the main successes, WWF's office in Kenya transitioned from being a programme office of our international secretariat. It's now an independent national NGO. We've helped our colleagues there to bolster their communications and build a team to work with the business sector. And we've helped improve efficiency within the office, so it can achieve greater levels of conservation success.

In China, we've helped establish an innovative 'launch fund', to increase their unrestricted funding. Between its launch in September 2016 and the end of the financial year, the fund secured commitments from various major donors to raise around US$8m. We've also helped to create a robust strategy that will guide this WWF office towards becoming an independent national office.

In India, WWF now has a presence in nine major cities – up from five last year – across all the main geographical regions of the country. The strengthened fundraising team increased its gross revenue by 17%, to around £1.8m.

And in Brazil, a refreshed comprehensive financial management and reporting system has already enabled the office to cut its admin costs by a third.

2017-18

In the final year of our current five-year strategy, we'll further strengthen our partner offices' capacity to achieve financial sustainability. We'll help them strengthen their decision-making power and their influence. And we'll lead the WWF Network on organisational development.

Kenya is home to one of the world's last great animal migrations – where up to one and a half million wildebeest travel through the Mara. Our support over the last four years has helped WWF's Kenya office become an independent national NGO, with greater influence in this vital region for conservation.

2 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.

Last year our priorities included:

Launching a new and exciting fundraising offer.

Maintaining our current supporter base.

Seeking to get to know our current and potential audiences better – so we're as relevant as possible to their daily lives, and so we can inspire them to engage actively with our mission.

This year we successfully launched an exciting new fundraising venture in the run-up to Christmas – #IProtectTigers. Our heart-warming advert for this campaign – *A Tiger in Suburbia* – was hailed in the media as the best Christmas ad of the year. It helped us exceed the target we'd set ourselves for gaining financial supporters through this campaign – by 8%. It's our most successful film to date and has been viewed by more than six million people.

A number of other offices in the WWF Network are also using the advert, and the personalised storybook we produced, to boost our international campaign to double tiger numbers.

+8%

OUR HEART-WARMING ADVERT HELPED US EXCEED OUR TARGET FOR #IPROTECTTIGERS BY 8%

But despite this and many other fundraising successes, it's been a challenging year against a backdrop of changes in regulations that led us to suspend some of our public fundraising marketing activities which affected our ability to achieve our objective of maintaining our supporter base (we saw a 3% reduction in donations from individuals).

Our corporate partnerships remain hugely important to our work. They continue to help us achieve transformational change within their sectors and supply chains. They help us reach new audiences. And they contribute substantial funds for our conservation programmes. During the year we worked with Alpro, Coca-Cola, HSBC, John West, MBNA and Sodexo, among others.

We're very pleased that this year our long-running partnership with HSBC was extended for a further three years. Together we will continue to help tackle global freshwater challenges. We also celebrated the 10-year anniversary of our partnership with M&S, which includes an award-winning cotton project in India.

We're enormously grateful to Sky and HSBC for their great support of Earth Hour through adverts on their TV channels and ATMs respectively. And we're indebted to players of People's Postcode Lottery for their exceptional support. Players raised more than £2.3 million this year. These funds have helped our work to protect rhinos and marine turtles in east Africa, as well as marine life around Britain's coast.

The fantastic level of non-financial support we enjoy continues to blossom. We know such support is critical to our many achievements, so this year we've been listening to our current and potential supporters and seeking to get to know them better, to ensure we're as relevant as possible to their daily lives. This has resulted in a huge range of successful engagement – including more than 350 million appearances of our Earth Hour initiative #MakeClimateMatter on social media, encouraging people to demand stronger action on climate change.

We also encouraged 20,000 people in the UK to take an action that supported the success of our campaign to save the critically-endangered vaquita. And our efforts to lobby the Vietnamese government about the illegal wildlife trade had online support from more than 225,000 people, as well as being boosted by really engaging involvement from Andy Murray and Their Royal Highnesses Prince William and Prince Harry.

One of our most popular pieces of content during the year was our April fool's day exclusive with the *Telegraph* about a polar bear being spotted in Scotland. This highlighted the very real problems posed by a changing climate; it also led to the biggest spike of the year in visits to the homepage of our website.

Our website attracted just over four million visits – consistent with numbers during the previous two years.

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2017-18

This year we'll inspire and engage the UK public in new and exciting ways. We'll apply our understanding of how we can be more relevant to people, and we'll create more opportunities to increase their feeling of involvement in our work – demonstrating how essential their support is to our conservation goals. We'll build conversations with them using the power of digital channels such as social media, and attract substantially larger numbers of people to become members of WWF and lend their voices to our campaigns. We'll also adapt to the new data protection regulation.

Our Green Ambassadors scheme encourages and supports primary pupils to take action on sustainability issues. Over the past few years it's been embraced by nearly 7,000 schools across the UK. The scheme's Plant2Plate campaign benefited from our partnership with Alpro again this year, and our Green Ambassador awards were supported by players of People's Postcode Lottery.

3 CAMPAIGNING TOGETHER WITH THE GLOBAL WWF NETWORK

Our priority last year was:

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.

Natural World Heritage sites are some of our planet's most extraordinary places. As well as being home to incredible wildlife, they provide food, jobs, fresh water and more to millions of people. But our research shows that of 229 World Heritage sites listed for their natural values, around half are under threat from harmful industrial activities such as mining, oil and gas drilling, and construction of large-scale infrastructure. That's why boosting their protection is a global priority for WWF.

CAMPAIGNING

Through our campaigning, we inspired people in the UK to take more than 60,000 actions to support our global aims. One very visual and effective example was when nearly 2,000 supporters sent us origami birds, which WWF displayed outside the Spanish parliament. This prompted the government to offer a meeting with WWF. Ten days later, the government cancelled plans for destructive river dredging that posed an immediate threat to Doñana national park, a World Heritage site.

We also launched an urgent outcry against seismic testing in pursuit of oil within 1km of Belize's spectacular and fragile barrier reef system – another World Heritage site. Within three days the Belize government suspended its plans. Our efforts were backed by 250,000 people who wrote to Belize's prime minister calling on him to protect the reef.

During the year, we extended the scope of our campaign in order to help protect the vaquita porpoise – the world's most endangered marine mammal. Its last remaining home is in Mexico's Gulf of California World Heritage site. More than 200,000 people added their name to our successful call for Mexico's president to introduce emergency measures in the Gulf of California, including a permanent ban on gillnets. Drowning in these nets is the main cause of death among the perilously low population of vaquitas, fewer than 30 of which are thought to survive.

CHANGING THE INVESTMENT LANDSCAPE

We've also focused on working with governments, businesses and investors to address the underlying threats to our shared natural heritage. In particular, we have led WWF's global efforts to motivate banks and investors to improve their lending policies and practices. If banks, investors and insurers take a strong stance that shows they don't want their money used to risk natural World Heritage sites, this sends a clear message to the extractive sector to respect these special places.

We worked with our colleagues in Switzerland to assess and work with 10 global banks on their policy and actions when it comes to World Heritage sites. In June we published guidance on what strong World Heritage site policies should include. The British Bankers Association welcomed our report, *How banks can safeguard our world heritage*, which was launched by Lord Adair Turner – a WWF ambassador. The chief executive of the International Council on Mining and Metals (ICMM – a group of some of the world's biggest mining companies) welcomed our guidance. The ICMM called for action to stop any firms extracting resources from natural sites protected by the UN.

We are seeing promising progress – we anticipate stronger policies and better implementation from several large global banks, which will mean banks question extractive companies about activities that threaten World Heritage sites. And our work with Aviva Investors and Investec Asset Management (kick-started by our *Safeguarding outstanding natural value* report) has led investors to call on large oil companies to adopt 'no-go' policies and lodge these with Unesco's World Heritage centre.

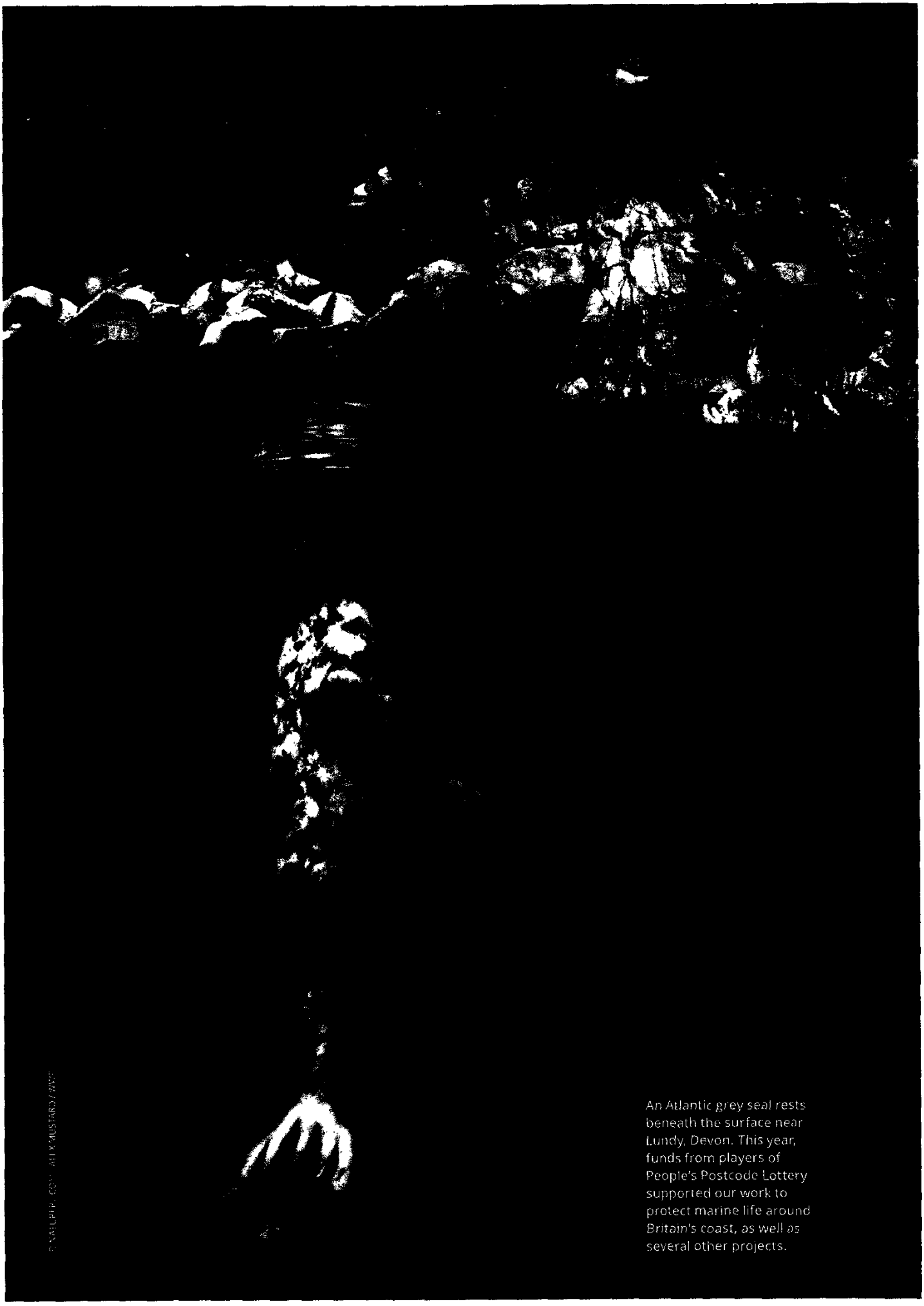
We also gained excellent UK media coverage for our *Not for sale* report that showed 45% of World Heritage sites listed for their species are plagued by the illegal wildlife trade – highlighting the need to better protect these sites.

2017-18

Our priority during the year is to build on – and significantly contribute to – WWF's global Saving Our Shared Heritage priority campaign. This aims to boost protection for natural World Heritage sites and the species and people who rely on them.

We will lead WWF's work to challenge the finance and extractives sectors, in order 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.

Nearly 2,000 UK supporters sent us beautiful origami birds to show their support for Doñana National Park in Spain. The origami creations represented the million migratory birds that rely on this natural World Heritage site. We displayed them outside the Spanish parliament This helped us achieve our desired effect: Spain's government cancelled plans for destructive river dredging that posed an immediate threat to the park.



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An Atlantic grey seal rests beneath the surface near Lundy, Devon. This year, funds from players of People's Postcode Lottery supported our work to protect marine life around Britain's coast, as well as several other projects.

FINANCIAL REVIEW

OPERATING STATEMENT

	Year ended 30 June 2017	Year ended 30 June 2016
	£m	£m
Incoming resources excluding Living Planet Centre donations	**60.1**	69.2
Gifts in kind	**0.7**	1.9
Incoming resources	**60.8**	**71.1**
Costs of raising funds and reorganisation costs		
Cost of raising funds	**12.3**	13.3
Reorganisation costs	**-**	0.4
	12.3	**13.7**
Net income available for charitable purposes	**48.5**	**57.4**
Expenditure on charitable activities		
Restoring wildlife	**9.4**	8.7
Sustaining forests and oceans	**8.0**	6.5
Keeping rivers flowing	**4.8**	4.2
Trading sustainable timber and seafood	**1.9**	2.1
Reducing carbon emissions	**1.5**	1.6
Living sustainably	**4.2**	4.7
Strengthening our priority partner WWF offices	**3.3**	2.6
Building capacity in the network	**6.6**	6.9
Campaigns, education and public awareness	**10.5**	10.1
Gifts in kind attributable to charitable activities	**0.7**	1.9
	50.9	**49.3**
Net (expenditure)/income before gain on investment assets	**(2.4)**	8.1
Net gain on investment assets	**2.0**	1.1
Net (expenditure)/income	**(0.4)**	**9.2**
Fair value movements on cash flow hedges	**(0.2)**	**0.4**
Net (decrease)/increase in reserves	**(0.6)**	**9.6**

INCOME

Total income for the year for the Group (comprising WWF-UK and WWF-UK (World Wide Fund For Nature) Trading Ltd) was £60.8m, compared with £71.1m in the previous year Income excluding gifts in kind of £0.7m was £60.1m, which is £9.1m (13%) less than in the previous year. Although this is a significant reduction we had largely anticipated this, as the previous year had included some exceptional income and because some income agreements came to an end in the year.

The principal reason for this downturn in income was a reduction of £4.2m in income from legacies attributable to the fact that the previous year's income included a second tranche (£4.8m) of the largest legacy ever received by WWF-UK.

There has also been a reduction in income from government grants of £2.1m and a reduction of £2.3m in corporate partnership income. The former was mainly due to the Programme Partnership Arrangement with DFID coming to an end in December 2016 which meant that income from this arrangement was £1.5m less than in previous years. The reduction in corporate partnership income mainly reflected the fact that there was a gap in time between the end of the previous agreement for the water programme partnership with HSBC and the new three-year agreement that we signed during the year.

Membership and donations from individuals declined by £1.2m with this source of income being impacted by our decision to suspend some areas of our public fundraising marketing activities while we reviewed them to ensure we were satisfied that they complied with the requirements of the new fundraising regulations and met our own internal standards. We also reduced our investment in face-to-face fundraising during the year and reviewed our approach to this channel.

EXPENDITURE

We reduced the amount we spent on raising funds by £1.0m from £13.3m to £12.3m as a result of the reduced investment referred to above. The cost of raising funds increased from 19% to 20% of our total income as a result of the reduction in income, particularly legacies.

Our charitable activity expenditure (excluding gifts in kind) increased by nearly 6% – from £47.4m to £50.2m – although this was partly attributable to the increased cost of grants to other WWF offices as a result of the depreciation of sterling following the outcome of the EU referendum in June 2016.

Support costs (as per Note 7 to the Accounts) increased by £0.7m, mainly due to foreign currency holding gains in the year being £419k less than in the previous year when there was significant depreciation of sterling against the US dollar and the euro following the EU referendum result.

BALANCE SHEET AND RESERVES

The net reduction in total reserves for the year of £0.6m was reflected in an increase in creditors of £0.6m while an increase of nearly £2.0m in fixed assets (relating to investment gains) and an increase in debtors of £2.0m (following a loan to WWF International of £2.4m) was offset by a reduction in cash at bank (including term deposits) of £4.0m.

The reduction in total reserves from £58.4m to £57.8m comprised an increase in unrestricted funds of £1.6m to £40.2m, an increase in the value of endowments of £0.5m to £5.0m and a reduction in restricted funds of £2.7m to £12.6m.

The increase in unrestricted funds is split between a decrease in general reserves of £0.7m (see below) from £16.0m to £15.3m, a reduction of £0.2m in the hedge reserve and an increase of £2.5m in designated reserves (including unrestricted funds held as fixed assets) from £22.3m to £24.8m.

The increase in designated reserves is detailed in Note 21 and below. It primarily arises from an allocation of £2.5m for us to spend on public awareness, which will be incurred over the following two financial years.

The reduction of £0.7m in general reserves can be summarised as follows:

	£m
General reserves at 1 July 2016	16 0
Net increase in unrestricted funds (Note 21)	1 9
Increase in designated reserve for fixed assets (Note 21)	(0.3)
Decrease in designated reserve for the Living Planet Centre (Note 21)	0.5
Capital expenditure designated reserve (Note 21)	(0.2)
Programmes designated reserve (Note 21)	0 4
Public awareness designated reserve (Note 21)	(2 5)
Increase in designated reserve for investments (Note 21)	(0 5)
General reserves at 30 June 2017	15 3

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 16 to 21 weeks of unrestricted funds expenditure). We are of the opinion that the current level of general reserves, being towards the top of the range, 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 our 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 76. 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 six monthly 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:

  - Fundraising – not being able to meet fundraising targets has an impact on our ability to deliver conservation objectives.
  - Network uncertainty – planning and aligning WWF-UK's strategic direction with the WWF Network progresses slowly.
  - Reputation – critical and sudden impact on reputation and brand leads to a significant and sharp reduction in fundraising and audience engagement.
  - Cyber risk – a cyber incident compromises the fundamental systems that unpin the operations of WWF-UK.

- 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 (which were updated in June 2017). The objects of the charity remain as follows:

- The promotion of conservation of the natural environment and the sustainable use of natural resources and ecological processes, to include without limitation, fauna and flora, water, soils and other natural resources.
- The promotion of education in nature conservation, the natural environment and the sustainable use of natural resources.
- The promotion and support of scientific and educational studies, research projects and publication of scientific and educational works.

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 28 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 taxable 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 20 and 28 to the accounts.

TRUSTEES

The board of WWF-UK comprises up to 15 unpaid trustees, as listed on page 76 (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 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.

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 76 of this report.

The Programme Committee advises the board of trustees on the current effectiveness and future strategic direction of WWF-UK's global conservation programmes and related activities.

The Finance and Business Committee is responsible for providing advice and recommendations to the board on the financial management and strategic direction of the organisation, the monitoring of progress against strategic enablers and the oversight of the financial management and performance of the organisation. The committee has a sub-committee, the Investment (and Pensions) sub-committee, to assist its work principally around the organisation's investments and pension provision.

The Audit Committee is responsible for exploring the significant risks to the organisation and evaluating the steps taken to minimise those risks including internal controls, risk management and compliance reporting.

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 and Remuneration Committee is responsible for undertaking the selection process and for recommending new trustees to the board for approval and the remuneration of executives of WWF-UK.

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, producing our communications and fundraising materials 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. Our timber and paper purchasing policy stipulates criteria for sustainable paper and timber products and for the printing process. We closely monitor the paper we consume in our offices and externally for communications materials. We monitor our electricity use at the Living Planet Centre regularly and compare it to the Better Building Partnership good practice benchmark for offices.

You can find our full annual environmental report, environmental policy and environmental strategy 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

WWF-UK promotes 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 continuing to review 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 published guidance on the Public Benefit requirement under the Charities Act 2011 and have considered how our planned programme of work will consistently contribute to the charity's aims and objectives.

REMUNERATION POLICY

Our Nominations and 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 executive directors' salaries. In addition, at the end of the organisation's annual pay review process, the Nominations and 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. We are proud to be accredited by the Living Wage Foundation, and are committed to never paying our employees less than the real living wage.

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

GENDER PAY GAP

In accordance with the regulations that came into effect in April, WWF-UK is now required to publish gender pay gap information, by reporting the percentage differences in pay between our male and female employees.

Analysis on our pay data, for the designated snap shot date of 5 April, is being completed and will be published on the government website and our own website, ahead of the deadline date of 4 April 2018. We will report that data in this report from next year.

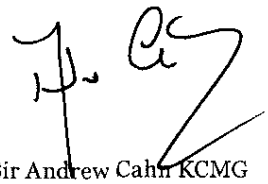
OUR EMPLOYEES

At WWF-UK, we know that the delivery of our mission relies on our talented and motivated people. Our performance review process underpins our approach to performance and development, ensuring that all our people are set and measured against clear operational objectives, linked to our organisational strategy, and that 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 26 October 2017 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

OPINION

We have audited the financial statements of WWF-UK for the year ended 30 June 2017 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 30 June 2017 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

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.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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) require us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and proper 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.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on page 40, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Pesh Framjee
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London
07 November 2017
~~xx October 2017~~

A Team Panda runner being cheered on at the Brighton Marathon – one of the many events people join to raise funds for us. During the year, nearly 500 people chose to run, cycle, swim, canoe, walk or conquer muddy obstacle courses while raising funds for us. In the process they raised more than £350,000.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating income and expenditure account) for the year ended 30 June 2017

	Notes	Unrestricted funds £'000	Restricted and endowment funds £'000	**Total 2017 £'000**	Total 2016 £'000
Income and endowments from:					
Donations and legacies					
Membership and donations from individuals		23,051	12,047	**35,098**	36,294
Corporate donations		805	2,539	**3,344**	5,074
Charitable trusts		299	774	**1,073**	918
Legacies		10,963	911	**11,874**	16,029
Gifts in kind	25	705	-	**705**	1,925
		35,823	16,271	**52,094**	60,240
Charitable activities					
Aid agencies and government grants	4	-	2,282	**2,282**	4,348
Corporate income		-	100	**100**	148
Income from non-governmental organisations		16	1,767	**1,783**	1,347
		16	4,149	**4,165**	5,843
Other trading activities					
Corporate income		41	1,021	**1,062**	1,579
Lottery promotions		2,750	-	**2,750**	2,816
Other trading income		87	14	**101**	63
		2,878	1,035	**3,913**	4,458
Investments	3	610	13	**623**	547
Total income		**39,327**	**21,468**	**60,795**	71,088
Expenditure on:					
Raising funds					
Costs of raising voluntary income		8,520	3,589	**12,109**	13,185
Investment management fees		127	43	**170**	127
Total expenditure on raising funds	6	**8,647**	**3,632**	**12,279**	13,312

Consolidated statement of financial activities for the year ended 30 June 2017 continued

	Notes	Unrestricted funds £'000	Restricted and endowment funds £'000	**Total 2017 £'000**	Total 2016 £'000
Total expenditure on raising funds brought forward	6	**8,647**	**3,632**	**12,279**	13,312
Charitable activities					
Grants and project costs	5,6	20,886	18,826	**39,712**	37,344
Campaigns, education and public awareness	6	8,704	1,776	**10,480**	10,060
Gifts in kind	25	705	-	**705**	1,925
Total expenditure on charitable activities		**30,295**	**20,602**	**50,897**	49,329
Reorganisation costs	6	**29**	-	**29**	374
Total expenditure		**38,971**	**24,234**	**63,205**	63,015
Net (expenditure)/income before gains on investments		**356**	**(2,766)**	**(2,410)**	8,073
Net gains on investments		1,504	518	**2,022**	1,135
Net (expenditure)/income		**1,860**	**(2,248)**	**(388)**	9,208
Fair value movements on cash flow hedges		(265)	-	**(265)**	442
Net movement in funds		**1,595**	**(2,248)**	**(653)**	9,650
Total funds brought forward	21	38,605	19,810	**58,415**	48,765
Total funds carried forward	21	**40,200**	**17,562**	**57,762**	58,415

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 2017

	Notes	**Group 2017 £'000**	Group 2016 £'000	**Charity 2017 £'000**	Charity 2016 £'000
Fixed assets					
Intangible assets	11	**74**	17	**34**	-
Tangible assets	12	**16,752**	17,370	**16,752**	17,370
Investments	13	**19,874**	17,380	**19,874**	17,380
Total fixed assets		**36,700**	34,767	**36,660**	34,750
Current assets					
Stocks	14	**500**	459	**481**	458
Debtors	15	**5,732**	3,744	**5,672**	4,191
Investments	16	**9,834**	15,216	**9,834**	15,216
Cash at bank and in hand		**10,215**	8,836	**9,820**	8,012
Total current assets		**26,281**	28,255	**25,807**	27,877
Current liabilities					
Creditors. Amounts falling due within one year	17	**(5,219)**	(4,607)	**(4,751)**	(4,218)
Net current assets		**21,062**	23,648	**21,056**	23,659
Net assets		**57,762**	58,415	**57,716**	58,409
The funds of the charity					
Unrestricted funds:					
General reserves	21	**15,328**	15,955	**15,282**	15,949
Hedge reserve	21	**104**	369	**104**	369
Designated reserves	21	**24,768**	22,281	**24,768**	22,281
Total unrestricted funds		**40,200**	38,605	**40,154**	38,599
Endowment funds	21	**4,945**	4,470	**4,945**	4,470
Restricted funds	21	**12,617**	15,340	**12,617**	15,340
Total funds		**57,762**	58,415	**57,716**	58,409

The net movement in funds for the financial year dealt with in the financial statements of the parent charity was £(693,000) (2016: £9,650,000).

The financial statements were approved by the trustees on 26 October 2017 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 2017

	2017	2016
	£'000	£'000
Cash flows from operating activities:		
Net cash (used in)/provided by operating activities	**(3,650)**	8,623
Cash flows from investing activities:		
Dividends and interest from investments	**623**	547
Purchase of intangible assets	**(63)**	(17)
Purchase of property, plant and equipment	**(441)**	(71)
Proceeds from sale of investments	**7,328**	5,380
Purchase of investments	**(7,878)**	(5,757)
Decrease/(increase) in cash held for fixed asset investments	**78**	(115)
Decrease/(increase) in cash held for current asset investments	**5,382**	(10,163)
Net cash provided by/(used in) investing activities	**5,029**	(10,196)
Change in cash and cash equivalents in the reporting period	**1,379**	(1,573)
Cash and cash equivalents at the beginning of the reporting period	**8,836**	10,409
Cash and cash equivalents at the end of the reporting period	**10,215**	8,836
Reconciliation of net (expenditure)/income to the net cash flow from operating activities		
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	**(388)**	9,208
Depreciation charges	**1,058**	1,021
Gains on investments	**(2,022)**	(1,135)
Dividends and interest from investments	**(623)**	(547)
Loss on the disposal of fixed assets	**7**	-
Non-cash items related to forward foreign currency contracts	**83**	-
(Increase)/decrease in stocks	**(41)**	124
(Increase)/decrease in debtors	**(2,310)**	58
Increase/(decrease) in creditors	**586**	(106)
Net cash (used in)/provided by operating activities	**(3,650)**	8,623
Analysis of cash and cash equivalents		
Cash in hand	**10,215**	8,836
Total cash and cash equivalents	**10,215**	8,836

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 foreign 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.

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 41.

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; receipt is probable; 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 32. 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 26.

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 enters into forward foreign currency contracts that do not qualify as basic financial instruments. These are held at fair value at the Balance Sheet date. Where hedging relationships are documented, they are accounted for using hedge accounting. Where the hedging relationship cannot be clearly documented, changes in fair value are recorded against the planned expenditure for the purchased currency.

Hedge accounting

WWF-UK enters into forward foreign currency 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 19 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 fair value movements on cash flow hedges. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in fair value movements on cash flow hedges 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 fair value movement on cash flow hedges 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:

Contacts database system	14.3% (7 years) on a straight line basis
Other software	20.0% (5 years) on a straight line basis

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	1.7% (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

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. INVESTMENT INCOME

	2017	2016
	£'000	£'000
Dividends and fixed interest	**501**	443
Bank interest	**100**	104
Other interest	**22**	-
	623	547

4. AID AGENCIES AND GOVERNMENT GRANTS

	2017	2016
	£'000	£'000
Major grants from aid agencies and governments include funds from:		
Department for International Development (DFID)		
Partnership Programme Agreement 4	-	2,318
Partnership Programme Agreement 5	1,545	773
DFID Non-PPA funding	-	40
European Community		
Livewell plate for low impact food in Europe	-	95
Forest Law Enforcement, Governance and Trade – legal and sustainable global timber trade	264	256
Partnerships involving Stakeholders in the Celtic Sea Eco-System	145	565
WaterLIFE – healthy rivers for people and nature	280	177
DEFRA – Department for Environment, Food and Rural Affairs		
Demand reduction	3	50
Natural England		
Sustainable Environments At Sea	30	-
Agence des Aires Marines Protegees		
Panache	-	6
CEFAS – Centre for Environment, Fisheries and Aquaculture Science		
GAP2 – Integration of evidence-based knowledge – fisheries and the marine environment	-	8
National Lottery		
Sustainable land and natural resource use in Namibia	-	50
Scottish Executive		
Earth Hour Scotland	10	10
Other agencies	5	-
Total Aid Agencies and Government Grants	**2,282**	**4,348**

5. 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.

Organisation/Programme	2017 £'000	2016 £'000
WWF International		
WWF Network Support	3,897	3,523
WWF Network		
Tiger Network Initiative	2,848	2,619
Organisational Development	2,773	2,248
Amazon Programme	2,582	2,195
Species Conservation Programme	2,492	2,556
East Africa Coastal Programme	1,946	1,898
Eastern Himalayas Programme	1,945	1,581
Kenya County Spatial Planning	787	299
The Water Partnership – China Programme	744	825
East Africa Freshwater Programme	563	685
Trillion Trees	472	41
South Asia Water Security	464	566
Wildlife Trade	435	180
Climate Change	430	387
Arctic Programme	355	299
The Water Partnership – Brazil Programme	355	311
Mekong	344	230
China Africa - Sustainable Development	329	503
European Policy Programme	274	237
China Global Shift Initiative - Supporting Sustainable Economic Development	267	311
Fisheries Policy and Markets	39	273
Other projects aggregated	2,274	2,450
Loss on forward foreign currency contracts not hedged	8	-
Total grant funding on programmes and projects	**26,623**	24,217
Other project activity undertaken directly (Note 6)	**9,445**	10,036
Total grants and projects expenditure (Note 6)	**36,068**	34,253
Support costs (Notes 6,7)	**3,644**	3,091
Total expenditure on grants and projects	**39,712**	37,344

6. RESOURCES EXPENDED

	Activities undertaken directly	Grant funding of activities	Support costs	**Total 2017**	Total 2016
	£'000	£'000	£'000	**£'000**	£'000
Restoring wildlife	824	7,760	867	**9,451**	8,672
Sustaining forests and oceans	1,891	5,368	734	**7,993**	6,526
Keeping rivers flowing	1,458	2,893	440	**4,791**	4,211
Trading sustainable timber and seafood	1,285	401	171	**1,857**	2,144
Reducing carbon emissions	869	526	140	**1,535**	1,607
Living sustainably	1,377	2,467	388	**4,232**	4,660
Strengthening our priority partner WWF offices	190	2,797	302	**3,289**	2,631
Building capacity in the network	1,551	4,403	602	**6,556**	6,893
Loss on forward foreign currency contracts not hedged	-	8	-	**8**	-
Total grants and project costs	**9,445**	**26,623**	**3,644**	**39,712**	37,344
Campaigns, education and public awareness	9,393	126	961	**10,480**	10,060
Gifts in kind attributable to charitable activities	705	-	-	**705**	1,925
Total expenditure on charitable activities	**19,543**	**26,749**	**4,605**	**50,897**	**49,329**
Expenditure on raising funds	11,152	-	1,127	**12,279**	13,312
Reorganisation costs	29	-	-	**29**	374
Total expenditure	**30,724**	**26,749**	**5,732**	**63,205**	63,015

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.

Reorganisation costs
Reorganisation costs in the year relate to the restructure from three departments to six (costs in 2016 relate to the reorganisation of the Communications and Fundraising department that took place in that year).

7. SUPPORT COSTS

	Governance	Management and Finance	HR	IT	Premises and Facilities	**Total 2017**	Total 2016
	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000
Grants and project costs	385	713	522	756	1,268	**3,644**	3,091
Campaigns, education and public awareness	102	188	138	199	334	**961**	833
Expenditure on raising funds	119	221	161	234	392	**1,127**	1,102
Total support costs	**606**	**1,122**	**821**	**1,189**	**1,994**	**5,732**	5,026

The increase in support costs in the year is mainly due to the fact that foreign currency holding gains in the year were £131,000, compared with £550,000 in the prior year. Support costs in the year were also impacted by a reduction of £81,000 in VAT recoveries.

8. STAFF COSTS

	2017	2016
	£'000	£'000
Wages and salaries	12,473	12,331
Social Security costs	1,294	1,282
Pension costs	1,177	1,125
	14,944	14,738

The above costs exclude 9 staff (2016: 12 staff) who were hosted by WWF-UK on behalf of WWF International and WWF-US. Total cost £587,000 (2016: £791,000).

Included within staff costs above is £101,000 (2016: £169,000) relating to redundancy costs arising from the review and reorganisation of the Communications & Fundraising department. At the end of the year £9,000 (2016: £36,000) was still to be paid.

There were no ex-gratia payments made during the year (2016: £15,769).

In addition, the cost of temporary staff in the year was £395,190 (2016: £350,860), of which £35,687 (2016: nil) were for staff hosted by WWF-UK on behalf of WWF International and WWF-US.

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 333 (2016: 332).
The average number of employees calculated on a full-time equivalent basis was:

	2017	2016
	Number	Number
Charitable activities	198	193
Generating funds	50	52
Support and governance	48	49
	296	294

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

	2017	2016
	Number	Number
£60,001 to £70,000	10	8
£70,001 to £80,000	1	6
£80,001 to £90,000	4	2
£90,001 to £100,000	-	1
£100,001 to £110,000	1	1
£110,001 to £120,000	1	-
£120,001 to £130,000	1	1
£130,001 to £140,000	-	1
Total	18	20

Pension contributions for the 18 highest paid employees (20 in 2016) amounted to £127,918 (2016: £149,794).

The key management personnel of the charity are the members of the executive group in place during the year as referred to on page 77. The total employee benefits of the executive group was £591,171 (2016: £503,584), the increase being partly attributable to an increase in the size of the executive group from four members to seven members from 1 May 2017.

Tanya Steele, who was appointed chief executive officer on 1 January 2017, received a gross salary during the year of £67,500 and her annual gross salary is £135,000.

9. TRUSTEES' REMUNERATION AND EXPENSES

No trustee received any remuneration from WWF-UK during the year (2016: nil). Expenses totalling £5,410 (2016: £2,381) were reimbursed to seven trustees (2016: two trustees) solely for travel costs incurred in attending and participating in meetings.

During the year the charity paid £4,999 (2016: £4,982) in respect of trustees' indemnity insurance on behalf of the trustees. No other costs were borne on behalf of any trustee.

10. NET INCOMING RESOURCES FROM OPERATIONS

	2017	2016
	£'000	£'000
Net incoming resources from operations for the year are stated after charging:		
Auditors' remuneration:		
Fees payable to the charity's auditors for the audit of the charity's annual accounts	**36**	35
Fees payable to the charity's auditors for the audit of the charity's subsidiaries	**24**	24
	60	59
Fees payable to the charity's auditors for the audit of projects	**24**	30
Total audit fees	**84**	89
Depreciation of tangible fixed assets	**1,052**	1,021
Operating lease rentals:		
Plant and machinery	**11**	12
Other	**80**	64
Total operating lease rental	**91**	76
Unrealised (gain) on foreign exchange translation	**(131)**	(550)

11. INTANGIBLE FIXED ASSETS

	Contacts database system	**Other software**	**Total**
	£'000	**£'000**	**£'000**
GROUP			
Cost or valuation			
At 30 June 2016	1,206	61	1,267
Additions in the year	-	63	63
At 30 June 2017	**1,206**	**124**	**1,330**
Amortisation			
At 30 June 2016	1,206	44	1,250
Charge for the year	-	6	6
At 30 June 2017	**1,206**	**50**	**1,256**
Net book value			
At 30 June 2017	**-**	**74**	**74**
At 30 June 2016	-	17	17

	Contacts database system	Other software	Total
	£'000	£'000	£'000
CHARITY			
Cost or valuation			
At 30 June 2016	1,206	44	1,250
Additions in the year	-	35	35
At 30 June 2017	**1,206**	**79**	**1,285**
Amortisation			
At 30 June 2016	1,206	44	1,250
Charge for the year	-	1	1
At 30 June 2017	**1,206**	**45**	**1,251**
Net book value			
At 30 June 2017	**-**	**34**	**34**
At 30 June 2016	-	-	-

12. TANGIBLE FIXED ASSETS

	Living Planet Centre	Leasehold improvements	Office furniture and equipment	Total
	£'000	£'000	£'000	£'000
GROUP AND CHARITY				
Cost or valuation				
At 30 June 2016	19,347	136	670	20,153
Additions in the year	44	-	397	441
Disposals in the year	(10)	-	-	(10)
At 30 June 2017	**19,381**	**136**	**1,067**	**20,584**
Depreciation				
At 30 June 2016	2,248	30	505	2,783
Charge for the year	862	25	165	1,052
Disposals in the year	(3)	-	-	(3)
At 30 June 2017	**3,107**	**55**	**670**	**3,832**
Net book value				
At 30 June 2017	**16,274**	**81**	**397**	**16,752**
At 30 June 2016	17,099	106	165	17,370

13. INVESTMENTS

GROUP AND CHARITY	2017 £'000	2016 £'000
Investment – movement		
Market value at 1 July 2016	**16,689**	15 177
Additions at cost	**7,878**	5,757
Disposals at market value	**(7,328)**	(5,380)
Net gain on revaluation	**2,022**	1,135
Market value at 30 June 2017	**19,261**	16,689
Cash balances	**613**	691
Total market value at 30 June 2017	**19,874**	17,380
Historic cost at 30 June 2017	**16,536**	14,884
Portfolio distribution		
UK fixed interest	**5,011**	6,295
UK equities	**4,127**	3,610
Overseas equities	**7,713**	6,288
Overseas fixed interest	**1,026**	496
Property funds	**1,384**	-
Cash funds	**613**	691
Total investment portfolio	**19,874**	17,380
Restriction analysis		
Endowment funds	**4,945**	4,470
Unrestricted funds	**14,929**	12,910
Total	**19,874**	17,380

During the year it was decided, following a review of investment strategy, to amend the asset allocation of the portfolio.

14. STOCK

Stock consists of finished goods for resale held by the charity.

15. DEBTORS

	Group 2017 £'000	Group 2016 £'000	**Charity 2017 £'000**	Charity 2016 £'000
Amounts due within one year				
Trade debtors	**1,300**	897	**1,090**	476
Amounts due from WWF-UK (World Wide Fund For Nature) Trading Limited	**-**	-	**179**	905
Other debtors	**2,937**	1,079	**2,937**	1,079
Forward foreign currency contracts	**47**	369	**47**	369
Prepayments	**314**	278	**314**	273
Accrued income	**1,134**	1,121	**1,105**	1,089
Total debtors	**5,732**	3,744	**5,672**	4,191

Other debtors includes a loan to WWF International that is repayable after one year. The balance outstanding at the year end was £2,422,212 (2016: nil).

16. CURRENT ASSET INVESTMENTS

	Group 2017	Group 2016	**Charity 2017**	Charity 2016
	£'000	£'000	**£'000**	£'000
Amounts due within one year				
Bank balances held on deposit	**9,834**	15,216	**9,834**	15,216

Bank balances held on term deposit have been reduced by comparison with cash held in instant access accounts during the year due to the fact that in some cases interest rates on term deposit accounts were no longer more attractive than interest rates on instant access accounts.

17. CREDITORS

	Group 2017	Group 2016	**Charity 2017**	Charity 2016
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Trade creditors	**1,080**	786	**1,018**	735
PAYE and National Insurance	**382**	389	**382**	389
Other creditors	**225**	229	**222**	227
Forward foreign currency contracts	**26**	-	**26**	-
Accruals	**2,247**	2,732	**2,209**	2,691
Deferred income (see note 17(a) below)	**1,259**	471	**894**	176
Total creditors	**5,219**	4,607	**4,751**	4,218

17(a) Group deferred income

	1 July 2016	Income received in current year	Released in current year	**30 June 2017**
	£'000	£'000	£'000	**£'000**
Corporate sponsorship	295	954	(884)	**365**
Corporate donations	94	1,076	(310)	**860**
Staff hostings	82	30	(82)	**30**
Other	-	4	-	**4**
Deferred income	471	2,064	(1,276)	**1,259**

Deferred income relates to amounts received prior to entitlement.

18. 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.

The charity has the following financial instruments:

	Group 2017	Group 2016	**Charity 2017**	Charity 2016
	£'000	£'000	**£'000**	£'000
Financial assets measured at amortised cost:				
Current asset investments	**9,834**	15,216	**9,834**	15,216
Cash at bank and in hand	**10,215**	8,836	**9,820**	8,012
Amounts owed by group undertakings	**-**	-	**179**	905
Other receivables	**5,371**	3,097	**5,132**	2,644
	25,420	27,149	**24,965**	26,777
Financial liabilities measured at amortised cost:				
Accruals	**2,247**	2,732	**2,209**	2,691
Other creditors	**1,687**	1,404	**1,622**	1,351
	3,934	4,136	**3,831**	4,042
Financial assets measured at fair value:				
Fixed asset investments	**19,874**	17,380	**19,874**	17,380
Forward foreign currency contracts	**47**	369	**47**	369
	19,921	17,749	**19,921**	17,749
Financial liabilities measured at fair value:				
Forward foreign currency contracts	**26**	-	**26**	-
	26	-	**26**	-

19. FORWARD FOREIGN CURRENCY CONTRACTS

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

Non-hedged - forward foreign currency contracts

	Notional value		**Average contractual exchange rate**		**Fair value**	
	2017	2016	**2017**	2016	**2017**	2016
	£'000	£'000	**Rate**	Rate	**£'000**	£'000
Due within 1 year						
Buy USD, Sell GBP	**2,652**	-	**1.2974**	-	**(14)**	-
Buy CNY, Sell GBP	**1,483**	-	**8.9005**	-	**(5)**	-
Buy EUR, Sell GBP	**1,012**	-	**1.1466**	-	**11**	-
	5,147	-			**(8)**	-

	2017	2016
	£'000	£'000
Loss on forward foreign currency contracts not hedged	**(8)**	-

Cash flow hedges – forward foreign currency contracts

	Notional value		Average contractual exchange rate		Fair value	
	2017	2016	**2017**	2016	**2017**	2016
	£'000	£'000	**Rate**	Rate	**£'000**	£'000
Due within 1 year						
Buy CHF, Sell GBP	**5,558**	4,423	**1.2595**	1.4017	**29**	369

FV movement on cash flow hedges	**2017**	2016
	£'000	£'000
Amounts reclassified to hedge reserve	**166**	395
Amounts reclassified from hedge reserve	**(431)**	47
	(265)	442

WWF-UK has entered into forward foreign currency 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. No hedge ineffectiveness was recognised in the year (2016: nil).

20. SUBSIDIARY COMPANY

WWF-UK has one 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 registered office is The Living Planet Centre, Rufford House, Brewery Road, Woking, Surrey GU21 4LL.

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 £693,488 (2016: £1,300,352) and the aggregate liabilities were £647,155 (2016: £1,294,064), resulting in shareholders' funds of £46,333 (2016: £6,288).

The taxable profits earned by the company are donated to WWF-UK and in the current year amounted to £595,618 (2016: £1,006,704).

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

Profit and loss account	**2017**	2016
	£'000	£'000
Catalogue and retail sales	**45**	1
Corporate sponsorship and licensing	**1,257**	1,737
Turnover	**1,302**	1,738
Cost of sales	**(189)**	(103)
Gross profit	**1,113**	1,635
Administrative expenses	**(482)**	(630)
Operating profit	**631**	1,005

SUBSIDIARY COMPANY (CONTINUED)

	2017	2016
	£'000	£'000
Operating profit brought forward	631	1,005
Interest receivable	5	2
	636	1,007
Gift Aid donation to WWF-UK	(596)	(1,007)
Retained profit for the year	40	-
Profit & loss account brought forward	6	6
Retained profit carried forward	46	6

21. GROUP STATEMENT OF FUNDS

	At 1 July 2016	Incoming resources	Outgoing resources	Transfers between funds	Net gains/ (losses)	At 30 June 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Endowment funds						
Kleinwort Endowment Fund	2,546	-	(24)	-	295	2,817
Willingdon Memorial Fund	1,924	-	(19)	-	223	2,128
Total endowment funds	4,470	-	(43)	-	518	4,945
Restricted funds						
Project restricted funds						
HSBC Water Programme	1,963	1,248	(2,448)	-	-	763
Marks & Spencer Ethical and Eco Programmes	129	346	(414)	-	-	61
M&S Forever Fish Campaign	272	-	(205)	-	-	67
Unilever	388	-	(360)	-	-	28
Coca-Cola Freshwater Programme	256	850	(473)	-	-	633
John West	45	348	(273)	-	-	120
SABMiller	171	406	(291)	-	-	286
Apple Apps for Earth	-	322	(50)	-	-	272
Conservancy work in Kenya	733	87	(341)	-	-	479
Trillion Trees	-	302	(61)	-	-	241
European Commission – FLEGT	(145)	264	(40)	-	-	79
European Commission – Celtic Seas	202	145	(347)	-	-	-
European Commission – WaterLife*	-	280	(281)	-	-	(1)
European Commission – Other*	(75)	-	(95)	-	-	(170)
Other project restricted, GAA and DFID	597	1,214	(1,108)	-	-	703
Broadly restricted funds						
Sky Amazon Project	1,232	40	(1,261)	-	-	11
Arctic	(126)	411	(277)	-	-	8
Climate change**	(136)	414	(371)	-	-	(93)
Primates (orang-utan)	43	497	(361)	-	-	179
Rhinos**	60	596	(663)	-	-	(7)
Pandas**	(100)	413	(501)	-	-	(188)
Elephants**	(133)	717	(815)	-	-	(231)
Amur leopards	884	759	(850)	-	-	793

	At 1 July 2016	Incoming resources	Outgoing resources	Transfers between funds	Net gains/ (losses)	At 30 June 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Snow leopards**	(253)	1,952	(1,895)	-	-	(196)
Tigers	598	2,899	(3,025)	-	-	472
Jaguars	447	766	(531)	-	-	682
Penguins**	(208)	406	(369)	-	-	(171)
Mountain gorillas**	(55)	592	(595)	-	-	(58)
Endangered species	609	1,071	(1,011)	-	-	669
Other broadly restricted funds	803	1,717	(1,357)	-	-	1,163
DFID - PPA 5	773	1,545	(2,318)	-	-	-
Hosting costs (including staff costs)	-	861	(861)	-	-	-
Total project and broadly restricted funds	8,974	21,468	(23,848)	-	-	6,594
Living Planet Centre						
Living Planet Centre Rufford	4,424	-	(219)	-	-	4,205
Living Planet Centre other	1,942	-	(124)	-	-	1,818
Total Living Planet Centre funds	6,366	-	(343)	-	-	6,023
Total restricted funds	15,340	21,468	(24,191)	-	-	12,617
Unrestricted funds						
Designated reserves:						
Living Planet Centre reserve	10,733	-	(526)	44	-	10,251
Fixed asset reserve	288	-	(196)	460	-	552
Capital expenditure reserve	533	-	-	200	-	733
Fundraising reserve	500	-	-	-	-	500
Programmes reserve	6,028	2,615	(3,051)	-	-	5,592
Public awareness reserve	-	-	-	2,500	-	2,500
Loan reserve	2,400	-	-	-	-	2,400
Investment reserve	1,799	-	-	441	-	2,240
Designated reserves	22,281	2,615	(3,773)	3,645	-	24,768
Hedge reserve	369	-	-	-	(265)	104
General reserve	15,955	36,712	(35,198)	(3,645)	1,504	15,328
Total unrestricted funds	38,605	39,327	(38,971)	-	1,239	40,200
Total funds	58,415	60,795	(63,205)	-	1,757	57,762

* There are negative balances on the restricted funds for European Commission – WaterLife (£1,000) and European Commission – other (£170,000) due to outstanding claims to be submitted.

** There are negative balances on the restricted funds for Climate change (£93,000), Rhinos (£7,000), Pandas (£188,000), Elephants (£231,000), Snow leopards (£196,000), Penguins (£171,000) and Mountain gorillas (£58,000). 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.

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 IN TRUST

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 £44,000 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 £460,000 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. It had been anticipated that this was to have been spent during the year, but the undertaking has taken longer than anticipated. The expenditure will be incurred in the next 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 £4,800,000 will be spent during the next financial year and the remainder in the following two years.
- The public awareness reserve represents funds designated for a major public awareness project in the following two financial years. We will be fundraising for this project but WWF-UK has underwritten the costs associated with the activity.
- The loan reserve is designated for a loan of £2.4m to WWF International relating to an agreement that was 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 forward foreign currency contracts that are hedged against committed expenditure.

The total income of the charity in 2017 was £60.2m (2016: £68.6m) and total expenditure was £62.6m (2016: £60.5m).

22. ANALYSIS OF GROUP ASSETS AND LIABILITIES BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Endowment funds	Total 2017	Total 2016
	£'000	£'000	£'000	£'000	£'000
Intangible fixed assets	74	-	-	**74**	17
Tangible fixed assets – Living Planet Centre	10,251	6,023	-	**16,274**	17,099
Tangible fixed assets – Other	478	-	-	**478**	271
Investments	14,929	-	4,945	**19,874**	17,380
Fixed assets	25,732	6,023	4,945	**36,700**	34,767
Current assets	19,687	6,594	-	**26,281**	28,255
Current liabilities	(5,219)	-	-	**(5,219)**	(4,607)
Net assets	**40,200**	**12,617**	**4,945**	**57,762**	58,415

	Notes	£'000	£'000
As part of the above funds, general reserves are calculated as being:			
Total unrestricted funds	21	**40,200**	38,605
Less			
Designated reserves	21	**(24,768)**	(22,281)
Hedge reserve	21	**(104)**	(369)
Total general reserves		**15,328**	15,955

23. 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:

	2017 Land and buildings	2017 Plant and machinery	2016 Land and buildings	2016 Plant and machinery
	£'000	£'000	£'000	£'000
Payments due				
within one year	**83**	**9**	80	3
within two to five years	**164**	**17**	247	-
Total	**247**	**26**	327	3

24. 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 £6,963,953 (2016: £5,161,586).

25. GIFTS IN KIND

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

	£'000
Campaigning costs:	
Poster advertising space donated and used to promote awareness of the annual WWF Earth Hour and other campaigns	**386**
Donation of internet search terms to generate public awareness and for testing fundraising media	**319**
Total gifts in kind received	**705**

26. 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.

	2017 £'000	2016 £'000
Due within:		
1 year	**9,405**	12,552
2 years	**2,542**	600
3 years	**61**	77
	12,008	13,229

27. 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 £771,803 (2016: £716,392) with the maximum indemnity period being 12 years.

28. RELATED PARTY TRANSACTIONS

3rd Party organisation	WWF-UK officer	Position in 3rd party organisation	Transaction type	2017 £'000	2016 £'000
WWF International	Andrew Cahn, chair of WWF-UK	Trustee	Income	**649**	867
			Grant expenditure	**4,394**	4,753
			Other expenditure	**61**	41
			Loan outstanding	**2,422**	-
			Interest earned on loan	**22**	-
Alliance of Religions and Conservation	David Nussbaum, ex-chief executive	Trustee	Grant expenditure	**80**	70
	Glyn Davies, executive director of global programmes	Trustee			
Natural Environment Research Council	Professor Georgina Mace, trustee of WWF-UK	Council member	Grant expenditure	**160**	85
			Other expenditure	**18**	-
University College London	Professor Georgina Mace, trustee of WWF-UK	Professor	Other expenditure	**146**	-
Whitley Fund for Nature	Professor Eleanor Milner-Gulland, trustee of WWF-UK	Scientific Advisory Committee	Grant expenditure	**65**	65
IUCN-UK	Glyn Davies, executive director of global programmes	Executive committee member	Grant expenditure	**10**	10
	Professor Eleanor Milner-Gulland, trustee of WWF-UK	Member of specialist groups	Other expenditure	**4**	2
International Integrated Reporting Council	David Nussbaum, ex-chief executive	Board member	Other expenditure	**10**	-
Zoological Society of London	Professor Eleanor Milner-Gulland, trustee of WWF-UK	Honorary Research Fellow	Other expenditure	**8**	11
University of Oxford	Professor Eleanor Milner-Gulland, trustee of WWF-UK	Professor	Grant expenditure	**5**	1
Wildscreen	Colin Butfield, executive director of Our Planet	Trustee	Other expenditure	**18**	18

Trustees and other related parties, including key management personnel, made donations to WWF-UK during the year totalling £2,228 (2016: £1,469).

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

	2017 £'000	2016 £'000
Intercompany balances		
Amounts due from WWF-UK (World Wide Fund for Nature) Trading Limited	**179**	905
Transactions with WWF-UK (World Wide Fund for Nature) Trading Limited		
WWF-UK income received by the subsidiary	**58**	113
Subsidiary income received by WWF-UK	**59**	73
Payments made by WWF-UK on behalf of subsidiary	**81**	17
WWF-UK expenditure recharged to subsidiary	**404**	557
Subsidiary VAT paid by WWF-UK	**193**	318
Gift aid donation from subsidiary to WWF-UK	**596**	1,007

29. 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.

30. COMMITMENTS

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

31. 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.

32. 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:

	2017	2016
	£'000	£'000
Ticket value	**7,953**	8,815
Prize fund	**(3,181)**	(3,526)
Management fee	**(2,386)**	(2,865)
Net proceeds received	**2,386**	2,424

33. PRIOR YEAR CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted funds	Restricted and endowment funds	**Total 2016**
		£'000	£'000	**£'000**
Income and endowments from:				
Donations and legacies				
Membership and donations from individuals		23,896	12,398	**36,294**
Corporate donations		659	4,415	**5,074**
Charitable trusts		161	757	**918**
Legacies		15,707	322	**16,029**
Gifts in kind		1,925	-	**1,925**
		42,348	17,892	**60,240**
Charitable activities				
Aid agencies and government grants	4	(2)	4,350	**4,348**
Corporate income		-	148	**148**
Income from non-governmental organisations		28	1,319	**1,347**
		26	5,817	**5,843**
Other trading activities				
Corporate income		122	1,457	**1,579**
Lottery promotions		2,816	-	**2,816**
Other trading income		17	46	**63**
		2,955	1,503	**4,458**
Investment income	3	547	-	**547**
Total income		**45,876**	**25,212**	**71,088**
Expenditure on:				
Raising funds				
Costs of generating voluntary income		9,431	3,754	**13,185**
Investment management fees		94	33	**127**
Total expenditure on raising funds	6	**9,525**	**3,787**	**13,312**
Charitable activities				
Grants and project costs	5,6	16,574	20,770	**37,344**
Campaigns, education and public awareness	6	8,579	1,481	**10,060**
Gifts in kind		1,925	-	**1,925**
Total expenditure on charitable activities		**27,078**	**22,251**	**49,329**
Reorganisation costs	6	**374**	**-**	**374**
Total expenditure		**36,977**	**26,038**	**63,015**
Net income/(expenditure) before gains on investments		**8,899**	**(826)**	**8,073**
Net gains on investments		840	295	**1,135**
Net income/(expenditure)		**9,739**	**(531)**	**9,208**
Fair value movements on cash flow hedges		442	-	**442**
Net movement in funds		**10,181**	**(531)**	**9,650**
Total funds brought forward	34	28,424	20,341	**48,765**
Total funds carried forward	34	**38,605**	**19,810**	**58,415**

34. PRIOR YEAR 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
Endowment funds						
Kleinwort Endowment Fund	**2,397**	-	(19)	-	168	**2,546**
Willingdon Memorial Fund	**1,811**	-	(14)	-	127	**1,924**
Total endowment funds	**4,208**	-	(33)	-	295	**4,470**
Restricted funds						
Project restricted funds						
HSBC Water Programme	**1,285**	2,699	(2,021)	-	-	**1,963**
Marks & Spencer Ethical and 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**
Broadly restricted funds						
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)	-	-	**-**
Total project and broadly restricted funds	**9,453**	25,212	(25,691)	-	-	**8,974**

	At 1 July 2015	Incoming resources	Outgoing resources	Transfers between funds	Net gains/ (losses)	At 30 June 2016
	£'000	£'000	£'000	£'000	£'000	£'000
Living Planet Centre						
Living Planet Centre Rufford	**4,642**	-	(218)	-	-	**4,424**
Living Planet Centre other	**2,038**	-	(96)	-	-	**1,942**
Total Living Planet Centre funds	**6,680**	-	(314)	-	-	**6,366**
Total restricted funds	**16,133**	25,212	(26,005)	-	-	**15,340**
Unrestricted funds						
Designated reserves:						
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**
Designated reserves	**12,905**	7,254	(1,933)	4,055	-	**22,281**
Hedge reserve	**(73)**	-	-	-	442	**369**
General reserve	**15,592**	38,622	(35,044)	(4,055)	840	**15,955**
Total unrestricted funds	**28,424**	45,876	(36,977)	-	1,282	**38,605**
Total funds	**48,765**	71,088	(63,015)	-	1,577	**58,415**

* 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.

35. PRIOR YEAR ANALYSIS OF GROUP ASSETS AND LIABILITIES BETWEEN FUNDS

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

WWF-UK CORPORATE DIRECTORY

The information shown below is that pertaining between 1 July 2016 and 26 October 2017, the date of signing the accounts.

President: HRH The Prince of Wales

Trustees	Committees
Sir Andrew Cahn KCMG (chair)	F, N
David Phillips (retired June 2017)	A, F, Inv, N
Natalie Gross	N
Richard Sambrook	F
Jane Cotton	A, F
Ila Kasem	
Sir Michael Dixon	P
Professor Georgina Mace	P
Mark Richardson	A, F, Inv
Professor Malcolm Press	P
Catherine Dugmore (appointed March 2017)	A, F, Inv
Andrew Green (appointed June 2017)	
Professor Eleanor Milner-Gulland (appointed June 2017)	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	Committees
Mike Acreman (resigned December 2016)	P
John Hudson (resigned December 2016)	P
Paul Ekins	P
Elizabeth Passey	P
Andy Wales	P
Alex Rogers	P
Debbie Pain (appointed March 2017)	P
Isabelle Durance (appointed March 2017)	P
James Mayer (appointed March 2017)	P
Yadvinder Malhi (appointed June 2017)	P
Simon Rivett-Carnac	Inv

Committees	Chair
(A) Audit Committee	Mark Richardson
(F) Finance and Business Committee	Sir Andrew Cahn KCMG (resigned June 2017) Catherine Dugmore (appointed June 2017)
(N) Nominations & Remuneration Committee	Sir Andrew Cahn KCMG
(P) Programme Committee	Professor Georgina Mace
(Inv) Investment Sub-Committee	David Phillips (resigned June 2017) Catherine Dugmore (appointed June 2017)

The executive group/principal officers (Up to 30 April 2017)	
Chief executive	David Nussbaum (resigned September 2016)
	Tanya Steele (appointed January 2017)
Executive director of operations	Robert Hardy
Executive director of communications and fundraising	Alison Lucas
Executive director of global programmes	Dr Glyn Davies

The executive group/principal officers (From 1 May 2017)	
Chief executive	Tanya Steele
Executive director of operations	Robert Hardy
Executive director of fundraising and marketing services	Alison Lucas
Executive director of global programmes	Dr Glyn Davies
Interim executive director of advocacy and campaigns	Lang Banks
Interim executive director of communications and media	Richard Warburton
Executive director of Our Planet	Colin Butfield

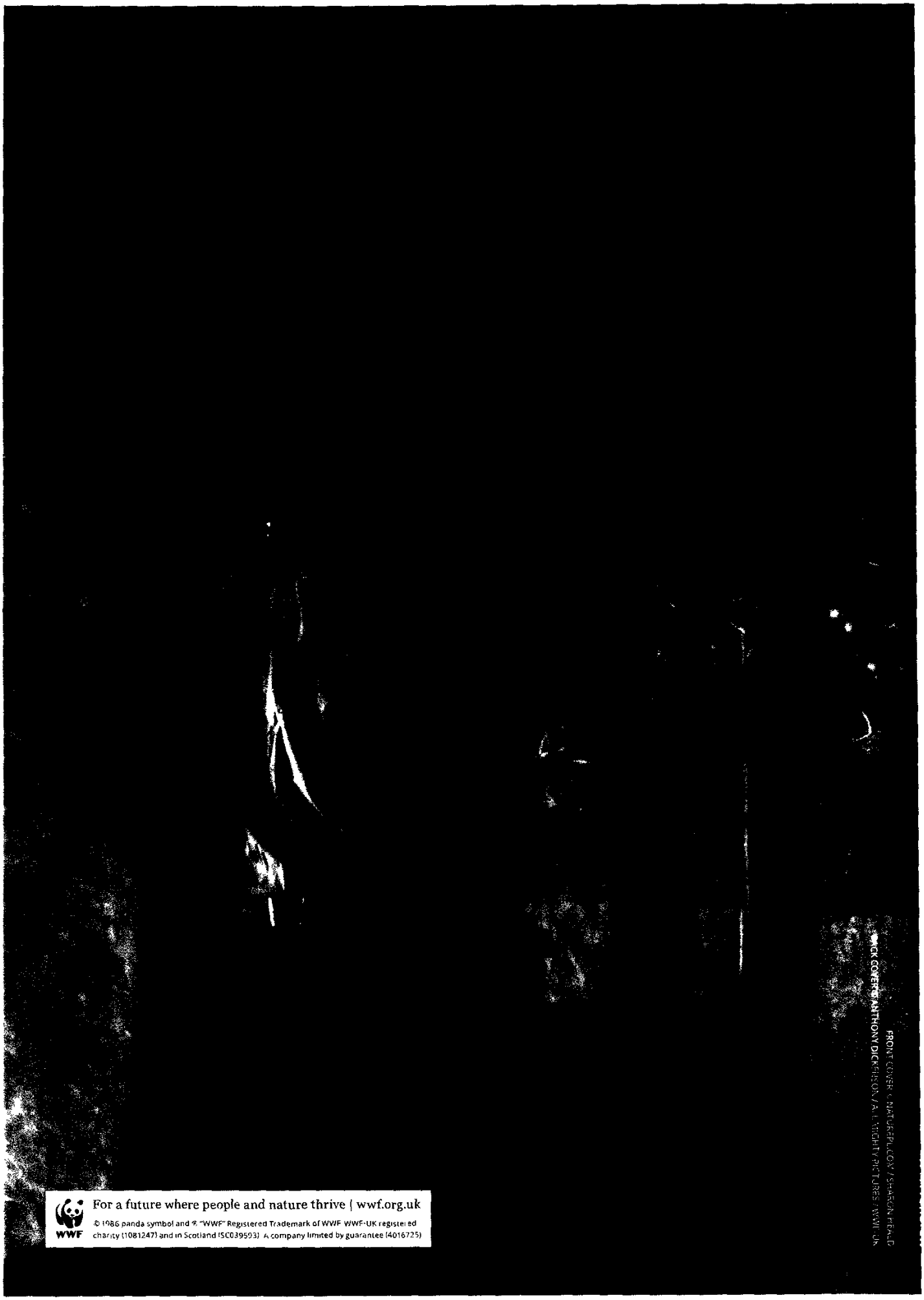
Company secretary	Simon Major (resigned February 2017)
	Andrew Napier (appointed June 2017)

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
	From October 2017 Lloyds Bank plc 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
Auditors	Crowe Clark Whitehill LLP St. Bride's House 10 Salisbury Square London EC4Y 8EH
Legal advisers	Farrer & 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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