

WWF-UK

Report and Financial Statements

30 June 2009

WWF-UK: Registered charity number in England 1081247 and in Scotland SC039593. A company limited by guarantee. Registered number 4016725
WWF-UK (World Wide Fund For Nature) Trading Ltd: A company limited by share capital. Registered number 892812
Registered Address: Panda House, Weyside Park, Godalming, Surrey GU7 1XR

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Report of the Board of Trustees and Directors

For the year ended 30 June 2009

OUR MISSION

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

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

SUMMARY

This report covers the following areas:

- a summary of our activities around the world and in the UK;
- a review of activities to achieve objectives;
- financial review;
- our focus for next year;
- management;
- governance.

INTRODUCTION

WWF-UK's worldwide conservation work focuses on long-term, large-scale programmes that are designed not only to counter biodiversity loss and provide solutions to the many challenges facing the natural world, but also to safeguard the livelihoods of some of the planet's poorest and most vulnerable people.

We develop practical conservation solutions locally and pursue policy initiatives at UK, EU and global levels to promote good governance of the world's natural resources. This work is largely done through the three strands of our five-year strategy, agreed in 2008: safeguarding the natural world, tackling climate change and changing the way we live. Working with government, business, communities and others, this strategic plan will help us deliver a One Planet Future in which people and nature thrive.



Most of our international programme work is done through Network Initiatives (NIs), many of which operate in areas where the most critically endangered wildlife and the least protected habitats are found. However, the origins of many of the world's environmental problems lie in developed countries, including the UK, and in our everyday attitudes and behaviour – for example, our consumption of natural resources.

While we direct some 73% of our conservation expenditure towards our global programmes, we also seek to influence international environmental issues through responsible actions in the UK. In that respect, we are also active in England, Northern Ireland, Scotland and Wales, where we focus on how to reduce the UK's ecological footprint – the environmental impact we make on the wider world.

LORD BUXTON OF ALSA

The Trustees were saddened to hear of the death in September 2009 of WWF-UK's Vice-President, Lord Buxton of Alsa KCVO, MC, DL. Along with the Duke of Edinburgh, Sir Peter Scott, Sir David Attenborough and others, he was a founding Trustee of the British National Appeal of the World Wildlife Fund, which went on to become WWF-UK.

Always interested in wildlife and the environment, Lord Buxton created the *Survival* series of television documentaries for Anglia Television in the 1960s. Between 1968 and 1972 he was a member of the Countryside Commission, and for five years he served on the Royal Commission on Environmental Pollution. In 1978 he was created a life peer and took the title Baron Buxton of Alsa. We are immensely fortunate that he was a founding Trustee, and later Vice-President, of WWF, and we take this opportunity of paying tribute to him for his tireless work for the charity and for the environment.

ACTIVITIES – AROUND THE WORLD

WWF-UK's worldwide conservation work focuses on long-term, large-scale programmes that are designed to address the issues of biodiversity loss and unsustainable consumption. We work in partnership with other members of the WWF Network throughout the world.

To focus its work and resources in the coming years, WWF has developed a global programme framework that identifies priorities to be addressed through ecoregion and species action plans, Network Initiatives and other programmes. As part of this framework, WWF-UK works with governments and international organisations such as the United Nations, the European Commission and the World Trade Organisation to promote development that is both fair and sustainable. We also cooperate closely with TRAFFIC (the wildlife trade monitoring network) to combat illegal and unsustainable trade in endangered species, and we are closely engaged with international treaties such as the Convention on International Trade in Endangered Species (CITES) and the International Whaling Commission.

Our programmes comprise a series of Network Initiatives, and include the following:

AMAZON

In April 2009, the 'Pact for the Climate' project – a project to value the forest and achieve zero deforestation – agreed terms to define a baseline for emissions from deforestation, goals for emissions reductions, improvement of accounting methodologies, and strengthening the capacity for monitoring carbon emissions. Partners include WWF-Brazil, IUCN, GTZ and the government of Acre State in Brazil. In addition, the Convention on Biological Diversity (CBD) has taken on board WWF's 30 year 'Vision for the Amazon' across nine countries.

ARCTIC

In September it was announced that the whole Norwegian fishery of the Barents Sea cod stock was going for full Marine Stewardship Council (MSC) certification. For the first time in a decade, Barents Sea cod is being harvested sustainably, with spawning biomass in full reproductive capacity.

The official range state polar bear meeting in Tromsø in March 2009 was a big success for WWF climate change policy, and for our ability to influence and set the political agenda. The meeting concluded with a statement declaring that “climate change has a negative impact on polar bears and their habitat and is the most important long-term threat facing polar bears”. It called on countries across the world to take appropriate action to address climate change. Now, in the context of the polar bear, WWF has a further powerful basis to push for the right action in Copenhagen in December.

CHINA FOR A GLOBAL SHIFT

We negotiated £250,000 of DFID funding to support our project work on sustainable trade and investment in the timber sector, promoting environmental standards in China's banking sector, and strategic planning for trade and investment in natural resources in East Africa. This project has had a high-level political profile and was announced by Gordon Brown at the UK-China summit in February.

COASTAL EAST AFRICA

With advice from WWF, the Tanzanian government significantly increased the area of forest under Nature Reserve status from 80 sq km to 1,730 sq km, with the addition of three key areas in the Eastern Arc Mountains. In Kenya following years of work by WWF, 10 sacred kaya forests owned by the Miji Kenda coastal dwelling community have been declared UNESCO World Heritage Sites.

CORAL TRIANGLE

In May 2009 the Indonesian president opened the Coral Triangle Initiative summit in Manado. Five other heads of state – from Malaysia, Papua New Guinea, the Philippines, the Solomon Islands and Timor-Leste – joined him to commit their governments to working together to conserve the richest marine region on Earth. A level of political agreement has been achieved that was unimaginable even a few years ago.

GREEN HEART OF AFRICA

Forest Stewardship Council (FSC) certification has been achieved in the Congo Basin for more than 4 million hectares of forestry operations since December 2005, representing about 10% of forests allocated for logging. A further 3 million hectares are progressing towards certification. By 2012 we expect 7 million hectares of forest in the region to be under a credible certification system, with a further 5 million in the pipeline. Through the efforts of WWF's Global Forest & Trade Network to promote responsible forestry management and trade practices, we are directly contributing to the conservation of valuable and threatened forests in the Congo Basin, as well as the improvement of livelihoods of local communities. This significant milestone

reached by WWF provides a clear sign of the African forestry industry's desire to implement strategies to protect Congo Basin forests that are vital to global climate regulation, biodiversity and the rights and welfare of indigenous people.

FOREST-BASED CARBON

WWF-UK has raised its profile as an organisation working on forest carbon. As a result, we have been invited to sit on the panel for the launch of the Eliasch Review (a government-commissioned review to examine the financial mechanisms necessary to tackle forest loss and degradation) and we have become involved with other initiatives such as the Prince's Rainforest Project. We have just received Network agreement for WWF to sign up to the Prince of Wales's 'Rainforest Declaration' in time for his private meeting with G20 delegates.

WWF-UK has initiated partnerships with three focal forest countries – Brazil, Papua New Guinea and Peru – to support capacity needs and programme development. This includes an exemplar project piloting how low-carbon development can generate net benefit for poor people, by working with local communities on REDD projects in PNG; and influencing national climate strategies by working to develop institutional and legal structures necessary for REDD. (REDD is the UN initiative to reduce emissions resulting from deforestation and forest degradation in developing countries.)

GLOBAL DEAL

At the Poznan climate change conference in December 2008, WWF released a series of nationally relevant policy and briefing documents, which were greeted with marked interest by governments, press and other NGOs.

World record mountaineer Apa Sherpa reached the summit of Mount Everest in May 2009 for the 19th time, and unfurled a WWF banner urging the world to take action against climate change. His expedition reminded world leaders of their responsibility towards preserving the Himalayas as a global heritage, and called on them to strike a global deal to fight climate change at the Copenhagen summit in December 2009.

HEART OF BORNEO

The Heart of Borneo's cross-boundary work with indigenous communities is being strengthened. A recent meeting of the Alliance of the Indigenous People of the Highlands of Borneo (FORMADAT) underlined a commitment to enhanced cross-boundary cooperation specifically to sustain freshwater resources, cultural sites and local economic development, including tourism. The programme continues to be an example of the critical role environmental sustainability plays in economic development, land use planning and regional cooperation.

LIVING HIMALAYAS

Raising environmental awareness has been an important activity, particularly to support our engagement with the development of a new constitution in Nepal. Two large rallies were organised in that country to keep tiger and rhino conservation high

on the political agenda; a petition bearing 126,229 signatures was handed to the president of Nepal.

Good progress has been made on commercialising non-timber forest products and medicinal plants as a means of supporting livelihoods and ensuring sustainable harvesting of wild products. These crops are especially important throughout the mountain areas where few livelihood options are available. Many species are being sustainably exploited and are beginning to pay dividends for the communities.

SMART FISHING

In December 2008, new EU regulations were agreed with many of WWF's key requests met. These include closed areas to protect spawning aggregations of cod, the use of selective gear to reduce bycatch, managing the number of fishing boats, and reducing waste through discard.

TIGERS

While many conservation successes have been gained, wild tiger numbers are still in steep decline. In response to this, WWF's Tiger Initiative has developed a comprehensive conservation strategy to stabilise, and then increase, populations of the species in 11 countries. As part of the Year of the Tiger in 2010, the WWF Network is working with other conservation organisations and the World Bank to progress a high-profile political process that will culminate in a Heads of State summit of tiger range countries in September. The Initiative has already started delivering a number of major landscape-scale achievements – not least substantive progress towards establishing a Russia-China transboundary tiger protected area along the Amur River.

ACTIVITIES IN THE UK

Throughout the year, WWF-UK has had frequent dealings with government ministers and politicians across the political spectrum as we work to influence decisions that affect the environment. We are, for example, pressing for a CO₂ emissions standard which would rule out new and substantially unabated coal-fired power stations. Through our One in Five Challenge (see page 9), we are encouraging businesses to fly less, and we are using related research to challenge the UK government's case for further aviation expansion. In addition, we are lobbying hard for an ambitious retrofit programme of the UK's housing stock, so that every home in the country is insulated.

We also launched an ambitious campaign with The Co-operative, calling for new standards of disclosure for 'carbon liabilities' – the hidden future costs faced by companies investing in high-carbon activities such as the extraction of oil from Canada's tar sands.

High on our priorities is helping to achieve a robust global agreement on climate change at Copenhagen in December, and to this end we have taken every opportunity to brief ministers and aides on environmental imperatives ahead of the conference.

Elsewhere, we are working to strengthen EU legislation to clamp down on imports of illegal timber, and we are pressing the UK government to implement the EU Water Framework Directive so that water pollution is reduced and water abstraction becomes more sustainable. Also in Europe, we are urging the government to advocate radical reform of the Common Fisheries Policy so that fish stocks can recover and the fishing industry become more sustainable.

REVIEW OF ACTIVITIES TO MEET OBJECTIVES

In last year's Trustees' Report, six objectives were identified for 2008/09. We report back on them as follows:

Objective 1 – Launch and communicate our new five-year strategic plan

The strategic plan, launched in 2008, guides WWF-UK's work and day to day activities. The strategic themes of safeguarding the natural world, tackling climate change and changing the way humans live remain the priority challenges and provide focus for our global project, campaigning, and policy influencing activity.

We have monitored progress against our strategic plan commitments. While the external environment (in particular the economy) is significantly more challenging than when the strategy was launched, we are on track to deliver most of our strategic commitments within the five-year timeframe.

Objective 2 – Work with the WWF Network to support, manage and deliver clearly defined Network Initiatives which will protect the world's most special wildlife and places.

The WWF Network Initiatives have moved from concepts to the strategic. Progress in assembling teams is picking up, and core funding is relatively healthy. Each NI is working in high-level partnerships with governments and other stakeholders.

In addition to the provision of funds, WWF-UK staff have given significant time to support development of the NIs, and are providing a wide range of key technical expertise.

Objective 3 – Help secure a fair and effective international agreement on climate change at Copenhagen in December 2009, by influencing UK political, business and public opinion, and mobilising strong UK participation in Earth Hour.

Copenhagen Treaty

In the run-up to the Copenhagen climate change conference in December 2009, WWF and other NGOs published the first detailed proposal for a politically-balanced outcome from that conference. Several countries have expressed interest in our climate change work, and the document (which is backed by full legal text) has enabled us to meet delegations with whom we have not previously had relationships. We are working to secure the strongest agreement possible at Copenhagen, not least through our wider advocacy work with UK ministers and key officials from the Foreign Office, DFID and 10 Downing Street.

UK Climate Change Act

In November 2008, the UK Climate Change Bill became law; it is the first legislation in the world aimed at setting binding targets to reduce greenhouse gas emissions. This followed a year of intense political lobbying and public campaigning by WWF and others. WWF produced several influential reports during the passage of the Bill, which were widely cited. Meanwhile the Scottish parliament passed the strongest climate change legislation of any industrialised country, setting a target to reduce emissions by 42% by 2020.

One in Five Challenge

WWF-UK launched the One in Five Challenge to help companies and government agencies reduce the environmental impact of their business travel. We are encouraging companies to cut out the least useful 20% of their flights, and promoting alternatives such as video-conferencing.

WWF's Earth Hour 2009

At least 4,000 cities and towns in 88 countries took part in WWF's Earth Hour 2009 – the global lights-out initiative at 8.30pm on 28 March. Seventy national capitals participated, including nine of the most populated cities on the planet.

In the UK, more than 1,400 schools involving half a million children and students took part. Many celebrated Earth Hour with special assemblies. In addition, 125 MPs and 100 local authorities signed up to Earth Hour, and cities and towns across the UK turned out lights and held special events. Landmarks that were darkened included Big Ben and the Palace of Westminster, Buckingham Palace, Tower Bridge, Nelson's Column, the National Gallery and Wembley Stadium Arch in London; the Senedd and Millennium Stadium in Cardiff; the entire Quayside in Newcastle; Stormont, City Hall and the Wheel in Belfast; the Clifton Suspension Bridge in Bristol; and Edinburgh Castle.

Nearly 750 businesses participated in Earth Hour, including Coca-Cola and McDonald's, who both switched off their famous billboard signs at Piccadilly Circus in London. HSBC, MBNA, O2, IKEA and Tesco encouraged their customers and staff to take part. In all, some 800,000 corporate employees and millions of members of the public heard about WWF's Earth Hour, and in a survey afterwards, 33% of the UK public said they had taken part.

The UK media coverage of Earth Hour indicated the mandate politicians have from the public as they aim for a positive result at the Copenhagen climate change conference in December (See also Objectives 5 and 6.)

Objective 4 – Develop new business partnerships that generate income and lead to environmental change, and progress our partnerships with HSBC, Marks & Spencer and others

New progressive partnerships comprising challenging environmental commitments, various profiling opportunities and significant income generation are being signed with Birdseye, SABMiller, Royal and Sun Alliance and BskyB. We are launching two key programmes aimed at improving the UK's food and financial systems, where we will be convening influential representatives from those sectors to look at the barriers and opportunities for change. Existing partnerships with M&S and HSBC are now fully operative and we have expanded the scope of our partnership with M&S to look at the company's water footprint, aquaculture activities and involvement in the food convening programme.

Objective 5 – Increase public awareness and broaden our support by promoting WWF's work widely through effective communications, campaigning and timely actions that relate to newsworthy events.

Earth Hour (see Objective 3 above) attracted remarkable coverage across the UK media – radio and television, national, weekend and regional newspapers. Online, more than 10 times the usual number of people visited our website; there were more than a million views of Earth Hour photos on the Flickr website, and increased activity on social network sites such as Facebook and Twitter.

During the year WWF-UK hosted the global launch of the Living Planet Report in London with a media briefing. The report, produced with the Zoological Society of London and the Global Footprint Network, shows that species and wildlife continue to decline, and that around 50 countries are slipping into a state of permanent or seasonal water stress. The launch attracted substantial media attention.

In October we launched our new website – wwf.org.uk – which to date has been visited by more than 2.7 million people (a 30% increase over the same period in 2008). The website uses a more environmentally-friendly hosting system than before, which reduces server-related CO₂ emissions by as much as 40%. It has since won categories at the Interactive Media awards, the International Business awards and the Best of Swiss Web awards, and was nominated for the New Media Age awards.

Sixty children from London helped make a film commissioned by WWF-UK that presents environmental issues in a way children can relate to and understand. Themes such as deforestation and climate change are explored through images made by the children themselves, who used their own voices to narrate the story. The film was highly commended at the annual Green Awards.

Objective 6 – Build on our existing support base, and recruit new financial supporters and campaigners, to enable us to deliver our five-year strategic plan

The crisis in the world economy made the fundraising environment very difficult, but we made good progress. We increased investment by recruiting 62,000 new supporters who pay regularly by direct debit – an increase of 125% over the last financial year. We finished the year with 266,000 people supporting us with a regular gift – the highest figure we have so far achieved. Our direct response television and online advertising campaigns were very successful. We also increased the numbers of people giving us other forms of support: for example, some 105,000 individuals signed up online to support Earth Hour 2009.

OUR FOCUS FOR NEXT YEAR

Our objectives for 2009/10 are:

Strategy

- Following on from the cost analysis exercise – Planning for Change – carried out in FY09, we will simplify our processes and build understanding and engagement within the organisation.
- Connect our UK work to the Global Programme Framework (GPF).

Safeguarding the natural world

- Secure in law a strong UK Marine & Coastal Access Act and improvements to the EU Common Fisheries Policy.
- Celebrate and vigorously promote the Year of the Tiger to help deliver the objectives of the Tiger Network Initiative.

Tackling climate change

- Influence negotiations to secure a strong Copenhagen climate treaty and effective international follow-up, supported by a fantastic Earth Hour.

Changing the way we live

- Play a leadership role in developing the WWF Network's footprint programme.
- Set out a One Planet Economy vision and pathways, which integrates the importance of ecosystem services for sustainable development and is used to frame debates externally.

Communicating and influencing

- Throughout the General Election period, demonstrate to all the main political parties that climate change can affect the election outcome, and position WWF as a key environmental organisation for the incoming government.
- Develop and launch our new branding, including our visual and verbal identity.

Funding our work

- Engage all staff in the fundraising process so that we can build on our existing support base and recruit new financial supporters and campaigners.

FINANCIAL REVIEW

In a year when many organisations were badly hit by the economic crisis and bank failures, WWF achieved a 5.1% increase in income.

The rapid deterioration of the general economic situation meant that we were unlikely to hit our financial targets laid out in the 2008 Strategic Plan, so management moved quickly to conduct a review to identify a clearer focus on key business objectives and associated expenditure. Savings have been made in all areas, and regrettably 25 members of staff have been made redundant.

Fundraising expenditure increased from £10.5 million to £13.2 million as a result of an increased investment in growing the number of regular supporters which we believe will have benefits for a number of years. We not only recruited more than twice the number of new supporters during the current year compared with the previous year, but also at a significantly lower cost per individual recruited. This resulted in an overall increase of 11% in the number of monthly supporters. We account for expenditure on supporter recruitment activity in the year it occurs, while the income is received over several years.

Accounting for grants

In line with WWF-UK's strategic objectives grants are made to partners in the WWF Network and to other conservation organisations. Although we would wish to guarantee funding for our conservation programmes over a longer period in the light of economic uncertainty, this commitment has been reduced to 12 months only. We have also made our grants performance-related, with mid term reviews, when previously they had been categorised as non-performance related. As a result the accounts include only the grant payments due in the year and not the whole of the grant liabilities as in 2008. The impact of this change is £19.2 million being credited back into the 2009 accounts, which is documented in Note 5. In order to assist in understanding the change, the table below summarises the income and expenditure of WWF-UK for the last two years on the basis that the accounting treatment applied in these accounts is applied for both years.

| | Total 2009 | Total 2008 |
|-------------------------------------|----------------|---------------|
| | £'000 | £'000 |
| Total incoming resources | 46,430 | 44,169 |
| Less: | | |
| Total grants and project costs | 21,653 | 20,110 |
| Conservation (non project specific) | 6,199 | 5,406 |
| Education | 1,139 | 1,294 |
| Public awareness | 4,329 | 3,716 |
| Cost of generating funds | 13,264 | 10,507 |
| Governance | 502 | 530 |
| Total resources expended | 47,086 | 41,563 |
| Less: | | |
| Net loss on investment asset | 1,382 | 1,495 |
| | (2,038) | 1,111 |

Removing the impact of this restatement of multi-year grants, the result for the year was a deficit of £2 million, which has been met from existing reserves.

MANAGEMENT

Changes to Management Team

Dermot Heffernan was appointed Director of Resources during the year.

GOVERNANCE REVIEW

A review was conducted by the Legal Department to examine the roles, purposes and processes of the Trustees to ensure effective governance of WWF-UK. This took account of previous governance reviews and the WWF International Green Book.

The Board of Trustees has a collective responsibility to ensure that the organisation is fit for purpose, and it consistently works to provide strategic direction to enable the charity to attain its stated goals and objectives. This governance review was designed to test procedures and practices, and if necessary recommend change, to achieve these goals.

The particular objectives were to:

- consider the current governance arrangements, structures and procedures within WWF-UK and to propose changes to those arrangements to meet the overall aim;
- ensure that governance arrangements support a strategic, strong, focused and efficient Board of Trustees;
- demonstrate to stakeholders and funders that the systems and processes in place are fit for purpose; and
- report on the level of consistency with the WWF International Green Book.

The review has found that the vast majority of governance procedures within WWF-UK are appropriate and robust. A number of recommendations were made which will further enhance the current procedures and these recommendations have been or will be put into operation in 2009.

GOVERNANCE

Structure, governance and management

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.4016725). It was founded in 1961 and was formerly known as the World Wildlife Fund.

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 mission. Most of our programmatic activity takes place overseas through local WWF operations and other partners to whom we provide grant funding. In the UK, we run other programmes either on our own or in partnership with funders and other complementary organisations and activists. In

addition, we undertake some campaigning activity to further our mission. Details of transactions with related parties are included in Note 23 to the Accounts.

The Board of WWF-UK comprises up to 14 unremunerated Trustees, as listed on page 43, who are also the directors of the company limited by guarantee. The Board is responsible for setting policy, agreeing strategy and approving major commitments based on advice from senior management, as well as the appointment of the Chief Executive. Day to day operational matters are delegated by the Board to the Chief Executive who leads a Management Team comprising principal officers.

The Board has four principal committees – a Finance and Business Committee, an Audit Committee, The Living Planet Centre Committee and a Programmes Committee. The Finance and Business Committee is responsible for reviewing WWF-UK's financial performance, and matters relating to management and organisation issues. There are two sub-committees of the Finance and Business Committee. These are the Investment Committee and the Pensions Committee. The Audit Committee is responsible for investigating and reporting on internal control systems and risk management. The Living Planet Centre Committee's purpose is to manage and oversee, until its completion, the project to build a new green exemplar headquarters building for WWF-UK. The Programmes Committee advises the Board of Trustees on strategic issues affecting conservation programmes and related activities.

In addition, the Nominations and Remuneration Committee is responsible for recommending new Trustees to the Board. In making its recommendations, this Committee takes into account the mix of skills and competencies required by WWF-UK. All new Trustees are invited to Panda House, our headquarters, for an induction to WWF-UK and the WWF Network.

This Committee is also responsible for confirming changes to payroll policies and the remuneration of the Chief Executive. Membership of all these committees is detailed on page 44 of this report.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will not continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company, this information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006, the Charities Act (1993), the Charities Accounts (Scotland) Regulations 2006 and the Charities and Trustee Investment (Scotland) Act 2005. They are also responsible for the systems of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Each person who is a director at the date of approval of this report confirms that:

(1) So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(2) The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Basis of accounts

The Report and Statements for the year ended 30 June 2009 appear in the format required by the Accounting and Reporting by Charities Statement of Recommended Practice (revised 2005). They also comply with the Companies Act 2006.

Post-balance sheet events

There are no significant post balance sheet events to report.

Environmental policy

As a direct consequence of our working activities, it is inevitable that WWF-UK has both positive and negative impacts on the environment. However, as an environmental charity, it is incumbent upon us to reduce any negative impacts to the minimum possible. We are also committed to encouraging our staff, suppliers and supporters to reduce their own negative impacts.

In that respect, we are ISO 14001 certified. ISO 14001 is 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 continual monitoring and targeted improvement.

Public Benefit

WWF-UK is a leading independent environmental charity which addresses global threats to people and nature such as climate change, and the unsustainable consumption of the world's natural resources. We do this by promoting education in nature conservation, the natural environment and the sustainable use of natural resources and ecological processes by the conservation for the public benefit of fauna and flora, water, soils and other natural resources; and the promotion and

support of scientific and educational studies, research and projects and publication of scientific and educational works.

In reviewing our charitable objects and as part of planning our future programme of work, we the Trustees of WWF-UK have taken account of the Charity Commission's guidance on public benefit. We have considered how our planned programme of work will consistently contribute to the charity's aims and objectives. Our main areas of charitable activity are detailed throughout this report.

Equal opportunities policies

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

Consultation with and provision of information to employees

The Trustees and Management Team encourage widespread consultation and exchange of information at all levels of the organisation. To comply with the requirements of the Information and Consultation (I&C) Regulations 2004 there is a formal agreement between employer and employees that has created a staff forum.

Performance management

As a result of a major review, WWF-UK has significantly altered its appraisal system to reflect a greater organisational emphasis on performance management. This system now incorporates a set of Success Factors which describe behavioural standards and the skills and knowledge we all need to effectively deliver WWF-UK's strategy. Ratings have been included to provide a clear indication of performance level, and 360-degree feedback is in use to provide a more rounded view of performance, particularly for managers. The Performance and Development Review (PDR) process, which touches on day to day performance management, as well as managing poor performance, will be online in 2010, once a major HR database upgrade has been completed.

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.

Reserves policy

The WWF-UK reserves policy, approved by the Finance and Business Committee in September 2008, is based on an assessment of risks to future income flows, and additionally identifies any funding requirements for specific initiatives. The resulting figure is then tested against current rates of expenditure to ensure it is adequate. The policy requires a minimum level of reserves so that WWF-UK can protect its programmatic expenditure in the short term from any sudden drop in income.

Although WWF-UK intends to support many of its programmes for a number of years, our reserves provide a very low level of financial cover for our activities and we rely on the continuing generosity of our various donors to ensure that we can meet our programmatic and operational obligations.

One impact of the restatement of multi-year grant commitments (referred to above in *Grant-making Policy*) is the substantial elimination of the large Negative Restricted Funds on the balance sheet, where the grant offer had been fully accounted for, but the matching income could not be accounted for in the same period.

Applying the assumptions set out in the policy, we would require free reserves of £16.8 million. As defined in the SORP, we are showing actual free reserves at June 2009 of £16.2 million (see Note 18 to the financial statements).

Investment policy

WWF-UK's investment policy is to maintain the real value of our investments and to maximise income by way of a diversified portfolio consistent with the Trustees' legal powers. This is underpinned by our socially responsible investment policy, which promotes the principles of sustainable development and improvements to the environment.

The policy was last reviewed in 2002/03, and in 2009 a review commenced to ensure that WWF-UK remains at the cutting edge of socially responsible investing. This review was completed in autumn 2009, and will be implemented in 2010.

The performance of investments is measured against appropriate benchmarks. Despite the ethical mandate and the consequent restrictions on stock selection, the long-term performance has been ahead of the composite benchmark over the last year, three years and five years.

The management of risk

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

The Trustees exercise their responsibilities through their board meetings and the meetings of their sub-committees described on page 44. The system of internal control includes:

- A new five year plan, approved by Trustees in June 2008. This strategic plan covers the aims and objectives of the organisation and is used as a basis for annual planning and quarterly progress reviews, with Trustee updates every six months.
- Annual performance targets and operating plans, with actual performance being monitored at regular intervals.

- A continuing risk management programme. The risk register is reviewed regularly during the year and updates to the register and key risks are reported to the Audit Committee. Three of the principal risks identified are:
 - Risk to income as result of the current economic environment.
 - Risk to capacity to deliver projects due to working in difficult environments.
 - Risk to reputation arising from the actions of WWF-UK or a related party.
- An internal audit programme with findings and progress reviews being reported to the Management Team and the Audit Committee.
- A scheme of delegation from the Trustees to the Chief Executive and thereon to managers in the organisation. The revised scheme delegating authority from the Trustees to the Chief Executive, approved in June 2005 and restated in January 2008, is reviewed annually.
- A governance review, which was performed by the Head of Legal in 2008/09.
- Procedures in place to monitor and evaluate the effectiveness of expenditure on conservation programmes and the achievement of outputs and outcomes.
- An environmental management system to ensure that we monitor and manage our own impact on the environment. We are strongly committed to this and we demonstrate our transparency by annually publishing our performance against the targets we have set ourselves.
- The employment of a brand manager, and a sign-off process, to ensure external products with which we are associated reflect our values and protect our reputation.
- Due diligence checks on our corporate partners.

This report was approved by the Board of Trustees on 15 December 2009 and is signed on their behalf by:

Ed Smith
Chair of the Board of Trustees

Independent Auditor's Report to the Members of WWF-UK

We have audited the group and parent company financial statements of WWF-UK for the year ended 30 June 2009 set out pages 21 to 42. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

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

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if in our opinion the information given in the Trustees' Annual Report is not consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charity's financial statements are not in agreement with those records, if we have not received all the information and explanations we require for our audit or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

Basis of opinion

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

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

Opinion

In our opinion:

the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Pesh Framjee
Senior Statutory Auditor
for and on behalf of Horwath Clark Whitehill LLP
Chartered Accountants and Statutory Auditor

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

St Bride's House
10 Salisbury Square
London EC4Y 8EH

Date: 9 February 2010

Consolidated statement of financial activities

(incorporating an income and expenditure account) for the year to 30 June 2009

| | Notes | Unrestricted funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2009 £'000 | Total 2008 £'000 |
|---|-------|--------------------------------|------------------------------|-----------------------------|------------------------|------------------------|
| Incoming resources | | | | | | |
| Incoming resources from generated funds | | | | | | |
| Voluntary income | | | | | | |
| Membership and donations from individuals | | 15,842 | 5,419 | - | 21,261 | 20,538 |
| Corporate sponsorships and donations | | 1,434 | 5,791 | - | 7,225 | 6,323 |
| Charitable trusts | | 278 | 486 | - | 764 | 984 |
| Legacies | | 7,870 | 258 | - | 8,128 | 8,786 |
| Activities for generating funds | | | | | | |
| Lottery promotions | | 349 | - | - | 349 | 322 |
| Trading activities | 16 | 827 | 100 | - | 927 | 994 |
| Investment income | 2 | 757 | 39 | - | 796 | 1,051 |
| Incoming resources from charitable activities | | | | | | |
| Aid agencies and government grants | 3 | - | 6,050 | - | 6,050 | 4,778 |
| Income from non-governmental organisations | | 112 | 818 | - | 930 | 393 |
| Total incoming resources | | 27,469 | 18,961 | - | 46,430 | 44,169 |
| Resources expended | | | | | | |
| Cost of generating funds | | | | | | |
| Costs of generating voluntary income | | | | | | |
| Membership and donations from individuals | | 5,889 | 3,942 | - | 9,831 | 7,554 |
| Corporate sponsorship and donations | | 578 | 45 | - | 623 | 468 |
| Charitable trusts | | 150 | - | - | 150 | 174 |
| Legacies | | 461 | - | - | 461 | 379 |
| Lottery promotions | | 160 | - | - | 160 | 120 |
| Fundraising trading: cost of goods sold and other costs | | 1,767 | - | - | 1,767 | 1,541 |
| Investment management fees | | 32 | - | 18 | 50 | 64 |
| Costs of raising aid agency and government grants for charitable activities | | 222 | - | - | 222 | 207 |
| Total cost of generating funds carried forward | 5 | 9,259 | 3,987 | 18 | 13,264 | 10,507 |

| | | Unrestricted Funds | Restricted Funds | Endowment Funds | Total 2009 | Total 2008 |
|---|-------|-----------------------|---------------------|--------------------|-----------------|---------------|
| | Notes | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total cost of generating funds brought forward | 5 | 9,259 | 3,987 | 18 | 13,264 | 10,507 |
| Charitable activities | | | | | | |
| Grants and project costs | 4,5 | 9,617 | 12,036 | - | 21,653 | 31,427 |
| Other conservation activities | 5 | 5,141 | 1,058 | - | 6,199 | 5,156 |
| Education | 5 | 1,109 | 30 | - | 1,139 | 1,294 |
| Public awareness | 5 | 4,312 | 17 | - | 4,329 | 3,716 |
| | | 20,179 | 13,141 | - | 33,320 | 41,593 |
| Write-back of multi-year grant commitments | 5,15 | (2,007) | (17,193) | - | (19,200) | - |
| Total cost of charitable activities | | 18,172 | (4,052) | - | 14,120 | 41,593 |
| Governance costs | 5 | 502 | - | - | 502 | 530 |
| Total resources expended | | 27,933 | (65) | 18 | 27,886 | 52,630 |
| Net income/ (expenditure) before transfers | | (464) | 19,026 | (18) | 18,544 | (8,461) |
| Gross transfers between funds | | (452) | 452 | - | - | - |
| Net income/ (expenditure) before other recognised gains and losses | | (916) | 19,478 | (18) | 18,544 | (8,461) |
| Net (loss)/gain on investment assets | | (967) | - | (415) | (1,382) | (1,495) |
| Net movement in funds | | (1,883) | 19,478 | (433) | 17,162 | (9,956) |
| Total funds brought forward | 17 | 19,200 | (11,160) | 3,085 | 11,125 | 21,081 |
| Total funds carried forward | 17 | 17,317 | 8,318 | 2,652 | 28,287 | 11,125 |

The reduction in resources expended, shown above, arises primarily from a change in the treatment of grants as explained in Note 4.

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.

Balance sheets

at 30 June 2009

| | | Group | <i>Group</i> | Charity | <i>Charity</i> |
|--|-------|----------------|--------------|----------------|----------------|
| | | 2009 | 2008 | 2009 | 2008 |
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible fixed assets | 11 | 986 | 968 | 986 | 968 |
| Investments | 12 | 8,955 | 10,348 | 8,955 | 10,348 |
| Total fixed assets | | 9,941 | 11,316 | 9,941 | 11,316 |
| Current assets | | | | | |
| Short term deposits | 12 | 12,418 | 15,027 | 12,418 | 15,027 |
| Stocks | 13 | 421 | 465 | 135 | 131 |
| Debtors | 14 | 4,723 | 3,790 | 4,962 | 4,043 |
| Cash at bank and in hand | | 5,086 | 2,449 | 4,763 | 2,426 |
| Total current assets | | 22,648 | 21,731 | 22,278 | 21,627 |
| Current liabilities | | | | | |
| Creditors: Amounts falling due within one year | 15 | (4,302) | (12,314) | (3,938) | (12,216) |
| Net current assets | | 18,346 | 9,417 | 18,340 | 9,411 |
| Total assets less current liabilities | | 28,287 | 20,733 | 28,281 | 20,727 |
| Creditors: amounts falling due after more than one year | 15 | - | (9,608) | - | (9,608) |
| Net assets | | 28,287 | 11,125 | 28,181 | 11,119 |
| Accumulated funds | | | | | |
| Endowment funds | 17 | 2,652 | 3,085 | 2,652 | 3,085 |
| Restricted funds | 17 | 8,318 | (11,160) | 8,318 | (11,160) |
| Unrestricted funds | 17 | 17,317 | 19,200 | 17,311 | 19,194 |
| Total funds | | 28,287 | 11,125 | 28,281 | 11,119 |

The financial statements were approved by the Trustees on 15 December 2009 and signed on their behalf by:

Ed Smith
Chair of the Board of Trustees

Consolidated cash flow statement

For the period ended 30 June 2009

| | | 2009 | 2008 |
|---|-------|-----------------|---------|
| | Notes | £'000 | £'000 |
| Net cash (outflow)/inflow from operating activities | 1.1 | (414) | 2,446 |
| Returns on investments and servicing of finance | 1.2 | 796 | 1,051 |
| Capital expenditure and financial investment | 1.3 | (817) | 97 |
| | | <hr/> | |
| Net cash (outflow)/inflow before use of liquid resources | | (435) | 3,594 |
| Management of liquid resources and financing | 1.4 | 3,072 | (4,338) |
| | | <hr/> | |
| Increase/(Decrease) in cash | | 2,637 | (744) |
| | | <hr/> | |
| Reconciliation of net cash flow to movement in net funds | | | |
| | | 2009 | 2008 |
| | | £'000 | £'000 |
| | | <hr/> | |
| Increase/(decrease) in cash at bank and in hand in the year | | 2,637 | (744) |
| (Decrease)/increase in cash on short-term deposit | | (2,609) | 3,913 |
| | | <hr/> | |
| Change in net cash arising from cash flows | | 28 | 3,169 |
| Net funds brought forward 30 June 2008 | | 17,476 | 14,307 |
| | | <hr/> | |
| Net funds carried forward 30 June 2009 | 1.5 | 17,504 | 17,476 |
| | | <hr/> | |
| 1.1 Reconciliation of incoming/(outgoing) resources to net cash (outflow)/inflow from operating activities | | | |
| Net incoming/(outgoing) resources before other recognised gains and losses | | 18,544 | (8,461) |
| Investment income received | 2 | (796) | (1,051) |
| Depreciation on fixed assets | 11 | 347 | 315 |
| Decrease/ (increase) in stocks | | 44 | (265) |
| (Increase) in debtors | | (933) | (108) |
| (Decrease)/increase in creditors | | (17,620) | 11,838 |
| Difference in unrealised gain/loss on investment | | - | 178 |
| | | <hr/> | |
| Net cash inflow from operating activities | | (414) | 2,446 |
| | | <hr/> | |
| 1.2 Returns on investments and servicing of finance | | | |
| Investment income received | | 265 | 246 |
| Interest received | | 531 | 805 |
| | | <hr/> | |
| | | 796 | 1,051 |
| | | <hr/> | |

Consolidated cash flow statement for the year continued

| | 2009 | 2008 | |
|---|----------------|-----------|---------------|
| | £'000 | £'000 | |
| 1.3 Capital expenditure and financial investment | | | |
| Purchase of tangible fixed assets | (365) | (151) | |
| Acquisition of fixed asset investments | (1,709) | (2,408) | |
| Disposal of fixed asset investments | 1,257 | 2,656 | |
| | (817) | 97 | |
| 1.4 Management of liquid resources and financing | | | |
| Decrease/ (increase) in cash held for investment | 463 | (425) | |
| Decrease/ (increase) in cash on short-term deposit | 2,609 | (3,913) | |
| | 3,072 | (4,338) | |
| | At 1 | Cash | |
| | July | flow | |
| | 2008 | 2009 | |
| | £'000 | £'000 | |
| 1.5 Analysis of net funds | | | |
| Cash at bank and in hand | 2,449 | 2,637 | 5,086 |
| Cash on short-term deposit | 15,027 | (2,609) | 12,418 |
| Total | 17,476 | 28 | 17,504 |

Notes to the Accounts

1 ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, with the exception of listed investments which are included on a market value basis. The accounts have been prepared in accordance with Accounting and Reporting by Charities Statement of Recommended Practice (revised 2005), 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 and have been applied consistently throughout the current and preceding years.

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.

The charity has availed itself of paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone, as permitted by the Companies Act 2006 and paragraph 397 of the 2005 SORP, but total income and expenditure is given in Note 17.

Fund accounting

- **Unrestricted funds**

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

- **Restricted funds**

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

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

- **Negative restricted funds**

These were created by the recognition of multi-year grant commitments in our expenditure where associated income offers could not be recognised as WWF-UK was not entitled to this income unless certain conditions were met. Following the change in treatment of multi-year grants as outlined in Note 4, Negative Restricted Funds have been substantially eliminated.

- **Endowment funds**

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

Incoming resources

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

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

Legacy, residuary legacy entitlement is taken as the earlier of cash being received or estate accounts being settled. Pecuniary legacy is recognised as income on notification.

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

Income from investments is included gross.

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

Resources expended

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

Costs of generating funds are primarily those incurred in seeking voluntary contributions and other income, but also include an element of raising the charity's public profile in the context of the issues with which it deals.

In line with WWF-UK's strategic objectives, grants are made to partners in the WWF Network and to other conservation organisations. Although we would wish to guarantee funding for our conservation programmes over a longer period in the light of economic uncertainty, this commitment has been reduced to 12 months only. We have also made our grants performance-related, with mid term reviews, when previously they had been categorised as non-performance related. Although future years funding is indicated, the commitment is for annual funding only, and Grant expenditure is adjusted to reflect the amount due at year end. The full commitment of the grant is noted on Note 21.

Governance costs relate to the organisational administration in compliance with constitutional and statutory requirements.

Foreign currencies

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

Tangible fixed assets and depreciation

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

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

| | |
|--------------------------|--|
| Motor vehicles | 25.0% (4 years) 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 | 10.0-20.0% (depending on lease term) |
| Contacts database system | 14.3% (7 years) on a straight line basis |

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

Investments

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

The policy is to keep valuations up to date, so that when investments are sold there is no realised gain or loss arising. As a result the Statement of Financial Activities does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings, as they are together treated as changes in the value of the investment portfolio throughout the year.

Stocks

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

Operating leases

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

Pensions

WWF-UK administers a group pension plan as well as a stakeholder pension plan for its employees. Both of these are defined contribution schemes. Payments made by the charity on behalf of individual employees are charged to the Consolidated Statement of Financial Activities as incurred.

2 INVESTMENT INCOME

| | 2009 | 2008 |
|------------------------------|--------------|-------|
| | £'000 | £'000 |
| Dividends and fixed interest | 265 | 246 |
| Bank interest | 527 | 800 |
| Rent received | 4 | 5 |
| | 796 | 1,051 |

3 AID AGENCIES AND GOVERNMENT GRANTS

| | 2009 | 2008 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Grants from aid agencies and governments include funds from: | | |
| Department for International Development | | |
| Partnership Programme Agreement | 4,223 | 3,587 |
| Partnership Programme Agreement – Global deal | 550 | - |
| DFID Non-PPA Funding | 175 | 117 |
| Department for Environment, Food and Rural Affairs (Defra) | | |
| Romania Medicinal Plants | - | 1 |
| Papua New Guinea integrated river basin management: Sepik River | - | 18 |
| Community management, Kangchenjunga, Nepal | 44 | 7 |
| Community sustainable living | - | 45 |
| Marine Protected Areas, Solomon Islands | 28 | 7 |
| European Union | | |
| Pakistan, tackling poverty in coastal community project | - | 5 |
| UK Ravine WoodLIFE | 67 | 22 |
| Papua New Guinea community development and resource conservation in Transfly | 103 | 88 |
| Water Thirsty Crops, Pakistan | 128 | 166 |
| Great Ruaha River Programme, Tanzania | 181 | 281 |
| Reducing Poverty in Rufiji/Mafia/Kilwa | 156 | - |
| Water Thirsty Crops, India | 12 | 158 |
| Research & Action for Sustainable Consumption Production | 44 | - |
| SWITCH Asia – Sustainable & responsible trade promoted to wood processing SMEs | 163 | - |
| Scottish Executive | | |
| Scotland Climate Change Project | - | 10 |
| Local Footprints | 59 | 38 |
| Clyde MSC | 1 | 13 |
| Other | - | 10 |
| Department of the Environment, Northern Ireland | | |
| Towards Reducing our Ecological Footprint, Co Armagh | 106 | 127 |
| Department for Education and Skills | | |
| Sustainable Schools in the UK | - | 26 |
| Other agencies | 54 | - |
| Leading Sustainable Schools National College for School Leadership | - | 9 |
| Grants over-provided in previous years | | |
| Mexico Forests | (44) | 48 |
| Others | | (5) |
| Total | 6,050 | 4,778 |

4 GRANT AND PROJECT COSTS

Individual conservation projects and grants are grouped as Programmes that reflect our key conservation priorities. Grants are made to institutions in the UK and internationally, to WWF International and to independent programme offices managed either by WWF International, WWF-US, or other partners. This information is normally the basis of reporting to donors, including government agencies. Although we would wish to guarantee funding for our conservation programmes over a longer period in the light of economic uncertainty, this commitment has been reduced to 12 months only. We have also made our grants performance-related, with mid term reviews, when previously they had been categorised as non-performance related. The impact of this change is explained in the table on page 12.

| Programme | 2009 | 2008 |
|--|---------------|---------------|
| Organisation | £'000 | £'000 |
| Namibia Programme | 752 | 839 |
| WWF International | | |
| WWF Network Support | 3,964 | 3,400 |
| WWF Network | | |
| The Climate Partnership – China Programme | 1,891 | 5,850 |
| The Climate Partnership – Brazil Programme | 874 | 4,452 |
| The Climate Partnership – India Programme | 289 | 1,789 |
| The Climate Partnership – US Programme | 211 | 500 |
| Climate Change – Global Deal | 198 | - |
| Colombia Programme | 610 | 1,642 |
| Species Conservation Programme | 931 | 1,600 |
| Eastern Himalayas Programme | 554 | 706 |
| Forests of New Guinea Programme | 488 | 521 |
| East Africa Marine Programme | - | 500 |
| East Africa Coastal Forests Programme | 370 | 410 |
| East Africa Freshwater Programme | 345 | - |
| East Africa Coastal Programme | 211 | - |
| Heart of Borneo Programme | 197 | 293 |
| Amazon Network Initiatives | 454 | 356 |
| Mexico Forests Programme | 509 | - |
| WWF-UK | | |
| International development and governance | 330 | - |
| Other projects – aggregated | 3,841 | 2,477 |
| Wildlife Trade | 169 | - |
| Forest & Trade and Policy Programme | 285 | - |
| Total amount due on programmes and projects | 17,473 | 25,335 |
| Other projects undertaken directly | 2,747 | 5,409 |
| Total Grants and Projects (Note 5) | 20,220 | 30,744 |
| Support Costs (Notes 5,6) | 1,433 | 683 |
| Total amount due on programmes and projects | 21,653 | 31,427 |

5 RESOURCES EXPENDED

| | Activities undertaken directly | Grant funding of activities | Support costs (note 5) | Total 2009 | Total 2008 |
|--|--------------------------------------|-----------------------------------|------------------------------|-----------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Species | 19 | 2,777 | 47 | 2,843 | 3,632 |
| Freshwater | 690 | 4,798 | 179 | 5,667 | 14,537 |
| Forests | 223 | 3,149 | 368 | 3,740 | 3,574 |
| Climate Change | 332 | 540 | 275 | 1,147 | 994 |
| Marine | 175 | 1,128 | 202 | 1,505 | 1,299 |
| Network Support and Capacity Building | 303 | 4,267 | 353 | 4,923 | 4,341 |
| Global Policy | 375 | 610 | 6 | 991 | 1,047 |
| Campaigns and UK Social Change | 630 | 204 | 3 | 837 | 1,753 |
| Total grants and project costs | 2,747 | 17,473 | 1,433 | 21,653 | 31,177 |
| Conservation (non project specific) | 5,180 | 50 | 969 | 6,199 | 5,406 |
| Education | 876 | - | 263 | 1,139 | 1,294 |
| Public awareness | 3,705 | - | 624 | 4,329 | 3,716 |
| Cost of generating funds | 12,028 | - | 1,236 | 13,264 | 10,507 |
| Governance | 502 | - | - | 502 | 530 |
| Sub Total | 25,038 | 17,523 | 4,525 | 47,086 | 52,630 |
| Write-back of Multi-year grant commitments | - | (19,200) | - | (19,200) | - |
| Total Resources Expended | 25,038 | (1,677) | 4,525 | 27,886 | 52,630 |

The grant funding amount of £17.5 million shown above includes payments made in the year of £7.95 million that relate to awards made in prior years. This amount has been included in the write-back of £19.2 million.

6 SUPPORT COSTS

| | Management & Finance | Human Resources | Information Technology | Premises & Facilities | Total 2009 | Total 2008 |
|--------------------------------|-------------------------|--------------------|---------------------------|--------------------------|-----------------------|---------------|
| | £000 | £000 | £'000 | £'000 | £'000 | £'000 |
| Total grants and project costs | 654 | 138 | 237 | 404 | 1,433 | 683 |
| Conservation | 177 | 140 | 241 | 411 | 969 | 792 |
| Education | 40 | 39 | 68 | 116 | 263 | 294 |
| Public awareness | 94 | 94 | 161 | 275 | 624 | 578 |
| Cost of generating funds | 187 | 185 | 319 | 545 | 1,236 | 1,131 |
| | 1,152 | 596 | 1,026 | 1,751 | 4,525 | 3,478 |

Basis for the support cost allocation

All central support costs are allocated on the basis of the full-time equivalent head count in each area.

Notes to the accounts continued

7 GOVERNANCE COSTS

Governance costs include internal and external audit costs, Trustees' expenses and a proportion of the costs of the offices of the Chief Executive and Director of Resources.

8 STAFF COSTS

| | 2009 | 2008 |
|-----------------------|---------------|--------|
| | £'000 | £'000 |
| Wages and salaries | 10,448 | 9,335 |
| Social Security costs | 1,081 | 969 |
| Pension costs | 853 | 630 |
| | 12,382 | 10,934 |

In addition, the cost of temporary staff in the year was £167,810 (2007/08: £249,998). The cost of redundancies was £302,000 in 2009 and there was no equivalent amount in 2008.

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

| | 2009 | 2008 |
|----------------------|---------------|--------|
| | Number | Number |
| £60,001 to £70,000 | 3 | 2 |
| £70,001 to £80,000 | 2 | 1 |
| £80,001 to £90,000 | 1 | 2 |
| £90,001 to £100,000 | 1 | - |
| £100,001 to £110,000 | - | - |
| £110,001 to £120,000 | 1 | 1 |
| Total | 8 | 6 |

Pension contributions for the eight highest paid employees amounted to £58,983 in the year (2007/08: £35,164).

Pension contributions to the stakeholder pension scheme for the organisation amounted to £881,215 in the year (2007/08: £629,732). There were no outstanding or prepaid amounts at the year end.

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

| | 2009 | 2008 |
|------------------------|---------------|--------|
| | Number | Number |
| Charitable activities | 170 | 152 |
| Generating funds | 82 | 87 |
| Support and governance | 54 | 50 |
| | 306 | 289 |

9 TRUSTEES' REMUNERATION AND EXPENSES

No Trustee has received any remuneration from WWF-UK during the year (2007/08: nil). Expenses totalling £4,220 (2007/08: £7,385) were reimbursed to four Trustees (2007/08: five Trustees) for travel costs incurred in attending meetings.

During the year the charity paid £1,680 (2007/08: £1,680) in respect of Trustees' indemnity insurance on behalf of the Trustees.

10 NET INCOMING RESOURCES FROM OPERATIONS

| | 2009 | 2008 |
|--|--------------|------------|
| | £'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 charities annual accounts | 27 | 25 |
| Fees payable to the charity's auditors for the audit of projects | - | 18 |
| Fees payable to the charity's auditors for the audit of the charities subsidiaries pursuant to legislation | 22 | 18 |
| Total audit fees | <u>49</u> | <u>61</u> |
| Taxation | - | - |
| Total non-audit fees | <u>-</u> | <u>-</u> |
| Depreciation of tangible fixed assets | 345 | 315 |
| Operating lease rentals: | | |
| Plant and machinery | 41 | 60 |
| Other | 648 | 650 |
| Total operating lease rental | <u>689</u> | <u>710</u> |
| Unrealised loss on foreign exchange translation * | 23 | 1,183 |

* The unrealised losses on foreign exchange are not comparable across the two reporting years. With the change in accounting treatment for multi-year grants in FY09, we are no longer separating foreign exchange gains or losses from the cost of making the grant payment.

11 TANGIBLE FIXED ASSETS FOR USE BY THE CHARITY

| GROUP AND CHARITY | Freehold | Leasehold improvements | Office furniture and equipment | Contacts database system | Total |
|------------------------------------|------------|---------------------------|-----------------------------------|--------------------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | | |
| At 30 June 2008 | - | 805 | 671 | 1,206 | 2,682 |
| Additions in the year | 207 | 59 | 99 | - | 365 |
| Disposal in the year | - | - | - | - | - |
| Equipment recycled | - | - | (2) | - | (2) |
| At 30 June 2009 | 207 | 864 | 768 | 1206 | 3,045 |
| Depreciation | | | | | |
| At 30 June 2008 | - | 452 | 545 | 717 | 1,714 |
| Charge for the year | - | 111 | 53 | 183 | 347 |
| Depreciation on disposal | - | - | - | - | - |
| Depreciation on equipment recycled | - | - | (2) | - | (2) |
| At 30 June 2009 | - | 563 | 596 | 900 | 2,059 |
| Net book value | | | | | |
| At 30 June 2009 | 207 | 301 | 172 | 306 | 986 |
| At 30 June 2008 | - | 353 | 126 | 489 | 968 |

12 INVESTMENTS

| GROUP AND CHARITY | 2009 | 2008 |
|--|--------------|---------|
| | £'000 | £'000 |
| Fixed Asset Investments | | |
| Market value at 1 July | 9490 | 11,411 |
| Additions at cost | 1,709 | 2,408 |
| Disposals at cost | (1,257) | (2,656) |
| Net (loss)/gain on revaluation of investment portfolio | (1,382) | (1,673) |
| Market value at 30 June 2009 | 8,560 | 9,490 |
| Cash balances | 395 | 858 |
| Total market value at 30 June 2009 | 8,955 | 10,348 |
| Cost at 30 June | 8,558 | 8,917 |

Note 12 Investments continued

| | 2009 | 2008 |
|-----------------------------------|--------------|--------|
| Portfolio distribution | £'000 | £'000 |
| UK fixed interest | 1,577 | 812 |
| UK equities | 3,457 | 4,696 |
| Overseas equities | 3,238 | 3,632 |
| Overseas fixed interest | 192 | 223 |
| Unit trusts | 96 | 127 |
| Cash funds | 395 | 858 |
| Investment portfolio total | 8,955 | 10,348 |

| Restriction analysis | | |
|-----------------------------|--------------|--------|
| Endowment funds | 2,652 | 3,085 |
| Unrestricted funds | 6,303 | 7,263 |
| | 8,955 | 10,348 |

Holdings over 5%

Newton MFM Continental European Sterling Overseas equities represented 11% of the investment portfolio at 30 June 2009.

Newton Investment Management Ltd, acting as agent on behalf of WWF-UK, has appointed The Bank of New York Mellon Asset Management Company as custodian and safe keeper of the Group's investments.

Current asset investment

Current asset investment was represented by short-term deposits.

13 STOCKS

Stocks consist of finished goods for resale held by both the charity and the subsidiary company, WWF-UK (World Wide Fund For Nature) Trading Limited.

14 DEBTORS

| | Group | Group | Charity | Charity |
|--|--------------|-------|----------------|---------|
| | 2009 | 2008 | 2009 | 2008 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts due within one year: | | | | |
| Trade debtors | 344 | 235 | 289 | 128 |
| Amounts due from WWF-UK (World Wide Fund For Nature) Trading Limited | - | - | 352 | 457 |
| Other debtors | 1,496 | 1,479 | 1,496 | 1,479 |
| Prepayments and accrued income | 2,883 | 2,076 | 2,825 | 1,979 |
| | 4,723 | 3,790 | 4,962 | 4,043 |

15 CREDITORS

| | Group | Group | Charity | Charity |
|--------------------------------------|--------------|--------|----------------|---------|
| | 2009 | 2008 | 2009 | 2008 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts falling due within one year: | | | | |
| Trade creditors | 1,539 | 1,424 | 1,506 | 1,352 |
| Grant outstanding | 51 | 9,592 | 51 | 9,592 |
| PAYE & National Insurance | 326 | 287 | 326 | 287 |
| Other creditors | 118 | 158 | 85 | 157 |
| Accruals | 1,071 | 650 | 1,010 | 625 |
| Deferred income | 1,197 | 203 | 960 | 203 |
| | 4,302 | 12,314 | 3,938 | 12,216 |
| Amounts falling due after one year: | | | | |
| Grant commitments | - | 9,608 | - | 9,608 |
| Total Creditors | 4,302 | 21,922 | 3,938 | 21,824 |

The change in Grant outstanding and Grant commitments > 1 year figures reflects the impact of our changes to our grant-making policies in 2009 and the reversion to offering annual performance-related grants rather than non performance-related multi-year grants, as explained in Note 4.

15 (a) Grant outstanding reconciliation

| | Group | Group | Group | Group |
|---|-----------------|-----------------|----------|--------|
| | 2009 | 2009 | 2008 | 2008 |
| | £'000 | £'000 | £'000 | £'000 |
| Grant commitments brought forward | | 19,200 | | 7,359 |
| New grant offered | 17,546 | | 27,261 | |
| Grant paid | (17,495) | | (15,420) | |
| Net movement in the year | | 51 | | 11,841 |
| Write-back multi-year grant commitment (see Note 5) | | (19,200) | | - |
| Grant commitments carried forward | | 51 | | 19,200 |
| Amounts due within a year | | 51 | | 9,592 |
| Amounts due over a year | | - | | 9,608 |

15 (b) Movement – Deferred income

| | At 1 July | | | At 30 |
|------------------------------|------------------|---------|---------|--------------|
| | 2008 | Receipt | Charges | June |
| | £'000 | £'000 | £'000 | 2009 |
| | £'000 | £'000 | £'000 | £'000 |
| Corporate sponsorship income | - | 412 | (100) | 312 |
| Refurbishment reimbursement | 37 | - | (9) | 28 |
| Projects | 156 | 750 | (156) | 750 |
| Staff secondments | - | 73 | - | 73 |
| Others | 10 | 34 | (10) | 34 |
| | 203 | 1,269 | (275) | 1,197 |

16 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 owned by WWF-UK.

The main activities of the company are the sale of environmentally friendly products and other goods, running lotteries, receiving licensing and sponsorship income and miscellaneous trading activities.

The aggregate assets of the subsidiary company were £720,760 (2007/08: £560,685) and the aggregate liabilities were £714,472 (2007/08: £554,397), resulting in shareholders' funds of £6,288 (2007/08: £6,288).

The taxable profits earned by the company are donated to WWF-UK and in the current year amounted to £513,978 (2007/08: £1,029,422).

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

| | 2009 £'000 | 2008 £'000 |
|---|---------------|---------------|
| Profit and Loss Account: | | |
| Catalogue and retail sales | 927 | 994 |
| Corporate sponsorship and licensing income | 1,365 | 1,571 |
| Turnover | 2,292 | 2,565 |
| Cost of sales | (998) | (690) |
| Gross profit | 1,294 | 1,875 |
| Distribution costs | (338) | (358) |
| Administrative expenses | (450) | (502) |
| Operating profit | 506 | 1,015 |
| Interest receivable | 8 | 14 |
| Profit on ordinary activities before and after taxation | 514 | 1,029 |
| Donation to WWF-UK | (514) | (1,029) |
| Retained result for the financial year | - | - |
| Retained profit brought forward | 6 | 6 |
| Retained profit carried forward | 6 | 6 |

17 GROUP STATEMENT OF FUNDS

| | At 1 July 2008 £'000 | Incoming Resources £'000 | Outgoing Resources £'000 | Multi yr grant write back £'000 | Transfers between Funds £'000 | Net gains & (losses) £'000 | At 30 June 2009 £'000 |
|--|-------------------------------|--------------------------------|--------------------------------|--|--|----------------------------------|--------------------------------|
| Kleinwort Endowment Fund | 1,757 | - | (10) | - | - | (236) | 1,511 |
| Willingdon Memorial Fund | 1,328 | - | (8) | - | - | (179) | 1,141 |
| Total Endowment funds | 3,085 | - | (18) | - | - | (415) | 2,652 |
| Rhinos | 48 | 355 | (800) | 373 | 40 | - | 16 |
| DFID – Regional Assistance Plan | 383 | - | - | - | (383) | - | - |
| Standard Chartered Bank | 510 | - | (178) | - | - | - | 332 |
| Amazon | 492 | (4) | (308) | 5 | - | - | 185 |
| Primates | 339 | 554 | (902) | 217 | - | - | 208 |
| Marks & Spencer Ethical & Eco Programmes | 210 | 303 | (290) | - | - | - | 223 |
| Other Broadly Restricted Funds | 516 | 1,034 | (826) | 19 | (21) | - | 722 |
| Other Project Restricted | 803 | 1,764 | (1,572) | 53 | 124 | - | 1,172 |
| HSBC Climate Partnership | (9,448) | 4,654 | (4,059) | 11,486 | - | - | 2,633 |
| Endangered/Vanishing Species | (546) | 1,208 | (1,199) | 381 | 165 | - | 9 |
| DFID – Responsible Wood | (280) | 375 | (230) | 105 | 109 | - | 79 |
| Procurement China/GAA | | | | | | | |
| Pandas | (93) | 244 | (466) | 535 | - | - | 220 |
| EC India Thirsty crops | (283) | 12 | - | - | 468 | - | 197 |
| EC Ruaha Programme, Tanzania | (228) | 181 | (265) | 394 | - | - | 82 |
| European Commission – Other | (226) | 59 | - | 90 | 201 | - | 124 |
| Tigers | (450) | 812 | (989) | 632 | - | - | 5 |
| DFID | (3,203) | 4,223 | (3,816) | 2,349 | 1,340 | - | 893 |
| DFID – Global deal | - | 550 | - | - | - | - | 550 |
| Barclays – preserving E. Africa resources & Livelihoods | - | 497 | (120) | - | - | - | 377 |
| Hosting staff costs | - | 551 | (547) | - | - | - | 4 |
| Forests | - | 230 | (305) | 59 | 16 | - | - |
| Elephants | 171 | 236 | - | 100 | (435) | - | 72 |
| EC Pakistan Thirsty crops | 150 | 128 | - | 368 | (509) | - | 137 |
| HSBC – Climate P/Ship sponsorship | 117 | 216 | - | - | (333) | - | - |
| EC Others | 61 | 431 | - | 1 | (330) | - | 163 |
| Multi-year projects discounted | 600 | - | - | (600) | - | - | - |
| EC Sepik Livelihoods, Papua New Guinea | (514) | - | (125) | 626 | - | - | (13) |
| Other Broadly Restricted Project | (289) | 348 | (131) | - | - | - | (72) |
| Total Restricted Funds | (11,160) | 18,961 | (17,128) | 17,193 | 452 | - | 8,318 |
| Unrestricted Funds | 19,200 | 27,469 | (29,940) | 2,007 | (452) | (967) | 17,317 |
| Total Funds | 11,125 | 46,430 | (47,086) | 19,200 | - | (1,382) | 28,287 |

Note 17 Group Statement of Funds continued

| | 2009 | 2008 |
|------------------------------------|--------------|----------|
| | £'000 | £'000 |
| Restricted fund split into: | | |
| Positive Restricted Fund | 8,403 | 3,508 |
| Negative Restricted Fund | (85) | (14,668) |
| Total Restricted Fund | 8,318 | (11,160) |

Permanent endowments

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

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

Restricted funds

Restricted funds are grants and donations given for specific purposes: these may be project-specific or more broadly restricted to a theme or country. Other Restricted Funds consolidates all restricted funds where neither income nor expenditure exceeds £300,000.

Negative restricted funds were created by the recognition of multi-year grant commitments in our expenditure, where associated income offers could not be recognised as WWF-UK was not entitled to this income unless certain conditions were met. Following the change in treatment of multi-year grants, Negative Restricted Funds have been substantially eliminated.

Charity Statement of Financial Activities (SOFA)

The total income of the charity in 2009 was £44.1 million (2007/08: £41.6 million) and total expenditure was £26.1 million (2007/08: £51.1 million). The seemingly significant reduction in expenditure is due to the impact of the change in accounting treatment of multi-year grant commitments, which has led to a £19.2 million grant credit in the 2009 accounts. This is the amount of grant funding for the period after 30 June 2008 that had previously been accounted for as non performance related multi-year grants. WWF-UK has reverted to accounting for its grants as annual, performance-related grants. The actual expenditure for 2009 was £45.3 million.

18 ANALYSIS OF GROUP ASSETS AND LIABILITIES BETWEEN FUNDS

| | Unrestricted Funds | Restricted Funds | Endowment Funds | Total 2009 | Total 2008 |
|-----------------------|-----------------------|---------------------|--------------------|-----------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Tangible assets | 986 | - | - | 986 | 968 |
| Investments | 6,303 | - | 2,652 | 8,955 | 10,348 |
| Fixed assets | 7,289 | - | 2,652 | 9,941 | 11,316 |
| Current assets | 12,496 | 10,152 | - | 22,648 | 21,731 |
| Current liabilities | (2,468) | (1,834) | - | (4, 302) | (12,314) |
| Long-term liabilities | - | - | - | - | (9,608) |
| Net Assets | 17,317 | 8,318 | 2,652 | 28,287 | 11,125 |

| | | 2009 | 2008 |
|---|-------|---------------|----------|
| | Notes | £'000 | £'000 |
| As part of the above funds, free reserves are calculated as being: | | | |
| Total unrestricted funds | 18 | 17,317 | 19,200 |
| Less: | | | |
| Tangible fixed assets | 18 | (986) | (968) |
| Negative restricted fund | 17 | (85) | (14,668) |
| Total Free reserves | | 16,246 | 3,564 |

19 OPERATING LEASE COMMITMENTS

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

| | 2009 | 2009 | 2008 | 2008 |
|----------------------------|-------------------------------|----------------------------------|-----------------------|----------------------|
| | Land and buildings | Plant & Machinery | Land and buildings | Plant & Machinery |
| | £'000 | £'000 | £'000 | £'000 |
| Leases which expire: | | | | |
| - within one year | 15 | - | 15 | - |
| - within two to five years | 480 | 27 | 535 | 27 |
| - after five years | 26 | - | 26 | - |
| | 521 | 27 | 576 | 27 |

20 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 charities final entitlement has not yet been established by the executors. The initial indicated values for individual legacies estimated to be in excess of £200,000 amount to a total of £2,436,169 (2008: £481,428).

21 OUTSTANDING GRANT AWARDS

WWF-UK aims to continue to provide funding to a number of programmes and projects subject to the delivery of contractual obligations and the availability of sufficient funds. At the end of the year, the amount of grants outstanding amounted to £20,767,000 and did not extend beyond June 2013.

22 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 value of indemnities provided over the last three financial years, for receipts in excess of £25,000, amounted to £558,519 (2008: £441,333).

23 RELATED PARTY TRANSACTIONS

The Chairman of WWF-UK, Ed Smith, is also a Trustee of WWF International and a member of the WWF International Audit Committee. The Trustees of WWF-UK are required to appoint a Trustee to the Iris Darnton Foundation as per that Foundation's Trust Deed.

Camilla Toulmin, a former Trustee, served as the Director of the International Institute for Environment & Development (IIED) during the year.

The Chief Executive, David Nussbaum, and the Deputy Director of Programmes, Oliver Smith, serve as Trustees of the Alliance of Religion and Conservation. Oliver Smith is also a Trustee of ChemTrust.

A member of staff has declared that her partner is the Chairman of ChemTrust.

In addition, a member of staff is a Trustee of the Rufford Small Grants Foundation and another is a Trustee of The Environment Council.

The aggregate amount of the company's trade with these organisations amounted to:

| | 2009 | 2008 |
|---|-------|--------|
| | £'000 | £'000 |
| WWF International, including Programme Offices under its direct control | | |
| Funds provided and expenditure in respect of institutional development, communications and public awareness | 7,633 | 11,538 |
| Grants received | - | 89 |
| Amounts due from the above included in trade debtors | - | 57 |
| Amounts due to the above included in trade creditors | - | 2 |

Note 23 RELATED PARTY TRANSACTIONS continued

| | 2009 | 2008 |
|---|--------------|-------|
| | £'000 | £'000 |
| Alliance of Religion and Conservation (ARC) | | |
| Funds provided | 158 | 75 |
| ChemTrust | | |
| Funds provided | 50 | 200 |
| International Institute for Environment & Development (IIED) | | |
| Funds provided | - | 80 |
| Rufford Small Grants Foundation | | |
| Funds received | - | 306 |
| Iris Darnton Foundation | | |
| Funds received | - | 30 |
| The Environment Council | | |
| Funds provided | - | 191 |

WWF-UK has taken the exemption given by Financial Reporting Standard 8, Related Party Disclosures, from disclosing transactions with subsidiaries.

24 TAXATION

WWF-UK is a registered charity and as such is 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 remits by Gift Aid any taxable profit to WWF-UK.

25 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 its being wound up.

WWF-UK CORPORATE DIRECTORY

The information shown below is that pertaining between 1 July 2008 and 15 December 2009, the date of signing the accounts.

Board of Trustees and Directors

Ed Smith (Chair)

Colin Day *

Dr David Bryer

Rita Clifton

Professor Ian Diamond

Bernard Donoghue

David Gregson

Professor Kathy Willis

Professor David Macdonald

John Manktelow

Dr Valentin von Massow

Alberto Piedra

David Taylor-Smith MBE

Dr Camilla Toulmin (resigned 30 June 2009)

* Colin Day was re-appointed as a Trustee on 26 March 2009 and retains the role of Treasurer.

Company Secretary

Susan Gent

The following, who are not Trustees, hold honorary positions:

HRH Princess Alexandra, The Hon Lady Ogilvy KG, GCVO (President)

The Rt Hon Lord Buxton MC, DL (Vice-President) (obit 1 September 2009)

Sir Martin Laing CBE (Trustee Emeritus)

The Hon Mrs Sara Morrison (Trustee Emeritus)

Sir Arthur Norman KBE, DFC (Trustee Emeritus)

Current Membership of Committees

Finance and Business Committee

Ed Smith (Chair)
Nicholas Brett
Colin Day
John Manktelow
Alberto Piedra
David Taylor-Smith MBE
Charles Wilson (retired 5th March 2009)
David Gregson
Dr Valentin von Massow
Mark Chambers (appointed October 2008)

Audit Committee

John Manktelow (Chair)
Colin Day
Patrick Oram
Jeff Phillips

Investment Sub-Committee

Colin Day (Chair)
Simon Rivett-Carnac

Living Planet Centre Committee – formerly known as the Green HQ Committee

Mark Chambers (Chair) (appointed 26 March 2009)
John Manktelow

Programme Committee

Professor Ian Diamond (Chair)
Professor Andrew Balmford
Mike Barry
Dr Steve Bass
Dr Steve Broad
Dr David Bryer
Ian Christie
Dr Charlotte Grezo
Professor David Macdonald
Dr Helen Marquard

Dr Ros Wade
Professor Kathy Willis

Pensions Sub-Committee

Colin Day (Chair)
Melanie Burnip (resigned February 2009)
Brian Jackson (appointed March 2009)
Mark Hathaway
John Manktelow
Nikki Robinson (Staff representative)

Nominations & Remuneration Committee

Ed Smith (Chair)
Colin Day
Bernard Donoghue

Rita Clifton

Corporate Management Team/Principal Officers

| | |
|-------------------------------|--|
| Chief Executive | David Nussbaum |
| Director of Resources | Dermot Heffernan (appointed March 2009, in position 22 June 2009) |
| | Stephen Perkins (interim contract, 1 December to 19 June 2009) |
| | Caroline Emerton (resigned 30 November 2008) |
| Director of Communications | Winnie De'Ath |
| Director of Campaigns | David Norman |
| Director of Fundraising | Tobin Aldrich |
| Director of Programmes | Dr Glyn Davies |
| Deputy Director of Programmes | Oliver Smith |

Principal Professional Advisers

| | |
|---------------------|--|
| Bankers | The Co-operative Bank, London City Office 80 Cornhill London EC3V 3NJ |
| Auditors | Horwath Clark Whitehill LLP St. Bride's House 10 Salisbury Square London EC4Y 8EH |
| Solicitors | Barlow Robbins The Oriel Sydenham Road Guildford Surrey GU1 3SR |
| Investment Managers | Newton Investment Management Ltd, London 160 Queen Victoria Street London EC4V 4LA |