



Conservation Climate change Sustainability

WWF-UK's Annual Report and Financial Statements

30 June 2012

WWF-UK: Registered charity number in England 1081247 and in Scotland SC039593. A company limited by guarantee. Registered number 4016725
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Report of the Board of Trustees and Directors For the year ended 30 June 2012

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:

- key examples of our work around the world and in the UK
- a review of activities to achieve objectives
- our focus for next year
- financial review
- management
- governance

INTRODUCTION

WWF-UK believes in a world with a future in which people and nature thrive. Our worldwide conservation work therefore focuses on long-term, large-scale programmes 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 on the ground and pursue policy initiatives at regional, UK, EU and global levels to promote responsible governance of the world's natural resources. Currently, this work is largely undertaken through the following 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 governments, businesses, communities, schools and others, this strategic plan has served us well in tackling the increasingly critical environmental challenges facing people and nature.

However, we recognise that the world is changing – in particular, that many of the most important decisions are increasingly being taken in the new emerging economies of the world – and that we need to reshape our organisation accordingly. We have therefore agreed on a new strategic direction that reflects this new reality and which will enable us to achieve more than ever before. We are currently in the process of renewing our strategy for the next five years, ready for full implementation in 2013.

Our new strategy will help us influence the decisions that most affect the natural world. It will ensure that our people, processes and infrastructure are fully equipped to meet this challenge. It will also enable us to work even more closely with WWF's other national offices on global initiatives agreed with our international network – helping our highly-respected organisation to reach its full potential.

Looking back on the past year, we believe that the achievements outlined in this annual report have helped lay firm foundations for our vital conservation efforts in the coming, crucial years. And, looking forward, we are inspired by the challenges ahead.

KEY EXAMPLES OF OUR WORK

Safeguarding the natural world

Protecting the Amazon

Our Sky Rainforest Rescue partnership with Sky, which aims to help save one billion trees in the Brazilian Amazon, continued working with the Acre state government and local communities to make the trees worth more alive than dead. We supported more than 1,000 families who joined our voluntary land certification scheme for farmers – helping them to use their land more sustainably, and so enabling them to earn a better living without clearing more forest. Globally, deforestation and degradation is responsible for around one fifth of carbon emissions each year. See more about the partnership on pages 5 and 9.

Hope grows for Amur leopard

A recent study carried out by WWF, the Jilin Province Department of Forestry and the Wildlife Conservation Society indicates that numbers in the wild of the critically endangered Amur leopard are increasing in north-east China's Jilin Province. It reveals that traces of these rare big cats are now being found both in and outside the Hunchun and Wangqing nature reserves, over an area of about 4,100 sq km – a much greater area than before our work began. We will continue to work with local agencies to monitor population trends, assess habitat quality and restore prey species. We will also continue to develop monitoring technology and anti-poaching management to help restore the Amur leopard population in China.

Local authorities act responsibly

It is estimated that the public sector is responsible for around 20% of all timber purchased in the UK. So we have been engaging with local authorities to help them to buy their wood and paper responsibly. Our What Wood You Choose? Campaign led to pledges by 61 local authorities (11 more than our original target) to source timber harvested and processed sustainably. In the coming year, we aim to achieve pledges from a further 50 local authorities.

Protecting cross-border rivers

We have made significant progress in encouraging countries to ratify the UN Watercourses Convention – a global agreement aiming to help protect and encourage sustainable management and development of river basins that cross international borders. There are 276 river basins around the globe that cross international borders – home to 40% of the world's population and generating around 60% of global freshwater flow.

At Rio+20, the UN Conference on Sustainable Development, WWF and our partners met national representatives at a special side event to discuss the issue. We made great strides at the event towards getting at least 35 nations to ratify the convention – the minimum number needed to make it legally binding – and are hopeful that the convention could come into effect in time for the UN International Year of Water Cooperation in 2013.

If ratified, the Convention will result in better cross-border cooperation and management of shared watercourses, reducing potential for conflict and providing greater water security.

A healthy Ganges

We ran an international workshop which looked at the problems of over-abstraction and pollution of the River Ganges. The workshop, which featured the launch of a WWF report on Ganges water flow requirements for people and wildlife, was well attended – and a number of agencies (including the World Bank) have since asked to engage with us on this issue. The Ganges is home to over 140 fish species and the endangered Ganges river dolphin - and 100 million people depend on the waters of the river and its tributaries for domestic and agricultural use.

Zero poaching year

The Nepalese government has formally recognised 2011 as Zero Poaching Year because not a single rhino was killed in the country. WWF played a key role in helping government agencies to combat illegal wildlife trade.

EU nature conservation directives

WWF played a key role in promoting the improved UK implementation of the EU Habitats and Birds Directives – cornerstones of Europe’s nature conservation policy. The UK government had launched a review of UK legislation that implements these directives, prompted by Treasury concerns about whether the directives are being appropriately applied and thereby hindering economic growth.

We were appointed to a Defra high level advisory group on the issue, and played a prominent role in coordinating NGO submissions on the proposal. We welcomed the outcome of the review, which concluded that, on the whole, the directives are working well and recommended a package of measures designed to improve their implementation. WWF will be involved in the design of these new measures.

Tackling climate change

Coal power victory

WWF-Scotland has successfully campaigned against a proposal for a new coal power station at Hunterston in North Ayrshire. We helped inspire the 21,000 objections to the proposal, making it Scotland’s most unpopular ever planning application. North Ayrshire Council turned down the application, meaning that Scottish ministers will now have to hold a public inquiry before they can make a final decision on whether to proceed with the project.

Changing the way we live

Finance Innovation Lab

The Finance Innovation Lab, a joint initiative between WWF-UK and the Institute of Chartered Accountants in England and Wales, is striving to inspire profound changes to the finance system so that it serves the interests of both people and the environment. In 2012, it was named as one of the top 50 radical ideas to shape the future of Britain in a competition run by *The Observer* and the National Endowment for Science, Technology and the Arts.

Since its launch in 2009, the Finance Innovation Lab has built a diverse community of over 3,500 people who are committed to re-shaping the financial system. The Lab’s

eight innovation groups focus on a range of issues, including projects to show what a 'sharing' economy would look like and how driving change in business behaviour could minimise the negative impact it has on the environment.

Communicating & influencing

50th anniversary

WWF's 50th anniversary celebrations provided extraordinary opportunities for reaching new audiences. Our anniversary show garden at the RHS Hampton Court Flower Show attracted 150,000 visitors and 700 pledges to save water. Our specially-commissioned anniversary school musical *One Sun One World*, which celebrates the planet's rich biodiversity and looks at the changes brought about by people, has been performed over 350 times. Our "Panda Made Me Do It" campaign has also encouraged people to take action for the natural world – and inspire others to do the same. Participants included Michelin-starred chef Tom Aikens, who pledged to source sustainable fish, and WWF ambassador Ben Fogle, who went on an overnight 100km sponsored bike ride around London.

Royal support for green future

His Royal Highness The Prince of Wales, who became president of WWF-UK in 2011, hosted a two-day WWF event for 60 young champions of the environment. Our BT-supported Green Ambassador Scheme helps young people to lead the way for environmental change. The children came from schools which have shown their commitment to environmental action and willingness to help other schools get involved. The Prince has also supported us in other ways – for example, delivering a keynote address at the 20th anniversary forum of our Global Forest & Trade Network.

Sky Rainforest Rescue

The renewal for another three years of Sky Rainforest Rescue provides us with continued opportunities to reach out to Sky's 10.5 million customers. Public engagement will be a major focus of the second phase, with a target of engaging one million Amazon 'fans'. In the past year, the Sky Rainforest Rescue Schools Challenge encouraged UK and Irish students to understand how important rainforests are and to make changes in their daily lives that reduce their environmental impact. The 'Carbon Busters' team from Shawhead Primary School in Dumfries and Galloway won this year's Challenge for their efforts to reduce the school's energy use. See more about the partnership on pages 3 and 9.

Funding our work

Christmas success

Our Christmas 2011 fundraising appeal, which highlighted our conservation work for the endangered snow leopard, resulted in donations of over £1 million – a figure which includes both Gift Aid tax reclamations and matched funding from the Big Give. That December, 37,000 new supporters joined WWF – a record-breaking number that shows how inspired people were by the plight of the snow leopard.

Illegal wildlife trade

Although there was good news from Nepal on our anti-poaching efforts (see more on page 4), the systematic slaughter of 200 or more elephants in Cameroon in February

2012 was a powerful reminder of the ever-present global threat from the illegal wildlife trade.

We have therefore made this one of our key points of focus.. We have been running an international campaign to ensure the illegal trade is challenged more vigorously and to raise funds in support of this particularly urgent cause. Donor appeals, television advertising and other promotions have highlighted the devastating impact of this trade on tigers, elephants and rhinos – and our crucial role in enabling positive change.

REVIEW OF ACTIVITIES TO MEET OUR OBJECTIVES

Safeguarding the natural world

1: Common Fisheries Policy (CFP) reform

- *We will press for reformed Common Fisheries Policy regulation by June 2012, to reflect the key priorities for sustainable fisheries which we have advocated – specifically relating to bycatch reduction, decentralised regional governance, and mandatory long-term management plans that are ecosystem-based.*

We have worked hard to influence the UK and devolved governments' positioning in a series of European Council meetings – as well as influence the European Parliament's opinion on key issues, particularly regionalisation.

This work has helped to achieve some important steps forward, including agreement at the June 2012 European Council meeting on the need for regionalisation and discard reduction strategies. The UK minister, Richard Benyon, personally thanked us for continuing to push on the issue.

We will keep pressing for reformed CFP regulation, which is now due for completion in June 2013. See more about work on this issue on page 11.

2: Brazilian Forest Programme

- *We will help establish a national forest initiative in Brazil that is in line with WWF's guiding principles for reduced emissions from deforestation and degradation, and which supports sustainable development.*

We have been working with the Brazilian government to develop a national REDD+ strategy, which aims to reduce emissions from deforestation and forest degradation. This strategy started in 2010, under the leadership of Brazil's Ministry of Environment with the participation of other governmental ministries and a wide range of stakeholders including WWF. With our support, WWF-Brazil helped to develop the first draft of the national strategy and coordinated a working group and technical discussions to collect inputs from stakeholders. The Ministry of Environment released the draft strategy which is currently under internal discussion within the government. We will input into the stakeholder consultation process, which is expected to take place in the coming months.

We have also focused on campaigning with WWF-Brazil and other WWF national offices to stop proposed changes to Brazil's forest law, known as the Forest Code, leading to increased deforestation. We were concerned that the changes would open up vast amounts of forest to agriculture and cattle ranching.

Our efforts helped inspire huge public support for a full veto of the proposed changes to the Forest Code – including two million signatures for our joint petition with Avaaz and Greenpeace. Unfortunately, Brazil's President Dilma Rousseff announced only a partial veto – which we believe is not enough to prevent the weakening of critical forest protection measures.

The president's decision still needed to be approved by a majority in Brazil's Congress before it could be written into law. So we kept up the pressure on Brazil's decision-makers at the Rio+20 conference to recognise the huge significance of forests for Brazil and the world.

Tackling climate change

3: Low Carbon UK

- *The UK government introduces the 2012 Energy Bill with ambitious support for renewables and energy demand reduction, and with any support for unsustainable technologies being fully transparent and reduced to a minimum.*

Nearly all of WWF's criticisms of the Energy Bill were supported by the Commons Energy and Climate Change Committee during the pre-legislative scrutiny process in May. Our concerns included the failure of the bill to incentivise energy efficiency; its failure to set a clear target for power sector decarbonisation; the apparent rigging of the market arrangements in favour of nuclear; and the lack of transparency over the role played by the Treasury. We then endeavoured to improve the revised bill before its formal introduction into Parliament in autumn 2012.

WWF published *Positive Energy*, a ground-breaking study showing how renewables could deliver 60-90% of the UK's electricity by 2030 – both meeting carbon reduction objectives and ensuring enough electricity is available at all times. We secured active support of our renewable energy vision from many progressive businesses.

We have also been high-profile contributors to the debate on the UK's energy future, a policy area with a robust lobby opposing sustainability measures. This is vital work as UK discussions on renewable energy, nuclear power, shale gas, and electricity market reform is being watched closely by other countries in Europe and beyond.

Changing the way we live

4: Green Economy

- *WWF policy interventions at national and international levels will contribute to the UK government presenting proposals at the Rio+20 conference which support our green economy asks; action on the conference's conclusions will inform the future advocacy work directed at the government.*

We encouraged the UK government to focus on three key proposals for a greener global economy at the Rio+20 conference: the agreement on a process for defining a set of universal sustainable development goals (to follow on from the Millennium Development Goals); mandatory carbon emission reporting for all large companies (alongside a wider range of sustainability indicators); and the reallocation of inefficient and environmentally harmful subsidies.

Building on our respected position in this policy area, WWF-UK's CEO was invited to join the official UK government delegation at the Rio+20 conference.

Although the Rio outcome document, *The Future We Want*, was disappointing, we believe that the conference has helped to keep sustainable development on both the domestic and global political agendas. We are now urging the UK government to provide a coherent plan for sustainable development – focusing on the three key proposals we highlighted at the conference.

5: Livewell

- *By the end of 2012, WWF-UK will have advocated for the UK government to integrate sustainability criteria into healthy eating advice and identified the principles of a sustainable diet – one that is good for the health of people and the planet, consistent with our Livewell principles.*

We have been a key member of the Defra-run Green Food Project. Its final report reflected many of our proposals, including the need to value and maintain healthy ecosystem services; the need for compliance with the EU Water Framework Directive; and a commitment to establish a forum that looks at food consumption issues such as sustainable diets. The UK government has asked us to play a key role on this forum, which will develop recommendations for government action over the next 12 months.

Our innovative approaches in the UK have also helped us secure over €1 million from the EU LIFE+ initiative to pilot our work in France, Spain and Sweden. This project will help to influence EU policy on reducing greenhouse gas emissions from food production.

Funding our work

6. Corporate partnerships

- *Develop three new major corporate partnerships to 'letter of intent' stage, which will help us achieve our mission.*

WWF has developed a new partnership with Coca-Cola to support our freshwater conservation work in the UK. We are also working with them to develop an Arctic Home Campaign, which will raise funds to help safeguard the future of this region. The campaign runs across six European countries from January 2013.

Our Sky Rainforest Rescue partnership has been renewed for a further three years until 2015. We aim to raise a further £4m (in addition to the £4m raised to date) to help protect an area of rainforest the size of Belgium. Sky Rainforest Rescue won the Institute of Fundraising award for best large business charity partnership in 2012. See more about the partnership on pages 3 and 5.

Our renewed partnership with HSBC will help protect some of the world's most threatened rivers. The HSBC Water Programme brings together expertise from WWF, WaterAid and Earthwatch – committing \$100m over five years to the partnership, of which at least \$20m will be channelled through WWF. The previous HSBC Climate Partnership, which also involved WWF, won the best charity partnership award in the Business Charity Awards in May.

7. Increase our support to the WWF Network

- *Invest £800,000 in WWF Network fundraising initiatives to help build a strong fundraising capacity among WWF National Organisations.*
- *Continue our leadership role in WWF Network fundraising and host a conference of fundraising leaders.*

WWF focused this planned investment, on supporting the growth of the income and supporter base of WWF national offices in Asia. We also strengthened our leadership role in WWF's global fundraising activities by organising two major conferences for WWF fundraising leaders and providing strategic and practical support to a number of national offices.

Communicating and influencing

8. Increase our reach

- *Through Earth Hour, Rio+20 and the Olympics we increase understanding of our mission and support for our cause.*

Earth Hour: Each year, WWF's Earth Hour encourages people around the world to switch off their lights for one hour on the same night – helping to highlight the need to protect our planet. This year, it took place in 152 countries.

WWF's film on YouTube received an estimated 20,000 visits per minute – with almost two million views in just 14 hours. And 'Happy Earth Hour' became the number one worldwide and UK trend on Twitter. In the UK, Earth Hour was one of the top 10 charity campaigns recalled by the UK public, with 30% UK public awareness and 15% participation (NfP Synergy 2012). There was a 25% increase in new sign-ups; 100% growth of our ongoing email community; and over 50% increase in engagement activity on Facebook pre, during and post event. There were over 1,500 pieces of press coverage, with a 61% reach of the UK population (4% increase from 2011, Metrica 2012).

Rio+20: The Rio+20 conference failed to deliver a clear path for a sustainable future, but we have helped to reignite efforts to bring this aspiration into practice, and are now encouraging the UK government to show leadership in building a green economy. Five weeks before the conference, WWF ambassador and astronaut Andre Kuipers highlighted the need for urgent action by launching our globally-respected *Living Planet Report* from the International Space Station. The state-of-the-planet report revealed a 28% decline in the health of species since 1970. At the same time, WWF-UK launched *Earth Book 2012* – an online scrapbook of stories and images, contributed directly by people who shared what they loved about the natural world.

WWF-UK followers on Twitter grew by nearly 1,000 during the launch phase of *Earth Book 2012* and over 3,500 people are actively supporting it. It also received media coverage in the *Metro*, and online in *The Guardian* and *The Telegraph*. During the conference, our 20 Rio-related blogs attracted over 4,000 visits to the WWF-UK website. We also gained coverage in mainstream media such as *The Guardian*, *Financial Times*, *Daily Telegraph* and BBC online – suggesting an estimated reach of 60% of UK adults, including a large proportion of ABC groups.

Olympics: Since 2004, we helped lead the way towards making the 2012 London Olympics the greenest games of modern times – and we are now broadly acknowledged as the NGO that is making the leading contribution to sustainability in sport. We supported efforts to reduce the carbon impact of every aspect of the games, ranging from construction and travel to food and accommodation. Our regular blogs, in the run-up to and during the games, helped bring this sustainability story to a wider audience. We strived to support the sustainable activities of some Olympic sponsors; in particular, we worked closely with Coca-Cola to develop their strategy for the games.

9. Build our supporters' influence

- *Engage with opinion-leading supporters in new ways online, building connections with people who work in their own way for a future in which people and nature thrive, supported by WWF.*

Our online campaigning has grown significantly in the past year. For example, we worked with the WWF national offices across Europe to push for ambitious reform of the Common Fisheries Policy – and create a sustainable future for our fishing industry. Our online petition attracted 115,000 signatures – and was followed by the publication of EU Commission proposals that included WWF's key asks for long-term regional management plans for fisheries. See more about work on this issue on page 7.

We also used innovative links between digital and traditional campaigning to challenge the CEOs of three banks that fund oil and gas development off Sakhalin Island in the Russian Far East. WWF supporters called on them to stop supporting the building of a third oil platform, which would be sited next to the most important feeding ground of the critically-endangered western gray whale. Online promotion of imagery by DJ Mr Scruff, combined with the floating of a life-sized model whale on the Thames, inspired over 27,000 people to write to the CEOs. It has since been announced that the decision to approve the construction of the new platform has been postponed until 2014.

Getting ourselves in shape

10. Develop a new five-year strategy

- *The existing strategy runs through to June 2013 and by December 2012 we will have developed the strategy for the next five years, articulating clearly the UK and global priorities that WWF will be addressing and setting out the ways in which we will assess our progress towards achieving our aims.*

The development of our next five-year strategy started in 2011 with an information-gathering exercise involving both internal and external stakeholders. This helped us to understand their perspectives on our strengths and weaknesses, and identify big changes in the WWF Network and the external world to which we need to adapt. By March 2012 we had developed a 'strategic direction' document, which summarised our role and the characteristics we wanted our organisation to have in the future.

This provided the foundation for developing a draft strategy for our 2014-18 financial years, which has been approved by our Trustees. The draft strategy outlines the key

goals we seek to achieve over that five year period; how we will raise funds for our work; and how our organisation would need to be organised to meet these challenges.

We have used feedback from employees, colleagues in the WWF Network and others to finalise the strategy. We have begun to implement changes to our work and organisation well in advance of the move to our new headquarters in summer 2013. Our new strategy will be communicated externally during 2013.

11. Prepare for the move to the Living Planet Centre

- *Building work on the Living Planet Centre – our new headquarters in Woking – is scheduled to commence in early 2012 with a move planned in 2013. During the year ended June 2012 we will develop plans to ensure that we are ready to move and to adopt new working practices. These will ensure that we benefit from the opportunity to improve our efficiency and effectiveness.*

Our new headquarters will showcase the vision and mission of WWF and will be an exemplar building in terms of sustainable design, with the highest environmental credentials. Construction activity is now well underway at the Brewery Road site in Woking and on schedule for completion in summer 2013. We are also implementing an action plan to ensure that we make the most of the opportunities to improve our public access facilities, technologies and ways of working, in line with our new strategy.

TOP 10 OBJECTIVES FOR 2012/13

1. *The global WWF initiatives we support achieve their objectives*

China Shift

- China's National Development and Reform Commission (NDRC) issues green guidelines for mining industry.
- Forum on China-Africa Cooperation adopts green development policy and workplan.

Amazon

- The 1,000 + families in the certification scheme supported by Sky Rainforest Rescue develop plans for using their land more sustainably, and are rewarded for doing so.

2. *We help the WWF Network campaign on illegal wildlife trade to achieve its objectives*

Campaign objectives are:

- Public declarations of action from Central Africa, China, Thailand and Vietnam on improved enforcement, better prosecution rates, demand reduction and critical legislative reform.
- Influential governments make commitments to treat illegal wildlife trade as a serious crime and hold other governments accountable for implementing CITES (Convention on International Trade in Endangered Species).

3. *We think and act more globally*

We explore strategic partnerships with up to four national offices in the WWF global Network and commit to a multi-year organisational development plan with at least one national office.

4. *We achieve improved sustainability through our corporate partnerships*

Marks & Spencer increases their MSC uptake, completes fisheries improvement plans for at least two species and completes aquaculture code of practice for at least two species.

5. *We achieve key UK Energy Bill objectives*

We want the Energy Bill to have an ambitious framework for renewable energy and efficiency including:

- a decarbonisation target of 50gCO₂/kWh by 2030.
- enabling powers for energy efficiency incentive measures.
- incentives to increase interconnection levels with other countries' power grids.

6. *We achieve key Common Fisheries Policy objectives*

We want Common Fisheries Policy reform to include:

- effective governance and management of marine protected areas.
- more than 60% of recommended marine conservation zones designated, with a clear timeline and strategy for designation of all recommended zones.

7. *We start to implement our next five-year strategy*

- We have our new organisational design in place.
- We launch our strategy externally.

8. *We are ready to move to our new Living Planet Centre*
- The Living Planet Centre is ready on time and within budget, and delivers our ambition for it to be an exemplar building in terms of design and construction, sustainability and environmental performance whilst showcasing the vision and mission of WWF.
 - We are ready for a step change in more effective ways of working in our new headquarters building.

9. *We increase our net income to £41 million*
- We grow our regular supporter base to 400,000.
 - 12% of our regular givers increase the amount of their donations.

10. *We raise our profile*

Earth Hour:

We continue to develop Earth Hour as a key way of engaging new supporters:

- 18% of UK public take part in Earth Hour.
- 35% of UK public are aware of Earth Hour.
- 10% of UK public associate Earth Hour with WWF.

Green ambassadors:

We reach 3,000 primary schools and 500 secondary schools through 70,000 green ambassadors.

FINANCIAL REVIEW

Operating statement

| | 2012 | 2011 |
|--|-------------|-------|
| | £m | £m |
| Incoming resources | 66.2 | 57.7 |
| Less: | | |
| Exceptional income – Living Planet Centre donations | (5.5) | (0.1) |
| | 60.7 | 57.6 |
| Costs of generating income and governance costs | | |
| Cost of generating funds | 15.3 | 14.8 |
| Governance costs | 0.7 | 0.6 |
| Strategic review costs* | 0.6 | - |
| | 16.6 | 15.4 |
| *Includes £0.3m gift in kind | | |
| Net income available for charitable purposes | 44.1 | 42.2 |
| Resources expended on charitable activities | | |
| Safeguarding the natural world | 16.0 | 16.3 |
| Tackling Climate Change | 2.8 | 4.0 |
| Changing the way we live | 4.1 | 4.0 |
| Influencing key audiences | 3.9 | 4.1 |
| Building capacity in the network | 6.4 | 6.1 |
| Programmatic campaigns | 0.4 | 0.3 |
| Communicating and influencing | 3.4 | 3.1 |
| Public awareness | 3.8 | 4.0 |
| Gifts in kind attributable to charitable activities | 1.8 | 1.1 |
| | 42.6 | 43.0 |
| Net operating income/(expenditure) | 1.5 | (0.8) |
| Net (loss)/gain on investment assets | (0.3) | 1.7 |
| Net increase in reserves excluding Living Planet Centre donations | 1.2 | 0.9 |

Total income for the year for the Group (comprising WWF-UK and WWF-UK (World Wide Fund For Nature) Trading Ltd), excluding gifts in kind of £2.1m, was £64.1m. This was £8.4m (15%) more than that achieved in the previous year. This was mainly attributable to donations of £5.5m (£4.8m from The Rufford Foundation) towards the cost of the Living Planet Centre, compared with £0.1m in the previous year and to an increase in direct debit income from individuals of £2.8m (15%).

Income from legacies also increased by £0.8m (9%) but this was largely offset by a decrease of £0.7m in income from government and the EC partly reflecting the move to a new contract with DFID which commenced in April 2011.

Income from corporate sponsorships and donations was stable following the successful agreement of a new contract with HSBC for a period of five years.

Fundraising expenditure, excluding gifts in kind, increased by 9% from £14.0m to £15.3m as a result of the continued increased investment in growing the number of regular supporters which saw a rise of more than 10% in the number of direct debit givers from approximately 337,000 to more than 372,000 by the end of the year. This increase should benefit the charitable activities of WWF-UK for a number of years.

There was a modest decrease of nearly 3% in spend on charitable activities (excluding gifts in kind) from £41.9m to £40.8m although this followed strong increases of 11% in the previous year and 7% in the year before that. The reduced spend in the year was attributable to the effect of the inception of new funding contracts (including the new DFID contract) requiring careful programme design and planning.

There was an increase of approximately £0.8m in support costs (see note 6 to the accounts). The increase included £0.3m of foreign exchange losses stemming from the holding of Euros for EC funded projects as well as £0.2m of IT project costs designed to assist significant process improvements. This also included nearly £0.2m relating to the centralisation of recruitment costs within the Human Resources function (in order to facilitate budgetary control).

The net increase in total reserves for the year of £6.7m included £5.5m of restricted donations for the Living Planet Centre, of which £4.4m had been spent by the year end and capitalised (see note 10 to the accounts).

As defined in the SORP, we are showing general reserves at 30 June 2012 of £22.2m (see note 18 to the accounts). The increase of £3.6m in comparison with the general reserves at 30 June 2011 can be summarised as follows:

| | £m |
|--|-------------|
| General reserves at 1 July 2011 | 18.6 |
| Net movement in unrestricted funds (page 26) | 1.4 |
| Specific reserve at 1 July 2011 spent in the year ended 30 June 2012 | 0.7 |
| Reduction in fixed assets reserve following receipt of restricted funding for the Living Planet Centre | 1.5 |
| General reserves at 30 June 2012 | 22.2 |

Reserves policy

The WWF-UK reserves policy 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 general reserves so that WWF-UK can protect its programmatic expenditure in the short term from any sudden drop in income.

Applying the assumptions set out in the policy, we have calculated that, in the absence of special consideration, we would require general reserves of between £12m and £16m (approximately 18 to 25 weeks of unrestricted funds expenditure).

General reserves at the end of the year stood £6.2m above the target range of £12m to £16m per the Reserves Policy. Part of this is attributable to unrealised gains on investments of £2.8m – i.e. the difference between the market value of investments and historic cost. It is considered appropriate to maintain general reserves above the top of the reserve range at this time to reflect Trustees' caution in relation to the wider current economic environment and the move to a new strategy and new headquarters in 2013. It is our intention that the general reserves will move to within the target range over the next few years.

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 24 to the accounts.

The Board of WWF-UK comprises up to 14 unremunerated Trustees, as listed on page 48, 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 Memorandum and Articles of Association of WWF-UK provide that Trustees shall be appointed for periods of up to three years at a time. Trustees may subsequently be appointed for further terms of office (subject to the approval of the Board), provided that each Trustee shall take a minimum break of twelve months when he or she has held office for six years.

The Board has five principal committees: – a Finance and Business Committee, an Audit Committee, The Living Planet Centre Committee, a Programme Committee and a Nominations and Remuneration 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: 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 and the associated opportunities from improved ways of working. The Programme Committee advises the Board of Trustees on strategic issues affecting conservation programmes and related activities. The Nominations and Remuneration Committee is responsible for recommending new Trustees to the Board and for confirming changes to payroll policies and the remuneration of the Chief Executive. Membership of all these committees is detailed on page 48 of this report.

The Nominations and Remuneration Committee considers potential new Trustees, by examining a 'skills matrix' showing the current skills and experience of the Board, and proposes candidates who would best complement the current profile. The Committee makes recommendations to the Board of Trustees for approval.

Following approval of the appointment by the Board, each new Trustee is invited to a Trustee induction at the WWF-UK offices, where he/she will learn about the organisation; the role and responsibilities of a trustee (including receiving an induction pack of relevant information, e.g. Charity Commission guidance on *The Essential Trustee*; the WWF-UK governing documents; the annual report and accounts etc.); and also meet the Chief Executive and members of the management team.

Statement of Trustees' responsibilities

The Trustees (who are the registered directors of WWF-UK) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources (including the income and expenditure) of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time, the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and

the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Basis of accounts

The Report and Statements for the year ended 30 June 2012 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.

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 a minimum. 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, soil 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 objectives 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

WWF-UK has in place an appraisal system which is linked to an organisational emphasis on performance management. This system 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 are included to provide a clear indication of performance level, and 360-degree feedback is in use to provide a more rounded view of performance for all staff.

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.

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 and duties. This is underpinned by our socially responsible investment policy, which promotes the principles of sustainable development and improvements to the environment.

During the course of the year WWF-UK's investment strategy was reviewed following which it has been decided to reduce the proportion of the investment portfolio invested in equities in order to reduce risk. It was also decided that all equity investments in the future should be direct holdings in order to make the screening of the portfolio, against the investment policy, an easier process.

WWF-UK's Finance and Business Committee has agreed to adopt a Statement of Investment Principles, recommended by the Investment Committee, which will be subject to review at least every three 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 its policies are implemented and its aims and objectives met. The system of internal control is intended to manage appropriately 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 48. The system of internal control includes:

- A five-year strategic plan, approved by Trustees in June 2008. This covers the aims and objectives of the organisation and is used as a basis for annual planning and quarterly progress reviews, with Trustee updates delivered every six months. The charity is currently working on a new Strategic Plan to be fully implemented in July 2013.
- Annual performance targets and operating plans, with actual performance being monitored at regular intervals.
- A continuing risk management programme. The operational and strategic risk register is reviewed regularly during the year and updates to both registers and key risks are reported on a quarterly basis to the Audit Committee. The principal strategic risks identified are:
 - Risk that in the longer term we will be unable to save one or more of our flagship species from extinction, or habitats from severe degradation.
 - Risk to income and delivery of EU level advocacy programmes from structural changes to the EU and or the Euro;
 - Risk to income from prolonged economic downturn;
 - Risk to reputation from someone in the WWF Network doing something outside our direct control;
 - Risk of severe disruption to 'business as usual' during our transition to the next 5 year strategic plan;
- 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 2009/10.
- Procedures in place to monitor and evaluate the effectiveness of expenditure on conservation programmes and the achievement of outputs and outcomes.
- An environmental management system to ensure that we monitor and manage our own impact on the environment. We are committed to 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 that external products with which we are associated reflect our values and protect our reputation.
- Due diligence checks on our corporate partners.

Crowe Clark Whitehill has indicated its willingness to be reappointed as statutory auditor.

This report was approved by the Board of Trustees on 13 December 2012 and is signed on their behalf by:

Ed Smith
Chair of the Board of Trustees

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

We have audited the financial statements of WWF-UK for the year ended 30 June 2012 set out on pages 25 to 47.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's Trustees, as a body, in accordance with section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

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

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

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

Scope of the audit of the financial statements

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

In addition, we read all the financial and non-financial information in the Report of the Board of Trustees and Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 30 June 2012 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board of Trustees and Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Pesh Framjee

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

London

4 January 2013

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

Consolidated statement of financial activities

(incorporating income and expenditure account) for the year ended 30 June 2012

| | | Unrestricted funds | Restricted funds | Endowment funds | Total 2012 | Total 2011 |
|---|-------|-----------------------|---------------------|--------------------|-----------------------|---------------|
| | Notes | £'000 | £'000 | £'000 | £'000 | £'000 |
| Incoming resources | | | | | | |
| Incoming resources from generated funds | | | | | | |
| Voluntary income | | | | | | |
| Membership and donations from individuals | | 21,788 | 10,012 | - | 31,800 | 28,646 |
| Corporate sponsorships and donations | | 1,388 | 7,094 | - | 8,482 | 8,654 |
| Gifts in kind | 21 | 2,035 | - | - | 2,035 | 2,010 |
| Charitable trusts | | 213 | 634 | - | 847 | 679 |
| Legacies | | 10,267 | 171 | - | 10,438 | 9,615 |
| Activities for generating funds | | | | | | |
| Lottery promotions | | 298 | 87 | - | 385 | 495 |
| Trading activities | 16 | 366 | - | - | 366 | 539 |
| Investment income | 2 | 575 | 9 | - | 584 | 511 |
| Incoming resources from charitable activities | | | | | | |
| Aid agencies and government grants | 3 | - | 4,118 | - | 4,118 | 4,813 |
| Income from non-governmental organisations | | 132 | 1,474 | - | 1,606 | 1,657 |
| Incoming resources (excluding Living Planet Centre) | | 37,062 | 23,599 | - | 60,661 | 57,619 |
| Living Planet Centre incoming resources | | | | | | |
| Membership and donations from individuals | | - | 339 | - | 339 | 7 |
| Charitable trusts | | - | 5,177 | - | 5,177 | 130 |
| Total Living Planet Centre incoming resources | | - | 5,516 | - | 5,516 | 137 |
| Total incoming resources | | 37,062 | 29,115 | - | 66,177 | 57,756 |
| Resources expended | | | | | | |
| Cost of generating funds | | | | | | |
| Costs of generating voluntary income | | | | | | |
| Membership and donations from individuals | | 9,050 | 3,900 | - | 12,950 | 11,437 |
| Corporate sponsorship and donations | | 395 | 154 | - | 549 | 741 |
| Gifts in kind | 21 | 15 | - | - | 15 | 826 |
| Charitable trusts | | 119 | - | - | 119 | 108 |
| Legacies | | 751 | - | - | 751 | 644 |
| Lottery promotions | | 176 | - | - | 176 | 229 |
| Fundraising trading: cost of goods sold and other costs | | 605 | - | - | 605 | 722 |
| Investment management fees | | 46 | - | 19 | 65 | 80 |
| Costs of raising aid agency and government grants for charitable activities | | 56 | 41 | - | 97 | 77 |
| Total cost of generating funds carried forward | | 11,213 | 4,095 | 19 | 15,327 | 14,864 |

Consolidated statement of financial activities for the year ended 30 June 2012 continued

| | | Unrestricted Funds | Restricted Funds | Endowment Funds | Total 2012 | Total 2011 |
|--|-------|-----------------------|---------------------|--------------------|-----------------------|---------------|
| | Notes | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total cost of generating funds brought forward | 5 | 11,213 | 4,095 | 19 | 15,327 | 14,864 |
| Charitable activities | | | | | | |
| Grants and project costs | 4,5 | 14,311 | 18,933 | - | 33,244 | 34,512 |
| Programmatic campaigns | 5 | 341 | - | - | 341 | 308 |
| Communicating and influencing | 5 | 3,193 | 169 | - | 3,362 | 3,071 |
| Public awareness | 5 | 2,972 | 838 | - | 3,810 | 3,982 |
| Gifts in kind | 21 | 1,760 | - | - | 1,760 | 1,123 |
| Total cost of charitable activities | | 22,577 | 19,940 | - | 42,517 | 42,996 |
| Governance costs | | | | | | |
| Governance costs | | 711 | - | - | 711 | 559 |
| Strategic review costs | | 321 | - | - | 321 | - |
| Gifts in kind | 21 | 260 | - | - | 260 | - |
| Total governance costs | 5 | 1,292 | - | - | 1,292 | 559 |
| Total resources expended | | 35,082 | 24,035 | 19 | 59,136 | 58,419 |
| Net income/(expenditure) before transfers | | 1,980 | 5,080 | (19) | 7,041 | (663) |
| Gross transfers between funds | | (384) | 384 | - | - | - |
| Net income/(expenditure) before other recognised gains and losses | | 1,596 | 5,464 | (19) | 7,041 | (663) |
| Net (loss)/gain on investment assets | | (223) | - | (93) | (316) | 1,693 |
| Net movement in funds | | 1,373 | 5,464 | (112) | 6,725 | 1,030 |
| Total funds brought forward | 17 | 24,474 | 9,105 | 3,607 | 37,186 | 36,156 |
| Total funds carried forward | 17 | 25,847 | 14,569 | 3,495 | 43,911 | 37,186 |

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 sheet

at 30 June 2012

| | | Group | <i>Group</i> | Charity | <i>Charity</i> |
|--|-------|----------------|--------------|----------------|----------------|
| | | 2012 | 2011 | 2012 | 2011 |
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible fixed assets | 10 | 4,515 | 1,708 | 4,515 | 1,708 |
| Investments | 11 | 11,991 | 12,317 | 11,991 | 12,317 |
| Total fixed assets | | 16,506 | 14,025 | 16,506 | 14,025 |
| Current assets | | | | | |
| Stock | 12 | 545 | 602 | 463 | 423 |
| Debtors | 13 | 4,273 | 6,502 | 5,950 | 7,128 |
| Short-term deposits | | 19,500 | 13,098 | 19,500 | 13,098 |
| Cash at bank and in hand | | 8,562 | 7,738 | 6,629 | 6,473 |
| Total current assets | | 32,880 | 27,940 | 32,542 | 27,122 |
| Current liabilities | | | | | |
| Creditors: Amounts falling due within one year | 14 | (5,075) | (4,379) | (4,743) | (3,567) |
| Provisions for Liabilities and Charges | 15 | (400) | (400) | (400) | (400) |
| Total current liabilities | | (5,475) | (4,779) | (5,143) | (3,967) |
| Net current assets | | 27,405 | 23,161 | 27,399 | 23,155 |
| Net assets | | 43,911 | 37,186 | 43,905 | 37,180 |
| Accumulated funds | | | | | |
| Unrestricted funds: | | | | | |
| General reserves | 17 | 22,216 | 18,607 | 22,210 | 18,601 |
| Designated reserves | 17 | 3,631 | 5,867 | 3,631 | 5,867 |
| Total unrestricted funds | | 25,847 | 24,474 | 25,841 | 24,468 |
| Restricted funds: | | | | | |
| Endowment funds | 17 | 3,495 | 3,607 | 3,495 | 3,607 |
| Restricted funds | 17 | 14,569 | 9,105 | 14,569 | 9,105 |
| Total funds | | 43,911 | 37,186 | 43,905 | 37,180 |

The financial statements were approved by the Trustees on 13 December 2012 and signed on their behalf by:

Ed Smith
Chair of the Board of Trustees

Consolidated cash flow statement

For the year ended 30 June 2012

| | | 2012 | 2011 |
|---|-------|----------------|---------|
| | Notes | £'000 | £'000 |
| Net cash inflow/(outflow) from operating activities | 1.1 | 9,596 | (1,176) |
| Returns on investments and servicing of finance | 1.2 | 584 | 511 |
| Capital expenditure and financial investment | 1.3 | (2,329) | (1,433) |
| | | <hr/> | |
| Net cash inflow/(outflow) before use of liquid resources | | 7,851 | (2,098) |
| Management of liquid resources and financing | 1.4 | (7,027) | 1,946 |
| | | <hr/> | |
| Increase/(decrease) in cash at bank and in hand | | 824 | (152) |
| | | <hr/> | |
| Reconciliation of net cash flow to movement in net funds | | | |
| Increase/(decrease) in cash at bank and in hand in the year | | 824 | (152) |
| Increase/(decrease) in cash on short-term deposit | | 6,402 | (1,990) |
| | | <hr/> | |
| Change in net cash arising from cash flows | | 7,226 | (2,142) |
| Net funds brought forward 30 June 2011 | | 20,836 | 22,978 |
| | | <hr/> | |
| Net funds carried forward 30 June 2012 | 1.5 | 28,062 | 20,836 |
| | | <hr/> | |
| 1.1 Reconciliation of incoming/(outgoing) resources to net cash inflow/(outflow) from operating activities | | | |
| Net incoming/(outgoing) resources before other recognised gains and losses | | 7,041 | (663) |
| Investment income received | 2 | (584) | (511) |
| Depreciation on fixed assets | 10 | 157 | 328 |
| Decrease in stock | | 57 | 154 |
| Decrease/(increase) in debtors | | 2,229 | (978) |
| Increase in creditors | | 696 | 494 |
| | | <hr/> | |
| Net cash inflow/(outflow) from operating activities | | 9,596 | (1,176) |
| | | <hr/> | |
| 1.2 Returns on investments and servicing of finance | | | |
| Investment income received | | 341 | 259 |
| Interest and rents received | | 243 | 252 |
| | | <hr/> | |
| | | 584 | 511 |
| | | <hr/> | |

Consolidated cash flow statement for the year continued

| | 2012 | 2011 |
|---|----------------|---------------|
| | £'000 | £'000 |
| 1.3 Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (2,964) | (1,470) |
| Acquisition of fixed asset investments | (1,547) | (1,777) |
| Disposal of fixed asset investments | 2,182 | 1,814 |
| | (2,329) | (1,433) |
| 1.4 Management of liquid resources and financing | | |
| Increase in cash held for investment | (625) | (44) |
| (Increase)/decrease in cash on short-term deposit | (6,402) | 1,990 |
| | (7,027) | 1,946 |
| | At 01 | Cash |
| | July | flow |
| | 2011 | June |
| | £'000 | £'000 |
| 1.5 Analysis of net funds | | |
| Cash at bank and in hand | 7,738 | 824 |
| Cash on short-term deposit | 13,098 | 6,402 |
| | 2012 | 2011 |
| | £'000 | £'000 |
| Total | 20,836 | 7,226 |
| | 28,062 | 19,500 |

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.

Going concern

WWF-UK has adequate financial resources and the Trustees consider it is well placed to manage the business risks. As explained in the Trustees Report, the planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. The Trustees have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. The accounts have therefore been prepared on the basis that the charity is a going concern.

Basis of consolidation

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

No separate SOFA has been presented for the charity alone, as permitted by Section 230 of 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.

- **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.

- **Designated funds**

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

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.

Legacies: residuary legacy income is taken as the earlier of cash being received or estate accounts being received and agreed. 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 are included at current market value where their value is ascertainable and material. The estimated valuation of gifts in kind is based upon their contribution to the charity.

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.

In line with WWF-UK's strategic objectives, grants are made to partners in the WWF Network and to other conservation organisations. These grants are performance-related, with mid-term reviews. Although future years funding is indicated, the commitment is for annual funding only, and grant expenditure is adjusted to reflect the amount of any grants unspent at the year end. The full commitment of the grant is noted in Note 22.

Governance costs concern compliance with constitutional and statutory requirements including an allocation of the organisational administration costs.

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.

Forward exchange contracts

WWF-UK has entered into forward exchange contracts during the year to hedge forward currency exposure on certain future expenditure. Forward currency exchanges made under these contracts are recorded at the specified rate at the time of the transaction.

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:

| | |
|--------------------------|--|
| Office furniture | 12.5% (8 years) on a straight line basis |
| Equipment | 25.0% (4 years) on a straight line basis |
| Leasehold improvements | 10%-33.3% over the remaining life of the lease maximum |
| Contacts database system | 14.3% (7 years) on a straight line basis |

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

All tangible fixed assets 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.

Stock

Stock is 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

| | 2012 | 2011 |
|------------------------------|-------|-------|
| | £'000 | £'000 |
| Dividends and fixed interest | 341 | 259 |
| Bank interest | 239 | 248 |
| Rent received | 4 | 4 |
| | 584 | 511 |

3 AID AGENCIES AND GOVERNMENT GRANTS

| | 2012 | 2011 |
|--|-------|-------|
| | £'000 | £'000 |
| Major grants from aid agencies and governments include funds from: | | |
| Department for International Development (DFID) | | |
| Partnership Programme Agreement | - | 2,617 |
| Partnership Programme Agreement 4 | 3,090 | 773 |
| DFID Non-PPA funding | - | 103 |
| European Community | | |
| UK Ravine WoodLIFE | - | 5 |
| Papua New Guinea, community development & resource conservation in the Transfly | - | 2 |
| Great Ruaha River Programme, Tanzania | - | 43 |
| Reducing Poverty in Rufiji/Mafia/Kilwa | - | 203 |
| Water Thirsty Crops, India | - | 178 |
| SWITCH Asia - Sustainable & responsible trade promoted to wood processing SMEs | *(51) | 604 |
| Partnerships involving Stakeholders in the Celtic Sea Eco-System (PISCES) | 150 | - |
| Action Town - Civil Society Organisations research in sustainable consumption and production | 24 | - |
| One Planet Economy Network - Europe | 270 | - |
| Livewell plate for low impact food in Europe | 359 | - |
| Sepik Livelihoods - Sepik river catchment, Papua New Guinea | 57 | 199 |
| CEFAS - Centre for Environment, Fisheries and Aquaculture Science | | |
| GAP2 - Integration of evidence-based knowledge - fisheries and the marine environment | 177 | - |
| Scottish Executive | | |
| Earth Hour Scotland | 10 | 10 |
| Scotland Communications | - | 5 |
| Climate Change Project | 24 | - |
| Foreign & Commonwealth Office | | |
| Antarctic & Southern Ocean Initiative | 31 | - |
| Environment Department (City of Malmo) | | |
| One Planet Mobility, European Cities | - | 25 |
| Other agencies | *(23) | 46 |
| Total Aid Agencies and Government Grants | 4,118 | 4,813 |

*adjustments to prior year estimates

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. All our grants are performance-related, with mid-term reviews.

| | 2012 | 2011 |
|---|---------------|--------|
| | £'000 | £'000 |
| Organisation | | |
| Programme | | |
| Independent Organisation | | |
| Namibia Programme | 315 | 583 |
| WWF International | | |
| WWF Network Support | 3,898 | 3,548 |
| WWF Network | | |
| The Climate Partnership - China Programme | 1,367 | 1,422 |
| The Climate Partnership - Brazil Programme | 917 | 1,075 |
| South Asia Water Security (was The Climate Partnership - India Programme in 2010) | 581 | 460 |
| Climate Change - Global Deal and DFID PPA Objectives | - | 738 |
| Climate Change – Global Deal Core Costs | 230 | 407 |
| Species Conservation Programme | 1,170 | 1,005 |
| Eastern Himalayas Programme | 954 | 950 |
| Forests of New Guinea Programme | 333 | 380 |
| East Africa Freshwater Programme | 343 | 389 |
| East Africa Coastal Programme | 997 | 937 |
| Heart of Borneo Programme | - | 319 |
| Amazon Network Initiatives | 1,714 | 1,328 |
| Arctic Programme | 301 | 377 |
| Coral Triangle Programme | 331 | - |
| SWITCH Asia Programme - Responsible Wood Processing | 416 | 302 |
| Tiger Network Initiative | 803 | 436 |
| Forest Based Carbon | 370 | 361 |
| China Global Shift Initiative - Supporting Sustainable Economic Development | - | 328 |
| European Policy Programme | 306 | - |
| Fisheries Policy & Markets | 281 | - |
| Wildlife Trade | 456 | 514 |
| Other projects aggregated | 4,085 | 5,923 |
| Total grant funding on programmes and projects | 20,168 | 21,782 |
| Other project activity undertaken directly (Note 5) | 10,394 | 10,450 |
| Total Grants and Projects Expenditure (Note 5) | 30,562 | 32,232 |
| Support Costs (Notes 5,6) | 2,682 | 2,280 |
| Total amount expended on grants and projects | 33,244 | 34,512 |

5 RESOURCES EXPENDED

| | Activities undertaken directly | Grant funding of activities | Support costs | 2012 | 2011 |
|---|--------------------------------|-----------------------------|---------------|---------------|--------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Safeguarding the Natural World | 2,410 | 12,305 | 1,291 | 16,006 | 16,285 |
| Tackling Climate Change | 1,633 | 965 | 228 | 2,826 | 4,008 |
| Changing the Way we Live | 2,642 | 1,162 | 334 | 4,138 | 4,047 |
| Influencing key audiences | 2,483 | 1,116 | 316 | 3,915 | 4,078 |
| Building capacity in the network | 1,226 | 4,620 | 513 | 6,359 | 6,094 |
| Total grants and project costs | 10,394 | 20,168 | 2,682 | 33,244 | 34,512 |
| Programmatic campaigns | 314 | - | 27 | 341 | 308 |
| Communicating and influencing | 3,090 | - | 272 | 3,362 | 3,071 |
| Public awareness | 3,503 | - | 307 | 3,810 | 3,982 |
| Cost of generating funds* | 14,087 | - | 1,240 | 15,327 | 14,864 |
| Governance | 711 | - | - | 711 | 559 |
| Strategic review** | 581 | - | - | 581 | - |
| Gifts in kind attributable to charitable activities | 1,746 | - | 14 | 1,760 | 1,123 |
| Total resources expended | 34,426 | 20,168 | 4,542 | 59,136 | 58,419 |

*Includes gifts in kind of £15,000 (2011: £826,000)

**Includes gifts in kind of £260,000 (2011: Nil)

6 SUPPORT COSTS

| | Management & Finance | Human Resources | Information Technology | Premises & Facilities | 2012 | 2011 |
|---|----------------------|-----------------|------------------------|-----------------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Grants & projects | 550 | 427 | 821 | 884 | 2,682 | 2,280 |
| Programmatic campaigns | 6 | 4 | 8 | 9 | 27 | 20 |
| Communicating and influencing | 56 | 43 | 84 | 89 | 272 | 203 |
| Public awareness | 63 | 49 | 94 | 101 | 307 | 263 |
| Cost of generating funds | 253 | 197 | 383 | 407 | 1,240 | 927 |
| Gifts in kind attributable to charitable activities | - | - | 14 | - | 14 | - |
| Total support costs | 928 | 720 | 1,404 | 1,490 | 4,542 | 3,693 |

Basis for the support cost allocation

Support costs are allocated to all resources expended on a total cost basis.

7 STAFF COSTS

| | 2012 | 2011 |
|-----------------------|---------------|--------|
| | £'000 | £'000 |
| Wages and salaries | 11,511 | 11,079 |
| Social Security costs | 1,219 | 1,162 |
| Pension costs | 1,025 | 991 |
| | 13,755 | 13,232 |

The above costs exclude 9 staff (2010/11: 9 staff) who were hosted by WWF-UK on behalf of WWF International and WWF-US. Total cost £709,000 (2010/11: £694,000).

In addition, the cost of temporary staff in the year was £257,281 (2010/11: £117,883).

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

| | 2012 | 2011 |
|----------------------|---------------|--------|
| | Number | Number |
| £60,001 to £70,000 | 6 | 3 |
| £70,001 to £80,000 | 1 | 2 |
| £80,001 to £90,000 | 2 | 2 |
| £90,001 to £100,000 | 1 | 1 |
| £120,001 to £130,000 | - | 1 |
| £130,001 to £140,000 | 1 | - |
| Total | 11 | 9 |

Pension contributions for the 11 highest paid employees (9 in 2010/11) amounted to £87,399 (2010/11: £73,690).

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

| | 2012 | 2011 |
|------------------------|---------------|--------|
| | Number | Number |
| Charitable activities | 190 | 191 |
| Generating funds | 68 | 66 |
| Support and governance | 54 | 48 |
| | 312 | 305 |

8 TRUSTEES' REMUNERATION AND EXPENSES

No Trustee has received any remuneration from WWF-UK during the year (2010/11: nil). Expenses totalling £1,561 (2010/11: £2,867) were reimbursed to six Trustees (2010/11: five Trustees) solely for travel costs incurred in attending meetings as below. Ed Smith's expenses were reimbursed solely in his capacity as a member of the Board of WWF International, and not of WWF-UK.

| | 2012 | 2011 |
|-----------------|--------------|--------------|
| | £ | £ |
| David Bryer | 258 | 107 |
| David Macdonald | 285 | 358 |
| Ed Smith | 823 | 2,162 |
| Kathy Willis | 43 | 108 |
| Rita Clifton | 142 | 132 |
| David Phillips | 10 | - |
| | <u>1,561</u> | <u>2,867</u> |

No other Trustee had any expenses reimbursed during the year or in the prior year.

During the year the charity paid £1,300 (2010/11: £1,300) in respect of Trustees' indemnity insurance on behalf of the Trustees.

No further costs were borne on behalf of any Trustee.

9 NET INCOMING RESOURCES FROM OPERATIONS

| | 2012 | 2011 |
|---|------------|-------------|
| | £'000 | £'000 |
| Net incoming resources from operations for the year are stated after charging: | | |
| Auditors' remuneration: | | |
| Fees payable to the charity's auditors for the audit of the charity's annual accounts | 33 | 31 |
| Fees payable to the charity's auditors for the audit of projects | 29 | 12 |
| Fees payable to the charity's auditors for the audit of the charity's subsidiaries pursuant to legislation | 22 | 22 |
| Fees payable to the charity's auditors for the preparation of s.38 report regarding the financing of the new Headquarters | 17 | - |
| Total audit fees | <u>101</u> | <u>65</u> |
| Depreciation of tangible fixed assets | <u>157</u> | <u>328</u> |
| Operating lease rentals: | | |
| Plant and machinery | 106 | 105 |
| Other | 543 | 544 |
| Total operating lease rental | <u>649</u> | <u>649</u> |
| Unrealised loss/(gain) on foreign exchange translation | <u>343</u> | <u>(96)</u> |

10 TANGIBLE FIXED ASSETS

| GROUP AND CHARITY | Assets in the | Leasehold | Office furniture | Contacts | Total |
|--------------------------|---------------------------|------------|------------------|--------------|--------------|
| | course of construction | | | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | | |
| At 30 June 2011 | 1,407 | 873 | 882 | 1,206 | 4,368 |
| Additions in the year | 2,964 | - | - | - | 2,964 |
| Disposals | - | - | (59) | - | (59) |
| At 30 June 2012 | 4,371 | 873 | 823 | 1,206 | 7,273 |
| Depreciation | | | | | |
| At 30 June 2011 | - | 718 | 736 | 1,206 | 2,660 |
| Charge for the year | - | 89 | 68 | - | 157 |
| Disposals | - | - | (59) | - | (59) |
| At 30 June 2012 | - | 807 | 745 | 1,206 | 2,758 |
| Net book value | | | | | |
| At 30 June 2012 | 4,371 | 66 | 78 | - | 4,515 |
| At 30 June 2011 | 1,407 | 155 | 146 | - | 1,708 |

The assets in the course of construction relate to the building of new headquarters which is due for completion in the second half of 2013.

11 INVESTMENTS

GROUP AND CHARITY

| | 2012 | 2011 |
|---|---------------|---------------|
| | £000 | £000 |
| Investment - Movement | | |
| Market value at 1 July 2011 | 11,784 | 10,128 |
| Additions at cost | 1,547 | 1,777 |
| Disposals at market value | (2,182) | (1,814) |
| Net (loss)/gain on revaluation | (316) | 1,693 |
| Market value at 30 June 2012 | 10,833 | 11,784 |
| Cash balances | 1,158 | 533 |
| Total market value at 30 June 2012 | 11,991 | 12,317 |
| Historic Cost at 30 June 2012 | 9,187 | 8,853 |
| Portfolio Distribution | | |
| UK fixed interest | 1,536 | 924 |
| UK equities | 4,008 | 4,812 |
| Overseas equities | 3,834 | 5,345 |
| Overseas fixed interest | 1,455 | 703 |
| Cash funds | 1,158 | 533 |
| Total Investment Portfolio | 11,991 | 12,317 |

Restriction Analysis

| | | |
|--------------------|---------------|---------------|
| Endowment funds | 3,495 | 3,607 |
| Unrestricted funds | 8,496 | 8,710 |
| Total | 11,991 | 12,317 |

Holdings over 5%

The following funds represented over 5% of the investment portfolio as at 30 June 2012.

- Findlay Park Plc US Smaller Companies (USD) 6%
- First State Investment (UK) Asia Sustainability 'B' (Acc) 5%
- Newton Investment Management Capital 8%

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.

12 STOCK

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

13 DEBTORS

| | Group | Group | Charity | Charity |
|--|--------------|-------|----------------|---------|
| | 2012 | 2011 | 2012 | 2011 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts due within one year: | | | | |
| Trade debtors | 896 | 892 | 835 | 719 |
| Amounts due from WWF-UK (World Wide Fund For Nature) Trading Limited | - | - | 1,948 | 874 |
| Other debtors | 765 | 1,261 | 765 | 1,260 |
| Prepayments and accrued income | 2,612 | 4,349 | 2,402 | 4,275 |
| Total Debtors | 4,273 | 6,502 | 5,950 | 7,128 |

14 CREDITORS

| | Group | Group | Charity | Charity |
|--------------------------------------|--------------|-------|----------------|---------|
| | 2012 | 2011 | 2012 | 2011 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts falling due within one year: | | | | |
| Trade creditors | 2,059 | 2,245 | 2,012 | 2,203 |
| PAYE & National Insurance | 355 | 351 | 355 | 351 |
| Other creditors | 99 | 110 | 98 | 103 |
| Accruals | 1,346 | 742 | 1,166 | 666 |
| Deferred income | 1,216 | 931 | 1,112 | 244 |
| Total Creditors | 5,075 | 4,379 | 4,743 | 3,567 |

14(A) DEFERRED INCOME

| | 1 July | Receipt | Charges | 30 June |
|-----------------------------|--------|---------|---------|--------------|
| | 2011 | | | 2012 |
| | £'000 | £'000 | £'000 | £'000 |
| Corporate sponsorship | 760 | 3,668 | (3,259) | 1,169 |
| Refurbishment reimbursement | 18 | - | (5) | 13 |
| Projects | 93 | 438 | (500) | 31 |
| Staff hostings | 42 | 367 | (406) | 3 |
| Others | 18 | 38 | (56) | - |
| Deferred Income | 931 | 4,511 | (4,226) | 1,216 |

15 PROVISIONS

Provisions relate to property matters. No amounts were used during the period.

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, receiving licensing and sponsorship income and miscellaneous trading activities.

The aggregate assets of the subsidiary company were £2,285,486 (2010/11: £1,692,674) and the aggregate liabilities were £2,279,198 (2010/11: £1,686,386), resulting in shareholders' funds of £6,288 (2010/11: £6,288).

The taxable profits earned by the company are donated to WWF-UK and in the current year amounted to £1,652,440 (2010/11: £300,191).

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

| Profit and loss account | 2012 | 2011 |
|--|----------------|-------|
| | £'000 | £'000 |
| Catalogue and retail sales | 366 | 539 |
| Corporate sponsorship and licensing | 2,751 | 1,538 |
| Turnover | 3,117 | 2,077 |
| Cost of sales | (452) | (633) |
| Gross Profit | 2,665 | 1,444 |
| Distribution costs | (146) | (202) |
| Administrative expenses | (875) | (947) |
| Operating Profit | 1,644 | 295 |
| Interest Receivable | 8 | 5 |
| | 1,652 | 300 |
| Gift Aid donation to WWF-UK | (1,652) | (300) |
| Retained profit before tax | - | - |
| Corporation tax paid | - | - |
| Retained profit for the year | - | - |
| Profit & loss account brought forward | 6 | 6 |
| Retained profit carried forward | 6 | 6 |

17 GROUP STATEMENT OF FUNDS

| | At 01 July 2011 | Incoming Resources | Outgoing Resources | Transfers between Funds | Net gains/ (losses) | At 30 June 2012 |
|--|--------------------|-----------------------|-----------------------|-------------------------------|---------------------------|--------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Endowment Funds | | | | | | |
| Kleinwort Endowment Fund | 2,059 | - | (11) | - | (53) | 1,995 |
| Willingdon Memorial Fund | 1,548 | - | (8) | - | (40) | 1,500 |
| Total Endowment Funds | 3,607 | - | (19) | - | (93) | 3,495 |
| Restricted Funds | | | | | | |
| Project Restricted Funds | | | | | | |
| HSBC Climate Partnership | 2,210 | 1,722 | (3,883) | - | - | 49 |
| HSBC Water Programme | - | 1,284 | - | - | - | 1,284 |
| Royal Sun Alliance | 314 | 550 | (574) | 123 | - | 413 |
| Royal Sun Alliance - Sponsorship Element | 182 | 294 | (373) | - | - | 103 |
| Barclays - preserving E. Africa resources & livelihoods | 396 | 2 | (232) | 3 | - | 169 |
| Marks & Spencer Ethical & Eco Programmes | 42 | 561 | (343) | (20) | - | 240 |
| M&S Forever Fish Campaign | - | 620 | (463) | - | - | 157 |
| Other Project Restricted, GAA and DFID | 950 | 2,691 | (2,599) | 350 | - | 1,392 |
| Broadly Restricted Funds | | | | | | |
| Sky Amazon Project | 2,004 | 1,640 | (1,626) | (72) | - | 1,946 |
| Arctic | - | 408 | (386) | - | - | 22 |
| Eastern Himalayas | - | 367 | (101) | - | - | 266 |
| Climate change | - | 428 | (429) | - | - | (1) |
| Primates | 284 | 606 | (822) | - | - | 68 |
| Rhinos | 9 | 341 | (328) | - | - | 22 |
| Pandas | 11 | 412 | (371) | - | - | 52 |
| Elephants | 1 | 323 | (296) | - | - | 28 |
| Amur leopards | - | 770 | (889) | - | - | (119) |
| Snow Leopards | - | 412 | (1,074) | - | - | (662) |
| Tigers | 409 | 2,029 | (1,769) | - | - | 669 |
| Penguins | 10 | 246 | (347) | - | - | (91) |
| Endangered Species | 67 | 1,007 | (1,062) | (6) | - | 6 |
| Other Broadly Restricted Funds | 240 | 2,070 | (1,725) | 6 | - | 591 |
| DFID – PPA 4 | 773 | 3,090 | (2,205) | - | - | 1,658 |
| European Commission - Asia Switch | 626 | (50) | (466) | - | - | 110 |
| European Commission - Livewell | - | 358 | (144) | - | - | 214 |
| European Commission – Other | 290 | 500 | (605) | - | - | 185 |
| Hosting costs (Including staff costs) | - | 918 | (923) | - | - | (5) |
| Total Project and Broadly Restricted Funds | 8,818 | 23,599 | (24,035) | 384 | - | 8,766 |

| | At 01 July 2011 | Incoming Resources | Outgoing Resources | Transfers between Funds | Net gains/ (losses) | At 30 June 2012 |
|---|--------------------|-----------------------|-----------------------|-------------------------------|---------------------------|--------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Living Planet Centre | | | | | | |
| Living Planet Centre Rufford | 200 | 4,800 | - | - | - | 5,000 |
| Living Planet Centre Other | 87 | 716 | - | - | - | 803 |
| Total Living Planet Centre Funds | 287 | 5,516 | - | - | - | 5,803 |
| Total Restricted Funds | 9,105 | 29,115 | (24,035) | 384 | - | 14,569 |
| Unrestricted Funds | | | | | | |
| Fixed asset reserve | 1,708 | - | (157) | (1,407) | - | 144 |
| Specific reserve | 704 | - | (704) | - | - | - |
| New Headquarters reserve | 3,455 | - | - | 32 | - | 3,487 |
| Designated reserves | 5,867 | - | (861) | (1,375) | - | 3,631 |
| General reserve | 18,607 | 37,062 | (34,221) | 991 | (223) | 22,216 |
| Total Unrestricted Funds | 24,474 | 37,062 | (35,082) | (384) | (223) | 25,847 |
| Total Funds | 37,186 | 66,177 | (59,136) | - | (316) | 43,911 |

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 by fixed asset investments.

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

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.

1. Other Project, GAA and DFID restricted donations are where the donor has specified the project to be funded and neither income nor expenditure exceeds £300,000.
2. Other Broadly Restricted donations are where the donor has specified the restriction, but not the project to be funded, and neither income nor expenditure exceeds £300,000.
3. European Commission Other Restricted donations are where the donor has specified the project to be funded and neither income nor expenditure exceeds £300,000.
4. Living Planet Centre restricted donations are being used for the construction of the new headquarters. £4.4m had been spent on the construction at the date of these accounts.

Transfers

Transfer of £1,407,000 relates to prior year expenditure in respect of the Living Planet Centre for which relevant income, from The Rufford Foundation, was received in the year ended 30 June 2012.

Charity Statement of Financial Activities (SOFA)

The total income of the charity in 2012 was £63.1m (2010/11: £55.7m) and total expenditure was £57.7m (2010/11: £56.6m).

18 ANALYSIS OF GROUP ASSETS AND LIABILITIES BETWEEN FUNDS

| | Unrestricted Funds | Restricted Funds | Endowment Funds | Total 2012 | Total 2011 |
|---------------------|-----------------------|---------------------|--------------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Tangible assets | 144 | 4,371 | - | 4,515 | 1,708 |
| Investments | 8,496 | - | 3,495 | 11,991 | 12,317 |
| Fixed assets | 8,640 | 4,371 | 3,495 | 16,506 | 14,025 |
| Current assets | 21,954 | 10,926 | - | 32,880 | 27,940 |
| Current liabilities | (4,747) | (728) | - | (5,475) | (4,779) |
| Net Assets | 25,847 | 14,569 | 3,495 | 43,911 | 37,186 |

| | Notes | £'000 | £'000 |
|--|-------|---------------|---------------|
| As part of the above funds, general reserves are calculated as being: | | | |
| Total unrestricted funds | 17 | 25,847 | 24,474 |
| Less: | | | |
| Tangible fixed assets | 10 | (144) | (1,708) |
| Specific designated reserves | | - | (704) |
| Designated for possible funding gap for build of planned new Headquarters premises | | (3,487) | (3,455) |
| Total general reserves | | 22,216 | 18,607 |

An amount of £3.487m of reserves is designated, should it be required, for WWF-UK's proposed new Headquarters premises (Living Planet Centre). £2.7m of these reserves relate to a legacy, the use of which, for the new building, would be particularly in keeping with the spirit of the legacy. We are continuing to raise further sums for the Living Planet Centre via a capital appeal in order that the reserves designated, or a portion thereof, will be available again for conservation purposes.

The building is planned for completion in the summer of 2013.

The fixed asset reserve represents the approximate value of tangible fixed assets as these are not available for the day to day operations of the charity.

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:

| | 2012 | 2012 | 2011 | 2011 |
|--------------------------|---------------------------|----------------------------|--------------------|---------------------|
| | Land and buildings | Plant and machinery | Land and buildings | Plant and machinery |
| | £'000 | £'000 | £'000 | £'000 |
| Leases which expire: | | | | |
| within one year | 12 | - | 12 | 62 |
| within two to five years | 507 | - | 519 | 4 |

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 charity's 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 £626,891 (2011: £1,525,007).

21 GIFTS IN KIND

WWF-UK received gifts in kind in the year totalling £2,035,000 relating to services received. The main areas of receipt are:

Campaigning costs: approximately £1,746,000 of poster advertising space was donated and used to promote awareness of the annual WWF Earth Hour and the "PANDA MADE ME DO IT" campaigns.

Consultancy: £260,000 of consultancy work assisting us with our strategic review and a further £19,000 of consultancy work in preparation for our move to our new headquarters

Cost of generating funds: £10,000 of television advertising space was donated.

22 OUTSTANDING GRANT AWARDS

WWF-UK aims to continue to provide funding to a number of programmes and projects subject to the delivery of obligations contained in the grant awards. At the end of the year, the amount of grants outstanding that did not meet the definition of an accounting accrual amounted to £10,130,979 and did not extend beyond June 2016 (2011: £7,882,409 not extending beyond June 2015).

23 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 amounted to £955,175 (2011: £221,920).

24 RELATED PARTY TRANSACTIONS

The Chair of WWF-UK, Ed Smith, is also a Trustee of WWF International and was Chair of the WWF International Audit Committee.

A Trustee is a director of BUPA International, which provides services to WWF-UK.

The Chief Executive, David Nussbaum, and the Deputy Director of Programmes, Oliver Smith, serve as Trustees of the Alliance of Religions and Conservation.

The aggregate amount of WWF-UK's transactions with these organisations was as follows:

| | 2012 | 2011 |
|---|-------|-------|
| | £'000 | £'000 |
| Alliance of Religions and Conservation (ARC) | | |
| Funds provided | 60 | 50 |
| BUPA International | | |
| Funds provided | 79 | 72 |

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

25 TAXATION

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

26 CAPITAL COMMITMENTS

At the year end, WWF-UK had contracted to spend a further £12.2m on the construction of our new headquarters.

27 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.

28 FORWARD FOREIGN EXCHANGE CONTRACTS

WWF-UK has entered into eight forward exchange contracts during the year to hedge forward currency exposure on certain future funding requirements. These contracts to purchase Swiss Francs (CHF) using Sterling (GBP) are each for between four and fourteen months in duration, at CHF/GBP rates between 1.4344 and 1.4936. At the balance sheet date a combined purchase value of CHF5.1 million remained on these contracts.

WWF-UK CORPORATE DIRECTORY

The information shown below is that pertaining between 1 July 2011 and 13 December 2012 the date of signing the accounts.

Honorary President

HRH The Prince of Wales

Trustees

Ed Smith (Chair)

Mark Chambers

Dr David Bryer

Rita Clifton

Colin Day (Retired 15/12/2011)

Professor Ian Diamond

Alberto Piedra (Treasurer retired 20/6/2012)

David Phillips (Appointed Trustee 1/9/2011; Appointed Treasurer 20/6/2012)

David Gregson (Retired 20/6/2012)

Professor David Macdonald

Dr Valentin von Massow

Professor Kathy Willis

Natalie Gross (Appointed 1/9/2012)

Andrew Reicher (Appointed 1/9/2012)

Richard Sambrook (Appointed 1/9/ 2012)

Committees

F, N

A, F, LPC

N, P, LPC

P

A, F, Pen, Inv, N

P

P

P

LPC

F, Inv

F, LPC

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

Sir Martin Laing CBE (Trustee Emeritus)

The Hon Mrs Sara Morrison (Trustee Emeritus)

Independent members and external advisors

Jeff Phillips

Patrick Oram

Mike Acreman

John Hudson

Georgina Mace

Professor Jim Skea

Brian Jackson

Nikki Robinson (staff representative)

Committees

A

A

P

P

P

P

Pen

Pen

Committees

(A) Audit Committee

(F) Finance and Business Committee

(N) Nominations & Remuneration Committee

(P) Programme Committee

(LPC) Living Planet Centre Committee

(Pen) Pensions Sub-Committee

(Inv) Investment Sub-Committee

Chair

Mark Chambers

Ed Smith

Ed Smith

Professor Ian Diamond

Mark Chambers

David Phillips

David Philips

Corporate Management Team/Principal Officers

| | |
|------------------------------------|---|
| Chief Executive | David Nussbaum |
| Director of Resources | Dermot Heffernan (until October 2011) Robert Hardy (from October 2011) |
| Director of Communications | Winnie De'Ath (on secondment to WWF International from 1 September 2012) |
| Interim Director of Communications | David Norman (from 1 Sept 2012) |
| Director of Campaigns | David Norman |
| Director of Fundraising | Tobin Aldrich |
| Director of Programmes | Dr Glyn Davies |
| Deputy Director of Programmes | Oliver Smith |

Company Secretary

Susan Gent

Principal Professional Advisers

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