

WWF-UK

Report and Financial Statements

30 June 2007

WWF-UK: Registered charity number 1081247. A company limited by guarantee. Registered number 4016725

WWF-UK (World Wide Fund For Nature) Trading Ltd: A company limited by share capital. Registered number 892812

Registered Address: Panda House, Weyside Park, Godalming, Surrey GU7 1XR

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Report of the Board of Trustees and Directors

For the year ended 30 June 2007

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.

WWF-UK works on both global and local environmental issues.

Much of our work is in areas where the most critically endangered wildlife and the least protected habitats are found. However, the origins of many environmental problems lie in developed countries, including the UK, and in our attitudes and behaviour – for example, our consumption of natural resources.

That is why WWF-UK not only directs some 70% of its conservation expenditure towards its global programmes, but also seeks to influence international environmental issues through responsible actions in the UK.

SUMMARY

This report covers the following areas:

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

ACTIVITIES – AROUND THE WORLD

WWF-UK's worldwide conservation work focuses on long-term, large-scale programmes that are designed to counter biodiversity loss and provide solutions to the challenges facing the natural world. We work in partnership with other parts of the WWF network throughout the world.

WWF-UK's global conservation programmes include the following:

Amur-Heilong

The Amur-Heilong region, which borders the Russian Far East and eastern China, is home to the world's most biologically diverse temperate forests. The region is the focus of a WWF programme that combines forest, species and freshwater conservation. Our support for improving habitat and setting up anti-poaching brigades has led to a recovery in Amur tiger numbers, from a low of 40 to today's population of around 450. We aim to increase numbers of the Amur leopard and oriental stork, and to establish 20,000 sq km of protected forests and wildlife corridors. In addition, we are working to combat illegal logging, and to implement a management plan for the Amur river basin.

China

WWF-UK is working in the central Yangtze river basin to re-link disconnected lakes and provide vital flood protection. We are promoting new sustainable farming methods in the region, and creating a network of protected areas. Our programme is being conducted in partnership with local governments and is supported by HSBC Holdings plc.

Colombia

WWF's programme focuses on the conservation, management and restoration of forests in the northern Andes and the Choco region on the Pacific coast. We work with local communities to improve their ability to protect their land and rights. We provide them with information and skills that will boost sustainable agriculture, promote their access to local markets, help them certify timber, and aid protection of these forests and the many species that inhabit them. We also work with the government on initiatives to protect endangered marine species such as the humpback whale and leatherback turtle.

East Africa coastal forests

The region's coastal forests are an important reservoir of biological diversity, hosting some of the highest concentrations of endemic plant species in the world. The forests are also critically important to more than 30 million people who depend on their natural riches for fuel, water, medicines and building materials. WWF's programme seeks to conserve and restore these forests by working closely with local people to provide long-term solutions to the environmental problems while also meeting community needs.

East Africa marine ecoregion

WWF-UK's programme in Kenya and Tanzania is working with local people and partners to rebuild and secure a healthy environment for the future of this marine environment, which extends from Somalia to South Africa. We are working to ensure that marine resources and the livelihoods of coastal communities are protected.

Eastern Himalayas

WWF-UK is working in Nepal, Bhutan and India to tackle environmental degradation in the eastern Himalayas. We are doing this by targeting causes of habitat fragmentation, involving local people in forest management, and developing wildlife corridors between the region's protected landscapes – for the benefit of the tigers, elephants and rhinos that coexist here.

Fiji

WWF-UK is working with local people and organisations in Fiji so that they can better manage their marine environment. We are helping to implement a commitment from the Fiji government to protect 30% of its seas; these protected areas will include zones where fishing

and harvesting of other marine resources are prohibited. As a first step towards this commitment, the waters around Fiji's Great Sea Reef – the world's third longest barrier reef – were recently declared community-managed protected areas.

Forests of New Guinea

New Guinea contains the largest block of tropical forest in the Asia-Pacific region, but most of the island's people depend almost entirely on forest resources for a largely subsistence lifestyle. WWF's programme is encouraging more sustainable forest management practices, increasing the proportion of forest in protected areas, and influencing improved land use and development planning – for the long-term benefit of people, as well as the island's remarkable array of species.

Heart of Borneo

Borneo is one of the richest centres of biological diversity in the world: WWF surveys have discovered 361 new species there during the past 10 years, but the island is at risk from rampant logging, forest fires and conversion of forest land to plantation. A new WWF programme aims to preserve 220,000 sq km of threatened forest in the 'Heart of Borneo'. In February, the three Bornean governments – Brunei, Indonesia and Malaysia – signed a historic declaration to conserve the Heart of Borneo. This formally commits them to deliver responsible natural resource management across almost a third of the island.

Namibia

WWF-UK's work in Namibia links sustainable, social and economic development to the conservation and community management of wildlife and other natural resources, for the benefit of people and nature. The past few years have seen continued increases in wildlife numbers, and a dramatic growth in earned income coming to the communities – a testament to the success of the programme. Conservancies now cover almost 10% of the country, and both government support and community belief in them remain undiminished.

North-east Atlantic marine ecoregion

WWF is working to maintain this region's rich biodiversity and important marine resources. In the UK we are calling for Marine Acts to streamline the management of our seas; at the EU level we are lobbying for robust implementation of the Common Fisheries Policy to ensure the recovery and sustainable long-term management of commercial fish stocks in European waters. During the year, *Invest in Fish South West*, a three-year initiative involving WWF-UK, the fishing industry, retailers, processors, restaurateurs and other partners, released its final recommendations and a unique model to assess sustainable fisheries management options for the future of fisheries in the UK and in Europe.

In addition we are working with the Marine Stewardship Council and leading industry players to promote the MSC accreditation scheme which the consumer can trust to mean that products bearing the MSC logo come from sustainably managed fish stocks. Seven fisheries are already certified in the North-east Atlantic and others are under consideration.

Polar seas

WWF is working to develop a network of marine protected areas covering at least 10% of the oceans in both the Arctic and Antarctic. In the Southern Ocean, home to recovering populations of great whales and albatrosses, we are promoting conservation and sustainable management of fisheries, particularly to reduce bycatch and illegal fishing. In the Barents Sea

around Norway and Russia – one of the most accessible parts of the Arctic – human activities are increasing rapidly. Levels of illegal fishing, oil and gas development, shipping and the impact of climate change pose serious threats to the region and species including the polar bear and walrus. WWF has already helped to protect key habitats for fish and seabirds, closed sensitive areas to large cruise ships, and reduced overfishing of cod.

Tanzania and Kenya

WWF is working with the Tanzanian government and other associates to restore year-round flow to the Great Ruaha River, through sustainable management of water resources to improve the long-term prospects for millions of people and substantial numbers of wildlife. In a significant success for WWF-UK's Ruaha programme, the river is now flowing downstream of large-scale rice farming areas and, for the first time in 15 years, it has flowed here in the peak of the November dry season. Similar progress has been made at Lake Bogoria in Kenya, where local groups provide a crucial element in maintaining the quality and quantity of water in the lake and along the rivers that feed into it.

International

As part of WWF's global policy programme, WWF-UK works with governments and international organisations such as the United Nations, the European Commission and the World Trade Organisation to promote development that is both fair and sustainable. We are also closely engaged with international treaties such as the Convention on International Trade in Endangered Species (CITES).

ACTIVITIES – IN THE UK

Governments, business and industry, media and education ... they all bring about change, and WWF's worldwide reputation gives us access to them all.

Government and policy WWF-UK raises crucial environmental issues with decision-makers of all political persuasions. We seek to influence them so that our key messages for the environment are incorporated into policy initiatives.

Business and industry WWF-UK's philosophy is to engage positively and constructively with business, so that we can develop partnerships, raise funds for the environment, stimulate green innovation in business, and challenge bad business practices.

Education WWF-UK plays a vital role in influencing the education syllabus and ensuring that the environment and sustainable development are represented, as well as providing resources and materials for teachers.

UK action WWF-UK is active in England, Northern Ireland, Scotland and Wales. We are focusing on how to reduce the UK's ecological footprint – the environmental impact we make on the wider world – because the need to take action at home is as important as it is elsewhere in the world.

Campaigning and communicating with the public are a central part of WWF-UK's strategy to combat the effects of climate change. This year, our campaigning work has brought about an important change in UK law, and tighter regulations across Europe.

REVIEW OF ACTIVITIES AND HIGHLIGHTS OF THE YEAR

1. Climate change

The political agenda

This year was extraordinarily busy on the climate change and energy agenda. WWF-UK is now seen as a key player on climate change and energy issues by a growing range of stakeholders – policymakers, politicians, businesses and the media – and we have frequently met government officials and ministers.

Major external events have included publication of the UK energy review, the Stern review of the economics of climate change, two key reports from the Intergovernmental Panel on Climate Change, the G8 Summit in Heiligendamm, the beginning of the European Commission's crucial review of the EU Emissions Trading Scheme, the publication of the UK government's Energy White Paper, and a consultation on the draft Climate Change Bill.

This busy external agenda required intense media and advocacy work. For example:

- WWF-UK worked closely with other WWF organisations to influence the G8 process.
- WWF-UK is a leading member of a coalition calling for more ambitious national CO₂ targets and the inclusion of international aviation and shipping emissions in those targets.
- In May we launched the *WWF Climate Solutions* vision, which sets out to show how the world can keep the rise in global temperatures to below the critical threshold of 2°C. WWF-UK is using this extensively in our advocacy work, and presented the findings at *The Guardian* Climate Change Summit in June.
- In Scotland, manifesto commitments were secured from Labour, SNP, SSP and the Greens to introduce a Scottish Climate Change Bill incorporating legally binding targets for emissions reduction.

Mesoamerican reef

This project is WWF-UK's first climate adaptation field initiative. During the year, it took great strides towards balancing the biological and social aspects of climate adaptation, laying the foundations for bottom-up and top-down adaptation planning. Central to the work has been strengthening the voices of communities on the issue of climate change and raising public awareness. If we can get the methodology right in the reef, it could provide us with a process to adopt in other regions.

The main findings of the comprehensive reef health survey (of 140 sites in Belize) point towards near-shore turbid reefs (traditionally those less favoured for protection) presenting comparable ecosystem healthiness to that of fore reefs. We and our partners continue to advocate for greater protection of these sites, since they could well be the only surviving reefs under continued severe climatic changes.

2. Forests

Colombia Forests Programme

During the year we have continued our work with local NGOs to create further protected areas, including:

Choco-Darien ecoregion: 1,283,000 ha of private reserves were created, with humid forests declared as new conservation areas.

Northern Andes ecoregion: Two municipal systems of protected areas (Pijao and Génova, totalling approximately 8,000 ha) were legally established in the Quindío Department.

Orinoco ecoregion: Seven new private reserves in the Biosphere Reserva Tuparro increased the conservation area to 9,394 ha in the Orinoco river basin.

We have also worked with indigenous and Afro-Colombian communities who are increasingly interested in collective forest management initiatives for conservation and the improvement of livelihoods. New initiatives include:

- creation of three legally constituted community enterprises as a result of zoning and a forest management plan for 430,000 ha of forests;
- development of three business plans for forest harvesting activities – one for Alto Guapi (250 families and 100,000 ha), another for the Darien region (150 families and 500,000 ha) and a third for the bi-national Awa area (550 families and 300,000 ha); and
- development of a plan for commercialising non-timber products such as organic spices, forest seeds, natural colouring (jagua), vanilla and sugar cane, through large supermarket chains. This involved 185 new production initiatives, covering approximately 330,000 ha and benefiting 1,400 individuals.

Eastern Himalayas

Community engagement is core to the whole programme. The handing over of the 2,035 sq km Kangchenjunga Conservation Area (KCA) from the government of Nepal to the KCA Management Council offers the best example of this approach. For the first time in Nepal, control of a conservation area has been vested in a local community which can now make decisions about its future and reap the benefits of good stewardship. WWF Nepal will closely monitor the results, and will continue to build the capacity of the management council, to undertake this responsibility.

Terai Arc Landscape (TAL) Nepal

The government of Nepal endorsed the Terai Arc Landscape (TAL) Implementation Plan. This document will serve as a guide for existing donors, agencies and potential donors, and to design interventions and implement activities in the landscape for the next 10 years in order to achieve the vision of the TAL Nepal Strategic Plan.

Progress has been made against poaching activities. After a sudden upswing in rhino poaching in Chitwan, the WWF office launched a robust response that led to a very marked decline in kills (one rhino killed in six months as opposed to 12 within a single month).

Heart of Borneo

Following two and a half years of campaigning by WWF, a historic declaration to conserve the 'Heart of Borneo' was signed between the three Bornean governments – Brunei Darussalam, Indonesia and Malaysia. This formally committed the governments to aligning policies and management to deliver responsible natural resource management in 240,000 sq km of tropical rainforest in the Heart of Borneo – almost a third of the island.

It was a huge advocacy task to achieve this result. WWF also defeated a proposal to clear 1.8 million ha of rainforest to create palm oil plantations on Indonesian Borneo. The Indonesian government made a political U-turn, refused US\$8 billion in loans from the China Development Bank and targeted non-forested land instead.

3. Freshwater

HSBC corporate partnership

Phase 2 of the HSBC Holdings plc relationship, the “HSBC Climate Partnership”, was launched by Sir David Attenborough in May. WWF will receive \$33m over five years for work in the UK, the US, Brazil, India and China. The overall aim of the partnership is to reduce the impacts of climate change on people and livelihoods by promoting action in some of the world’s major cities and river basins. In addition WWF has also entered into a sponsorship agreement with HSBC for US\$2m.

Year-round flow of the Great Ruaha River

This large river started to run dry about 10 years ago. Despite Tanzania enduring one of the worst droughts in recent history and after decades of unsustainable irrigation, WWF has helped restore year-round flow to the Great Ruaha River in critical sections of its catchment area. In a significant success for WWF’s Ruaha programme, the river continued to flow downstream of large-scale rice farming areas and, for the first time in 15 years, has flowed in the peak of the November dry season.

4. Marine

North East Atlantic Marine Ecoregion (NEAME)

In March the UK government published its Marine Bill White Paper in which it set out its intentions for a Marine Bill that contains almost all of WWF-UK’s asks: marine spatial planning, national marine protected areas, sustainable development, and establishment of a new cross-sectoral marine management organisation that will lead and coordinate the new marine planning system. The Marine Bill will also bring management of inshore fisheries up to date from the current old and unwieldy system. The White Paper also notes the government’s intention to develop a joint marine policy statement with the devolved administrations of Scotland, Wales and Northern Ireland. All marine development sectors will have to comply with the policy statement. Further legislation will be required in Scotland, and possibly in Wales and Northern Ireland to fully implement new marine policies.

WWF-UK continues to campaign for the Marine Bill to come before parliament at the earliest opportunity, and for government to declare its intention to implement the ecosystem approach through the Bill.

In the Scottish Parliament elections in May, WWF Scotland worked to secure commitments to separate marine legislation from all major political parties. This was successful and in July the new SNP-led government committed itself to a Scottish Marine Bill.

5. Species

Population growth successes and challenges

The year saw exciting increases in the population size of some of our priority species. Examples include black rhinos in Kenya (increasing from 428 in 2003 to 539 in 2006), mountain gorillas in Bwindi National Park, Rwanda (steadily increasing from 300 in 1997 to 340 in 2007) and gaur in Chitwan National Park, Nepal, which provides part of the tiger prey-base (increasing from 100 in 1997 to 300 this year). In addition, Amur tiger numbers remain stable (more than 450) and the animals are beginning to move into China within the recently established cross-border National Park.

In all these instances, habitat loss and fragmentation, as well as poaching, remain the major threats that we must continue to address if population growth or stability of key species is to be maintained. As an example, only two months after celebrating the growth of Bwindi's mountain gorilla population, we heard that four gorillas, including an alpha silverback, had been killed in the Democratic Republic of Congo. This area contains more than a fifth of the world's total population of mountain gorillas. Another species of concern is the Amur leopard, with the recent census highlighting issues relating to sex ratio (one female to every three males) and distribution. To address this critical situation in a region where some 30 leopards are thought to survive in the wild, a joint monitoring and conservation action plan has been agreed by WWF and other key NGOs in Russia, and the action plan for the border between Russia and China was signed by the Commander of the Far Eastern Frontier Troops.

Giant panda, China

Early in 2007, WWF recognised the efforts of two provinces – Gansu and Sichuan – to preserve giant panda habitats in the Minshan mountains as a Gift to the Earth. Past support by the provinces includes the creation of new protected areas, improved management of existing areas, the creation of linking corridors, cessation of logging, bamboo forest restoration, and panda conservation co-management with other management agencies. The two provincial governments used the event to announce their commitment to establish, by 2010, a further 900,000 ha of protected areas for wildlife. The Sichuan government has also agreed to retain a logging ban covering 840,000 ha of natural forest until 2010, while Gansu has expressed its commitment to maintain a similar ban covering 430,000 ha of forest.

Throughout 2007, discussions have taken place between WWF and the Chinese government regarding the potential for the giant panda conservation strategy to be extended beyond Qinling and Minshan to cover all the pandas' range. Around 1,000 of the 1,600 pandas in the wild are found in Qinling and Minshan. The remainder are in very fragmented and degraded habitat and cannot survive in the long term unless conservation steps are taken. A proposal for this expanded, fully integrated phase of the giant panda programme has been developed by WWF China, in coordination with WWF-UK and other major donors within WWF.

Amur tiger and leopards, Russian Far East

In June two national parks in the Russian Far East were established within a week. WWF and other NGOs have been campaigning for these parks, which cover 170,000 ha of Amur tiger habitat, for eight years. The forests, dominated by Korean pine which yields much of the world's pine nut crop, are home to 30 species of endangered plants, brown and black bears, and two families of Amur tiger.

Namibia

Conservancy income is a key indicator of performance in the development of financially sustainable conservancies. The Integrated Rural Development and Nature Conservation (IRDNC) is supporting 42 conservancies (25 in Kunene, 17 in Caprivi). In the calendar year 2006, there were substantial increases in direct aggregate revenue in both regions. The total income for 2006 from the conservancies being supported by IRDNC was approximately N\$5.1 million, an increase of around N\$2.7 million from 2005.

These results were achieved through strategic interventions by IRDNC; an increase in the number of joint venture agreements; an increase in the number of Kunene conservancies who

are marketing their hunting concessions; innovative agreements between operators and conservancies; and improved performance by the community-based campsites in the Caprivi region.

'Extinct'

In collaboration with ITV and Endemol, *Extinct*, a series of factual entertainment television programmes, was produced, in which the threats to eight species were highlighted. The programmes focused on the causes of the threats and the actions that WWF-UK was taking, in collaboration with local communities and governments, to mitigate the effects of these threats. The series was very successful in raising awareness of the issues and, through verified viewer voting, generated a substantial income to help pay for these projects.

6. Sustainable consumption

Northern Ireland

In Northern Ireland, a community eco-challenge footprint project was initiated in February with funding secured of £272,000. Strong support has already been shown by the Northern Ireland Environment Minister, who formally launched the project in September 2007.

Green leadership in schools

In January WWF-UK won the tender for a research project into 'green school leadership' for the National College for School Leadership (NCSL). This was carried out by a team led by WWF and comprising colleagues from the Institute of Education (London), Education Direct and Dr Chris Gayford of Reading University. This research provides key baseline information for developing sustainable school practice for school leaders. The research findings were presented at a leading practice seminar at which Steve Munby, CEO of the NCSL, pledged that sustainability would be included in the revised National Professional Qualification for Headteachers, which all heads must complete by 2009. We have been invited to take part in the think tank guiding this revision. This project has established WWF-UK as a trusted research partner and has been instrumental in raising the profile of sustainable consumption among institutions that support the professional development of school leaders.

Toxics/Chemicals and Health Campaign

The food testing report *Circle of Contamination: The Food Link* was launched, with accompanying fact sheets, based on the testing of food products from seven countries. The UK Toxics programme played a lead role, with the WWF European Policy Office coordinating other National Offices' involvement. The report attracted excellent UK and European media coverage, including Radio 4's *Today* programme. Subsequently David Cameron announced that UK Conservative MEPs would vote in the European Parliament to toughen up new EU chemicals legislation known as REACH (Registration, Evaluation and Authorisation of Chemicals) in order to ensure that hazardous chemicals are substituted with safer alternatives wherever possible. We have now closed our dedicated toxics department but we are providing start-up funds to a new NGO, ChemTrust, which will take forward these issues. We expect this to become self-financing within the next 18 months.

Oil and gas

WWF continued to challenge Shell's US\$12billion Sakhalin II project which threatens local fisheries and 100 western gray whales in the Sea of Okhotsk. After three years of WWF engagement with the European Bank for Reconstruction and Development, during which we

provided evidence from the field to demonstrate policy non-compliance and an active media strategy, the bank finally announced it was not going to fund the Sakhalin II project.

Sustainable business

One Planet Business was launched in Freiburg in March. It offers business leaders, policy-makers and other NGOs a forum to understand the issues and explore transformative ways for business to create value and meet human demand in an increasingly resource-constrained world. The first project will catalyse action towards transformational change for personal mobility within one planet limits.

One Million Sustainable Homes

After WWF-UK strongly lobbied for a Code for Sustainable Homes, the Secretary of State for Communities and Local Government chose a WWF event to launch exactly that. This new Code effectively moves sustainable homes from the fringes to the mainstream of UK housing, and is a major success for WWF.

Feats of endurance

In one of the most extraordinary feats of human endurance, WWF-UK ambassador Lewis Gordon Pugh became the first man to swim at the Geographic North Pole. His 1km swim took 18 minutes and 50 seconds in sea temperatures of minus 1.8°C – the coldest waters in which a human has ever swum and survived. His feat, in July, was intended to inspire world leaders to take climate change seriously. On other occasions during the year, Lewis Pugh also swam the full length of the Thames, and across the waters of the Maldivian islands.

7. Areas of focus

In last year's Trustees' Report, a number of objectives were identified for 2006/2007:

- **Make recommendations to the Trustees for the future focus and priorities of the programme and its potential for fundraising and communications.**

This was carried out. Since October the programme has been further aligned to the international WWF Network Initiatives (NIs) and priority places and species. NIs are thus becoming WWF-UK's priority programme focus. They are aimed at transformational change and require WWF to approach its programmes from a different perspective, integrating its plans with civil society, national partners, government and international institutions.

- **Develop a compelling shared vision of 'WWF at 50' in preparation for our 50th anniversary in 2011.**

We are investigating the potential opportunities that our 50th birthday offers, alongside our strategic review.

- **Ensure there are no red traffic lights in the annual evaluation of the major programmes and complete the review of programmes up for renewal.**

All programmes that were up for renewal have been reviewed. The concurrent development of Network Initiatives is causing some challenges but this is being managed. Further development and review is still required for some new Programmes.

- **Ensure WWF-UK makes an effective contribution towards saving the Bengal tiger.**

TRAFFIC-India has been reinstated and is working on investigations and seizures in coordination with Nepal, Bhutan and China. Workshops have been held to build capacity of customs and other government staff along the key border routes for illegal trade. In Nepal, local community informant networks have been strengthened and are providing data that has been critical to a number of seizures and arresting of poachers. The Bengal tiger received the most votes in the *Extinct* television series, resulting in an additional £173k of funding for our field programme in the Terai Arc Landscape in Nepal.

- **Ensure all components of the Partnership Programme Agreement meet DFID's expectations.**

The PPA programme is under way, with a view to enlargement. This will be a critical opportunity to assess and ensure WWF has the appropriate capacity in place to stay relevant for DFID and other major donors.

- **Create and begin to implement a single overarching campaign.**

Our One Planet campaign was launched in front of a business and government audience at a special “summit” in April. This was followed by a public launch at Grand Designs Live in June. We have an initial partnership with the National Federation of Women's Institutes to launch our footprint calculator.

- **Achieve SRM net income of £26.3m.**

Fundraising net income has exceeded this target for the year to 30 June 2007.

- **Identify and pursue new audiences who will support us financially.**

In July 2006 Supporter Relationship Management (SRM) undertook research into UK public audience attitudes to WWF, our areas of work, charitable giving and potential motivations to support. This informed the selection of two attitudinal audience groups. Presentation materials were developed and tested with these audiences across direct mail, inserts and online in February 2007. Results to date show a positive response for one of the groups and this continues to be developed.

- **Renew the HSBC partnership and establish at least one major new business partnership.**

The HSBC Holdings plc partnership was renewed at \$33m over five years plus a sponsorship arrangement of \$2m. This year, conservation and challenge elements will be accompanied by the opportunity for communications about the partnership. In addition, a separate Marks & Spencer partnership was announced during the summer of 2007.

- **Develop a brand strategy which achieves our objective – that by 2012 WWF is recognised as the organisation advocating “One Planet Living for a living planet”.**

The need for brand development was reinforced by the research of Hall and Partners, annual brand tracking and the UK public audience mapping undertaken in July 2006.

During the year, we have been working to review the brand – its personality, values, rational and emotional benefits, and evaluate the market and competitor trends that must guide WWF's brand positioning. This positioning is most critical for public audiences, potential prospects and supporters of WWF but it must also be coherent with our

government and business audiences' understanding of us as an organisation. The strategy has been developed and will be rolled out from autumn 2007.

- **Continue to implement the digital communications strategy and achieve 2006/07 targets.**

We now offer online and offline communications to many of our key audiences. Our new One Planet community gives supporters the opportunity to assess their own footprint and to share experiences and ideas with other like-minded people.

Building on our strategy, we are using the internet to multiply our messages by posting videos on YouTube, syndicating content, and having strategic media partnerships with ITV, Google, Nokia and Virtual Life.

The website, which attracts some 2 million visitors a year, continues to be a major acquisition tool with 56% of our new supporter acquisition budget being spent online.

- **Ensure WWF-UK contributes effectively to the international WWF Network initiatives:**

- **The working of the new Key Decision Body now known as the Network Executive Team**

The Chief Executive of WWF-UK is a member of the Network Executive Team.

- **Financing and implementing the Keystone Initiatives (£1m target for UK)**

Corporate and major donor strategies are in place to generate Amazon Keystone Initiative funding, including an Amazon gala event with royal attendance.

- **Adopting and implementing Global Energy Task Force recommendations**

The *Climate Solutions* report was launched by WWF in May. The document has given us a good background to support our climate and energy work in the UK. It was particularly useful when we gave evidence in June to the Parliamentary Joint Committee on the Draft Climate Change Bill, and it helped shape our position on the UK's Energy White Paper and supported our position at the G8+5.

- **Review all activities funded by unrestricted income and implement opportunities to secure new sources of restricted income and/or reduce unrestricted spending**

The trend continues in using restricted funds more effectively. A number of Direct Debit supporters had joined a scheme whereby DFID would match their contributions, under the terms of the Joint Funding Scheme. Since this scheme has ended, we have contacted these supporters to ask that they continue their donations but have pointed out that they will be converted to unrestricted income rather than being tied to DFID income. This is having a positive effect on the balance of unrestricted/restricted income. We continue to look for new opportunities to increase unrestricted funding.

- **Ensure the new WWF-UK finance system is fully utilised**

The new finance system provides managers with the tools to access information about their department and the whole organisation. Staff are becoming increasingly familiar with the system which has been widely adopted.

FINANCIAL REVIEW

Income in the year under review was higher than the previous year by more than £3m, at £45m. This increase was due to good performance in appeals to individual supporters and corporate sponsors, and to *Extinct*, a series of factual entertainment programmes on ITV which resulted in additional and substantial cash income. The overall improvement was realised with a small decrease in the cost of generating funds.

The Trustees and their advisers have reviewed the procedures affecting the accounting treatment of multi-year grant offers and believe it is more appropriate to recognise the full amount of these offers at the earliest opportunity. This has resulted in the majority of our grant commitments being recognised in the year under review, including commitments entered into in previous years, rather than recognising commitments in the year in which they were due to be paid. Whilst we expect to raise income to cover this expenditure we are not at this stage able to accrue it in our accounts. The net effect of moving to this treatment is to include additional grant expenditure of £7.4m in the 2007 accounts, giving rise to a deficit of £1.8m in the year

The organisation benefited from investment gains of more than £1m in the year.

OUR FOCUS FOR NEXT YEAR

Review our five-year strategy and ensure that we work towards achieving it.

- Continue our substantial investment in developing Network Initiatives, with partners across the Network.
- Engage in the negotiations for agreeing a post-Kyoto climate settlement programme. This will include lobbying and working with governments and stakeholders to ensure that the new settlement contains robust measures to address climate change.
- Influence government, including the devolved administrations, and seek cross-party commitment to a Climate Change Bill and a Marine Act.
- Continue the first year of our new partnership with HSBC Holdings plc by examining the effect of climate change on freshwater ecosystems in Brazil, China, India and the UK.
- Develop new business partnerships embracing our business and industry engagement policy that ensures we are proactive in pursuit of partnerships, aspiring to achieve transformational change while generating income.
- Renew our Partnership Programme Agreement with DFID.
- Invest in developing brand understanding among potential supporter audiences.
- Develop our vision of a One Planet Future and communicate to our supporters so that they are better informed, involving some of them as active campaigners.
- Make the best of available digital technologies to improve communications with stakeholders and streamline our systems for better effectiveness.

MANAGEMENT

In Memoriam

As reported in last year's Trustees Report, a positive year of achievement and progress for WWF-UK came to a calamitous end on 23 September 2006 when a helicopter crash in Nepal deprived us of two totally committed members of staff – Dr Jill Bowling Schlaepfer, our Director of Programmes, and Jennifer Headley, Coordinator of our Himalaya and South Asia programme.

In addition to our own grievous loss, five colleagues from WWF Nepal and WWF-US died in the tragedy, along with the flight crew, Nepali conservation experts and government officials, the Finnish chargé d'affaires and journalists. This inevitably cast a shadow over the past year. We take heart from the way that the project on which our late colleagues were working – to create a new community-run conservation area in the far east of Nepal – has been completed and is now operating extremely effectively.

Changes to Management Team

Due to a number of unconnected circumstances, the year saw major changes in senior management. At the beginning of September the Chief Executive, Robert Napier, announced his intention to retire in April 2007. Three weeks later our Director of Programmes, Dr Jill Bowling Schlaepfer, died in the helicopter crash in Nepal.

David Nussbaum, former Chief Executive of Transparency International, succeeded Robert Napier in May; Glyn Davies, former Director of Conservation at the Zoological Society of London, was appointed Director of Programmes; and Caroline Emerton took over as Director of Resources from Aileen McLeish who resigned in March. Earlier in the year Paul King, Director of Campaigns, and Nicky Bishop, Director of Supporter Relationship Management, also left the organisation and their replacements are currently being sought. Oliver Smith was Acting Director of Programmes until Glyn Davies' appointment, and Pippa Carte continues as Acting Director of Supporter Relationship Management.

GOVERNANCE

Structure, governance and management

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

WWF-UK is part of the WWF global environment network which is 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 joint mission. Most of our programme activity takes place overseas through local WWF operations and other partners whom we grant fund. In the UK we campaign and run other programmes either on our own or in partnership with funders and other complementary organisations and activists. Details of transactions with related parties are included in Note 23 to the Accounts.

The Board of WWF-UK comprises up to 15 unremunerated Trustees, as listed on page 44, who are also the directors of the company limited by guarantee. The Board is responsible for setting policy, agreeing strategy and approving major commitments based on advice from senior management, as well as the appointment of the Chief Executive. Day to day operational matters are the responsibility of the Chief Executive who leads a Management Team comprising principal officers.

The Board has two principal committees – a Finance and Business Committee and a Programme Committee – to help it with its work. The Finance and Business Committee is responsible for reviewing WWF-UK's financial performance, and matters relating to management and organisation issues. There are three sub-committees of the Finance and Business Committee. These are the Audit Committee, which deals with the system of internal control and risk management, the Investment Committee, and the Pensions Committee. The Programme Committee advises the Board of Trustees on strategic issues affecting conservation programmes and related activities.

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

There is also a Remuneration Committee responsible for confirming changes to payroll policies and the remuneration of the Chief Executive. Membership of all these committees is detailed on page 45 of this Report.

Statement of Trustees' Responsibilities

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company, and to enable them to ensure that the financial statements comply with the Companies Act 1985 and the Charities Act (1993). They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

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

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

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Basis of accounts

The Report and Statements for the year ended 30 June 2007 appear in the format required by the Charity Commission Statement of Recommended Practice for Accounting and Reporting by Charities (SORP 2005). They also comply with the Companies Act 1985.

Post-balance sheet events

There are no significant post balance sheet events to 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 provided in areas such as recruitment and personal development reviews.

Consultation with and provision of information to employees

The Trustees and Directors encourage widespread consultation and exchange of information at all levels of the organisation. To 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. This body ('The Forum') meets every six weeks and gives both employees (via representatives) and employer an arena to identify issues that require employee consultation. In early 2007 a case was taken to the Central Arbitration Committee (CAC) by an employee of WWF-UK who challenged the process by which we consulted in relation to a proposed restructure. In the event, the case did not proceed and the CAC made some recommendations to further improve our policies and procedures.

Reserves policy

Our reserves policy, approved in September 2005, is based on an assessment of risks to future income flows. The resulting number is then tested against current rates of expenditure to ensure it is robust. The policy requires a minimum level of reserves so that we can protect our programme in the short term from any sudden drop in income. Although we plan to support many of our programmes for a number of years, our reserves provide a very low level of financial cover for our activities and we rely on the continuing generosity of our various

donors to ensure that we can meet our programmatic and operational obligations. Applying the assumptions set out in the policy, we would require free reserves of £11.7 million. Actual free reserves at June 2007 were £17.2 million. The level of reserves and their usage will be reviewed following the strategic review currently being undertaken.

Investment policy

WWF-UK's investment policy is to maintain the real value of our investments and to maximise income by way of a diversified portfolio consistent with our legal powers. This is underpinned by our socially responsible investment policy, which promotes the principles of sustainable development and improvements to the environment. Our policy was last reviewed in 2002/03. The performance of investments is measured against appropriate benchmarks. The portfolio is ahead of the composite benchmark over the last three and five years.

Grant-making policy

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

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 use their best endeavours to ensure that its policies are implemented and its aims and objectives are met. For reasons of cost and practicality, the system of internal control is intended to manage rather than eliminate risks, and to give reasonable rather than absolute assurances.

The Trustees exercise their responsibilities through their board meetings and the meetings of their sub-committees described on page 45. The system of internal control includes the following:

- A strategic plan approved in March 2005 covers the aims and objectives of the organisation and is used as a basis for annual planning and progress reviews. A review of performance to date against the strategic plan was undertaken in autumn 2006.
- Annual performance targets and operating plans, with actual performance being monitored at regular intervals.
- A continuing risk assessment programme. The risk register is reviewed during the year and updates to the register and key risks are reported to the Audit Committee.
- An internal audit programme with findings and progress reviews being reported to the Management Team and the Audit Committee.
- A scheme of 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, is reviewed annually.
- Procedures in place to monitor and evaluate the effectiveness of expenditure on conservation programmes and the achievement of outputs and outcomes.
- An environmental management system to ensure that we monitor and manage our own impact on the environment. We are strongly committed to this and we demonstrate our transparency by annually publishing our performance against the targets we have set ourselves.

This report was approved by the Board of Trustees on 13 December 2007 and is signed on their behalf by:

Colin Day
Honorary Treasurer

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF WWF-UK

We have audited the group and parent charitable company financial statements (the "financial statements") of WWF-UK for the year ended 30 June 2007 which comprise the consolidated Statement of Financial Activities, the Balance Sheets, the Cash Flow Statement and its related notes 1 – 5, and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of the charity for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements. [The information given in the Trustees' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Business Review section of the Trustees' Report.]

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report [as described in the contents section], and consider whether it is consistent with the audited financial statements. [This other information comprises only the Trustees' Report, the Chairman's Statement and the Operating and Financial Review]. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charitable company's affairs as at 30 June 2007 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Consolidated statement of financial activities

(incorporating an income and expenditure account) for the year to 30 June 2007

| | | Unrestricted funds | Restricted funds | Endowment funds | Total 2007 | Total 2006 |
|---|-------|-----------------------|---------------------|--------------------|---------------|---------------|
| | Notes | £'000 | £'000 | £'000 | £'000 | £'000 |
| Incoming resources | | | | | | |
| Incoming resources from generated funds | | | | | | |
| Voluntary income | | | | | | |
| Membership and donations from individuals | | 15,233 | 5,514 | - | 20,747 | 18,340 |
| Corporate sponsorships and donations | | 2,026 | 3,280 | - | 5,306 | 4,037 |
| Charitable trusts | | 227 | 522 | - | 749 | 862 |
| Legacies | | 9,333 | 703 | - | 10,036 | 11,245 |
| Activities for generating funds | | | | | | |
| Lottery promotions | | 344 | - | - | 344 | 389 |
| Trading activities | | 1,267 | 199 | - | 1,466 | 871 |
| Investment income | 2 | 789 | 42 | - | 831 | 523 |
| Incoming resources from charitable activities | | | | | | |
| Aid agencies and government grants | 3 | - | 5,661 | - | 5,661 | 4,960 |
| Income from non-governmental organisations | | 5 | 259 | - | 264 | 547 |
| Total incoming resources | | 29,224 | 16,180 | - | 45,404 | 41,774 |
| Resources expended | | | | | | |
| Cost of generating funds | | | | | | |
| Costs of generating voluntary income | | | | | | |
| Membership and donations from individuals | | 7,201 | 1,202 | - | 8,403 | 8,507 |
| Corporate sponsorship and donations | | 535 | - | - | 535 | 834 |
| Charitable trusts | | 197 | - | - | 197 | 228 |
| Legacies | | 401 | 11 | - | 412 | 520 |
| Lottery promotions | | 120 | - | - | 120 | 198 |
| Fundraising trading: cost of goods sold and other costs | | 1,343 | 121 | - | 1,464 | 1,029 |
| Investment management fees | | 47 | - | 19 | 67 | 59 |
| Costs of raising aid agency and government grants for charitable activities | | 224 | - | - | 224 | 230 |
| Total cost of generating funds | 4 | 10,068 | 1,334 | 19 | 11,422 | 11,605 |
| Net incoming resources available for charitable application | | 19,156 | 14,846 | (19) | 33,982 | 30,169 |

Consolidated statement of financial activities for the period to 30 June 2007 continued

| | | Unrestricted Funds | Restricted Funds | Endowment Funds | Total 2007 | Total 2006 |
|--|-------|-----------------------|---------------------|--------------------|----------------|---------------|
| | Notes | £'000 | £'000 | £'000 | £'000 | £'000 |
| Charitable activities | | | | | | |
| Grants and project costs | 4,7 | 8,507 | 18,758 | - | 27,265 | 19,720 |
| Cost of other activities in furtherance of the charity's objectives | | | | | | |
| Conservation | 4 | 3,969 | 1,257 | - | 5,226 | 5,633 |
| Education | 4 | 1,495 | - | - | 1,495 | 1,491 |
| Public awareness | 4 | 2,801 | 70 | - | 2,871 | 3,303 |
| Total charitable activities | | 16,772 | 20,085 | - | 36,857 | 30,147 |
| Governance costs | | 374 | - | - | 374 | 373 |
| Total resources expended | 4 | 27,214 | 21,419 | 19 | 48,653 | 42,125 |
| Net incoming/ (outgoing) resources before other recognised gains and losses | | 2,010 | (5,239) | (19) | (3,249) | (351) |
| Gains on investment assets | | 995 | - | 438 | 1,433 | 941 |
| Net movement in funds | | 3,005 | (5,239) | 419 | (1,816) | 590 |
| Total funds brought forward | | 15,307 | 4,712 | 2,878 | 22,897 | 22,307 |
| Total funds carried forward | | 18,312 | (528) | 3,297 | 21,081 | 22,897 |

All activities derive from continuing operations.

The excess of expenditure over income for the financial year is £2.9 million (2005/06 £0.1 million deficit). There are no recognised gains or losses in the current or preceding financial year other than as shown in the statement of financial activities.

Balance sheets

at 30 June 2007

| | | Group | <i>Group</i> | Charity | <i>Charity</i> |
|--|-------|----------------|--------------|----------------|----------------|
| | | 2007 | 2006 | 2007 | 2006 |
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible fixed assets | 11 | 1,132 | 1,277 | 1,132 | 1,277 |
| Investments | 12 | 11,844 | 10,414 | 11,844 | 10,414 |
| Total fixed assets | | 12,976 | 11,691 | 12,976 | 11,691 |
| Current assets | | | | | |
| Stocks | 13 | 200 | 227 | 39 | 73 |
| Debtors | 14 | 3,682 | 4,242 | 3,800 | 4,475 |
| Cash on short-term deposits | | 11,114 | 6,908 | 11,114 | 6,908 |
| Cash at bank and in hand | | 3,193 | 2,831 | 3,067 | 2,659 |
| Total current assets | | 18,189 | 14,208 | 18,021 | 14,115 |
| Current liabilities | | | | | |
| Creditors: Amounts falling due within one year | 15 | 8,022 | 3,002 | 7,858 | 2,915 |
| Net current assets | | 10,167 | 11,206 | 10,163 | 11,200 |
| Total assets less current liabilities | | 23,143 | 22,897 | 23,138 | 22,891 |
| Creditors: amounts falling due after more than 1 year | 15 | 2,062 | - | 2,062 | - |
| Net assets | | 21,081 | 22,897 | 21,076 | 22,891 |
| Accumulated funds | | | | | |
| Endowment funds | 17 | 3,297 | 2,878 | 3,297 | 2,878 |
| Restricted funds | 17 | 2,913 | 4,712 | 2,913 | 4,712 |
| Negative Restricted Funds | 17 | (3,441) | - | (3,441) | - |
| Unrestricted funds | 17 | 18,312 | 15,307 | 18,307 | 15,301 |
| Total funds | | 21,081 | 22,897 | 21,076 | 22,891 |

The financial statements were approved by the Trustees on 13 December 2007 and signed on their behalf by:

Colin Day
Honorary Treasurer

John Manktelow
Trustee

Consolidated cash flow statement

For the year ended 30 June 2007

| | | 2007 | 2006 |
|--|-------|----------------|---------|
| | Notes | £'000 | £'000 |
| Net cash inflow/(outflow) from operating activities | 1 | 3,900 | (2,756) |
| Returns on investments and servicing of finance | 2 | 831 | 523 |
| Capital expenditure and financial investment | 3 | (350) | 2,600 |
| Net cash inflow before use of liquid resources | | 4,381 | 367 |
| Management of liquid resources and financing | 4 | (4,019) | 1,438 |
| Increase in cash | 5 | 362 | 1,805 |
| Reconciliation of net cash flow to movement in net funds | | | |
| | | 2007 | 2006 |
| | | £'000 | £'000 |
| Increase in cash at bank and in hand in the year | | 362 | 1,805 |
| Increase/(decrease) in cash on short-term deposit | | 4,206 | (1,720) |
| Change in net cash arising from cash flows | | 4,568 | 85 |
| Net funds brought forward | | 9,739 | 9,654 |
| Net funds carried forward | | 14,307 | 9,739 |
| 1 Reconciliation of outgoing resources to net cash inflow from operating activities | | | |
| Net (outgoing) resources before other recognised gains and losses | | (3,249) | (351) |
| Investment income received | | (269) | (153) |
| Bank interest received | | (562) | (370) |
| Depreciation on fixed assets | | 311 | 287 |
| (Increase)/decrease/ in stocks | | 27 | (115) |
| Decrease/ (increase) in debtors | | 560 | (674) |
| Increase/(decrease) in creditors | | 7,082 | (1,389) |
| Loss on sale of tangible fixed assets | | 0 | 9 |
| Net cash inflow/(outflow) from operating activities | | 3,900 | (2,756) |
| 2 Returns on investments and servicing of finance | | | |
| Investment income received | | 269 | 153 |
| Interest received | | 562 | 370 |
| | | 831 | 523 |

Consolidated cash flow statement for the year ended 30 June 2007 continued

| | 2007 | 2006 | |
|---|----------------|--------------|---------------|
| | £'000 | £'000 | |
| 3 Capital expenditure and financial investment | | | |
| Purchase of tangible fixed assets | (166) | (229) | |
| Profit/(loss) on sale of fixed asset property investments | 303 | (202) | |
| Purchase of fixed asset investments | (1,153) | (1,547) | |
| Sale of fixed asset investments | 666 | 4,578 | |
| | (350) | 2,600 | |
| 4 Management of liquid resources | | | |
| Decrease/(increase) in cash held for investment | 187 | (282) | |
| (Increase)/decrease in cash on short-term deposit | (4,206) | 1,720 | |
| | (4,019) | 1,438 | |
| | | | |
| | At 1 | Cash | At 30 |
| | July | flow | June |
| | 2006 | | 2007 |
| | £'000 | £'000 | £'000 |
| | | | |
| 5 Analysis of net funds | | | |
| Cash at bank and in hand | 2,831 | 362 | 3,193 |
| Cash on short-term deposit | 6,908 | 4,206 | 11,114 |
| | 9,739 | 4,568 | 14,307 |
| Total | | | |

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 the Charity Commission Statement of Recommended Practice on Accounting and Reporting by Charities (SORP 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 year.

Basis of consolidation

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

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

Incoming resources

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

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

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

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

Income from investments is included gross.

Gifts in kind, where material, are included in donations at the value of the gift received. There were no material Gifts in kind during the year.

Resources expended

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

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

In line with WWF-UK's strategic objectives, grants are made to partners in the WWF Network and to other conservation organisations. SORP 2005 states that 'expenditure should be recognised when and to the extent that a liability is incurred'. WWF-UK recognise the liability for the grant once we determine that a constructive obligation has been established.

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

Foreign currencies

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

Tangible fixed assets and depreciation

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

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

| | |
|---|--------------|
| Motor vehicles | 25.0% |
| Office furniture | 12.5% |
| Equipment | 25.0% |
| Leasehold improvements (depending on lease term) | 10.0 - 20.0% |
| Contacts database system | 14.3% |

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.

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

Stocks

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

Operating leases

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

Pensions

WWF-UK administers a group pension plan as well as a stakeholder pension plan for its employees. Neither of these is a defined benefit scheme. Payments made by the charity on behalf of individual employees are charged to the Consolidated Statement of Financial Activities as incurred.

2 INVESTMENT INCOME

| | 2007 | 2006 |
|------------------------------|------------|------------|
| | £'000 | £'000 |
| Dividends and fixed interest | 269 | 153 |
| Bank interest | 562 | 370 |
| | 831 | 523 |

3 AID AGENCIES AND GOVERNMENT GRANTS

| | 2007 | 2006 |
|---|-------|-------|
| | £'000 | £'000 |
| Grants from aid agencies and governments include funds from: | | |
| Department for International Development | | |
| Partnership Programme Agreement | 3,560 | 3,560 |
| DFID Non PPA Funding | 60 | 0 |
| Department for Environment, Food and Rural Affairs (Defra) | | |
| Strategic support, implementation of CITES in the UK | 30 | 30 |
| North-east Atlantic Invest In Fish programme | 309 | 123 |
| Romania Medicinal Plants | 53 | 67 |
| Papua New Guinea integrated river basin management: Sepik River | 33 | 48 |
| Community management, Kangchenjunga, Nepal | 76 | 23 |
| Community sustainable living | 45 | 58 |

3 Aid agencies and government grants continued

| | 2007 | 2006 |
|--|--------------|----------|
| | £'000 | £'000 |
| Ballinderry River enhancement | 19 | 19 |
| Marine Protected Areas, Solomon Islands | 38 | 47 |
| Other | 3 | 7 |
| European Union | | |
| Pakistan, tackling poverty in coastal community project | 115 | 169 |
| UK Ravine WoodLIFE | 187 | 233 |
| Papua New Guinea community development and resource conservation in Transfly | 65 | 107 |
| Water Thirsty Crops, Pakistan | 51 | 103 |
| Mexico Forests | 294 | 0 |
| Great Ruaha River Programme, Tanzania | 205 | 0 |
| Water Thirsty Crops, India | 119 | 0 |
| Sepik River Livelihoods, Papua New Guinea | 155 | 0 |
| Other | 9 | 22 |
| National College for School Leadership | | |
| Green School Leadership Research Project | 55 | 0 |
| Department of the Environment, Northern Ireland | | |
| Towards Reducing our Ecological Footprint, Co Armagh, N Ireland | 32 | 0 |
| Department for Communities and Local Government | | |
| Checklist Toolkits for Regional Development Agencies | 21 | 48 |
| Forestry Commission | | |
| UK Ravine WoodLIFE | 0 | 162 |
| South West Regional Development Agency | | |
| North-east Atlantic Invest In Fish programme | 60 | 50 |
| English Nature | | |
| North-east Atlantic Invest In Fish programme | 0 | 20 |
| Scottish Executive | | |
| Reducing Scotland's global footprint | 22 | 49 |
| Water Sense Campaign | 11 | 0 |
| Scotland Climate Change Project | 5 | 0 |
| Pathways Project | 6 | 0 |
| Department for Education and Skills | | |
| Formal Education: Whole School Community | 0 | 22 |
| Sustainable Schools in the UK | 37 | 0 |

Notes to the accounts continued

3 Aid agencies and government grants continued

| | 2007 | 2006 |
|---|--------------|-------|
| | £'000 | £'000 |
| SEPA | | |
| Global Footprint | 10 | 10 |
| UK Freshwater programme | 0 | 22 |
| Other agencies | 10 | 33 |
| Grants over-provided in previous years | (34) | (72) |
| Total | 5,661 | 4,960 |

4 RESOURCES EXPENDED

| | Activities undertaken directly | Grant funding of activities | Support costs (note 5) | Total 2007 | Total 2006 |
|---------------------------------------|--------------------------------------|-----------------------------------|------------------------------|-----------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Species | 28 | 5,347 | 87 | 5,462 | 2,890 |
| Freshwater | 573 | 5,139 | 133 | 5,845 | 4,227 |
| Forests | 375 | 4,635 | 87 | 5,097 | 2,789 |
| Climate Change | 304 | 359 | 92 | 755 | 555 |
| Toxics | 4 | 62 | 34 | 100 | 211 |
| Marine | 534 | 1,465 | 170 | 2,169 | 1,643 |
| Network Support and Capacity Building | 159 | 4,104 | 27 | 4,290 | 4,359 |
| Global Policy | 540 | 1,369 | 64 | 1,973 | 955 |
| Campaigns and UK Social Change | 1,198 | 272 | 104 | 1,574 | 2,091 |
| Total grants and project costs | 3,715 | 22,752 | 798 | 27,265 | 19,720 |
| Conservation (non project specific) | 4,544 | - | 682 | 5,226 | 5,633 |
| Education | 1,181 | - | 314 | 1,495 | 1,491 |
| Public awareness | 2,368 | - | 503 | 2,871 | 3,303 |
| Cost of generating funds | 10,319 | - | 1,103 | 11,422 | 11,605 |
| Governance | 374 | - | - | 374 | 373 |
| | 22,501 | 22,752 | 3,400 | 48,653 | 42,125 |

5 SUPPORT COSTS

| | Management & Finance | Human Resources | Information Technology | Premises & Facilities | Total 2007 | Total 2006 |
|--------------------------------|-------------------------|--------------------|---------------------------|--------------------------|-----------------------|---------------|
| | £000 | £000 | £'000 | £'000 | £'000 | £'000 |
| Total grants and project costs | 91 | 148 | 237 | 322 | 798 | 943 |
| Conservation | 78 | 127 | 202 | 275 | 682 | 790 |
| Education | 36 | 58 | 93 | 127 | 314 | 429 |
| Public awareness | 58 | 93 | 149 | 203 | 503 | 578 |
| Cost of generating funds | 126 | 205 | 328 | 444 | 1,103 | 1,377 |
| | 389 | 631 | 1,009 | 1,371 | 3,400 | 4,117 |

Basis for the support cost allocation

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

6 GOVERNANCE COSTS

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

7 GRANTS PAID

All grants are deemed payable to institutions. Any grants paid to an individual to carry out a research project are regarded as a grant to the institution with which the individual is connected. Grants paid includes payments to institutions in the UK and internationally, to WWF International and to independent programme offices managed either by WWF International or WWF-US, or other partners. This information is normally the basis of reporting to donors, including government agencies. WWF-UK made grant payments to 221 projects totalling £15.4 million in 2007. The 35 projects that received the highest payments, totalling £7.3 million, are listed below. This information excludes amounts committed but not yet paid; these are shown in note 15 as Trade creditors.

| Programme or Project | 2007 | 2006 |
|---|--------------|-------|
| Organisation | £'000 | £'000 |
| Namibia Programme | | |
| IRDNC, Namibia – Community Based Natural Resource Management Project, Kunene | 440 | 559 |
| IRDNC, Namibia – Community Based Natural Resource Management Project, Caprivi | 350 | 530 |
| | 790 | 1089 |
| Freshwater Programme Brazil | | |
| WWF-Brazil – Water for Life Programme | 402 | 853 |
| WWF-Brazil – Varzea | 140 | 167 |
| | 542 | 1,020 |

Notes to the accounts continued

7 Grants paid continued

| | 2007 | 2006 |
|--|--------------|-------|
| | £'000 | £'000 |
| Colombia Forests Programme | | |
| WWF Colombia Programme Office | 428 | 679 |
| Mexican Forests Programme | | |
| WWF Mexico Programme Office | 556 | 224 |
| Rio Grande & Rio Conchos Freshwater Programme | | |
| WWF-US – HSBC Mexico/USA Freshwater Programme | 378 | 472 |
| Mediterranean Cork Oak Forests Programme | | |
| WWF EPO – Cork Oak Forest Programme – Cork Oak Landscape | 331 | 308 |
| Ruaha Freshwater Programme | | |
| WWF Tanzania – Ruaha Programme, Tanzania | 185 | 271 |
| East Africa Marine Programme | | |
| WWF Tanzania – Rufiji/Mafia/Kiwla Seaspace | 346 | 328 |
| WWF EARPO – East Africa Marine Enabling Environment | 114 | 156 |
| | 460 | 484 |
| Eastern Himalayas Programme | | |
| WWF Nepal – Strengthening Landscape Level Conservation | 281 | 0 |
| WWF-India – Terai Arc Landscape | 161 | 116 |
| WWF Bhutan – Bhutan Biological Corridor Complex | 93 | 66 |
| | 535 | 182 |
| Central Yangtze Programme | | |
| WWF China – HSBC China Freshwater Programme | 222 | 579 |
| Forests of New Guinea | | |
| WWF South Pacific – Papua | 107 | 86 |
| WWF South Pacific – New Guinea | 96 | 177 |
| | 203 | 263 |
| Endangered Species Programme | | |
| WWF China – Pandas | 128 | 355 |
| WWF Russia – Amur Heilong Ecoregion Complex | 95 | 0 |
| WWF EARPO – Gorillas | 95 | 0 |
| | 318 | 355 |
| East Africa Coastal Forests Programme | | |
| WWF EARPO – East Africa Coastal Forest Programme | 307 | 300 |

Notes to the accounts continued

7 Grants paid continued

| | 2007 | 2006 |
|---|--------------|-------|
| | £'000 | £'000 |
| HSBC Climate Partnership – China | | |
| WWF China – HSBC China Programme | 181 | 0 |
| HSBC Climate Partnership – Brazil | | |
| WWF-Brazil – HSBC Brazil Programme | 195 | 0 |
| HSBC Project Management | | |
| WWF-International – HSBC Freshwater Global & Key Territories | 128 | 255 |
| HSBC Global Freshwater Programme | | |
| WWF International Global Freshwater Programme – HSBC Freshwater Global Glue | 92 | 40 |
| Heart of Borneo Programme | | |
| WWF-Indonesia – Heart of Borneo Programme – Field Activities | 153 | 47 |
| Poverty and Livelihood Regional Assistance Plan | | |
| WWF-US – Latin American Countries – Global Forest and Trade Network | 142 | 101 |
| WWF-US – Latin American Countries – Amazon Infrastructure | 114 | 84 |
| | 256 | 185 |
| Footprint Programme | | |
| University of York – Footprint Specification | 106 | 0 |
| European Programme | | |
| WWF Arctic Programme – Barents Sea | 96 | 79 |
| Other projects | | |
| Nepal Fund | 250 | 0 |
| TRAFFIC International – Wildlife Trade Programme | 186 | 168 |
| WWF-Pakistan – Pakistan Mangroves Project | 158 | 181 |
| WWF EARPO – Lake Bogoria, Kenya | 147 | 166 |
| BioRegional Development Group – One Planet Living | 100 | 0 |
| Total | 7,303 | 7,347 |

Notes to the accounts continued

8 STAFF COSTS

| | 2007 | 2006 |
|-----------------------|---------------|--------|
| | £'000 | £'000 |
| Wages and salaries | 9,448 | 9,081 |
| Social Security costs | 955 | 929 |
| Pension costs | 633 | 604 |
| | 11,036 | 10,614 |

In addition, the cost of temporary staff in the year was £255,223 (2005/06: £376,416)

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

| | 2007 | 2006 |
|----------------------|---------------|--------|
| | Number | Number |
| £60,001 to £70,000 | 2 | 1 |
| £70,001 to £80,000 | - | - |
| £80,001 to £90,000 | - | 2 |
| £90,001 TO £100,000 | 1 | - |
| £100,001 to £110,000 | - | - |
| £110,001 to £120,000 | - | 1 |

Pension contributions for the three highest paid employees amounted to £13,855 in the year (2005/06: £19,268)

Pension contributions for the organisation amounted to £631,763 in the year (2005/06: £604,260). There were no outstanding or prepaid amounts at the year end.

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

| | 2007 | 2006 |
|------------------------|---------------|--------|
| | Number | Number |
| Charitable activities | 167 | 171 |
| Generating funds | 80 | 82 |
| Support and governance | 48 | 52 |
| | 295 | 305 |

9 TRUSTEES' REMUNERATION AND EXPENSES

No Trustee has received any remuneration from WWF-UK during the year. Expenses totalling £2,871 (2005/06: £8,111) were reimbursed to two Trustees (2005/06: one Trustee) for travel costs incurred in attending meetings.

During the year the charity paid £1,680 (2005/06: £1,525) in respect of Trustees' indemnity insurance on behalf of the Trustees.

10 NET INCOMING RESOURCES FROM OPERATIONS

| | 2007 | 2006 |
|--|--------------|-------|
| | £'000 | £'000 |
| Net incoming resources from operations for the year are stated after charging: | | |
| Auditors' remuneration | | |
| for audit services* | 40 | 69 |
| for taxation | 2 | 0 |
| for other services (project audits) | 20 | 20 |
| Depreciation of tangible fixed assets | 312 | 287 |
| Operating lease rentals | | |
| Hire of equipment | 15 | 80 |
| Other | 581 | 740 |

* The audit fees in 2006 included £20k of additional costs from the 2005 audit.

11 TANGIBLE FIXED ASSETS FOR USE BY THE CHARITY

| GROUP AND CHARITY | Motor vehicles | Office furniture and equipment | Leasehold improvements | Contacts database system | Total |
|--------------------------|----------------|-----------------------------------|---------------------------|--------------------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | | |
| At 30 June 2006 | 14 | 811 | 729 | 1,074 | 2,628 |
| Additions in the year | - | 20 | 45 | 101 | 166 |
| At 30 June 2007 | 14 | 831 | 774 | 1,175 | 2,794 |
| Depreciation | | | | | |
| At 30 June 2006 | 14 | 718 | 262 | 357 | 1,351 |
| Charge for the year | | 43 | 92 | 176 | 311 |
| At 30 June 2007 | 14 | 761 | 354 | 533 | 1,662 |
| Net book value | | | | | |
| At 30 June 2007 | - | 70 | 420 | 642 | 1,132 |
| At 30 June 2006 | - | 93 | 467 | 717 | 1,277 |

12 FIXED ASSET INVESTMENTS

| GROUP AND CHARITY | 2007 | 2006 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Market value at 1 July | 9,794 | 11,682 |
| Additions at cost | 1,153 | 1,547 |
| Disposals at cost | (666) | (4,578) |
| Net gain on revaluation of investment portfolio | 1,130 | 1,143 |
| Market value at 30 June | 11,411 | 9,794 |
| Cash balances | 433 | 620 |
| Total market value at 30 June | 11,844 | 10,414 |
| Cost at 30 June | 8,638 | 8,338 |
| Portfolio distribution | | |
| UK fixed interest | 681 | 717 |
| UK equities | 5,931 | 4,977 |
| Overseas equities | 4,315 | 3,654 |
| Unit trusts | 278 | 239 |
| Cash balances | 206 | 196 |
| Cash funds | 433 | 631 |
| Investment portfolio total | 11,844 | 10,414 |
| Restriction analysis | | |
| Endowment funds | 3,297 | 2,878 |
| Unrestricted funds | 8,547 | 7,536 |
| | 11,844 | 10,414 |

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

13 STOCKS

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

14 DEBTORS

| | Group | Group | Charity | Charity |
|--|--------------|--------------|--------------|--------------|
| | 2007 | 2006 | 2007 | 2006 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts due within one year: | | | | |
| Trade debtors | 337 | 431 | 202 | 325 |
| Amounts due from WWF-UK (World Wide Fund For Nature) Trading Limited | - | - | 433 | 408 |
| Other debtors | 1,123 | 1,195 | 1,123 | 1,188 |
| Prepayments and accrued income | 2,222 | 2,616 | 2,042 | 2,554 |
| | 3,682 | 4,242 | 3,800 | 4,475 |

Notes to the accounts continued

15 CREDITORS

| | Group | Group | Charity | Charity |
|---|---------------|--------------|----------------|--------------|
| | 2007 | 2006 | 2007 | 2006 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts falling due within one year: | | | | |
| Trade creditors | 5,627 | 1,096 | 5,577 | 1,068 |
| Other creditors, including taxation and Social Security | 355 | 424 | 347 | 423 |
| Accruals and deferred income | 2,040 | 1,482 | 1,934 | 1,424 |
| | 8,022 | 3,002 | 7,858 | 2,915 |
| Amounts falling due after one year: | | | | |
| Trade creditors | 2,062 | - | 2,062 | - |
| Total Creditors | 10,084 | 3,002 | 9,920 | 2,915 |

16 SUBSIDIARY COMPANY

The ordinary shares in the subsidiary company, WWF-UK (World Wide Fund For Nature) Trading Limited (previously known as WWF-UK Trading Limited), are owned by WWF-UK.

The main activities of the company are the sale of environmentally friendly products and other goods, running lotteries, receiving licensing and sponsorship income and miscellaneous trading activities. The aggregate assets of the subsidiary company were £601,799 (2005/06: £502,076) and the aggregate liabilities were £595,511 (2005/06: £495,788), resulting in shareholders' funds of £6,288 (2005/06: £6,288).

The taxable profits earned by the company are donated to WWF-UK and in the current year amounted to £596,595 (2005/06: £254,658). A summary of the trading results is shown below.

| | 2007 | 2006 |
|---|--------------|-------|
| | £'000 | £'000 |
| Profit and Loss Account: | | |
| Turnover | 2,154 | 1,228 |
| Cost of sales | (812) | (528) |
| Gross profit | 1,342 | 700 |
| Distribution costs | (375) | (276) |
| Administrative expenses | (378) | (171) |
| | 753 | (447) |
| Operating profit | 589 | 253 |
| Interest receivable | 8 | 2 |
| Profit on ordinary activities before and after taxation | 597 | 255 |
| Donation to WWF-UK | (597) | (255) |
| Retained result for the financial year | - | - |
| Retained profit brought forward | 6 | 6 |
| Retained profit carried forward | 6 | 6 |

17 GROUP STATEMENT OF FUNDS

| | At 1 July 2006 | Incoming Resources | Outgoing Resources | Gains & Losses | Transfers | Fees † | At 30 June 2007 |
|--|----------------------|-----------------------|-----------------------|-------------------|-----------|-------------|-----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Endowment Summary | | | | | | | |
| Kleinwort Endowment Fund | 1,641 | - | - | 248 | - | (11) | 1,878 |
| Willingdon Memorial Fund | 1,237 | - | - | 190 | - | (8) | 1,419 |
| | 2,878 | - | - | 438 | - | (19) | 3,297 |
| Restricted Funds summary | | | | | | | |
| Colombia Social Change | 15 | 310 | (317) | - | (8) | - | 0 |
| East Africa Coastal Forests | 12 | 323 | (335) | - | - | - | 0 |
| East Africa Marine Seascape | 67 | 394 | (461) | - | - | - | 0 |
| Endemol | 0 | 352 | (352) | - | - | - | 0 |
| HSBC Climate Partnership | 0 | 1,766 | (912) | - | - | - | 854 |
| HSBC Freshwater Programme | 1,189 | 1,315 | (1,571) | - | (122) | - | 811 |
| Rhinos | 247 | 358 | (605) | - | - | - | 0 |
| Terai Arc* | 5 | 529 | (350) | - | - | - | 184 |
| Tigers | 537 | 1,060 | (1,477) | - | - | - | 120 |
| Vanishing Species | 28 | 1,272 | (1,299) | - | - | - | 1 |
| Other Restricted Funds (1) | 2,191 | 4,663 | (6,041) | - | 130 | - | 943 |
| | 4,291 | 12,342 | (13,720) | - | - | - | 2,913 |
| Negative Restricted Funds summary | | | | | | | |
| Eastern Himalaya Programme* | 7 | 425 | (492) | - | - | - | (60) |
| Forests of New Guinea | 0 | 202 | (400) | - | - | - | (198) |
| Great Ruaha Water Programme | 82 | 285 | (763) | - | - | - | (396) |
| India Thirsty Crops | 0 | 119 | (499) | - | - | - | (380) |
| Invest in Fish* | 65 | 545 | (611) | - | - | - | (1) |
| LAC Regional Assistance Plan | 0 | 480 | (953) | - | - | - | (473) |
| Namibia | 63 | 707 | (1,450) | - | - | - | (680) |
| PNG Sepik Livelihoods | 0 | 155 | (590) | - | - | - | (435) |
| Primates | 68 | 542 | (611) | - | - | - | (1) |
| Trade Project | 136 | 222 | (773) | - | (5) | - | (420) |
| Other Project Restricted | 0 | 155 | (557) | - | 5 | - | (397) |
| | 421 | 3,837 | (7,699) | - | - | - | (3,441) |
| Unrestricted Funds | 15,307 | 29,225 | (27,168) | 995 | - | (47) | 18,312 |
| Total Funds | 22,897 | 45,404 | (48,587) | 1,433 | - | (66) | 21,081 |

† Investment Management fees

* Reported under Other Project Restricted Funds in 2005/06

Permanent endowments

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

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

Restricted funds

Restricted funds are grants and donations given for specific purposes: these may be project-specific or more broadly restricted to a theme or country. Other Restricted Funds (1) consolidates all restricted funds where neither income nor expenditure exceeds £300,000.

Negative restricted funds arise where multi-year project income from grants is subject to specific conditions and so cannot be recognised in full on the date of the offer but where a commitment to grant expenditure has already been recognised in full. WWF-UK has a track record of being able to meet conditions and fully claim such grants and we are confident that these amounts shown as negative restricted funds will be fully claimed over time.

Charity SOFA

The total income of the charity in 2007 was £44.7 million (2005/06 £41.8 million) and total expenditure was £47.1 million (2005/06 £42.1 million).

18 ANALYSIS OF GROUP ASSETS AND LIABILITIES BETWEEN FUNDS

| | Unrestricted Funds | Restricted Funds | Endowment Funds | Total 2007 |
|--|-----------------------|---------------------|--------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Fixed assets: | | | | |
| Tangible assets | 1,132 | - | - | 1,132 |
| Investments | 8,547 | - | 3,297 | 11,844 |
| Net current assets less creditors > 1 year | 8,633 | (528) | - | 8,105 |
| | <u>18,312</u> | <u>(528)</u> | <u>3,297</u> | <u>21,081</u> |
| | 2007 | 2006 | | |
| | £'000 | £'000 | | |
| As part of the above funds, free reserves are calculated as being: | | | | |
| Total unrestricted funds | 18,312 | 15,307 | | |
| Less: | | | | |
| Tangible fixed assets | (1,132) | (1,277) | | |
| | <u>17,180</u> | <u>14,030</u> | | |

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:

| | 2007 | 2007 | 2006 | 2006 |
|--------------------------|------------------|--------------|-----------|-------|
| | Land and | Other | Land and | Other |
| | buildings | | buildings | |
| | £'000 | £'000 | £'000 | £'000 |
| Leases which expire: | | | | |
| within one year | 15 | 7 | 37 | 38 |
| within two to five years | 66 | - | 77 | - |
| after five years | 495 | - | 495 | - |
| | 576 | 7 | 609 | 38 |

20 LEGACY NOTIFICATIONS

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

The initial indicated values for individual legacies estimated to be in excess of £200,000 amount to a total of £249,993 (2006: £3,098,000).

21 CONTINGENT LIABILITIES

In accordance with normal business practice, WWF-UK has provided indemnities to the executors of certain estates. These indemnities provide legal recourse to the recovery of any over-payments up to the total value of receipts by WWF. The value of indemnities provided over the last three financial years, for receipts in excess of £25,000, amounted to £225,947 (2006 : £392,505.)

Some grant income that has been fully recognised in these accounts in accordance with FRS5 and the 2006 SORP may have conditions attached that are as yet unfulfilled. If a particular condition were not met, WWF-UK might be required to repay such a grant in part or in full.

23 RELATED PARTY TRANSACTIONS

The Chairman of WWF-UK, Mr Christopher Ward, is also a Trustee of WWF International.

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

The Director of Campaigns, Mr Paul King, (now an ex-employee) was a Board member of Stop Climate Chaos during the financial year. The new Head of Campaigns, Mr Colin Butfield, is currently a Board Member of Stop Climate Chaos.

WWF-UK is one of the six subscribers to the memorandum incorporating Stop Climate Chaos as a company limited by guarantee. WWF-UK's liability upon the winding up of the entity is limited to £1.

The Deputy Director of Programmes, Mr Oliver Smith, is a Trustee of ChemTrust. Ms Carol Hatton, a Solicitor in the Programmes Department, has declared that her partner is the Chairman of the ChemTrust. ChemTrust is in receipt of funding from WWF-UK for two years from May 2007.

The Group's ex-Chief Executive, Mr Robert Napier (who left WWF-UK in April 2007) has during the financial year served as Trustee of the Alliance of Religion and Conservation

The Director of Programmes, the late Dr Jill Bowling Schlaepfer, had during the financial year served as a Trustee of the Alliance of Religion and Conservation.

The Deputy Director of Programmes, Mr Oliver Smith, now serves as a Trustee of the Alliance of Religion and Conservation.

Ms Sarah Brunwin, a member of staff, is a Trustee of the Rufford Small Grants Foundation.

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

| The aggregate amount of the company's trade with these organisations amounted to: | 2007 | 2006 |
|---|--------------|-------|
| | £'000 | £'000 |
| WWF International, including Programme Offices under its direct control | | |
| Funds provided and expenditure in respect of institutional development, communications and public awareness | 8,239 | 9,645 |
| Grants received | 12 | - |
| Amounts due from the above included in trade debtors | 68 | - |
| Amounts due to the above included in trade creditors | 3 | - |
| Alliance of Religion and Conservation | | |
| Funds provided | 55 | 20 |
| ChemTrust | | |
| Funds provided | 44 | - |
| International Institute for Environment & Development | | |
| Funds provided | 35 | 7 |
| Rufford Small Grants Foundation | | |
| Funds received | 200 | 200 |
| Iris Darnton Foundation | | |
| Funds received | 45 | 35 |

24 TAXATION

WWF-UK is a registered charity and as such is exempt from taxation of its income and gains to the extent that they fall within the exemptions available to charities under the Taxes Act

Notes to the accounts continued

and are applied to its charitable objectives. WWF-UK (World Wide Fund For Nature) Trading Limited is subject to Corporation Tax but remits by Gift Aid any taxable profit to WWF-UK.

25 GUARANTEE

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

WWF-UK CORPORATE DIRECTORY

The information shown below is that pertaining between 1 July 2006 and 13 December 2007.

Board of Trustees and Directors

Chairman
Christopher Ward

Honorary Treasurer
Colin Day*

Rita Clifton *

John Manktelow

Marc Citron*

Alberto Piedra*

Professor Sir Peter Crane FRS

David Taylor-Smith MBE

Bernard Donoghue

Dr Camilla Toulmin

David Gregson*

Lord Turner of Ecchinswell*

Anders Johansson*

Sir James Weatherall KCVO, KBE*

Professor Sir John Lawton CBE, FRS

*

Marc Citron resigned as a Trustee and from Finance & Business Committee on 30 March 2007.

Rita Clifton was appointed Trustee on 28 June 2007.

Colin Day retired as a Trustee on 13 December 2007 while retaining his role of Honorary Treasurer.

David Gregson was appointed Trustee on 18 October 2006.

Anders Johansson resigned as a Trustee and from Audit Committee and Programmes Committee on 13 September 2006.

Alberto Piedra was appointed Trustee on 18 October 2006.

Lord Turner of Ecchinswell retired as a Trustee on 28 June 2007.

Sir James Weatherall retired as a Trustee on 13 December 2007.

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

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

The Rt Hon Lord Buxton MC, DL (Vice-President)

Sir Martin Laing CBE (Trustee Emeritus)

The Hon Mrs Sara Morrison (Trustee Emeritus)

Sir Arthur Norman KBE, DFC (Trustee Emeritus)

Finance and Business Committee

Chairman

Christopher Ward

Nicholas Brett**

Marc Citron*

Martin Clarkson

Colin Day*

John Manktelow

Alberto Piedra*

David Taylor-Smith MBE

Charles Wilson

Audit Committee

Chairman

John Manktelow

Colin Day

Anders Johansson*

Patrick Oram **

Investment Sub-Committee

Chairman

Colin Day*

Aileen McLeish**

Elizabeth Sell

Caroline Emerton **

Nominations Committee

Chairman

Christopher Ward

Colin Day*

Professor Sir John Lawton CBE, FRS

Programme Committee

Chairman

Professor Sir John Lawton CBE, FRS

Professor Andrew Balmford

Mike Barry

Dr Steve Bass

Dr Steve Broad

Ian Christie

Dr Charlotte Grezo**

Anders Johansson*

Dr Helen Marquard**

Professor Gordon McGregor-Reid

Paul Monaghan**

Anthony Sampson**

Dr Ros Wade

Pensions Sub-Committee

Chairman

Colin Day

Caroline Emerton**

Sarah Jones

Aileen McLeish**

John Manktelow BA FCA

Nikki Robinson (staff rep)

Elizabeth Sell

Remunerations Committee

Chairman

Christopher Ward

Colin Day*

Professor Sir John Lawton CBE, FRS

**

Nicholas Brett was appointed on 18 October 2006.

Caroline Emerton was appointed on 8 May 2007.

Dr Charlotte Grezo was appointed on 18 October 2006.

Dr Helen Marquard was appointed on 18 October 2006.

Aileen McLeish resigned on 30 March 2007.

Patrick Monaghan retired on 24 November 2006.

Patrick Oram was appointed on 28 June 2007.

Anthony Sampson retired on 24 November 2006.

Corporate Management Team/Principal Officers

Chief Executive

Robert Napier resigned on 30 April 2007

David Nussbaum appointed on 21 May 2007

Director of Campaigns

Paul King resigned on 18 May 2007

Director of Communications

Winnie De'Ath

Director of Programmes

Dr Jill Bowling Schlaepfer died 23 September 2006

Oliver Smith (Acting Director) appointed on 1 January 2007, to 23 July 2007

Dr Glyn Davies appointed on 24 July 2007

Director of Resources

Aileen McLeish resigned on 30 March 2007

Caroline Emerton appointed on 8 May 2007

Director of Supporter Relationship Management

Nicky Bishop resigned 16 February 2007

Pippa Carte (Acting Director) appointed 19 February 2007

Company Secretary

Aileen McLeish resigned as Company Secretary on 29 March 2007

Susan Gent appointed 29 March 2007

Principal Professional Advisers

Bankers

The Co-operative Bank, London City Office

Auditors

Deloitte & Touche LLP, London

Solicitors

Barlow Robbins, Guildford

Investment Managers

Newton Investment Management Ltd, London