

WWF-UK

Report and Financial Statements

30 June 2010

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

Website: wwf.org.uk

Report of the Board of Trustees and Directors

For the year ended 30 June 2010

OUR MISSION

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

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

SUMMARY

This report covers the following areas:

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

INTRODUCTION

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

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



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

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

SIR PETER SCOTT

During the year we marked the centenary of the birth of Sir Peter Scott, WWF's Founding Chairman.

Not only was he passionate about nature and conservation, but he was also deeply concerned about the planet's ability to withstand human demands on its resources. Another of his driving interests was preserving the Antarctic wilderness from human exploitation. This is perhaps hardly surprising, considering his father was Robert Falcon Scott – Scott of the Antarctic.

As well as being a naturalist and painter of repute, Sir Peter was at various times an Olympic yachtsman, a popular television presenter, a gliding champion and a skipper in the Americas Cup. In recognition of his many achievements, he was knighted in 1973, and was appointed a Companion of Honour and Fellow of the Royal Society in 1987. He died two years later at the age of 79 – and we are proud that his legacy lives on, through WWF's numerous worldwide programmes.

ACTIVITIES – AROUND THE WORLD

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

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

WWF-UK's Global Initiatives include the following:

Amazon

In October with Sky TV, we launched the Sky Rainforest Rescue programme which will run for three years and aims to raise £4 million (see page 7). The principal recipient of these funds is a new programme of work in Acre State, Brazil, which will focus on reducing deforestation by establishing incentives for local people to keep the forest standing, in partnership with the state government.

In Colombia, the government declared Yaigojé Apaporis National Natural Park (about half the size of Wales) a Protected Area. WWF was a key partner in identifying the area, providing technical advice to the government and communities, and leading consultations with local people.

Agriculture is a significant threat to the Amazon, and we are working to reduce the impacts of soy and beef farming. We are cooperating with the Roundtable for Responsible Soy to stop the conversion of native forests to soy production, and to eliminate the most hazardous pesticides.

Arctic

Russia has announced the creation of a 1.5m-hectare park in the Arctic, which will cover a central area inhabited by the Barents and Kara Sea polar bear populations. We have long been lobbying for the park, which will exclude all industrial activity and is an important habitat for walrus, wild reindeer and bird populations.

We supported the Catlin Arctic Survey (CAS) in its quest to measure the thickness of summer sea ice across an important area of the Beaufort Sea. Data supports the emerging thinking that the Arctic Ocean will be largely ice-free in summer within a decade. WWF and CAS are discussing future work together.

China Shift

We have strengthened our links with the Chinese and African finance sectors through information exchange and study trips to Europe and Mozambique, attended by 21 senior officials from China. This has further motivated them to strengthen their policies for sustainable investment. Through this work, we have built credibility and trust with them – a process which has enabled us to discuss sensitive issues.

Coastal East Africa

A decision to reform the Indian Ocean Tuna Commission (IOTC) has been achieved through an IOTC performance review. A Seychelles meeting with the industry resulted in a declaration concerning reform of the IOTC and supporting efforts to strengthen and modernise the organisation to ensure that future challenges can be effectively addressed.

We also contributed to the Maldives tuna assessment by the Marine Stewardship Council, ensuring that our concerns about the country's pole and line and handline tuna fishery were taken into account.

Coral Triangle

The Coral Triangle (CT) covers nearly 6m sq km of ocean across all, or parts of, the seas of six countries in the Indo-Pacific – Indonesia, Malaysia, Papua New Guinea, the Philippines, the Solomon Islands and Timor-Leste. This Global Initiative has achieved significant progress in the Triangle: for example, the six heads of government have signed an agreement to reduce poverty through sustainable management of the CT region; USAID has committed to provide US\$32m, and the Asian Development Bank £500m, to support CT priorities; and the Philippines government has agreed to change fishing practices that will reduce bycatch in the region.

Global Climate Initiative

Our work during the year was framed almost entirely around Copenhagen. In the lead-up to the Copenhagen climate summit in December, many of our supporters

and staff joined some 60,000 people at demonstrations in London, Glasgow and Belfast organised by the Stop Climate Chaos coalition. We also organised a 'Vote Earth' petition, with nearly 27,000 signatures, which was delivered to the UK government.

However, the conference itself was a disappointment. See page 8 for more details. We are now putting in place a new strategy to respond to the post-Copenhagen world. At the WWF Annual Conference in May 2010, David Nussbaum was invited to chair the Global Climate Initiative

Living Himalayas

We will shortly be announcing a ministerial summit to be held in Bhutan in September 2011. Involving Bangladesh, Bhutan, India and Nepal, this will provide the means to achieve an agreement acknowledging the conservation value of the Himalayan landscape with associated commitments. This may include a plan to have a 7m-hectare conservation complex stretching across the entire northern part of the region (areas above 3,000m).

In Nepal, the lowland area of Banke (550 sq km), adjoining Bardia National Park, has been declared a National Park. In the mountain region, 2,035 sq km of Gaurishankar has been designated a Conservation Area. And in India, progress has been made with a review of the Gola Corridor in Utterkhand. This is a first step towards possible protected status which would enable the free movement of wildlife.

Market Transformation

Through our technical and political engagement, we contributed to finalising five new global commodity standards:

- Cotton: The production and principles criteria for Better Cotton;
- Aquaculture: Global standards for the tilapia aquaculture industry were completed;
- Sugar, Soy and Biofuels: Following successful field-testing, all standards are about to be finalised and approved.

In the UK, M&S is the first company to sign WWF's Seafood Charter. In doing so, it is entering a joint commitment with WWF to protect our oceans and work towards sustainable fisheries management and sustainable farmed fish production. Over the coming years, we will help M&S evaluate the sustainability of its wild and farmed fish projects and give guidance on identifying and developing more sustainable sources. Other retailers have expressed interest in the Charter. Meanwhile, Findus and Birds Eye Igloo have announced that by 2012, all their wild-caught fish will be from MSC-certified fisheries.

Tiger

All 13 tiger range countries in Asia, along with WWF, other NGOs and the World Bank, met in Bali to develop a Global Tiger Recovery Plan – the first coordinated, range-wide and international effort to save the world's remaining wild tigers and

double their numbers by 2022. We are working with each of the range country governments to develop the plan. Some important announcements have already been made by governments in the lead-up to the forthcoming heads of state summit in St Petersburg – for example, Nepal’s declaration to expand Bardia National Park in the Terai Arc by 900 sq km.

ACTIVITIES IN THE UK

During the year we held high-level meetings with both the outgoing and incoming UK governments. We were active throughout the general election campaign and, working with CAFOD, Christian Aid, Greenpeace, Oxfam, RSPB and Tearfund, we ensured that climate change was on the political agenda, particularly in 50 targeted marginal constituencies. Some 13,000 emails were sent by supporters to parliamentary candidates and more than 2,500 people submitted climate questions to the televised leaders’ debate – resulting in a climate question being asked.

Within weeks of the new government being formed, we secured meetings with Secretaries of State Caroline Spelman (Defra), Andrew Mitchell (DFID), Chris Huhne (DECC) and Philip Hammond (Transport), as well as with seven junior ministers. We are maintaining good links with the Opposition.

In a significant development, plans to build the Kingsnorth II unabated coal-fired plant were shelved by the power company E.On. Two years of NGO campaigning (including highly effective advocacy and legal work by WWF) undoubtedly had an impact on this welcome decision.

Following a judicial review in which we played a leading role, the plans for Heathrow expansion have been put on hold.

More than 4,000 cities and towns in 125 countries participated in this year’s Earth Hour on 27 March. In the UK, some 130 landmarks were dimmed, including the Houses of Parliament and Big Ben, Buckingham Palace, Edinburgh Castle, Belfast City Hall and Wales Millennium Stadium. It was pleasing to note that more than 752,000 students in 1,765 schools were actively involved in the awareness-raising event, as were countless individuals and 750 businesses, which involved tens of thousands of their staff and customers.

Among the major media events during the year was a campaign, launched jointly with Sky TV, to save a billion trees in the Amazon. Known as Sky Rainforest Rescue, the campaign will raise awareness of tropical deforestation and raise money for the project, which we are managing on the ground. We are working with Sky to maximise joint communications and fundraising to raise £4 million for the project.

REVIEW OF ACTIVITIES TO MEET OBJECTIVES

In last year's Trustees' Report, ten objectives were identified for 2009/10. We report back on them here:

Objective 1. Secure in law a strong UK Marine and Coastal Access Act and improvements to the EU Common Fisheries policy

Following ten years of hard work, the UK Marine and Coastal Access Bill became an Act of Parliament in November 2009. We secured some important changes.

In April, the new Marine Management Organisation began managing and championing the UK seas. Following our lobbying, a chief scientific adviser will be appointed to ensure that decisions are strongly science-based.

Work now starts on implementing the Act. In 2011 the government will publish and adopt its Marine Policy statement. We will be calling for clear goals and timescales.

The government will also designate a network of Marine Conservation Zones by 2012 and we are expecting an announcement to this effect early in 2011.

Work continues on the EU Common Fisheries Policy and we are urging the EU to implement new rules to tackle illegal fishing and set sustainable quotas for all commercial fish stocks in the North and Baltic Seas.

Objective 2. Celebrate and vigorously promote the Year of the Tiger to help deliver the objectives of the Tiger Global Initiative

Much is happening in the run-up to the forthcoming Tiger Summit, and our Tiger Global Initiative is gaining momentum.

The Tiger GI covers 13 countries and WWF-UK is leading in making additional funding available for anti-poaching work.

Our plans, which include comprehensive fundraising and communications strategies, will take us into the next financial year and will be critical in the lead-up to the Tiger Summit.

Our successful Christmas 2009 Tiger Appeal won an Institute of Fundraising Award.

Objective 3. Influence negotiations to secure a strong Copenhagen climate treaty and effective international follow-up, supported by a fantastic Earth Hour

Last year one of our priorities was to influence negotiations at Copenhagen to secure a strong climate treaty to follow on from the Kyoto agreement. Although the conference was by and large deemed a failure, many staff from the UK and across the Network made important contributions towards what may yet become a workable treaty.

The Copenhagen Accord which emerged is a flawed political agreement which is too weak to address climate change appropriately. However, we believe that if governments build on the positive aspects of the Accord and begin new, meaningful negotiations, this could lead to a strong, fair and ambitious international agreement. With that in mind, we are working on a fresh political and campaign strategy. We can be proud of our huge efforts before and throughout the conference,

and of the strong teamwork between colleagues from around the world. Some hard thinking on next steps is now under way.

Earth Hour had ambitious awareness targets, but showed a flat trend across the three years we have run the event. Globally, however, it was a highly visible event and we engaged well with our key audiences in the UK.

Objective 4. Play a leadership role in developing the Network's footprint programme

We made a major contribution to the outcomes of the Delhi workshop that provided a framework for the Network to work on sustainable consumption issues.

This framework was subsequently approved by the Conservation Committee, and is substantially aligned to our priorities. We have played an active role on various work streams, including the Green Economy. Next year we need to ensure this is developed into an action plan to set priorities for the Network.

Objective 5. Set out a One Planet Economy vision and pathways, which integrates the importance of ecosystem services for sustainable development and is used to frame debates externally

During the year we recruited an economist and allocated resources to our One Planet Economy work. Looking at how we can best work with business and industry has helped us identify high-impact areas and focus engagement in the financial sector.

Objective 6. Throughout the General Election period, demonstrate to all the main political parties that climate change can affect the election outcome, and position WWF as a key environmental organisation for the incoming government

Our *Ask the Climate Question* campaign proved successful, and as a result of our work throughout the General Election we are well positioned as a key environmental organisation.

Although we did not reach all our targets, we are forging good relationships with the new government. (See also 'Activities in the UK' above.)

Objective 7. Develop and launch our new branding, including our visual and verbal identity

Our refreshed brand has been agreed by Trustees and WWF International (key to our aim of creating One Brand, One Network, One Voice).

The Brand Guidelines were launched and we have briefed our agencies to reflect our refreshed image through important publications such as the Annual Review, our adoption products (*Wild World* and *My Animals*) and others.

Objective 8. Get the whole organisation behind the need to raise funds

We have again significantly increased the number of people supporting us with a regular gift to over 300,000 through a continued strategy of investing in long-term income growth. The success of our fundraising activities during the year was demonstrated by our strong Christmas tiger appeal to supporters, and excellent growth in income from companies and other sources.

Overall, we have increased our income by more than 20% this year, but there are further opportunities to engage the whole organisation more consistently and successfully in fundraising for our work.

To further this aim, we have included clearer fundraising objectives in the operational plans of programmatic staff and we have worked hard at building understanding and engagement with all forms of fundraising throughout the organisation.

Objective 9. Simplify our processes and build understanding and engagement within the organisation

Some process improvements have been made, but we need to increase our focus on ensuring that we continue to provide appropriate systems and processes that do not impose unnecessary bureaucracy on the organisation.

Objective 10. Connect our UK work to the Global Programme Framework

The Global Programme Framework (GPF) informs external audiences about what WWF does, and provides internal guidance on developing priority conservation programmes. WWF-UK contributes to the GPF working group that determines GPF alignment across the Network.

We are largely well aligned to GPF priorities. The only grey area is footprint, where we will contribute to the development of a comprehensive Network plan.

OUR FOCUS FOR NEXT YEAR

Our objectives for 2010/11 include:

Safeguarding the natural world

1. Tigers

- Work across the Network to support the Tiger Summit in St Petersburg to raise international and national political support for tiger conservation.
- Carry out a specific fundraising campaign for tiger conservation work.
- Develop a new programme of work in the Western Ghats of south India.

2. Forests

- Support the Acre state government in establishing a fund to compensate smallholders for leaving forests intact.
- Galvanise Network support for a strong EU illegal logging campaign (FLEGT – Forest Law Enforcement, Governance and Trade), through communications focused on consumers and businesses.
- Combine the annual Global Forest & Trade Network (FTN) meeting with a UK FTN 20-year celebration, and a FLEGT trade fair.

3. Freshwater

- Work with WWF-China and others to provide the Beijing government with robust guidance on its long-term water policy, and draft the Network's first joined-up Yangtze strategy.
- Deliver a compelling business case for corporations to invest in river basin management initiatives and share findings with other companies to help them develop their business case.
- Use our Judicial Review of the Water Framework Directive, our new 'Itchen Initiative' and our Save Water Swindon project to drive improvements to national water policy in England.

Tackling climate change

4. Lead coordination of capacity building for climate change adaptation across the Network, and ensure that UK programmes are Climate Smart.

- Have the three-year Network Adaptation Strategy and Annual Network Workplan approved by the Conservation Committee.
- Mainstream climate change adaptation into all new projects and proposals.

5. Encourage greater ambition in the UK's plans to make a low-carbon economy a reality

- Help position the UK as a genuine leader in the EU's plans for emissions cuts. This to include:
 - An effective green investment bank;
 - A tight emissions performance; and
 - An extensive Pay As You Save (PAYS) scheme to encourage take-up of renewable technologies (and better insulation) in the home by spreading the often high cost of installation.

Changing the way we live

6. Support the WWF Network to establish a clear framework for a sustainable consumption work stream

- Building on the work done in the Delhi workshop, develop the framework approved by Conservation Committee to establish clear focus and boundaries to our work and action plans for delivery of agreed priorities

Communicating and influencing

7. Celebrate WWF's 50th anniversary

- Significantly increase WWF's visibility and influence, inspiring decision-makers and the public to take action on our behalf.

8. Run a successful Earth Hour

- Secure more awareness and engagement than in 2010, with more people across the UK associating the event with WWF.

Funding our work

9. Get the whole organisation behind the need to raise funds

- Continue to grow the number of supporters giving a regular gift.
- Continue to grow overall income from fundraising and develop our income from major donors and a new events income stream.
- Develop our three-year partnership with Sky to raise a total of £4m by the end of 2012 for rainforest conservation.
- Engage all employees in the fundraising process to increase our level of support and to build knowledge and understanding of the challenges of funding the organisation

Getting ourselves in shape

10. Refresh our five year strategic plan

- Assess progress to date, resolve certain critical implementation issues, and inform our annual planning process

FINANCIAL REVIEW

WWF achieved a 22.1% increase in income in the year. This has been achieved largely as a result of the successful expansion of our fundraising activities which has seen an increase of 17% in membership and donations from individuals, an increase of 14% in the number of active regular supporters, and an increase of 34% in sponsorship and donations from corporate partners. There has also been an increase of 26% in income from legacies.

Fundraising expenditure increased by 8% from £13.3 million to £14.4 million as a result of the increased investment in growing the number of regular supporters which should also have benefits for a number of years. We account for expenditure on supporter recruitment activity in the year it occurs, while the income is received over several years.

There was an increased spend of 7% in charitable activities, excluding the adjustment that was made to the previous year's cost of charitable activities for the treatment of multi-year grant commitments.

From the surplus of nearly £6m for Unrestricted Funds, the Trustees have approved the designation of £1.8m for planned one-off expenditure in the year ending 30 June 2011.

Reserves policy

The WWF-UK reserves policy, approved by the Finance and Business Committee in September 2008, is based on an assessment of risks to future income flows, and additionally identifies any funding requirements for specific initiatives. The resulting figure is then tested against current rates of expenditure to ensure it is adequate. The

policy requires a minimum level of reserves so that WWF-UK can protect its programmatic expenditure in the short term from any sudden drop in income. As stated at note 22 to the accounts, grant commitments at the end of the year amounted to £18,853,053. Although WWF-UK intends to support many of its programmes for a number of years, our reserves provide a very low level of financial cover for our activities and we rely on the continuing generosity of our various donors to ensure that we can meet our programmatic and operational obligations.

Applying the assumptions set out in the policy, we would require free reserves of £15.7 million (approximately 3.1 months of expenditure). As defined in the SORP, we are showing actual free reserves at 30 June 2010 of £15.7 million (see Note 19 to the financial statements) after the recent approval by the Trustees of £1.8m of designated funds for planned one-off expenditure in the year ending 30 June 2011. In addition, £5m has been set aside for the possible funding gap, should it be required, for WWF-UK's proposed new 'Living Planet Centre' headquarters (see Note 19 to the financial statements for more information).

GOVERNANCE

Structure, governance and management

WWF-UK is a charity registered with the Charity Commission for England and Wales (Registration No.1081247) and the Office of the Scottish Charity Regulator (Registration No. SC039593). It is also a company limited by guarantee registered in England and Wales (Registration No.4016725). It was founded in 1961 and was formerly known as the World Wildlife Fund.

WWF-UK is part of the WWF global environment network which is coordinated by WWF International, based in Gland, Switzerland. Within the network we influence and support policy and programme priorities, working with our WWF colleagues worldwide to achieve our mission. Most of our programmatic activity takes place overseas through local WWF operations and other partners to whom we provide grant funding. In the UK, we run other programmes either on our own or in partnership with funders and other complementary organisations and activists. In addition, we undertake some campaigning activity to further our mission. Details of transactions with related parties are included in Note 24 to the Accounts.

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

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

The Board has established a Nominations and Remuneration Committee, which is responsible for recommending new Trustees to the Board. In making its recommendations, this Committee takes into account the mix of skills and competencies required by WWF-UK.

The Committee meets to consider new candidates, by examining a 'skills matrix' showing the current skills and experience of the Board, and proposes candidates who would best complement the current profile. The Committee makes recommendations to the Board of Trustees for decision.

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

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

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustee's Report and the financial statements in accordance with applicable laws and regulations. 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 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 the group, this information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006, the Charities Act 1993, the Charities Accounts (Scotland) Regulations 2006 and the Charities and Trustee Investment (Scotland) Act 2005. They are also responsible for the systems of internal control, for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

- (1) So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Basis of accounts

The Report and Statements for the year ended 30 June 2010 appear in the format required by the Accounting and Reporting by Charities Statement of Recommended Practice (revised 2005). They also comply with the Companies Act 2006.

Post-balance sheet events

There are no significant post-balance sheet events to report.

Environmental policy

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

In that respect, we are ISO 14001 certified. ISO 14001 is an internationally recognised and independently audited environmental standard that is awarded only after rigorous appraisal. Our certification recognises a commitment to environmental excellence and involves a process of continual monitoring and targeted improvement.

Public benefit

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

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

Equal opportunities policies

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

Consultation with and provision of information to employees

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

Performance management

WWF-UK has in place an appraisal system which is linked to an organisational emphasis on performance management. This system now incorporates a set of Success Factors which describe behavioural standards and the skills and knowledge we all need to effectively deliver WWF-UK's strategy. Ratings have been included to provide a clear indication of performance level, and 360-degree feedback is in use to provide a more rounded view of performance for all staff. The Performance and Development Review (PDR) process, which touches on day to day performance management as well as managing poor performance, was placed online in 2010.

Grant-making policy

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

Many grants are made to long-running programmes, the outcomes of which are reviewed at regular periods.

Investment policy

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

The policy was last reviewed in 2002/03, and in 2009 a review commenced to ensure that WWF-UK remains at the cutting edge of socially responsible investing. It is planned that a revised policy will be implemented by the early part of 2011.

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

The management of risk

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

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

- A new five-year plan, approved by Trustees in June 2008. This strategic plan covers the aims and objectives of the organisation and is used as a basis for annual planning and quarterly progress reviews, with Trustee updates every six months.
- Annual performance targets and operating plans, with actual performance being monitored at regular intervals.
- A continuing risk management programme. The risk register is reviewed regularly during the year and updates to the register and key risks are reported to the Audit Committee. Three of the principal risks identified are:
 - Risk to income as result of the current economic environment;
 - Risk to capacity to deliver projects due to working in difficult environments;
 - Risk to reputation arising from the actions of WWF-UK or a related party.
- An internal audit programme with findings and progress reviews being reported to the Management Team and the Audit Committee.
- A scheme of delegation from the Trustees to the Chief Executive and thereon to managers in the organisation. The revised scheme delegating authority from the Trustees to the Chief Executive, approved in June 2005 and restated in January 2008, is reviewed annually.

- A governance review, which was performed by the Head of Legal in 2008/09.
- Procedures in place to monitor and evaluate the effectiveness of expenditure on conservation programmes and the achievement of outputs and outcomes.
- An environmental management system to ensure that we monitor and manage our own impact on the environment. We are strongly committed to this and we demonstrate our transparency by annually publishing our performance against the targets we have set ourselves.
- The employment of a brand manager, and a sign-off process, to ensure external products with which we are associated reflect our values and protect our reputation.
- Due diligence checks on our corporate partners.

On 1 October 2010, Horwath Clark Whitehill changed its name to Crowe Clark Whitehill. Crowe Clark Whitehill has indicated its willingness to be reappointed as statutory auditor.

This report was approved by the Board of Trustees on 14 December 2010 and is signed on their behalf by:

Ed Smith
Chair of the Board of Trustees

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

We have audited the group and parent company financial statements of WWF-UK for the year ended 30 June 2010 set out on pages 21 to 42. These financial statements have been prepared in accordance with the accounting policies set out therein.

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

Respective responsibilities of trustees and auditors

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

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

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

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

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

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

Basis of opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2010 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Pesh Framjee
Senior Statutory Auditor
for and on behalf of Crowe Clark Whitehill LLP
Chartered Accountants and Statutory Auditor
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Date:

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

Consolidated statement of financial activities

(incorporating income and expenditure account) for the year to 30 June 2010

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
Incoming resources						
Incoming resources from generated funds						
Voluntary income						
Membership and donations from individuals		18,704	6,208	-	24,912	21,261
Corporate sponsorships and donations		1,058	8,612	-	9,670	7,225
Charitable trusts		341	444	-	785	764
Legacies		9,974	273	-	10,247	8,128
Activities for generating funds						
Lottery promotions		411	-	-	411	349
Trading activities	17	814	(1)	-	813	927
Investment income	2	420	24	-	444	796
Incoming resources from charitable activities						
Aid agencies and government grants	3	-	8,073	-	8,073	6,050
Income from non-governmental organisations		3	1,356	-	1,359	930
Total incoming resources		31,725	24,989	-	56,714	46,430
Resources expended						
Cost of generating funds						
Costs of generating voluntary income						
Membership and donations from individuals		9,501	1667	-	11,168	9,831
Corporate sponsorship and donations		533	198	-	731	623
Charitable trusts		277	-	-	277	150
Legacies		489	-	-	489	461
Lottery promotions		243	-	-	243	160
Fundraising trading: cost of goods sold and other costs		1,147	-	-	1,147	1,767
Investment management fees		50	-	22	72	50
Costs of raising aid agency and government grants for charitable activities		234	-	-	234	222
Total cost of generating funds carried forward	5	12,474	1,865	22	14,361	13,264

Consolidated statement of financial activities for the period to 30 June 2010 continued

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2010	Total 2009
	Notes	£'000	£'000	£'000	£'000	£'000
Total cost of generating funds brought forward	5	12,474	1,865	22	14,361	13,264
Charitable activities						
Grants and project costs	4,5	5,180	19,446	-	24,626	21,653
Other conservation activities	5	4,047	1,882	-	5,929	6,199
Education	5	977	47	-	1,024	1,139
Public awareness	5	4,033	25	-	4,058	4,329
		14,237	21,400	-	35,637	33,320
Write-back of multi-year grant commitments	5	-	-	-	-	(19,200)
Total cost of charitable activities		14,237	21,400	-	35,637	14,120
Governance costs	5,7	514	-	-	514	502
Total resources expended		27,225	23,265	22	50,512	27,886
Net income/(expenditure) before transfers		4,500	1,724	(22)	6,202	18,544
Gross transfers between funds		61	(61)	-	0	-
Net income/(expenditure) before other recognised gains and losses		4,561	1,663	(22)	6,202	18,544
Net gain/(loss) on investment assets		1,167	-	500	1,667	(1,382)
Net movement in funds		5,728	1,663	478	7,869	17,162
Total funds brought forward	18	17,317	8,318	2,652	28,287	11,125
Total funds carried forward	18	23,045	9,981	3,130	36,156	28,287

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

All activities derive from continuing operations.

Balance sheet

at 30 June 2010

		Group	<i>Group</i>	Charity	<i>Charity</i>
		2010	2009	2010	2009
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	11	566	986	566	986
Investments	12	10,617	8,955	10,617	8,955
Total fixed assets		11,183	9,941	11,183	9,941
Current assets					
Short-term deposits	12	15,088	12,418	15,088	12,418
Stocks	13	756	421	424	135
Debtors	14	5,524	4,723	6,301	4,962
Cash at bank and in hand		7,890	5,086	6,869	4,763
Total current assets		29,258	22,648	28,682	22,278
Current liabilities					
Creditors: Amounts falling due within one year	15	(3,885)	(3,952)	(3,315)	(3,588)
Provisions for Liabilities and Charges	16	(400)	(350)	(400)	(350)
Total Current Liabilities		(4,285)	(4,302)	(3,715)	(3,938)
Net current assets		24,973	18,346	24,967	18,340
Total assets less current liabilities		36,156	28,287	36,150	28,281
Creditors – amounts falling due after more than one year		-	-	-	-
Net assets		36,156	28,287	36,150	28,281
Accumulated funds					
Endowment funds	18	3,130	2,652	3,130	2,652
Restricted funds	18	9,981	8,318	9,981	8,318
Unrestricted funds	18	23,045	17,317	23,039	17,311
Total funds		36,156	28,287	36,150	28,281

The financial statements were approved by the Trustees on 14 December 2010 and signed on their behalf by:

Ed Smith
Chair of the Board of Trustees

Consolidated cash flow statement

For the period ended 30 June 2010

		2010	2009
	Notes	£'000	£'000
Net cash inflow/(outflow) from operating activities	1.1	4,974	(414)
Returns on investments and servicing of finance	1.2	444	796
Capital expenditure and financial investment	1.3	150	(817)
Net cash inflow/(outflow) before use of liquid resources		5,568	(435)
Management of liquid resources and financing	1.4	(2,764)	3,072
Increase in cash		2,804	2,637
Reconciliation of net cash flow to movement in net funds			
Increase in cash at bank and in hand in the year		2,804	2,637
Increase/(decrease) in cash on short-term deposit		2,670	(2,609)
Change in net cash arising from cash flows		5,474	28
Net funds brought forward 30 June 2009		17,504	17,476
Net funds carried forward 30 June 2010	1.5	22,978	17,504
1.1 Reconciliation of incoming/(outgoing) resources to net cash (outflow)/inflow from operating activities			
Net incoming resources before other recognised gains and losses		6,202	18,544
Investment income received	2	(444)	(796)
Depreciation on fixed assets	11	369	347
(Increase)/decrease in stocks		(335)	44
(Increase) in debtors		(801)	(933)
(Decrease) in creditors		(67)	(17,970)
Increase in provisions		50	350
Difference in unrealised gain/loss on investment			-
Net cash inflow from operating activities		4,974	(414)
1.2 Returns on investments and servicing of finance			
Investment income received		283	265
Interest received		161	531
		444	796

Consolidated cash flow statement for the year continued

	2010	2009
	£'000	£'000
1.3 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(156)	(365)
Acquisition of fixed asset investments	(1,710)	(1,709)
Write-off of fixed assets	207	-
Disposal of fixed asset investments	<u>1,809</u>	<u>1,257</u>
	<u>150</u>	<u>(817)</u>
1.4 Management of liquid resources and financing		
Decrease/ (increase) in cash held for investment	(94)	463
Decrease/ (increase) in cash on short-term deposit	<u>(2,670)</u>	<u>2,609</u>
	<u>(2,764)</u>	<u>3,072</u>
	At 01	Cash
	July	flow
	2009	At 30
	£'000	June
		2010
	£'000	£'000
1.5 Analysis of net funds		
Cash at bank and in hand	5,086	2,804
Cash on short-term deposit	12,418	7,890
		15,088
Total	<u>17,504</u>	<u>5,474</u>
		22,978

Notes to the Accounts

1 ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, with the exception of listed investments which are included on a market value basis. The accounts have been prepared in accordance with Accounting and Reporting by Charities Statement of Recommended Practice (revised 2005), the Charities Accounts (Scotland) Regulations 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and applicable United Kingdom accounting standards. The particular accounting policies adopted by the Trustees are described below and have been applied consistently throughout the current and preceding years.

Going Concern

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

Basis of consolidation

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

The charity has availed itself of paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone, as permitted by the Companies Act 2006 and paragraph 397 of the 2005 SORP, but total income and expenditure is given in Note 18.

Fund accounting

- **Unrestricted funds**

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

- **Restricted funds**

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

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

- **Endowment funds**

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

- **Designated funds**

These funds have been designated by the Trustees for planned one-off expenditure

Incoming resources

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

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

Legacies: residuary legacy income is taken as the earlier of cash being received or estate accounts being received and agreed. Pecuniary legacy is recognised as income on notification.

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

Income from investments is included gross.

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

Resources expended

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

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

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

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

Foreign currencies

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

Tangible fixed assets and depreciation

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

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

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

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

Investments

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

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

Stocks

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

Operating leases

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

Pensions

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

2 INVESTMENT INCOME

	2010	2009
	£'000	£'000
Dividends and fixed interest	283	265
Bank interest	157	527
Rent received	4	4
	444	796

3 AID AGENCIES AND GOVERNMENT GRANTS

	2010	2009
	£'000	£'000
Major grants from aid agencies and governments include funds from:		
Department for International Development (DfID)		
Partnership Programme Agreement	4,983	4,223
Partnership Programme Agreement - Global Deal	-	550
DFID Non-PPA Funding	216	175
Department for Environment, Food and Rural Affairs (Defra)		
Community Management, Kangchenjunga, Nepal	-	44
Marine Protected Areas, Solomon Islands	-	28
Department of Environment, Northern Ireland		
Towards Reducing our Ecological Footprint Co Armagh, Northern Ireland	-	106
European Community		
UK Ravine WoodLIFE	(31)	67
Papua New Guinea, community development & resource conservation in the Transfly	64	103
Water Thirsty Crops, Pakistan	89	128
Great Ruaha River Programme, Tanzania	-	181
Reducing Poverty in Rufiji/Mafia/Kilwa	214	156
Water Thirsty Crops, India	6	12
Research & Action for Sustainable Consumption Production	12	44
SWITCH Asia - Sustainable & responsible trade promoted to wood processing SMEs	797	163
Partnerships involving Stakeholders in the Celtic sea Eco-System (PISCES)	338	-
One Planet Economy Network - Europe	859	-
Sepik Livelihoods - Sepik river catchment - Papua New Guinea	198	-
GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit)		
GTZ Strategic Alliance - Mitigation of Water footprints in Agri-Supply Chains	124	-
Scottish Executive		
Local Footprints	39	59
Clyde MSC	-	1
Campaigns Scotland	6	-
Retrofit Scotland - Housing project	5	-
Scotland Natural Change	22	-
Foreign & Commonwealth Office		
Antarctic & Southern Ocean Initiative	57	-
European Climate Foundation		
Emissions Performance Standards	30	-
Grants overprovided in previous years		
Mexico Forests	-	(44)
Other agencies	45	54
Total Aid Agencies and Government Grants	8,073	6,050

4 GRANT AND PROJECT COSTS

Individual conservation projects and grants are grouped as Programmes that reflect our key conservation priorities. Grants are made to institutions in the UK and internationally, to WWF International and to independent programme offices managed either by WWF International, WWF-US, or other partners. This information is normally the basis of reporting to donors, including government agencies. All our grants are performance-related, with mid-term reviews.

	2010	2009
Organisation	£'000	£'000
Programme		
Independent Organisation		
Namibia Programme	699	752
WWF International		
WWF Network Support	3,614	3,964
WWF Family		
The Climate Partnership - China Programme	1,727	1,891
The Climate Partnership - Brazil Programme	1,215	874
The Climate Partnership - India Programme	431	289
The Climate Partnership - Global Freshwater Programme	194	211
Climate Change - Global Deal and DFID PPA Objectives	844	198
Colombia Programme	681	610
Species Conservation Programme	1,023	931
Eastern Himalayas Programme	942	554
Forests of New Guinea Programme	429	488
East Africa Freshwater Programme	373	345
East Africa Coastal Programme	921	581
Heart of Borneo Programme	395	197
Amazon Network Initiatives	620	454
Arctic Programme	221	-
Coral Triangle Programme	226	-
SWITCH Asia Programme - Responsible Wood Processing	297	-
Mexico Forests Programme	-	509
International Development and Governance	-	330
WWF-UK		
One Planet Network - European Programme	390	-
Wildlife Trade	494	169
Forest & Trade and Policy Programme	-	285
Other projects aggregated	4,495	3,841
Total grant funding on programmes and projects	20,231	17,473
Other project activity undertaken directly (note 5)	2,932	2,747
Total Grants and Projects Expenditure (Note 5)	23,163	20,220
Support Costs (note 5,6)	1,463	1,433
Total amount expended on grants and projects	24,626	21,653

5 RESOURCES EXPENDED

	Activities undertaken directly	Grant funding of activities	Support costs	Total	Total
				2010	2009
	£'000	£'000	£'000	£'000	£'000
Species	39	3,338	39	3,416	2,843
Freshwater	826	5,233	139	6,198	5,667
Forests	372	3,405	401	4,178	3,740
Climate Change	228	1,269	318	1,815	1,147
Marine	380	1,679	194	2,253	1,505
Capacity Building	160	4,009	363	4,532	4,923
Global Policy	301	636	6	943	991
UK Social Change	626	662	3	1,291	837
Total Grants and project costs	2,932	20,231	1,463	24,626	21,653
Conservation	5,036	-	893	5,929	6,199
Education	830	-	194	1,024	1,139
Public awareness	3,529	-	529	4,058	4,329
Cost of generating funds	13,346	-	1,015	14,361	13,264
Governance	514	-	-	514	502
Sub Total	26,187	20,231	4,094	50,512	47,086
Multi-year grant commitment changes	-	-	0	0	(19,200)
Total	26,187	20,231	4,094	50,512	27,886

The presentation of total expenditure for 2009 is after deduction of a £19.2 million grant credit in the 2009 accounts which was due to the impact of a change in accounting treatment of multi-year grant commitments. This is the amount of grant funding for the period after 30 June 2008 that had previously been accounted for as non performance-related multi-year grants. In 2009 WWF-UK reverted to accounting for its grants as annual, performance-related grants.

6 SUPPORT COSTS

	Management & Finance	Human Resources	Information Technology	Premises & Facilities	2010	2009
	£'000	£'000	£'000	£'000	£'000	£'000
Grants & Projects	769	104	232	358	1,463	1,433
Conservation	112	117	262	402	893	969
Education	14	27	60	93	194	263
Public Awareness	39	74	164	252	529	624
Cost of generating funds	75	142	316	482	1,015	1,236
Total support costs	1,009	464	1,034	1,587	4,094	4,525

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.

7 GOVERNANCE COSTS

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

8 STAFF COSTS

	2010	2009
	£'000	£'000
Wages and salaries	10,226	10,448
Social Security costs	1,059	1,081
Pension costs	893	853
	12,178	12,382

In addition, the cost of temporary staff in the year was £194,080 (2008/09: £167,810).

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

	2010	2009
	Number	Number
£60,001 to £70,000	4	3
£70,001 to £80,000	2	2
£80,001 to £90,000	2	1
£90,001 to £100,000	1	1
£100,001 to £110,000	-	-
£110,001 to £120,000	1	1
Total	10	8

Pension contributions for the ten highest paid employees amounted to £78,297 (2008/09: £58,983).

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

	2010	2009
	Number	Number
Charitable activities	166	170
Generating funds	77	82
Support and governance	45	54
	<u>288</u>	<u>306</u>

9 TRUSTEES' REMUNERATION AND EXPENSES

No Trustee has received any remuneration from WWF-UK during the year (2008/09: nil). Expenses totalling £3,257 (2008/09: £4,220) were reimbursed to four Trustees (2008/09: four Trustees) solely for travel costs incurred in attending meetings as below. Ed Smith's expenses were reimbursed solely in his capacity as a member of the Board of WWF International and not for WWF-UK.

	2010	2009
	£	£
Dr David Bryer	103	410
Professor David MacDonald	210	521
Ed Smith	2,865	3,129
Professor Kathy Willis	79	160
	<u>3,257</u>	<u>4,220</u>

None of the other Trustees had any expenses reimbursed during the year or in the prior year.

During the year the charity paid £1,365 (2008/09: £1,680) in respect of Trustees' indemnity insurance on behalf of the Trustees.

10 NET INCOMING RESOURCES FROM OPERATIONS

	2010	2009
	£'000	£'000
Net incoming resources from operations for the year are stated after charging:		
Auditors' remuneration:		
Fees payable to the charity's auditors for the audit of the charities annual accounts	28	27
Fees payable to the charity's auditors for the audit of projects	10	-
Fees payable to the charity's auditors for the audit of the charity's subsidiaries pursuant to legislation	24	22
Total audit fees	<u>62</u>	<u>49</u>
Depreciation of tangible fixed assets	369	345
Operating lease rentals:		
Plant and machinery	102	41
Other	606	648
Total operating lease rental	<u>708</u>	<u>689</u>
Unrealised gain/loss on foreign exchange translation	(216)	23

11 TANGIBLE FIXED ASSETS FOR USE BY THE CHARITY

GROUP AND CHARITY	Freehold	Leasehold improvements	Office furniture and equipment	Contacts database system	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 30 June 2009	207	864	768	1,206	3,045
Additions in the year	40	66	50	-	156
Write-off of Assets	(207)	-	-	-	(207)
Disposal in the year	-	(92)	(4)	-	(96)
At 30 June 2010	<u>40</u>	<u>838</u>	<u>814</u>	<u>1,206</u>	<u>2,898</u>
Depreciation					
At 30 June 2009	-	563	596	900	2,059
Charge for the year	-	118	68	183	369
Depreciation on disposal	-	(92)	(4)	-	(96)
At 30 June 2010	<u>-</u>	<u>589</u>	<u>660</u>	<u>1,083</u>	<u>2,332</u>
Net book value					
At 30 June 2010	<u>40</u>	<u>249</u>	<u>154</u>	<u>123</u>	<u>566</u>
At 30 June 2009	207	301	172	306	986

12 INVESTMENTS

	FY10	FY09
Investment - Movement	£000	£000
Market Value at 1 July 2009	8,560	9,490
Additions at Cost	1,710	1,709
Disposals at market value	(1,809)	(1,257)
Net gain/loss on revaluation	1,667	(1,382)
Market value at 30 June 2010	10,128	8,560
Cash balances	489	395
Total Market Value at 30 June 2010	10,617	8,955
Historic Cost at 30 June 2010	8560	8558
Portfolio Distribution		
UK Fixed Interest	1,089	1,577
UK equities	4,298	3,457
Overseas equities	4,517	3,238
Overseas Fixed Interest	224	192
Unit Trust/ Property Investments	-	96
Cash funds	489	395
Total Investment portfolio	10,617	8,955
Restriction Analysis		
Endowment funds	3,130	2,652
Unrestricted Funds	7,487	6,303
Total	10,617	8,955

Holdings over 5%

The following funds represented over 5% of the investment portfolio as at 30 June 2010.

- Findlay Park Plc Us Smaller Companies (Usd) 6%
- Newton Mfm Asian Inc Instl Fd (Inc) 5%
- Newton Mfm Cont European Gbp (Inc) 10%

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

Current asset investment

Current asset investment was represented by short-term deposits.

13 STOCKS

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

14 DEBTORS

	Group	Group	Charity	Charity
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Amounts due within one year:				
Trade debtors	614	344	408	289
Amounts due from WWF-UK (World Wide Fund For Nature) Trading Limited	-	-	1,015	352
Other debtors	1,493	1,496	1,492	1,496
Prepayments and accrued income	3,417	2,883	3,386	2,825
Total Debtors	5,524	4,723	6,301	4,962

15 CREDITORS

	Group	Group	Charity	Charity
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade creditors	1,460	1,539	1,433	1,506
Grants outstanding	-	51	-	51
PAYE & National Insurance	335	326	335	326
Other creditors	163	118	162	85
Accruals	1,059	721	1,021	660
Deferred income	868	1,197	364	960
Total Creditors	3,885	3,952	3,315	3,588

	At 1 July 2009	Receipt	Charges	At 1 July 2010
	£'000	£'000	£'000	£'000
15(a) Movement – Deferred Income				
Corporate Sponsorship	312	581	(312)	581
Refurbishment reimbursement	28	-	(5)	23
Projects	750	146	(750)	146
Staff secondments	73	86	(73)	86
Others	34	31	(33)	32
Deferred Income	1,197	844	(1,173)	868

16 PROVISIONS

Provisions which have increased by £50,000 from the prior year relate to property matters. No amounts were used during the period.

17 SUBSIDIARY COMPANY

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

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

The aggregate assets of the subsidiary company were £1,590,422 (2008/09: £720,760) and the aggregate liabilities were £1,584,134 (2008/09: £714,472), resulting in shareholders' funds of £6,288 (2008/09: £6,288).

The taxable profits earned by the company are donated to WWF-UK and in the current year amounted to £124,957 (2008/09: £513,978).

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

Profit and loss account	2010	2009
	£'000	£'000
Catalogue and retail sales	813	927
Corporate sponsorship and licensing	1,621	1,365
Turnover	2,434	2,292
Cost of Sales	(969)	(998)
Gross Profit	1,465	1,294
Distribution costs	(335)	(338)
Administrative expenses	(1,006)	(450)
Operating Profit	124	506
Interest (Payable)/ Receivable	1	8
	125	514
Gift Aid Donation to WWF-UK	(125)	(514)
Retained profit before tax	-	-
Corporation tax paid	-	-
Retained profit for the year	-	-
Profit & loss account brought forward	6	6
Retained profit carried forward	6	6

18 GROUP STATEMENT OF FUNDS

	At 01 July 2009	Incoming Resources	Outgoing Resources	Transfers between Funds	Net gains/ (losses)	At 30 June 2010
	£'000	£'000	£'000	£'000	£'000	£'000
Kleinwort Endowment Fund	1,511	-	(9)	-	285	1,787
Willingdon Memorial Fund	1,141	-	(13)	-	215	1,343
Total Endowment funds	2,652	-	(22)	-	500	3,130
Project Restricted Funds						
HSBC Climate Partnership	2,633	4,958	(4,843)	-	-	2,748
HSBC – Climate P/Ship sponsorship	-	216	(216)	-	-	-
Royal Sun Alliance	-	905	(558)	-	-	347
Barclays – preserving E. Africa resources & Livelihoods	377	392	(269)	-	-	500
Standard Chartered Bank	332	-	(200)	-	-	132
Marks & Spencer Ethical & Eco Programmes	223	386	(548)	-	-	61
Other Project Restricted	1,350	2,189	(2,136)	(179)	-	1,224
Broadly Restricted Funds						
Sky Amazon Project	-	1,276	(296)	-	-	980
Eastern Himalayas – Ande Recce	176	192	(368)	-	-	-
Primates	208	608	(395)	-	-	421
Rhinos	16	344	(311)	-	-	49
Pandas	220	324	(544)	-	-	-
Elephants	72	272	(344)	-	-	-
Tigers	5	1,246	(1,140)	-	-	111
Endangered/Vanishing Species	9	1,101	(1,070)	-	-	40
Other Broadly Restricted Funds	560	2,289	(2,444)	118	-	523
DFID	893	4,983	(4,364)	(18)	-	1,494
DFID – Global deal	550	-	(542)	18	-	26
EC – One Planet	-	859	(464)	-	-	395
EC – Pisces	-	338	(217)	-	-	121
EC – Asia Switch	(4)	797	(305)	-	-	488
European Commission – Other	694	551	(928)	-	-	317
Hosting staff costs	4	763	(763)	-	-	4
Total Restricted Funds	8,318	24,989	(23,265)	(61)	-	9,981
Unrestricted Funds	17,317	31,725	(27,225)	61	1,167	23,045
Total Funds	28,287	56,714	(50,512)	-	1,667	36,156

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.

1. Other Project, GAA and DFID restricted donations are where the donor has specified the project to be funded and neither income nor expenditure exceeds £300k.
2. Other Broadly restricted donations are where the donor has specified the restriction, but not the project to be funded, and neither income nor expenditure exceeds £300k.
3. European Commission Other restricted donations are where the donor has specified the project to be funded and neither income nor expenditure exceeds £300k

Charity Statement of Financial Activities (SOFA)

The total income of the charity in 2010 was £54.3 million (2008/09: £44.1 million) and total expenditure was £48.2 million (2008/09: £26.1 million).

19 ANALYSIS OF GROUP ASSETS AND LIABILITIES BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2010	Total 2009
	£'000	£'000	£'000	£'000	£'000
Tangible assets	566	-	-	566	986
Investments	7,487	-	3,130	10,617	8,955
Fixed assets	8,053	-	3,130	11,183	9,941
Current assets	18,026	11,232	-	29,258	22,648
Current liabilities	(3,034)	(1,251)	-	(4,285)	(4,302)
Net Assets	23,045	9,981	3,130	36,156	28,287

	Notes	£'000	£'000
As part of the above funds, free reserves are calculated as being:			
Total unrestricted funds	18	23,045	17,317
Less:			
Tangible fixed assets	11	(566)	(986)
Negative restricted fund	18	-	(85)
Designated reserves		(1,800)	-
Set aside for possible funding gap for build of planned new Headquarters premises		(5,000)	-
Total Free reserves		15,679	16,246

£5m of reserves has been set aside, should it be required, for WWF-UK's proposed new 'Living Planet Centre'. £2.7m of these reserves relate to a legacy, the use of which, for the new building, would be particularly in keeping with the spirit of the legacy. The Centre will have education and visitor facilities as well as acting as our headquarters. A planning application has been submitted and the building is planned for completion by 2013.

In addition to funds in excess of £5m already raised for the purpose, we aim to raise a further £5m for the Living Planet Centre via a capital appeal in order that the reserves set aside, or a portion thereof, will in the future be available again for conservation purposes.

20 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:

	2010 Land and buildings	2010 Plant & Machinery	2009 Land and buildings	2009 Plant & Machinery
	£'000	£'000	£'000	£'000
Leases which expire:				
within one year	24	5	15	-
within two to five years	490	86	480	27
after five years	-	-	26	-
	514	91	521	27

21 LEGACY NOTIFICATIONS

By the end of the financial year, WWF-UK had been advised of a number of legacies which indicated the charity as a beneficiary. These have not been included in the Statement of Financial Activities as the charity's final entitlement has not yet been established by the executors. The initial indicated values for individual legacies estimated to be in excess of £200,000 amount to a total of £1,102,248 (2009: £2,436,169)

22 OUTSTANDING GRANT AWARDS

WWF-UK aims to continue to provide funding to a number of programmes and projects subject to the delivery of contractual obligations and the availability of sufficient funds. At the end of the year, the amount of grants outstanding amounted to £18,853,053 and did not extend beyond June 2013.

23 CONTINGENT LIABILITIES

In accordance with normal business practice, WWF-UK has provided indemnities to the executors of certain estates. These indemnities provide legal recourse to the recovery of any over-payments up to the total value of receipts by WWF. The value of indemnities provided over the last three financial years, for receipts in excess of £25,000, amounted to £55,105 (2009: £558,519).

24 RELATED PARTY TRANSACTIONS

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

A Trustee was group company secretary for Royal & Sun Alliance until 2 April 2010, from which WWF-UK has received a corporate donation.

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

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

The Director of Communications, Winnie De'Ath, is a Trustee of Wildscreen Trusts.

A member of staff is vice chairman of the Scottish Environment Link. A further member of staff is a member of the Oxfam Association.

In addition, a member of staff is a Trustee of The Environment Council.

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

	2010	2009
	£'000	£'000
WWF International, including Programme Offices under its direct control		
Funds provided and expenditure in respect of institutional development, communications and public awareness	4,579	7,633
Grants received	-	-
Amounts due from the above included in trade debtors	-	-
Amounts due to the above included in trade creditors	-	-
Alliance of Religion and Conservation (ARC)	60	158
Funds provided		
BUPA International	75	-
Funds provided		
CHEMTrust	-	50
Funds provided		
Royal & Sun Alliance	905	-
Funds received		

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

25 TAXATION

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

26 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 2009 and 14 December 2010, the date of signing the accounts.

Board of Trustees and Directors

Ed Smith (Chair)

Mark Chambers (appointed 15
December 2009)

Dr David Bryer

Rita Clifton

Colin Day

Professor Ian Diamond

Bernard Donoghue (retired 29 June
2010)

David Gregson

Professor David Macdonald

John Manktelow

Dr Valentin von Massow

Alberto Piedra

David Taylor-Smith MBE

Professor Kathy Willis

Colin Day retired as Honorary Treasurer on 30 June 2010 and Alberto Piedra became Treasurer on 1 July 2010

Company Secretary

Susan Gent

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

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

Sir Martin Laing CBE (Trustee Emeritus)

The Hon Mrs Sara Morrison (Trustee Emeritus)

Sir Arthur Norman KBE, DFC (Trustee Emeritus)

Current Membership of Committees

Finance and Business Committee

Ed Smith (Chair)

Nicholas Brett

Mark Chambers

Colin Day

John Manktelow

Alberto Piedra

David Taylor-Smith MBE

David Gregson

Dr Valentin von Massow

Audit Committee

Mark Chambers (appointed to Committee and as Chair 15 December 2009)

John Manktelow (retired from Committee and as Chair 15 December 2009)

Colin Day

Patrick Oram

Jeff Phillips

Investment Sub-Committee

Colin Day (Chair)

Alberto Piedra (appointed 7 October 2010)

Living Planet Centre Committee

Mark Chambers (Chair)

Rita Clifton

Colin Day

John Manktelow

Programme Committee

Professor Ian Diamond (Chair)

Mike Acreman (appointed 23 March 2010)

Professor Andrew Balmford (resigned 4 December 2009)

Mike Barry (retired 8 December 2010)

Dr Steve Bass (retired 4 December 2009)

Dr Steve Broad (retired 4 December 2009)

Dr David Bryer

Ian Christie (retired 8 December 2010)

Dr Charlotte Grezo

John Hudson (appointed 23 March 2010)

Professor David Macdonald

Georgina Mace (appointed 29 June 2010)

John Manktelow (appointed 15 December 2009)

Dr Helen Marquard (retired 4 December 2009)

Prof Jim Skea (appointed 24 September 2010)

Dr Ros Wade (resigned 4 December 2009)

Professor Kathy Willis

Pensions Sub-Committee

Colin Day (Chair)

Brian Jackson

Mark Hathaway

John Manktelow

Alberto Piedra (appointed 7 October 2010)

Nikki Robinson (Staff representative)

Nominations & Remuneration Committee

Ed Smith (Chair)

Colin Day

Bernard Donaghue (retired 29 June 2010)

Corporate Management Team/Principal Officers

Chief Executive	David Nussbaum
Director of Resources	Dermot Heffernan
Director of Communications	Winnie De'Ath
Director of Campaigns	David Norman
Director of Fundraising	Tobin Aldrich
Director of Programmes	Dr Glyn Davies
Deputy Director of Programmes	Oliver Smith

Principal Professional Advisers

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