

WCMC

(A Charitable Company limited by guarantee)

Trustees' Report and Financial Statements

Year Ended 31 December 2018

Charity No: 328044 Company No: 02330031

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Trustees' Annual Report (incorporating Strategic Report) for the year ended 31 December 2018

The Trustees, who are also the directors of the Charitable Company for the purposes of the Companies Act 2006, present the Trustees' Annual Report and financial statements for the year ended 31 December 2018. The financial statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006, the Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

Objectives and activities

Objects and aims

The Charitable Company's objects are to promote, for the public benefit, the conservation, protection, enhancement and support of nature and natural resources world-wide where decision makers in all sectors recognise and take account of the values of biodiversity.

The Charitable Company works in close collaboration with the United Nations Environment Programme (UNEP) undertaking work to provide data and information to support decision makers including advice, analysis, capacity building and digital solutions.

Significant activities

The objects are achieved through the collection, building and compiling of data about biodiversity, and the generation of insights about this data, to provide political and economic decision makers with the best possible information.

This includes:

- Supporting the development and adoption of policies and practices that will contribute to the conservation and sustainable use of biodiversity.
- Creating important biodiversity knowledge by synthesising, analysing, reporting and generating insights on the state and value of global biodiversity.
- Encouraging and facilitating data sharing, interoperability and standards to create accessible web-based information on biodiversity areas of special conservation significance.
- Being a trusted global repository and a partner for centralised and distributed foundation databases, particularly those dealing with areas of special conservation significance.
- Facilitating and supporting the creation of criteria, standards and certification to validate biodiversity related information and products.

The Charitable Company occupies a unique space in the biodiversity arena, by building and supporting collaboration and increasing the capacity of partners as necessary and appropriate, through its expert and trusted scientific team working in close collaboration with the United Nations Environment Programme. All of WCMC's work contributes to the impact of UN Environment and it is all produced under the auspices of our collaboration as UNEP-WCMC (the Centre).

Key areas of success can be measured through a variety of drivers ranging from publications, to the development and deployment of models, such as land use, to the number of workshops conducted which directly contribute to capacity building. The Charitable Company is able to align its short-term objectives to the long-term objectives, with both focused on the development of key relationships, quality data and information.

Strategic Report

WCMC's achievements and performance in 2018

Our vision is for a world where decision makers in all sectors and at all levels recognise and take full account of the values of biodiversity as the bedrock of a global green economy and human well-being. We are concerned with the multiple values of biodiversity, particularly where it is at risk, and the relationship between biodiversity and ecosystem services that deliver human benefits.

Our mission is to provide authoritative information about biodiversity and ecosystem services in a way that is useful to decision makers who are driving change in environment and development policy. By working with expert partners worldwide, we draw together, analyse and interpret information on biodiversity, and strengthen the ability of others to do so.

Our key achievements in 2018

2018 was a hugely exciting year for the UN Environment World Conservation Monitoring Centre (UNEP-WCMC). As well as achieving a lot within our thematic priorities, we had a number of Centre-wide achievements.

An international project led by UNEP-WCMC was awarded £20 million by the UK Research Initiative (UKRI) Global Challenges Research Fund (GCRF). UNEP-WCMC is leading over 50 organisations from 15 different countries in a partnership to help make trade a force for good. The UKRI GCRF Trade, Development and the Environment Hub will trace the trade of wildlife, wild meat and agricultural goods from their origin in eight countries, and then throughout the entire world: Brazil, Cameroon, China, Democratic Republic of Congo, Gabon, Indonesia, Republic of Congo, and Tanzania.

We recognise the importance of better communicating our messages and achievements. And so, in 2018 we began a rebranding process to improve how we articulate who we are and what we do. This process involved staff from across the Centre and has resulted in an updated visual identity which is underpinned by a new brand essence (impact) and brand values (credibility, collaboration and innovation) which are at the heart of everything we do.

This year we also launched the UNEP-WCMC Accelerator Initiative – an internal opportunity which aims to foster innovation within the Centre. All members of staff were invited to submit a proposal for a project which either accelerates and/or magnifies the Centre's impact. Six separate projects were awarded internal grants through this process, and implementation will begin in 2019.

Our key thematic achievements in 2018 are set out under headings representing the six strategic themes of the organisation and their associated aims.

1. Mainstreaming biodiversity into sustainable development

We want governments to recognise the importance of biodiversity in underpinning decisions on planning and implementing the Sustainable Development Goals (SDGs). Biodiversity and ecosystem services are anchored in SDGs 14 and 15, but they also underpin many of the other cross-cutting social and economic goals and targets.

By developing useful resources for governments, delivering nationally bespoke programmes and expanding our successful and proven model of biodiversity mainstreaming, we are empowering biodiversity and natural capital professionals to inspire others to make more sustainable development decisions.

2018 achievements include:

Building capacity for national ecosystem assessments

Our work with the United Nations Development Programme, working with practitioners, researchers and policy makers in four countries – Ethiopia, Cameroon, Colombia and Vietnam – to support them in carrying out their National Ecosystem Assessments continued in 2018. We organised a series of webinars to share progress and build capacity among the national teams. UNEP-WCMC also hosted a side event at the second meeting of the Subsidiary Board for Implementation of the Convention on Biological Diversity (CBD SBI-2) and, in collaboration with national teams, we also developed an information document for the UN Biodiversity Conference. In October 2018, four more countries- Azerbaijan, Bosnia and Herzegovina, Cambodia and Grenada- joined this global project through a second phase of International Climate Initiative (IKI) funding.

The national assessments will provide countries with an up-to-date and broadly owned evidence base around biodiversity and ecosystem services that can inform cross-sectoral national decision-making, as well as inform the development of the post-2020 agenda.

Integrating biodiversity into the heart of government decision-making

The Global Environment Facility (GEF)-funded Connect project aims to connect biodiversity experts with policy makers to help deliver biodiversity information in ways that improve development decisions. The project focuses on three countries in sub-Saharan Africa (Ghana, Mozambique and Uganda) as a proof-of-concept to provide lessons in biodiversity mainstreaming to a global audience.

In 2018, teams from each country began a Political Economy Analysis (PEA) to understand the demand for biodiversity data in development decision-making, and who creates this information and how. They used the information from this to select a thematic focus of the project for their country. The Connect project in Ghana partnered with the South African National Biodiversity Institute Africa Biodiversity Challenge project to co-sponsor the inception of a Biodiversity Information Management Forum. Connect also partnered with the Global Biodiversity Information Facility (GBIF) to provide capacity building training at a series of workshops, in collaboration with the GBIF Biodiversity Information for Development project.

Streamlining the IPBES Assessment process

During the first work programme of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) we coordinated the development of the IPBES Guide on the Production of Assessments, which was released in 2018. This new guide sets out, for the first time, all the steps to take during an IPBES Assessment in one place. The Guide is complemented by specific modules e.g. how the assessments deal with policy instruments and policy support tools. Having this Guide means that everyone in the Assessment teams has a common understanding of the process involved, ultimately making the Assessment team much more efficient.

2. Strengthening natural capital in private sector decision-making

The value of nature is increasingly recognised in the private sector. However, many companies lack the data and tools to understand this value and the steps they can take to protect it at local, national and global levels.

By making the business case for integrating natural capital into decision-making processes, we provide the private sector with stronger incentives to safeguard nature. Building the capacity of the private sector and its influencers – governments, standard setters and the finance sector – to integrate nature into business decision-making is crucial to delivering on the Sustainable Development Goals.

The Proteus Partnership

The Proteus Partnership is a collaboration between UNEP-WCMC and 12 forward-thinking mining and energy companies which supports the development of global biodiversity data for decision makers. This

year we continued to generate impact through the Partnership. For example, as part of the Biodiversity Indicators for Extractives project, a method which provides extractive companies with indicators for site-level biodiversity performance has been drafted and is now being piloted by a number of extractive companies, both on land and in the ocean.

Exploring exposure to Natural Capital risk

We worked with the Natural Capital Finance Alliance to create and launch ENCORE, the world's first comprehensive tool linking environmental change with its consequences for the economy. The web-based tool will help global banks, investors and insurance firms assess the risks that environmental degradation, such as pollution of oceans or destruction of forests, causes for financial institutions.

Relaunch of unique global data tool

In 2018, we completely redeveloped the Integrated Biodiversity Assessment Tool (IBAT) on behalf of the IBAT Alliance (Birdlife International, Conservation International, the International Union for Conservation of Nature, and UNEP-WCMC). IBAT is 'one-stop shop' data platform where users can access the world's most authoritative biodiversity data. IBAT users include the International Olympic Committee, the World Bank Group, Shell, General Motors, and the Cambridge Institute for Sustainability Leadership. While IBAT is used by a wide range of sectors, a key audience is the private sector. For the private sector IBAT is a core tool for their environmental due diligence processes. In 2018 company and financial institution users grew from 40 to over 62. New users included European Investment Bank, UPC Renewables, Globeleq Africa, Engie, South32, and Asian Infrastructure Investment Bank.

3. Planning for places: supporting area-based planning and decision-making

Decisions about how areas of land and sea are used have implications for the future of biodiversity. UNEP-WCMC promotes area-based conservation to protect biodiversity, enhance environmental performance and build resilience to climate change.

We champion the use of spatial tools to meet multiple policy objectives, commitments and safeguards. We facilitate participatory planning processes to help governments, communities and the private sector anticipate the consequences of their decisions for people and biodiversity.

Protected Planet and UN List of PAME (Protection of the Arctic Marine Environment)

In November, we launched Protected Planet Live – the first digital version of Protected Planet, the online interface for the World Database on Protected Areas. This brings up-to-date information on almost 24,000 protected areas around the world. The report was produced by UNEP-WCMC in partnership with IUCN and the National Geographic Society. The associated UN List of Protected Areas provided a focus on protected area management effectiveness, highlighting that no matter how much of the planet is protected, these areas also need to be effectively managed if they are to conserve biodiversity. The launch of the Protected Planet report was covered in *The Guardian* and on the *National Geographic* website.

Planning for a sustainable future

In 2018, we launched the Development Corridors Partnership. The project team built the foundations to develop a capacity building programme for the duration of the project – this will be implemented from 2019. The team also conducted a series of planning and scoping workshops and field trips in Kenya, Tanzania and China to engage with key stakeholders in development corridors. We also launched a project website and social media account, so the team are able to promote the project and its impacts to stakeholders.

Making impacts with REDD+

We continue to provide expertise to UN Environment's Reducing Emissions from Deforestation and Forest Degradation (REDD) programme and there are now several examples of our work having policy impact. For example, in Costa Rica our map-based planning work has been integrated into their national

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REDD strategy. This work emphasised potential synergies between the National REDD+ Strategy and other objectives and commitments of Costa Rica, such as those focused on national development, restoration and biodiversity conservation. More recently, this work has featured in meetings for the Gender Action Plan.

We also supported the governments of Papua New Guinea and Argentina to make real progress in identifying how REDD+ can best deliver multiple benefits. We worked with national experts and a range of stakeholders to provide the best possible information on the topic. In Papua New Guinea, our work resulted in a better understanding of the distribution of forest values (e.g. climate change mitigation, biodiversity conservation and soil erosion control) and highlighted areas where REDD+ activities could bring the greatest benefits. In Argentina, we focused on developing information for several forest regions, taking into account the different values that these different forests provide, as well as the different drivers of forest loss and degradation that affect each of them.

Other Effective Conservation Measures

This year, we continued to engage with the IUCN World Commission on Protected Areas task force on Other Effective Conservation Measures (OECM), helping to develop guidance for countries, in particular on reporting data on OECMs. UNEP-WCMC was also mandated by the Convention on Biological Diversity to integrate OECMs into the World Database on Protected Areas, and this will be a significant focus for us over the next few years.

4. Securing a sustainable future for wildlife

UNEP-WCMC works to promote a sustainable future for wildlife by helping to ensure that use and trade of animals and plants is sustainable and does not negatively impact on species and habitats in the wild. We support a range of global and regional initiatives focused on achieving this aim.

As part of our work with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), we help signatories to effectively implement the Convention through scientific, policy and technical advice and tools. We also manage the CITES Trade Database – now containing nearly 19 million records – on behalf of the CITES Secretariat.

40 years of CITES data

UNEP-WCMC has been working to analyse the full CITES trade dataset (which now contains over 20 million records) using more systematic analytical approaches befitting a dataset of that size. In that regard, UNEP-WCMC produced a comprehensive analysis of 40 years of CITES data, which was published in the journal *Biological Conservation* and presented to Parties to the Convention as an Information document at the joint sessions of the 30th meeting of the Animals Committee and the 24th meeting of the Plants Committee, held in Geneva in July 2018.

Analysis of National Reports submitted by Parties to the African-Eurasian Waterbird Agreement (AEWA)

UNEP-WCMC undertook the Analysis of National Reports submitted by Parties to the African-Eurasian Waterbird Agreement (AEWA). The analysis assesses progress on the implementation of AEWA over the last triennium. As this period covered the end of the Strategic Plan 2009-2018, the analysis provided the opportunity to review and measure progress made by Parties towards the AEWA targets and objectives set out in the AEWA Strategic Plan. UNEP-WCMC presented the report to the Parties at the 7th session of the AEWA Meeting of the Parties (MOP7) in Durban, South Africa in December 2018. The findings of the analysis showed that notable progress had been made by Parties in a number of areas, including relating to research and monitoring programmes, and awareness and education programmes. However, further work and focus is needed particularly on targets relating to species protection and the development and implementation of species action plans.

CITES Trade Monitoring Tool

UNEP-WCMC worked with the CITES Secretariat to develop a new tool to support the effective implementation of CITES, known as the "CITES Trade Monitoring Tool". The tool provides an automated mechanism for identifying potential issues with trade recorded within the CITES Trade Database. For example, for the first time, the CITES Secretariat will be able to detect trade subject to Standing Committee recommendations to suspend trade, as well as trade in taxa that potentially exceeds mandatory quotas. This tool will be a valuable resource to the Secretariat, allowing potential issues to be identified earlier and providing useful insights to help guide capacity building efforts. Financial support to develop the online tool was provided by the United States Fish and Wildlife Service (USFWS) through its Combating Wildlife Trafficking (CWT) grant programme.

5. Supporting the transition to a healthy ocean

At UNEP-WCMC we are continuing our work to support the transition to a healthy ocean. In particular, we have grown our expertise and portfolio in social science and ocean literacy to support stakeholders across the globe to mobilise ocean conservation.

Data that makes a difference

We launched *Ocean+ Habitats* at the UN Biodiversity Conference. *Ocean+ Habitats* is designed to help decision makers understand how to take action to protect our ocean. This is the latest product released under the *Ocean+* initiative, building on ten years' worth of collaborations with partners to improve access to marine biodiversity data and information. It is currently difficult to produce a complete picture of the location and status of habitats globally at any one point in time – *Ocean+ Habitats* aims to address this through partnerships, collaborating with governments, initiatives and networks to produce the information required to determine how best to sustainably use and conserve the ocean.

Applying social science to ocean conservation

2018 saw the announcement of a new collaborative project funded by the Endangered Landscapes Programme to restore more than 500km of vulnerable marine habitat along the Turkish Mediterranean coast. This project builds on the findings of a previous project undertaken in partnership with UNEP, The Reef World Foundation and Pierre-Yves Cousteau, where a seven-step process was designed to support the development of behaviour change campaigns. A behaviour change campaign will be launched in tourist sites in Turkey to address the issue of invasive fish species in the region, which graze on vulnerable seagrass meadows. The campaign will raise awareness about the threats posed by rabbitfish and employ the seven-step process to increase consumer demand for the species, thereby reducing their impact in hampering habitat and native species recovery.

At UNEP-WCMC, we are expanding our team of social scientists to develop a strategy to promote the use of social science, in particular ocean literacy, in marine policy and conservation at global, regional and national levels. We are active members of the Marine Social Sciences Network, established in 2018, and are developing new research in the area of the applications of ocean literacy and social marketing to marine policy.

Ocean Sustainable Development Goals

The Ocean SDGs project aimed to explore – and provide guidance on – how different area-based management approaches could be used to support the delivery of SDGs and targets. The project has helped to improve decision makers' understanding and awareness of different area-based management approaches by providing information on how different approaches can support the delivery of a wide range of SDG targets, how the level of support for a target can be influenced by the design and that cross-sectoral approaches may support the achievement of more targets.

As part of this project we developed a set of conceptual guidelines which provide a foundation on which to incite further discussions with both national and regional entities on how area-based management approaches could support them in achieving national targets and international obligations. This project is

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also shaping future discussions relating to the use of area-based management tools to support the conservation and sustainable use of marine biological biodiversity in areas beyond national jurisdiction (currently taking place under the UN General Assembly).

6. Supporting intergovernmental agreements on biodiversity and ecosystem services

With nearly forty years' experience supporting Multilateral Environmental Agreements, UNEP-WCMC has an exceptional understanding of the implementation of international biodiversity-related agreements at global, regional and national levels. We support countries to implement their national obligations to meet key international agreements on biodiversity and ecosystem services and provide bespoke services and support to specific conventions. Because of the depth and breadth of our expertise and experience, we are uniquely placed to compile, synthesise and communicate lessons learned to diverse global audiences. The year 2020 will be critical for biodiversity conservation and, as a result of our experience, we anticipate playing a key role in supporting the development of the post-2020 agenda.

Raising profile at the UN Biodiversity Conference

UNEP-WCMC contributed significantly at the UN Biodiversity Conference. The conference, held in November in Sharm El Sheikh, Egypt placed an increased emphasis on the role of business and the private sector in the sustainable use of the planet. UNEP-WCMC showcased examples of implementation success, tools and approaches to demonstrate how governments and the private sector can best integrate biodiversity into policy and practice. The Centre chaired a number of panels and co-hosted side events, as well as launching *Protected Planet Live*, the *UN List of Protected Areas* and *Ocean+ Habitats*.

Standing up for forests

UNEP-WCMC supported the European Commission in monitoring the implementation and enforcement of the EU Timber Regulation (EUTR) and the Forest Law Enforcement, Governance and Trade (FLEGT) Regulation. UNEP-WCMC synthesised the actions taken by EU Member States to reduce the risk of illegal timber being placed on the EU market, for example by producing an analysis of Member States' national reports on FLEGT licensing and two reports on EUTR enforcement checks conducted by Member States' Competent Authorities on operators (those placing timber on the EU market). UNEP-WCMC also supported the implementation of the Regulations by Competent Authorities and other stakeholders by creating a timber trade dashboard, by publishing bi-monthly briefing notes on the latest global developments relevant to EUTR and FLEGT, and through the production of country overviews providing information on risks of illegality in timber producing countries.

Paving the way to post-2020

In 2018, UNEP-WCMC and the Secretariat of the Convention on Biological Diversity launched the 2020 Biodiversity Strategic Planning Timeline tool – an interactive timeline of initiatives and milestones leading up to the development of a post-2020 strategy for biodiversity. The 2020 timeline provides an online, chronological reference of these events and their outputs. By helping the international biodiversity community to navigate the complex array of meetings and other events and outputs, the timeline tool will allow efforts to be more coordinated and coherent, reduce duplication of effort, and support the best possible planning process towards a post-2020 biodiversity strategy.

UNEP-WCMC also played an instrumental role in organising an expert workshop, hosted at the David Attenborough Building in Cambridge. The two-day event brought biodiversity experts from around the world together to discuss a roadmap to the UN Biodiversity Conference in 2020.

Customer feedback

In addition to thematic achievements, we continue to gather customer feedback at all stages of our project lifecycle to ensure we continue to meet our customer needs and improve the way we work. In 2018, we sent out 16 surveys and had a response rate of 81%. Everyone who responded was either satisfied or very satisfied with their overall experience of UNEP-WCMC, that the project met its objectives and the

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way we delivered the project. We also asked how likely a customer would be to recommend UNEP-WCMC to others. The most common score was 9 out of 10 with 46% of respondents choosing the highest possible score and 77% of respondents being 'net promoters' of UNEP-WCMC giving a score of 9 or 10 out of 10.

Financial review

During the year the Charitable Company has continued its commitment to building its expertise and supporting investment decisions to further its objectives. The Charitable Company remains in a financially strong position to shield the risks of short-term issues.

Excluding the impact of fair value losses/gains on forward exchange contracts the Charitable Company has achieved an operating deficit of £90,716, which is a significant improvement on the operating deficit of £233,981 in 2017.

After accounting for notional fair value losses/gains on foreign exchange contracts held as at 31 December 2018 the Charitable Company recorded a net deficit in funds of £245,861 (in 2017 a net deficit of £179,730).

The Charitable Company does not receive core funding and derives most of its income through project-funded activities. Total income in 2018 was £11,073,772 against £8,779,515 in 2017. Project income from charitable activities in 2018 was £10,497,111, which was more than the £8,340,381 achieved in 2017 due to the increase in number and average value of grants and funding contracts held. The income for the year does not include £210,310 of income from a completed project, to which WCMC believes it is entitled, but which has not at this point been accepted by the other party. Any recovery from this matter will be taken as income at the appropriate time.

Total expenditure on charitable activities in 2018 at £11,319,533 was higher than 2017 (£8,959,245) due to increases in pass-through expenses and higher employee headcount supporting growth in charitable activities.

The Charitable Company's balance sheet position remains strong with Net Current Assets of £2,559,235 of which £2,320,171 are cash reserves.

The outlook for forecast financial performance in 2019 and beyond remains good. There is more income in the future project pipeline, including the £20m five-year grant awarded by the Global Challenges Research Fund in December 2018 to set up a research hub to address intractable challenges faced by developing countries. The Charitable Company will continue its focus on cost control, predominately through the close management of the operational costs of the business, and discretionary investment in strategic areas.

Reserves policy and going concern

The reserves policy has been reviewed by the Trustees in 2018 and an alternative liquidity-based method of reserves calculation (including 100% of cash, 75% of trade debtors, 50% of billable accrued income less 25% of monies received in advance and less other net current liabilities except prepayments) has been recommended for use along with traditional method.

Given the Charitable Company's project commitments and the ongoing economic situation, it has been agreed that the Charitable Company should aim to hold unrestricted reserves to enable the organisation to operate at full capacity for at least six months, even if all income were to cease. This recognises that shifts in funding do occur and that six months would be the minimum time in which to establish emergency funding sources, and to meet contractual commitments.

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Based on this policy, it is believed that at 31 December 2018, £3,402k was needed to be held in reserves. The liquidity-based method of reserves calculation estimates WCMC reserves held at 31 December 2018 at £3,380k.

According to the traditional method (net current assets) the Charitable Company had £2,559k of general free reserves as at 31 December 2018 (£2,786k as at 31 December 2017).

Total funds held at 31 December 2018 were £3,698,556, and of this balance, £1,139,321 was held in designated funds, representing the value of fixed assets held at the reporting date

The Trustees will continue to review and modify the reserves policy as circumstances require.

Risk management

The Trustees have a duty to identify and review the risks to which the Charitable Company is exposed and to ensure appropriate plans and controls are in place to provide a reasonable assurance that they are effectively managed.

The Trustees have identified 14 major risks to which the Charitable Company is exposed, the most significant being potential loss of funding that might arise from Brexit or donor policy changes, losses from poor contract management, and exposure to foreign exchange variability.

Trustees ensure that management closely tracks donor policy to ensure actions are taken in good time to mitigate impact of changes. A review of options to mitigate impact of a hard Brexit was completed in 2018 and the Charitable Company set up a trading subsidiary in the Netherlands (WCMC Europe B.V.) in March 2019 to continue expand on its successful partnerships in Europe.

Trustees and senior management ensure that project and contract management procedures are properly documented and all relevant staff are aware of their roles and responsibilities throughout the project lifecycle from pre-award to managing projects post award and through project close down.

Trustees have a foreign exchange hedging policy in place which management implements and is reviewed at Board meetings. Health and safety of staff is recognised as a major risk, mitigated by policies and close adherence to them together with training of staff and ensuring that staff communicate with the Centre when travelling. Other risks are reviewed by Board subcommittee meetings and mitigation action agreed at full Board meetings.

The Charitable Company uses various financial instruments, these include cash, bank accounts and various items such as trade debtors and trade creditors that arise directly from these activities. The main purpose of these financial instruments is to raise finance for the Charitable Company's activities. The main risks arising from the Charitable Company's financial instruments are currency risk and credit risk. The currency risk is managed through forward foreign exchange contracts.

The Charitable Company's principal financial assets are cash and trade debtors. The principal credit risk arises therefore from its trade debtors, with UN Environment the single largest funder. Management maintains close working relations with UN Environment and a joint UNEP-WCMC Steering Committee provides governance oversight of the collaboration. Other funders included government organisations, intergovernmental organisations, the corporate sector charitable foundations and NGOs. For all funders, activities are undertaken with all consideration to minimise exposure through a due diligence process.

Future plans

A priority focus for 2019 is our 40th anniversary. We have been reflecting on our impacts over the past four decades and how we can build on these successes in the future. To celebrate, and to raise our profile

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with target audiences in Cambridge, with the UK government and with UN Environment, we have organised a series of events over 2019. For example, we are working with our local MP to host a Parliamentary reception later this year. We are also working with local networks Cambridge Network and Cambridge Wireless to connect with tech businesses and work with them to see how tech can be applied to solve some of today's most pressing conservation challenges.

In 2019 we will continue to broaden our partnerships to embrace expertise in new areas such as sustainable trade, sustainable infrastructure and ocean literacy. We are driving forward our knowledge management capabilities to ensure our work is available to as many people as possible as easily as possible.

We will continue to work closely with our partners and the wider conservation community in the lead up to the 2020 Un Biodiversity Conference, where a new plan for biodiversity will be agreed.

Reference and Administrative Details

The Charitable Company is registered as WCMC with a registered company number: 02330031 and a registered charity number: 328044 Registered Office: 219 Huntingdon Road, Cambridge, CB3 0DL, UK.

Our advisers

Auditors

RSM UK Audit LLP, Abbotsgate House, Hollow Road, Bury St Edmunds, IP32 7FA

Bankers

Barclays Bank, 9-11 St Andrews Street, Cambridge, CB2 3AA

Solicitors

Mills and Reeve, Botanic House, 100 Hills Road, Cambridge CB2 1PH

Directors and Trustees

The directors of the charitable company are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows;

Board of Trustees

Dr Robin Bidwell CBE (Chair)

Mr Patrick J Houghton (*resigned 21 November 2018*)

Mr Alasdair Poore

Mr Robin Mortimer

Professor William Adams

Dr Jennifer Zerk

Dr Kathleen MacKinnon

Mr Andrew Powell

Ms Idunn Eidheim

Ms Charlotte Wolff-Bye (*appointed 2 January 2018*)

Key Management Personnel - Senior Management

Dr Timothy Johnson, Chief Executive Officer

Mr Steve Fletcher, Chief Strategy Officer

Mr Evgeny Dmitriev, Chief Financial and Operations Officer (*from 19 March 2018*)

Ms Pamela Abbott, Director of Programmes (*until 01 June 2018*)

Mr Neil Burgess, Chief Scientist

Ms Helen Joyce, Director of People

Structure, governance and management

Governing document

The Charitable Company is controlled by its Articles of Association, and constitutes a company limited by guarantee, as defined by the Companies Act 2006.

Recruitment and appointment of new trustees

The Board may appoint a person who is willing to act as a Trustee, either to fill a vacancy or as an additional Trustee, provided the appointment does not cause the number of Trustees to exceed ten in accordance with the Articles as the maximum number of Trustees. No person may be appointed as a Trustee until he has attained the age of 18 years; or in circumstances that had he already been a Trustee he would have been disqualified from acting under the provision of Article 43. The procedure for the recruitment and appointment of trustees is provided in the Charitable Company's Articles of Association.

Induction and training of new trustees

New Trustees are provided with the Charitable Company's Articles of Association, the Collaboration Agreement with UN Environment, The Essential Trustee, and information from the Charity Commission website. They receive the latest Audited Accounts and Minutes of the four previous Board Meetings. The WCMC Strategic Plan and detailed operational materials covering financial performance, staff satisfaction and staffing levels are all made available.

Organisational structure

The day to day management of the Charitable Company's staff, facilities and projects is undertaken by a senior management team. The Charitable Company is provided with strategic advice by co-located staff from UN Environment, (UNEP), under the collaboration agreement with UNEP.

The joint activities of the two institutions are mediated through a Steering Committee. The senior management of the Charitable Company and of UNEP's offices in the UK meet every week to exchange ideas and information, assess the Centre's performance against the Steering Committee's requirements, plan for the future, and ensure smooth collaboration.

The Senior Management Team (SMT) is supported by two teams, one focused on strategy, the other on delivery, both comprised of members of the SMT and other relevant staff. The SMT has day to day responsibility for business development, project execution and management. Our administration headcount is low, and we closely monitor the amount of staff capacity deployed on non-earning functions.

Funds held as custodian trustees on behalf of others

As at 31 December 2018, the Charitable Company did not hold any funds as custodian trustees on behalf of others.

Related parties and co-operation with other organisations

The Charitable Company works in close collaboration with the United Nations Environment Programme, (UNEP), headquartered in Nairobi, Kenya, through its UK office called UNEP-WCMC, which is co-located with the Charitable Company. Under the terms of the collaboration, the Charitable Company leases its building to UNEP-WCMC. UNEP-WCMC leases the WCMC occupied areas of the building back to WCMC.

None of the trustees receive remuneration or other benefit from their work with the Charitable Company.

Pay policy for Key Management Personnel

The pay of senior staff is reviewed annually and normally increased in accordance with average earnings. The pay of the Chief Executive Officer and the Chief Financial and Operations Officer are subject to Board

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approval, whilst the remaining senior staff are reviewed through the Charitable Company's Remuneration Committee.

Statement of Trustees' responsibilities

The Trustees (who are also directors of WCMC for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period.

In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

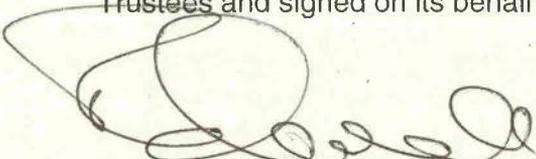
They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Trustees are aware: there is no relevant audit information of which the charitable company's auditor is unaware; and the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

Auditors

The Trustees resolved to re-appoint RSM UK Audit LLP during the year in accordance with section 485 of the Companies Act 2006.

The above Trustees Report (incorporating the Strategic Report) were approved by the Board of Trustees and signed on its behalf by:



Dr Robin Bidwell CBE
Trustee (Chair)

Date: April 25th 2019

WCMC

(A Charitable Company limited by guarantee)

Independent Auditor's Report for the year ended 31 December 2018

Opinion

We have audited the financial statements of WCMC (the 'Charitable Company') for the year ended 31 December 2018 which comprise Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and the incorporated Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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. 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 charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Claire Sutherland (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

3 June 2019

WCMC

(A Charitable Company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account)

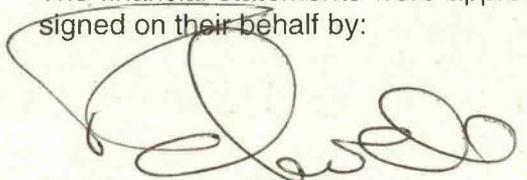
For the year ended 31 December 2018

	Note	Unrestricted £	Total 2018 £	Total 2017 £
Income from:				
Donations	2	468,451	468,451	347,692
Other trading activities		61,538	61,538	64,428
Investment	3	20,628	20,628	13,044
Charitable activities	4	10,497,111	10,497,111	8,340,381
Other income		26,044	26,044	13,970
Total income		11,073,772	11,073,772	8,779,515
Expenditure on:				
Charitable activities	5			
- Direct project expenditure		11,164,488	11,164,488	9,013,496
- Fair value losses/(gains) on forward exchange contracts		155,145	155,145	(54,251)
Total expenditure		11,319,633	11,319,633	8,959,245
Net movement in funds		(245,861)	(245,861)	(179,730)
Reconciliation of funds:				
Total funds brought forward		3,944,417	3,944,417	4,124,147
Total funds carried forward	15	3,698,556	3,698,556	3,944,417
<i>Net movement in funds excluding impact of fair value losses/(gains) on forward exchange contracts</i>				
		<i>(90,716)</i>	<i>(90,716)</i>	<i>(233,981)</i>

The notes on pages 18 to 26 form part of these financial statements.

	Note	2018		2017	
		£	£	£	£
Fixed assets					
Intangible fixed assets	10		101,547		157,640
Tangible fixed assets	9		1,037,774		1,001,087
Total fixed assets			1,139,321		1,158,727
Current assets					
Debtors	11	3,840,709		4,194,133	
Cash at bank and in hand		2,320,171		2,437,877	
Total current assets		6,160,880		6,632,010	
Liabilities					
Creditors falling due within one year	12	(3,601,645)		(3,846,320)	
Net current assets			2,559,235		2,785,690
Total net assets			3,698,556		3,944,417
The funds of the Charitable Company					
Restricted funds	15		-		-
Designated funds	15		1,139,321		1,158,727
General funds	15		2,559,235		2,785,690
			3,698,556		3,944,417

The financial statements were approved by the Board and authorised for issue on April 25th 2019 and signed on their behalf by:



Dr Robin Bidwell CBE

	Note	2018 £	2017 £
Cash generated by operating activities	a	49,348	202,344
Cash flows from investing activities			
Interest received		20,628	13,044
Purchase of tangible fixed assets		(167,210)	(61,990)
Purchase of intangible fixed assets		(20,472)	(120,108)
Cash used in investing activities		(167,054)	(169,054)
(Decrease)/increase in cash and cash equivalents in the year		(117,706)	33,290
Cash and cash equivalents at the beginning of the year		2,437,877	2,404,587
Total cash and cash equivalents at the end of the year		2,320,171	2,437,877
Relating to:			
Bank balances and short-term deposits included in cash at bank and in hand		2,320,171	2,437,877

Note a. Reconciliation of net movement in funds to net cash inflow from operating activities

	2018 £	2017 £
Net expenditure	(245,860)	(179,730)
Fair value gains/(losses) on financial instruments	155,145	(54,251)
Depreciation charge	130,522	93,984
Amortisation charge	76,565	14,469
Interest received	(20,628)	(13,044)
Increase in debtors	299,173	(660,485)
(Decrease)/increase in creditors	(345,569)	1,001,401
Net cash generated by operating activities	49,348	202,344

1. ACCOUNTING POLICIES

The financial statements of the Charitable Company have been prepared under the historical cost convention and in accordance with Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

WCMC is an incorporated charity domiciled and registered in England, which meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The trustees are satisfied that there are no material uncertainties in the adoption of the going concern basis of preparation and have a reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is included in the Statement of Financial Activities when the Charitable Company is legally entitled to the income, it is probable that the income will be received, and the amount can be quantified with reasonable accuracy. Gifts in kind are included at their value to WCMC which is the value that they would pay on the open market.

Income from charitable activities is earned from contributions made by clients, including UNEP, for work on specific projects. Income is recognised when the Charitable Company has entitlement to the funds, any performance conditions attached have been met, and it is probable that the income will be received, and the amount can be measured reliably and is not deferred.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Fund accounting

Funds held by the Charitable Company are either:

General funds – these are unrestricted funds which can be used for the charitable objects at the discretion of the Trustees.

Designated funds – are funds set for earmarked purposes or projects at the discretion of the Trustees.

Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the Charitable Company. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in note 15 to the financial statements.

Investment income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charitable Company; this is normally upon notification of the interest paid or payable by the bank.

WCMC

(A Charitable Company limited by guarantee)

Notes forming part of the financial statements for the year ended 31 December 2018

1. ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets

Fixed assets, which are stated at cost, are depreciated at rates sufficient to reduce the net book value of those assets to their estimated residual value at the end of their expected useful lives. Assets with a value of £1,000 or greater are capitalised. The following rates are currently used:

Freehold buildings	- over 50 years
Computer equipment	- over 3 years
Furniture, fittings and equipment	- over 5 years

Intangible fixed assets

Intangible fixed assets, which are stated at cost, are amortised at rates sufficient to reduce the net book value of those assets to their estimated residual value at the end of their expected useful. Assets with a value of £1,000 or greater are capitalised. The following rates are currently used:

Software	- over 3 years
----------	----------------

Debtors

Trade and other debtors (including accrued income) are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any discounts received.

Cash at bank and in hand

Cash at bank and cash in hand includes cash.

Creditors

Creditors are recognised where the Charitable Company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The Charitable Company has financial assets and financial liabilities of a kind that qualify as basic financial instruments, except for foreign exchange forward contracts as set out below. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Derivatives

Foreign exchange forward contracts are used to manage exchange risk associated with project income received in foreign currencies, primarily Euro and US Dollar where the associated expenditure is in Sterling. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value, at each reporting date. Fair value gains and losses are recognised in the Statement of Financial Activities.

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in other currencies are recorded at the rate ruling at the date of transaction. All differences are taken to the Statement of Financial Activities.

1. ACCOUNTING POLICIES (CONTINUED)

Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period in which the related asset is utilised.

Taxation

The Charitable Company is exempt from corporation tax on its charitable activities. WCMC was registered for VAT during the year and VAT is charged on income in accordance with HMRC rules and regulations. Income is shown net of VAT in the Statement of Financial Activities.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Charitable Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension

The Charitable Company operates a defined contribution pension scheme. The amount charged to the Statement of Financial Activities in respect of pension costs is the Charitable Company's contribution payable in the year. The assets of the scheme are held separately from the Charitable Company. The pension cost in the year was £471,249 (2017: £424,138) and there were contributions outstanding of £33,442 (2017: £44,476) within other creditors at the year end.

Critical accounting estimates

The Charitable Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Given the project nature of the Charitable Company's revenue, there are estimates involved regarding the recognition and the stage of completion of contracts which differs from the timing of invoicing. This includes an assessment of performance against budget, identification of potential losses on contracts and the timing of contract completion. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical areas of judgement

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Charitable Company as lessee, or the lessee, where the Charitable Company is a lessor.

The proportion of the freehold building rented out to third parties is not held to earn rentals or solely for capital appreciation. The property is held for the purpose of providing a base from which to supply scientific and administrative services during the ordinary course of business, the property is therefore not accounted for as an investment property.

WCMC**(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 December 2018****2. DONATIONS**

	Unrestricted 2018 £	Total 2018 £	Total 2017 £
Gifts in kind	468,451	468,451	345,830
Donations	-	-	1,862
	<u>468,451</u>	<u>468,451</u>	<u>347,692</u>

3. INCOME FROM INVESTMENTS

	Unrestricted 2018 £	Total 2018 £	Total 2017 £
Bank interest	20,628	20,628	13,044
	<u>20,628</u>	<u>20,628</u>	<u>13,044</u>

4. CHARITABLE ACTIVITIES

	Unrestricted 2018 £	Total 2018 £	Total 2017 £
Project income			
Net monies in advance brought forward	2,258,107	2,258,107	1,051,815
Project income invoiced for in period	9,555,133	9,555,133	9,546,673
Net monies in advance carried forward	(1,316,129)	(1,316,130)	(2,258,107)
	<u>10,497,111</u>	<u>10,497,111</u>	<u>8,340,381</u>

5. EXPENDITURE

	Unrestricted 2018 £	Total 2018 £	Total 2017 £
Charitable Activities			
Staff costs	5,048,454	5,048,454	4,689,736
Direct project expenses	4,338,455	4,338,455	2,991,811
Gifts in kind	468,451	468,451	345,830
Premises costs	190,150	190,150	114,931
Insurance costs	70,917	70,917	39,664
Legal and professional	144,502	144,502	89,938
Other expenses	696,471	696,471	561,089
Depreciation and amortisation	207,088	207,088	108,453
Research and development	-	-	72,044
Fair value (losses)/gains on foreign exchange contracts	155,145	155,145	(54,251)
	<u>11,319,633</u>	<u>11,319,633</u>	<u>8,959,245</u>

WCMC**(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 December 2018****6. ANALYSIS OF STAFF COSTS, AND COST OF KEY MANAGEMENT PERSONNEL**

	2018	2017
	£	£
Wages and salaries	4,183,357	3,976,031
Social security costs	424,282	389,376
Pension contributions	471,249	424,138
	<u>5,078,888</u>	<u>4,789,545</u>

7. ANALYSIS OF STAFF COSTS, AND COST OF KEY MANAGEMENT PERSONNEL

	2018	2017
	Number	Number
Management and administration	13	18
Research and operational staff	106	99
	<u>119</u>	<u>117</u>

The number of employees whose total employee benefits excluding pension contributions earning over £60,000 in the year. Classified within bands of £10,000 as follows:

Higher pay breakdown	2018	2017
	Number	Number
£60,001-£70,000	6	6
£70,001-£80,000	2	1
£100,001-£110,000	-	1
	<u>-</u>	<u>1</u>

The key management personnel of the Charitable Company comprise the Trustees, the Chief Operating Officer, the Chief Financial and Operations Officer, the Director of Programmes, the Director of People, the Chief Scientist and the Chief Strategy Officer, whose employee benefits total £432,730 (2017: £418,214)

Termination payments of £10,165 (2017: £22,494) of which £Nil (2017: £3,000) was non-contractual were paid in the year.

No remuneration or benefits were paid to any of the Trustees. Two Trustees (2017: one) received reimbursed travel expenses during the year of £4,171 (2017: £1,571).

8. NET INCOME/(EXPENDITURE)

This is stated after charging/(crediting):	2018	2017
	£	£
Depreciation	130,523	93,984
Amortisation	76,565	14,469
Operating leases – plant and machinery	75,768	53,828
Auditors remuneration		
- Statutory audit fees	13,750	11,475
- Other fees	8,125	4,554
Net gain on foreign currency transactions	(478,053)	(538,103)
Fair value losses/(gains) on foreign exchange forward contracts	155,145	(54,251)
	<u>155,145</u>	<u>(54,251)</u>

WCMC**(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 December 2018****9. TANGIBLE FIXED ASSETS**

	Freehold building £	Computer equipment £	Fixtures, fittings and equipment £	Total £
Cost				
1 January 2018	1,698,932	213,870	338,157	2,250,959
Additions	-	102,786	64,424	167,210
31 December 2018	<u>1,698,932</u>	<u>316,656</u>	<u>402,581</u>	<u>2,418,169</u>
Depreciation				
1 January 2018	831,328	121,335	297,209	1,249,872
Charge for year	33,979	73,857	22,687	130,523
31 December 2018	<u>865,307</u>	<u>195,192</u>	<u>319,896</u>	<u>1,380,395</u>
Net Book Value				
31 December 2018	<u>833,625</u>	<u>121,464</u>	<u>82,685</u>	<u>1,037,774</u>
31 December 2017	<u>867,604</u>	<u>92,535</u>	<u>40,948</u>	<u>1,001,087</u>

All assets are held for charitable purposes.

£26,102 (2017: £27,166) of the net book value of the freehold building is rented out to third parties, with the owner-occupied portion rented back. During the year £1,064 (2017: £1,064) of depreciation was charged on this property.

10. INTANGIBLE FIXED ASSETS

	Software £
Cost	
1 January 2018	331,591
Additions	20,472
31 December 2018	<u>352,063</u>
Amortisation	
1 January 2018	173,951
Charge for year	76,565
31 December 2018	<u>250,516</u>
Net Book Value	
31 December 2018	<u>101,547</u>
31 December 2017	<u>157,640</u>

WCMC**(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 December 2018****11. DEBTORS**

	2018	2017
	£	£
Trade debtors	2,443,955	2,572,695
Accrued income	1,113,289	1,349,081
Recoverable VAT	68,379	44,736
Other debtors	142,248	120,002
Prepayments	72,838	51,956
Financial assets at fair value through profit or loss	-	55,663
	<u>3,840,709</u>	<u>4,194,133</u>

12. CREDITORS; AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	409,085	159,375
Taxation and social security	149,546	101,646
Monies in advance on projects	2,429,418	3,077,336
Other creditors	82,817	73,124
Accruals	429,885	433,427
Financial liabilities at fair value through profit or loss	100,894	1,412
	<u>3,601,645</u>	<u>3,846,320</u>

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds 2018	Total Funds 2018	Unrestricted Funds 2017	Total Funds 2017
	£	£	£	£
Fixed assets	1,139,321	1,139,321	1,158,727	1,158,727
Net current assets	2,559,235	2,559,235	2,785,690	2,785,690
	<u>3,698,556</u>	<u>3,698,556</u>	<u>3,944,417</u>	<u>3,944,417</u>

14. FINANCIAL INSTRUMENTS

The carrying amount of the Charitable Company's financial instruments at 31 December were:

	2018	2017
	£	£
Financial assets		
Debt instruments measured at amortised cost	3,699,492	4,041,778
Instruments measured at fair value through profit or loss	-	55,663
	<u>3,699,492</u>	<u>4,097,441</u>
Financial liabilities		
Measured at amortised cost	921,787	665,926
Measured at fair value through profit or loss	100,894	1,412
	<u>1,022,681</u>	<u>667,338</u>

WCMC**(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 December 2018****14. FINANCIAL INSTRUMENTS (CONTINUED)****Foreign exchange forward contracts**

The contracts are valued based on available market data. The Charitable Company does not adopt hedge accounting for forward exchange contracts and, consequently, fair value gains and losses are recognised in the Statement of Financial Activities.

At the year end, the total carrying amount of outstanding foreign exchange forward contracts that the Charitable Company has committed to are as follows:

	2018 £	2017 £
Euros	909,661	47,435
US Dollars	4,165,590	1,553,590
	<u>5,075,251</u>	<u>1,621,364</u>

15. ANALYSIS OF CHARITABLE FUNDS

	1 January 2018 £	Income £	Expenditure £	31 December 2018 £
Unrestricted funds:				
Unrestricted general funds	2,785,690	11,073,772	(11,300,227)	2,559,235
Designated funds - Fixed Asset Fund	1,158,727	-	(19,406)	1,139,321
Total funds	<u>3,944,417</u>	<u>11,073,772</u>	<u>(11,319,633)</u>	<u>3,698,556</u>

	1 January 2017 £	Income £	Expenditure £	31 December 2017 £
Unrestricted funds:				
Unrestricted general funds	3,039,065	8,779,515	(9,032,890)	2,785,690
Designated funds - Fixed Asset Fund	1,085,082	-	73,645	1,158,727
Total funds	<u>4,124,147</u>	<u>8,779,515</u>	<u>(8,959,245)</u>	<u>3,944,417</u>

Designated Funds

This fund represents the net book value of the fixed assets of the Charitable Company. The transfer made during the year represents the movements of fixed assets during the year.

WCMC**(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 December 2019****16. LIABILITY OF MEMBERS**

At 31 December 2018 WCMC had 9 members (2017: 9 members). The liability of each member is £1.

17. RELATED PARTY TRANSACTIONS

Purchases during the year of £9,660 (2017: £15,079) were made from Mills & Reeves LLP, an entity in which a Trustee is also a Partner.

At the Balance Sheet date, amounts owed to Mills & Reeves LLP were £773 (2017: £Nil).

18. OPERATING LEASE COMMITMENT

The Charitable Company was committed to total future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Within 1 year	21,336	53,828
Within 2 – 5 years	41,800	147,945
Over 5 years	26,125	36,575
	<u>89,261</u>	<u>238,348</u>

19. CONTINGENT LIABILITIES

Following a query from HMRC regarding the VAT return for the quarter ending 30 September 2018, the Charitable Company was asked in March 2019 to review returns submitted for the previous two years to confirm if any adjustments were required following the outcome of this query. The Trustees are of the firm opinion that whilst the internal review of the relevant VAT returns is still taking place and the total amount of any under or over VAT recovery is still to be estimated, no specific provision should be made in the 2018 annual accounts as it is not considered likely to be material.

20. POST BALANCE SHEET EVENTS

Two new wholly owned subsidiary companies of WCMC were formed in Beijing and the Netherlands in order to help manage the implications of Brexit post year end. WCMC Europe BV and WCMC Beijing Co. Ltd are registered in the Netherlands and China respectively.

WCMC Europe BV was incorporated on 5 March 2019, with share capital of €1,000 and a registered office at Strawinskyiaan 945, 1077 XX Amsterdam, the Netherlands.

WCMC Beijing Co Ltd. was incorporated on 29 January 2019, with share capital of \$1,000,000 and a registered office at 1702O2, 101, Dongfangdong Road, Chaoyang District, Beijing.

WCMC**(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 December 2018****21. COMPARATIVE SOFA BY FUND**

	Unrestricted Funds £ 2017	Total £ 2017
Income from		
Donations	347,692	347,692
Other trading activities	64,428	64,428
Investment	13,044	13,044
Charitable activities	8,340,381	8,340,381
Other	13,970	13,970
Total Income	<u>8,779,515</u>	<u>8,779,515</u>
Expenditure on:		
Charitable activities		
- Direct project expenditure	9,013,496	9,013,496
- Fair value losses/(gains) on forward exchange contracts	(54,251)	(54,251)
Total expenditure	<u>8,959,245</u>	<u>8,959,245</u>
Net movement in funds	(179,730)	(179,730)
Reconciliation of funds		
Total funds brought forward	4,124,147	4,124,147
Total funds carried forward	<u>3,944,417</u>	<u>3,944,417</u>

