

Financial Statements
for the
Year ended 31 August 2011

Financial Statement for the year ended 31 August 2011

Statement of the Secretary's Responsibilities

The financial responsibilities of the Secretary to the Commission are set out in its Rules of Procedure and Financial Regulations. Fulfilment of those responsibilities requires the Secretary to prepare financial statements for each financial year which set out the state of affairs of the Commission as at the end of the financial year and the surplus or deficit of the Commission for that period. In preparing those financial statements, the Secretary should:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commission will continue in operation.

The Secretary is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Commission. The Secretary is also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Commission

We have audited the financial statements of the International Whaling Commission for the year ended 31 August 2011 which comprise the accounting policies, the income and expenditure account, the analysis of expenditure, the balance sheet and the related notes on pages 4 to 14. These financial statements have been prepared under the accounting policies set out therein. This report is made solely to the Commission. Our audit work has been undertaken so that we might state to the Commission those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Commission for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Secretary and Auditors

As described in the statement of the Secretary's responsibilities, the Secretary is responsible for the preparation of financial statements.

Neither statute nor the Commission has prescribed that the financial statements should give a true and fair view of the Commission's state of affairs at the end of each year within the specialised meaning of that expression in relation to financial statements. This recognised terminology signifies in accounting terms that statements are generally accepted as true and fair only if they comply in all material aspects with accepted accounting principles. These are embodied in accounting standards issued by the Accounting Standards Board. The Commission has adopted certain accounting policies which represent departures from accounting standards:

- fixed assets are not capitalised within the Commission's accounts. Instead fixed assets are charged to the income and expenditure account in the year of acquisition. Hence, the residual values of the furniture, fixtures and fittings and equipment are not reflected in the accounts;
- publications stocks are charged to the income and expenditure account in the year of acquisition and their year end valuation is not reflected in the accounts.
- provision is made for the severance pay which would be payable should the Commission cease to function.

This is permissible as the financial statements are not required to give a true and fair view.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you. We also report if the Commission has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

Edward Tully (Senior Statutory Auditor)

for and on behalf of **Edwards Chartered Accountants**
15 Station Road, St Ives, Cambridgeshire, PE27 5BH
27 January 2012

Accounting Policies - Year Ended 31 August 2011

The accounting policies adopted by the Commission in the preparation of these financial statements are as set out below. The departures from generally accepted accounting practice are considered not to be significant for the reasons stated.

Convention

These accounts are prepared under the historical cost convention (i.e. assets and liabilities are stated at cost and not re-valued).

Fixed Assets

The full cost of furniture and equipment is written off in the income and expenditure account in the year in which it is incurred. The total cost of equipment owned by the Commission amounts to £144,609 and its realisable value is not considered to be significant. Proposed expenditure on new items is included in budgets and raised by contributions for the year.

Publications

The full cost of printing publications is written off in the year. No account is taken of stocks which remain unsold at the balance sheet date.

Most sales occur shortly after publication and so stock levels held are mainly made up of old unsold stock which is unlikely to result in many sales, consequently their net realisable value is not significant.

Severance Pay Provision

The Commission provides for an indemnity to members of staff in the event of their appointment being terminated on the abolition of their posts.

Basis of Opinion

We conducted our audit in accordance with International Auditing Standards 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 judgements made by the Secretary in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission'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.

Added Emphasis

In forming our opinion we have taken account of the absence of a requirement for the financial statements to give a true and fair view as described above.

Opinion

In our opinion the financial statements have been properly prepared in accordance with the accounting policies and present a proper record of the transactions of the Commission for the year ended 31 August 2011.

The indemnity varies according to length of service and therefore an annual provision is made to bring the total provision up to the maximum liability. This liability is calculated after adjusting for staff assessments since they would not form part of the Commission's liability.

Interest on Overdue Contributions

Interest is included in the income and expenditure account on the accruals basis and provision is made where its recoverability is in doubt.

Leases

The costs of operating leases are charged to the income and expenditure account as they fall due for payment.

Foreign Exchange

Transactions dominated in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate ruling at that date. These translation differences are dealt with in the income and expenditure account.

Retirement Benefits Scheme

The Commission operates a defined contribution retirement benefits scheme. The costs represent the amount of the Commission's contributions payable to the scheme in respect of the accounting period.

Income and Expenditure Account (Year ended 31 August 2011)

		2011		2010	
[Note]		£	£	£	£
INCOME: continuing operations					
Contributions from member governments			1,608,610		1,525,869
Interest on overdue financial contributions			8,082		35,542
Voluntary contributions for all Funds			330,620		521,019
Sales of publications			10,772		6,953
Sales of sponsored publications			307		250
Observers' registration fees			40,739		49,260
UK taxes recoverable			24,361		23,234
Staff assessments			173,854		187,502
Interest receivable			4,760		3,048
Sundry income			385		-
			2,202,490		2,352,677
Expenditure					
Secretariat		1,074,350		1,194,309	
Publications		18,661		15,466	
Annual meetings		531,129		365,700	
Other meetings		35,934		156,678	
Research expenditure	[2]	250,581		280,181	
Small cetaceans	[3]	34,267		10,254	
Southern Ocean Research Partnership (voluntary fund)	[5]	23,562		15,186	
Conservation Management Plan fund		-		-	
Operations (voluntary fund)	[7]	-		85,395	
IWC - other work fund	[8]	37,109		54,073	
Gray whale tagging (voluntary fund)	[9]	282,704		-	
		2,288,297		2,177,242	
Provisions made for:					
Unpaid contributions		80,045		15,400	
Unpaid interest on overdue contributions		3,427		61,178	
Severance pay	[11]	(32,000)		(65,300)	
Other doubtful debts		(1,578)		314	
		2,338,191		2,188,834	
(Deficit)/surplus for the year before transfers			(135,701)		163,843
Net transfers to/(from) Income and Expenditure Account					
Publications fund	[1]	(322)		(265)	
Research fund	[2]	(72,629)		(34,986)	
Small cetaceans fund	[3]	19,885		(7,414)	
Annual Meeting fund	[4]	(4,094)		-	
Southern Ocean Research Partnership fund	[5]	23,412		15,187	
Conservation Management Plan fund	[6]	(153)		-	
Operations fund	[7]	-		(670)	
IWC - other work fund	[8]	3,518		(54,990)	
Gray whale tagging fund	[9]	167,903		(301,936)	
			137,520		(385,074)
Surplus/(deficit) for the year after transfers			1,819		(221,231)

There are no recognised gains or losses for the current financial year and the preceding financial year other than as stated in the income and expenditure account.

During the year the comparative figures have been restated. Previously, voluntary contributions to and related expenditure from the general fund were not shown in the income and expenditure account. These were shown only as bank deposits and creditors. At the 63rd Annual Meeting the Commission requested that annual reports on income and expenditure related to voluntary contributions be provided. This has resulted in the creation of the 'Annual Meeting fund', the 'Southern Ocean Research Partnership fund', the 'Conservation Management Plan fund', the 'Operations fund'^(#1), the 'Other work fund'^(#2), and the 'Gray whale tagging fund'. Funds brought forward at 1 September 2009 have increased by £922,500 and creditors brought forward at 1 September 2009 have decreased by £922,500.

^(#1)Operations fund created to show the receipt of voluntary contributions to improve or facilitate change in the workings of the Commission.

^(#2)IWC - other work fund created to show the receipt of smaller voluntary contributions towards the cost of research programs or work to be specified at a later date.

Analysis of Expenditure (Year Ended 31 August 2011)

	2011 £	2010 £
SECRETARIAT		
Salaries, national insurance and allowances	721,165	778,060
Retirement and other benefit schemes	153,686	159,860
Travelling expenses	7,130	6,131
Office rent, heating and maintenance	97,501	95,925
Insurance	5,316	5,342
Postage and telecommunications	17,680	18,071
Office equipment and consumables	51,778	49,835
Professional fees	13,041	33,694
Training and recruitment	1,570	38,338
Photocopying	2,702	3,691
Sundry	2,781	5,362
	<u>1,074,350</u>	<u>1,194,309</u>
PUBLICATIONS		
Annual Report	5,700	4,391
Journal Cetacean Research and Management	12,961	11,075
	<u>18,661</u>	<u>15,466</u>
RESEARCH		
Invited Participants	48,096	63,559
Contract 14 analysis support (DESS)	9,720	-
IDCR/SOWER biopsy and photo-id database	-	195
IA abundance estimation Antarctic minke whales using SOWER data	10,875	-
WNP minke whales: Workshop	25,188	4,861
Simulations of dispersal WNP minke whales	-	9,335
IA - integrated model analysis	2,000	-
Antarctic minke whales: ageing calibration experiment	-	8,188
IA - investigate sea ice and Antarctic minke whale abundance	5,000	-
IA - statistical catch-at-age estimates for Antarctic minke whales	2,500	-
SH humpback whales - Antarctic humpback whale catalogue	10,013	15,006
SH humpback whales - abundance in Oceania	2,902	5,298
SOWER blue whale photo-id archive/analysis	-	3,500
SH - blue whale photo-id catalogue	18,800	1,988
SH humpback whales - assessment of breeding stocks C and D	-	22,019
Pollution 2000: Phase II	-	9,860
Pollution 2000: Phase II Workshop	-	945
IWC global ship strike database	9,664	2,000
SOCER State of the Cetacean Environment Report	3,000	3,034
BC - develop online database for Progress Reports	1,143	-
E - risk assess impact of pollutants on cetacean populations	38,350	-
AWMP fund for developers	4,244	5,712
Workshop on Greenland hunts	9,555	10,974
JARPNII review Workshop	-	2,997
SH humpback whales - assessment model development	2,851	3,017
SH humpback whales - mixing analyses	7,000	3,046
IA development support	3,000	-
SOWER abundance Workshop	-	1,466
2009/10 SOWER cruise and 2011 NP planning	2,055	74,636
Past cruise analysis and future cruise expenses	17,993	5,909
SH blue whales CA	-	26
MMPA conference	-	11,903
RMP - analysis of calving rates for use in MSYR review	7,000	-
RMP computing support	4,637	10,169
BRG - Southern Ocean right whale photo-id catalogue	3,800	-
Other (including exchange differences)	1,195	538
	<u>250,581</u>	<u>280,181</u>
SMALL CETACEANS		
SMA Invited Participants	6,669	10,573
Franciscana abundance estimate	17,129	-
Climate Change Workshop, Vienna 2010	10,419	-
Other (including exchange differences)	50	(319)
	<u>34,267</u>	<u>10,254</u>
SOUTHERN OCEAN RESEARCH PARTNERSHIP		
Interactions between baleen whales and krill in the Antarctic (Nicols)	11,269	-
Killer whale distribution, abundance and migration in the Antarctic area (Pitman)	5,344	-
Killer whale distribution, abundance and migration in the Antarctic area (Guinet)	2,715	-
Killer whale distribution, abundance and migration in the Antarctic area (Dalla Rosa)	2,734	-
SORP Invited Participants	1,500	-
SORP Planning Meeting, Seattle, USA	-	15,186
	<u>23,562</u>	<u>15,186</u>
OPERATIONS (VOLUNTARY FUND)		
AGM operations – support for developing countries (DC)	-	13,308
Future of the IWC – Intersessional meetings – support for DC attendance	-	5,627
Future of the IWC – Small Working Group – support for DC attendance	-	66,460
	<u>-</u>	<u>85,395</u>
IWC - OTHER WORK FUND		
Whalewatching Workshop - Argentina	17,621	-
Ship strikes - IWC-ACCOBANS - Joint Workshop and database	18,158	7,324
Entanglement Workshop, Hawaii	1,330	34,352
Right whale die-off Workshop	-	12,397
	<u>37,109</u>	<u>54,073</u>
GRAY WHALE TAGGING		
GWT expenditure (VC funded)	282,704	-
	<u>282,704</u>	<u>-</u>

Balance Sheet as at 31 August 2011

	[Note]	2011		2010	
		£	£	£	£
Cash on short term deposit					
General fund		1,630,279		1,790,482	
Southern Ocean Research Partnership (Voluntary fund)		232,342		244,505	
Conservation Management Plan (Voluntary fund)		244,636		244,505	
IWC - other work fund		18,806		-	
Research fund		214,338		243,722	
Publications fund		29,497		29,482	
Small cetaceans fund		263,125		273,082	
			2,633,023		2,825,778
Cash at bank on current account					
Annual Meeting fund		2,049		-	
IWC - other work fund		1,000		-	
Research fund		1,000		1,000	
Publications fund		1,000		1,000	
Small cetaceans fund		1,500		1,000	
Cash in hand		133		119	
			6,682		3,119
			2,639,705		2,828,897
Outstanding contributions from members including interest					
		489,101		379,264	
Less provision for doubtful debts		(462,736)		(379,264)	
			26,365		-
Other debtors and prepayments					
		86,676		106,841	
Less provision for other doubtful debts		(5,879)		(7,458)	
			80,797		99,383
			2,746,867		2,928,280
CREDITORS:					
Amounts falling due within one year	[12]		(137,818)		(151,530)
NET CURRENT ASSETS					
			2,609,049		2,776,750
PROVISION FOR SEVERANCE PAY					
	[11]		(353,100)		(385,100)
			2,255,949		2,391,650
FINANCED BY					
Publications fund	[1]		39,295		38,973
Research fund	[2]		290,219		217,590
Small cetaceans fund	[3]		240,638		260,523
Annual Meeting fund	[4]		4,094		-
Southern Ocean Research Partnership fund	[5]		205,852		229,264
Conservation Management Plan fund	[6]		244,658		244,505
Operations fund	[7]		48,175		48,175
IWC - other work fund	[8]		95,102		98,620
Gray whale tagging fund	[9]		134,033		301,936
General fund	[10]		953,883		952,064
	[13]		2,255,949		2,391,650

Approved on behalf of the Commission

Simon Brockington (Secretary)
27 January 2012

Notes to the Accounts (Year Ended 31 August 2011)

	2011	2010		2011	2010
	£	£		£	£
1. Publications fund					
Interest receivable	15	15			
Receipts from sales of sponsored publications	307	250			
Net transfers (to)/from income and expenditure account	322	265			
Opening balance as at 01 September 2010	38,973	38,708			
Closing balance as at 31 August 2011	<u>39,295</u>	<u>38,973</u>			
2. Research fund					
Allocation for research	315,800	308,500			
UK taxes recoverable	-	20			
Voluntary contributions received	7,257	6,421			
Interest receivable	153	226			
Expenditure	(250,581)	(280,181)			
Net transfers (to)/from income and expenditure account	72,629	34,986			
Opening balance as at 01 September 2010	217,590	182,604			
Closing balance as at 31 August 2011	<u>290,219</u>	<u>217,590</u>			
3. Small cetaceans fund					
Voluntary contributions received	14,251	17,535			
Interest receivable	131	133			
Expenditure	(34,267)	(10,254)			
Net transfers (to)/from income and expenditure account	(19,885)	7,414			
Opening balance as at 01 September 2010	260,523	253,109			
Closing balance as at 31 August 2011	<u>240,638</u>	<u>260,523</u>			
4. Annual Meeting fund					
Allocation for meetings	374,500	365,700			
Voluntary contributions received	160,723	-			
Interest receivable	-	-			
Expenditure	(531,129)	(365,700)			
Net transfers (to)/from income and expenditure account	4,094	-			
Opening balance as at 01 September 2010	-	-			
Closing balance as at 31 August 2011	<u>4,094</u>	<u>-</u>			
5. Southern Ocean Research Partnership fund					
Interest receivable	150	-			
Expenditure	(23,562)	(15,187)			
Net transfers (to)/from income and expenditure account	(23,412)	(15,187)			
Opening balance as at 01 September 2010	229,264	244,451			
Closing balance as at 31 August 2011	<u>205,852</u>	<u>229,264</u>			
6. Conservation Management Plan fund					
Voluntary contributions received	-	-			
Interest receivable	153	-			
Expenditure	-	-			
Net transfers (to)/from income and expenditure account	153	-			
Opening balance as at 01 September 2010	244,505	244,505			
Closing balance as at 31 August 2011	<u>244,658</u>	<u>244,505</u>			
7. Operations fund					
Voluntary contributions received	-	86,065			
Interest receivable	-	-			
Expenditure	-	(85,395)			
Net transfers (to)/from income and expenditure account	-	670			
Opening balance as at 01 September 2010	48,175	47,505			
Closing balance as at 31 August 2011	<u>48,175</u>	<u>48,175</u>			
8. IWC - other work fund					
Voluntary contributions received	33,589	109,063			
Interest receivable	2	-			
Expenditure	(37,109)	(54,073)			
Net transfers (to)/from income and expenditure account	(3,518)	54,990			
Opening balance as at 01 September 2010	98,620	43,630			
Closing balance as at 31 August 2011	<u>95,102</u>	<u>98,620</u>			
9. Gray whale tagging fund					
Voluntary contributions received	114,801	301,936			
Interest receivable	-	-			
Expenditure	(282,704)	-			
Net transfers (to)/from income and expenditure account	(167,903)	301,936			
Opening balance as at 01 September 2010	301,936	-			
Closing balance as at 31 August 2011	<u>134,033</u>	<u>301,936</u>			
10. General fund					
Opening balance as at 01 September 2010	952,064	1,173,295			
Net transfers (to)/from income and expenditure account	1,819	(221,231)			
Closing balance as at 31 August 2011	<u>953,883</u>	<u>952,064</u>			
11. Provision for severance pay					
Opening balance as at 01 September 2010	(385,100)	(450,400)			
Net transfers (to)/from income and expenditure account	32,000	65,300			
Closing balance as at 31 August 2011	<u>(353,100)</u>	<u>(385,100)</u>			
12. Creditors: amounts falling due within one year					
Deferred contributions income	92,867	112,550			
Other creditors and accruals	44,951	38,980			
Closing balance as at 31 August 2011	<u>137,818</u>	<u>151,530</u>			
13. Reconciliation of movement in funds					
Excess (surplus) of expenditure over income	(135,701)	163,843			
Opening funds	2,391,650	1,647,716			
Prior Year Adjustments (VC Creditors reclassified as IWC Voluntary funds)	-	580,091			
Closing funds	<u>2,255,949</u>	<u>2,391,650</u>			

14. Financial commitments

The Commission had annual commitments at 31 August 2011 under non-cancellable operating leases as set out below and which expire:

	2011		2010	
	Land and buildings	Office equipment	Land and buildings	Office equipment
	£	£	£	£
Within 2 to 5 years	<u>60,000</u>	<u>23,015</u>	<u>60,000</u>	<u>26,400</u>

The lease on the IWC Secretariat Offices was renewed from 18 March 2009 for 10 years, with an option to break after 5 years.

Appendix 1

Financial Contributions for the Year Ended 31 August 2011

Line No.	Country	Financial Contribution
1	Antigua and Barbuda	7,736
2	Argentina	11,604
3	Australia	34,333
4	Austria	22,873
5	Belgium	22,873
6	Belize	4,298
7	Benin	6,446
8	Brazil	11,604
9	Bulgaria	7,736
10	Cambodia	6,446
11	Cameroon	11,604
12	Chile	11,604
13	China, P.R of	7,736
14	Congo, Rep	6,446
15	Costa Rica	11,604
16	Cote d'Ivoire	11,604
17	Croatia	17,143
18	Cyprus	22,873
19	Czech Republic	22,873
20	Denmark	47,324
21	Dominica	4,298
22	Dominican Republic	7,736
23	Ecuador	11,604
24	Eritrea	4,298
25	Estonia	22,873
26	Finland	22,873
27	France	54,531
28	Gabon	6,446
29	Gambia, The	6,446
30	Germany	60,261
31	Ghana	11,604
32	Greece	22,873
33	Grenada	6,446
34	Guatemala	7,736
35	Guinea	6,446
36	Guinea-Bissau	6,446
37	Hungary	11,604
38	Iceland	53,054
39	India	11,604
40	Ireland	22,873
41	Israel	22,873
42	Italy	54,531
43	Japan	124,823
44	Kenya	7,736

Line No.	Country	Financial Contribution
45	Kiribati	6,446
46	Korea, Rep of	34,333
47	Lao PDR	6,446
48	Lithuania	7,736
49	Luxembourg	22,873
50	Mali	6,446
51	Marshall Islands	6,446
52	Mauritania	6,446
53	Mexico	11,604
54	Monaco	11,604
55	Mongolia	6,446
56	Morocco	11,604
57	Nauru	6,446
58	Netherlands	28,603
59	New Zealand	28,603
60	Nicaragua	4,298
61	Norway	58,784
62	Oman	11,604
63	Palau	6,446
64	Panama	11,604
65	Peru	11,604
66	Poland	7,736
67	Portugal	22,873
68	Romania	7,736
69	Russian Federation	26,600
70	San Marino	7,736
71	Senegal	6,446
72	Slovak Republic	17,143
73	Slovenia	22,873
74	Solomon Islands	4,298
75	South Africa	11,604
76	Spain	54,531
77	St Kitts and Nevis	6,446
78	St Vincent and The Grenadines	6,446
79	St. Lucia	6,446
80	Suriname	6,446
81	Sweden	22,873
82	Switzerland	22,873
83	Tanzania	11,604
84	Togo	6,446
85	Tuvalu	6,446
86	United Kingdom	65,991
87	Uruguay	11,604
88	USA	84,712

Total originally requested from Contracting Governments

Total

1,633,106

Less Financial Contributions for 2010/11 cancelled as per Financial Regulation F5(a)

Gambia, The	(6,446)
Guatemala	(7,736)
Kenya	(7,736)
Senegal	(6,446)

Add Financial Contribution from a new Contracting Government joining in 2010/11

Colombia 3,868

Total net Financial Contributions receivable for the Financial Year 2010/11

1,608,610

Appendix 2

Analysis of Voluntary Contributions received in 2010/11

Donor	Amount (£)	Purpose
Exxon Nefgas	114,802	North Pacific Gray Whale Tagging Programme
Government of Norway	160,723	Grant towards the cost of holding SC/63 in Tromsø in June 2011
Government of USA	33,588	Applied to the IWC - other work fund
World Wildlife Fund	7,257	Workshop to assess anthropogenic impacts on cetaceans in the Arctic
Government of Italy	4,986	Contribution towards the cost of Invited Participants from developing countries attending the annual meeting of the IWC Scientific Committee.
IFAW	1,000	Contributions towards the IWC's work on Small Cetaceans
Campaign Whale	500	
WSPA	4,000	
Humane Society	1,000	
Pro Wild Life	513	
OceanCare	998	
American Cetacean Society	168	
Animal Welfare Institute	622	
The Whaleman Foundation	463	
	330,620	