

INTERNATIONAL FUND FOR ANIMAL
WELFARE

(A company limited by guarantee)

Annual report

for the year ended 30 June 1996

Registered no: 1556892



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Directors and advisers

Executive directors

Mr B Davies
Mrs J Kinloch
Mrs M Govoni
Ms K Cotton

Secretary and registered office

Mr M Espley
55A Welbeck Street
LONDON
W1M 7HD

Registered auditors

Coopers & Lybrand
1 Embankment Place
LONDON
WC2N 6NN

Solicitors

McEwen Parkinson
55A Welbeck Street
LONDON
W1M 7HD

Bankers

Lloyds Bank Plc
PO Box 349
1 Waterloo Place
LONDON
SW1Y 5NJ

INTERNATIONAL FUND FOR ANIMAL WELFARE ²

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Chairman's statement

Statement of Programme Services rendered

Seals

Expenditure: £2,265,908

As the Canadian government increased its harp seal hunt quota to 250,000 this spring, IFAW stepped up efforts to bring the cruelties of the slaughter to the public's attention worldwide.

Investigations of hunt violations, demonstrations, emergency mailings to donors, and education of key opinion leaders at our annual SealWatch all served to heighten the awareness of the expanding hunt.

New video footage of the Canadian seal hunt exposed its brutality to a worldwide audience of more than 100 million people, and resulted in sealers being charged with skinning a live seal. In addition, after IFAW reported that more than double the official quota of hooded seals had been killed, the Department of Fisheries and Oceans stopped the harp seal hunt and attempted to get an official count. Although the hunt later resumed, DFO admitted sealers had actually taken three times the official kill quota of hooded seals.

IFAW'S investigators also obtained compelling new evidence confirming that many seals are killed but never included in official statistics. They documented widespread waste, proving that government claims of "full utilization" are untrue, and they helped initiate an investigation of illegal killing of whitecoat and blueback pups.

Campaigns to end the seal hunts in Namibia and Russia, and to ban the import of seal pelts in Italy, continued.

Pet rescue

Expenditure: £1,108,289

IFAW's Pet Rescue Programme was established to answer the requests for assistance that flood our offices around the world, many from small, local shelters working to save dogs and cats from abuse, abandonment, injury, disease, and the suffering caused by overpopulation.

Through this programme, IFAW helps many needy shelters supply vital services to their communities through emergency rescue, promotion of adoption, spay/neuter programmes, veterinary treatment, daily animal care, food and supplies, and facility repair and construction.

Already, thousands of cats and dogs have been saved from cruelty and suffering thanks to the generosity of IFAW supporters worldwide. The Pet Rescue Programme will continue to grow in the years ahead.

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Whales

Expenditure: £547,668

IFAW's efforts to bring whaling to an end continued.

As Norway and Japan increased their catches of whales in the Atlantic, the North Pacific and the Antarctic, IFAW's anti-whaling team again concentrated efforts on the annual meeting of the International Whaling Commission (IWC), the global authority for regulating whaling. At this year's meeting, the IWC upheld resolutions condemning Japan's "scientific" and Norway's commercial whaling. Thanks, in large part, to IFAW's work, the IWC Scientific Committee drafted guidelines for whale watching operations, ensuring that this kinder "use" of whales is conducted sensitively.

This year IFAW's research vessel, "Song of the Whale" carried out scientific and educational programs in the Caribbean, and encouraged local governments to support their citizens' interest in conservation rather than comply with financial inducements from Japan. A workshop was held on the Caribbean island of Dominica to examine the educational aspects of watching sperm whales. As a result of IFAW's educational efforts, Dominica decided not to attend the IWC meeting, giving Japan one less vote to influence.

Scientific work focused on calculating population estimates for the whales, DNA fingerprinting of whale meat on sale in Japan and elsewhere to prove that illegal whaling continues, and an acoustic survey in conjunction with the Government of Australia in the newly created Southern Ocean Sanctuary.

Elephants

Expenditure: £432,660

One of IFAW's greatest triumphs this year was in persuading the South African National Parks Board to adopt more elephant-friendly policies. Our efforts led to an end to the annual culling of elephants in Kruger National Park, while we continued to stand in opposition to a resumption in the international trade in ivory and other elephant parts. In addition IFAW agreed to donate \$2.5 million to the South African National Parks over the next five years to expand elephant habitats, creating safe havens for elephants and all other wild animals in an area covering over one hundred thousand acres. The first parks to benefit are the Addo Elephant National Park in the Eastern Cape and the new Marakele National Park in the Northern Province. No hunting or culling will ever be allowed on land purchased with IFAW funds.

IFAW-funded elephant anti-poaching operations in Queen Elizabeth National Park and Kidepo National Park in Uganda continued their work.

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Other campaigns

Expenditure: £2,782,204

IFAW stepped up its efforts in the United Kingdom to bring about a total ban on hunting foxes, deer, and mink with dogs, and an end to hare coursing, in hopes that the coming elections will return a majority of MPs committed to enacting legislation to ban cruel blood sports.

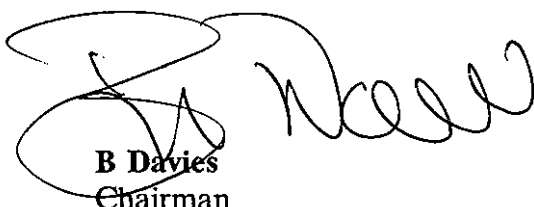
The eight Moon Bears rescued last year from one of China's worst bile farms are recovering well and showing remarkable changes in their behaviour and personalities. Their semi-natural sanctuary is nearly finished and will enable the bears to live out their lives in protected freedom. In March, IFAW rented office space in Beijing, from where we continue to develop strong relationships with the China Wildlife Conservation Association and the Ministry of Forestry in order to eliminate bear farming. To this end, two smaller bear farms in the north have closed and the Beijing and Shanghai Airports removed bear bile from their shelves.

In the Philippines four hundred students who demonstrated genuine love and concern for dogs and other animals received Brian Davies Scholarship grants. IFAW programmes to subsidize rural veterinarians and to prevent the spread of rabies continued.

As always, when animals faced emergencies IFAW was there to help.

- One thousand Jackass penguins were cleaned following an oil spill, some for the second time, having been oiled during a previous spill.
- One hundred baby baboons were rescued from floods in South Africa.
- Sixty white storks, who suffered severe injuries during a freak hail storm, were transported to a special rehabilitation centre in Pretoria, South Africa.
- Grey seal breeding and pupping sites were cleaned following a massive oil spill off the west coast of Wales.
- Ten thousand European cattle, left stranded on cargo ships during the BSE contamination scare, were returned to land thanks to the help of several European IFAW offices.

IFAW's policy is to keep overheads as low as possible so the maximum amount of resources can be devoted to the animals. The work of our own small staff is supplemented by supporting other organisations, both large and small.



B Davies
Chairman

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Directors' report for the year ended 30 June 1996

The directors present their report and the audited financial statements for the year ended 30 June 1996.

Principal activities

The primary focus of the Fund is the use of education to create public support for worthwhile social improvements in the treatment of animals, with particular emphasis on the plight of those animals nearing extinction or suffering cruelty. The Fund carries out programmes that are scientific or investigative in nature, designed to increase public awareness of animals and their needs. It also finances specific field programmes of its own and gives grants to other conservation or animal welfare organisations.

Review of business and future developments

The company expects to enlarge its number of supporters during the forthcoming year and to continue its activities in the field of the prevention of cruelty to animals. The statement of financial activities for the year under review is set out on page 9.

The company's increasing cash balance reflects its ongoing financial support of the activities of IFAW affiliates across the globe.

Post balance sheet events

Subsequent to the year end, the company has made a loan of £600,000 to an affiliated organisation, the Political Animal Lobby Limited.

Directors

The directors of the company during the year ended 30 June 1996 were:-

Mr B Davies
Mrs J Kinloch
Mrs M Govoni
Ms K Cotton

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Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the surplus or deficit of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Affiliated organisations

The affiliated organisations of the company are as follows:

Name	Country
International Fund for Animal Welfare	USA
International Fund for Animal Welfare (USA) Inc	USA
Brian Davies Foundation Inc	USA
Animal Action Committee Inc	USA
International Fund for Animal Welfare Inc/ Fonds International pour la Protection des Animaux	Canada
International Marine Mammal Association Inc	Canada
IFAW Charitable Trust	UK
Political Animal Lobby Limited	UK
IFAW Promotions Limited	UK
IFAW Trading Limited	UK
Internationaler Tierschutz-Fonds GmbH	Germany
Stichting IFAW	Netherlands
International Fund for Animal Welfare (Australia) Ltd Pty	Australia
IFAW France	France

While the assets of the Fund are held separate from, and are not combined with, those of the above affiliates, cash amounts are intended to support, whenever necessary or appropriate, IFAW's worldwide animal welfare programme activities.

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Contact addresses of affiliated organisations can be obtained by writing to the company's registered office as set out at the front of these financial statements.

Mr B Davies, Mrs J Kinloch, Mrs M Govoni and Ms K Cotton are trustees of the USA and Dutch organisations and directors of the Canadian and German affiliates. The amounts due to or by these organisations at the balance sheet date are set out in notes 11 and 13 to the financial statements.

Mr B Davies, Mrs J Kinloch, Mrs M Govoni and Ms K Cotton are shareholders and directors of Political Animal Lobby Limited. This company's main object is to promote the giving by members of the public of donations to political parties, campaigns, individuals and groups involved in political activity, with a view to increasing awareness by the public, politicians and others of matters of animal welfare and environmental concern.

Mr B Davies, Mrs J Kinloch, Mrs M Govoni and Ms K Cotton are also the guarantors and directors of IFAW Promotions Limited. This company's principal activity is the operation of a lottery to raise funds to support the aims of the International Fund for Animal Welfare.

International Fund for Animal Welfare in the USA provides various management services for its affiliated organisations at cost plus a 10% fee which, in the opinion of the directors, approximates to the market value of the services provided. Cost is apportioned based on each affiliate's relative share of aggregate worldwide active membership. The cost of these services for the year ended 30 June 1996 amounted to £1,131,492 (1995: £873,723).

Under a "Direct Mail Communications" agreement entered into in 1992, International Fund for Animal Welfare in the USA also provides additional assistance to the company in planning, coordinating and processing its high volume of direct mail communications. The company is charged for all direct costs incurred plus a 10% fee. The fee for these services during the year amounted to £258,888 (1995: £182,958).

Grants amounting to £1,162,869 and donations of £90,000 were made to affiliated organisations during the year.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



M Espley
Secretary

Report of the auditors to the members of INTERNATIONAL FUND FOR ANIMAL WELFARE (A company limited by guarantee)

We have audited the financial statements on pages 9 to 17.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


Basis of opinion

We conducted our audit in accordance with 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 1996 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
29 April 1997

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INTERNATIONAL FUND FOR ANIMAL WELFARE

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Statement of financial activities for the year ended 30 June 1996

		General funds	
	Notes	1996	1995
		£	£
Income and expenditure account			
Income			
Donations	2	9,741,275	7,601,289
Net sweepstakes income	3	1,919,118	1,318,831
Other income and interest received	4	77,884	83,750
		<hr/>	<hr/>
Total incoming resources		11,738,277	9,003,870
		<hr/>	<hr/>
Resources expended			
Programme services	5	7,136,729	6,253,133
Fund raising expenses	5	2,031,256	1,678,287
Management and administration	5	736,627	927,695
		<hr/>	<hr/>
Total resources expended	5	(9,904,612)	(8,859,115)
		<hr/>	<hr/>
Net incoming resources before taxation	5	1,833,665	144,755
Taxation charge	8	-	(1,771)
		<hr/>	<hr/>
Net incoming resources for the year		1,833,665	142,984
		<hr/>	<hr/>
Movement on income and expenditure account			
Balance at 1 July 1995		1,301,074	1,158,090
Net incoming resources for the year		1,833,665	142,984
		<hr/>	<hr/>
Balance at 30 June 1996		3,134,739	1,301,074
		<hr/>	<hr/>

All figures in the statement of financial activities relate to continuing operations.

The company has no recognised gains or losses other than those included in the net incoming resources above, and therefore no separate statement of recognised gains and losses has been prepared.

The net incoming resources as stated above are prepared on a historical cost basis, and therefore no reconciliation to historical cost surplus is required.

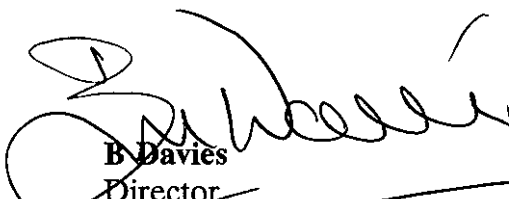
INTERNATIONAL FUND FOR ANIMAL WELFARE ¹⁰

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Balance sheet at 30 June 1996

	Notes	1996		1995	
		£	£	£	£
Fixed assets					
Tangible assets	9		164,862		162,542
Investments	10		2		2
			<u>164,864</u>		<u>162,544</u>
Current assets					
Debtors	11	378,974		153,925	
Cash at bank and in hand	12	3,591,835		1,950,730	
		<u>3,970,809</u>		<u>2,104,655</u>	
Creditors: amounts falling due within one year	13	<u>(1,000,934)</u>		<u>(966,125)</u>	
Net current assets			<u>2,969,875</u>		<u>1,138,530</u>
Total assets less current liabilities			<u>3,134,739</u>		<u>1,301,074</u>
Capital and reserves					
Income and expenditure account			<u>3,134,739</u>		<u>1,301,074</u>

The financial statements on pages 9 to 17 were approved by the board of directors on 29 April 1997 and were signed on its behalf by:


B. Davies
Director

INTERNATIONAL FUND FOR ANIMAL WELFARE ¹¹

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Cash flow statement for the year ended 30 June 1996

	1996 £	1995 £
Net incoming resources	1,833,665	144,755
Interest received	(75,329)	(50,303)
Depreciation	43,023	46,052
Loss on sale of fixed assets	19,694	959
Decrease/(increase) in debtors	(279,162)	60,404
Increase in creditors	88,920	369,693
Net cash inflow from operating activities	1,630,811	571,560
Returns on investments and servicing of finance		
Interest received	75,329	50,303
Taxation		
United Kingdom corporation tax paid	-	(27,920)
Investment activities		
Purchase of tangible fixed assets	(65,035)	(107,322)
Net cash outflow from investing activities	(65,035)	(107,322)
Increase in cash and cash equivalents	1,641,105	486,621
Changes in cash and cash equivalents		
At 1 July 1995	1,950,730	1,464,109
Net cash inflow	1,641,105	486,621
At 30 June 1996	3,591,835	1,950,730

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Notes to the financial statements for the year ended 30 June 1996

1 Principal accounting policies

The company does not seek to make a profit, nor can its achievements be measured by normal commercial criteria. In order that a true and fair view should be given in these financial statements, the directors have set out on page 9 a Statement of Financial Activities which shows the results for the year, but in a format other than the standard formats prescribed in the Companies Act 1985. In the opinion of the directors, the format adopted provides greater clarity on the nature of the company's activities and discloses the required information relating thereto. A summary of the more important accounting policies of the company, which have been consistently applied, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention and applicable Accounting Standards in the United Kingdom. Although the company is not registered as a charity, the directors regard the company's activities as being in the nature of those of a charity, and they have therefore also prepared the financial statements in accordance with the Statement of Recommended Practice, Accounting by Charities.

Fixed assets

Tangible fixed assets are stated at their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Programme equipment	20
Fixtures and fittings	20
Computer equipment	33

Leasehold improvements are depreciated over the life of the lease.

Foreign currencies

Operational transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Differences arising on translation are taken into the income and expenditure account.

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Taxation

Tax is accounted for in respect of other income and interest received.

Pension costs

The company operates a defined contribution scheme and costs are charged to the profit and loss account as incurred.

2 Donations

Contributions, bequests and other similar revenue are recorded as received. The geographical analysis of this revenue is as follows:-

	1996 £	1995 £
United Kingdom	9,713,215	7,506,502
Rest of Europe	28,060	94,787
	<u>9,741,275</u>	<u>7,601,289</u>

3 Sweepstakes income

The net income from the sweepstakes programme is made up as follows:-

	1996 £	1995 £
Proceeds	4,222,278	3,267,295
Cost	(2,303,160)	(1,948,464)
	<u>1,919,118</u>	<u>1,318,831</u>

4 Other income and interest received

	1996 £	1995 £
Interest received	75,329	50,303
Surplus from sale of Christmas cards	1,621	32,640
Other income	934	807
	<u>77,884</u>	<u>83,750</u>

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5 Operating expenditure

(a) The surplus of income over expenditure is stated after charging:-

	1996 £	1995 £
Loss on disposal of fixed assets	19,694	959
Auditors' remuneration	19,000	19,040
Depreciation	43,023	46,052

(b) Operating expenditure is analysed as follows:-

	1996			1995	
	Programme services £	Fund raising £	General and admini- strative £	Total £	Total £
Public education and development programmes	2,579,200	1,057,728	-	3,636,928	3,930,014
Grants to affiliates	1,126,497	18,186	18,186	1,162,869	261,197
Donations to affiliates	90,000	-	-	90,000	76,667
Donations	324,372	-	-	324,372	565,319
Salaries, wages and professional fees	880,804	159,952	157,799	1,198,555	1,122,714
Operations	2,135,856	795,390	560,642	3,491,888	2,903,204
Total expenses	7,136,729	2,031,256	736,627	9,904,612	8,859,115

(c) In our continuing effort to control operating expenditures, selected management, data processing and communication services are performed by IFAW (US) headquarters in support of its affiliated organisations. During the year ended 30 June 1996, £1,390,380 of these services (1995: £1,056,681) were apportioned to the UK company on the basis of its share of aggregate worldwide active membership. These costs are included within the figures for operations shown in note 5(b) under the following headings:

	1996 £	1995 £
Programme services	521,666	365,481
Fund raising	614,569	430,142
General and administrative	254,145	261,058
	1,390,380	1,056,681

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6 Directors' emoluments

The directors did not receive any emoluments from the company for the year ended 30 June 1996 (1995: £nil). One of the directors acts as worldwide chief executive officer of all affiliates and is employed by IFAW (US) at the international headquarters in the USA.

7 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	1996 Number	1995 Number
Operations and administration	36	32

	1996 £	1995 £
Staff costs		
Wages and salaries	474,196	297,161
Social security costs	49,549	35,616
Other pension costs	18,933	28,609
	<u>542,678</u>	<u>361,386</u>

8 Taxation

	1996 £	1995 £
Tax on interest received (1995: £25%)	-	1,771

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9 Tangible fixed assets

	Leasehold improvements £	Motor vehicles £	Programme equipment £	Fixtures and fittings £	Total £
Cost					
At 1 July 1995	59,702	12,925	34,883	145,667	253,177
Additions	1,931	-	-	63,104	65,035
Disposals	(367)	(12,925)	(16,020)	(55,510)	(84,822)
At 30 June 1996	61,266	-	18,863	153,261	233,390
Depreciation					
At 1 July 1995	6,248	-	19,546	64,841	90,635
Charge for year	4,058	-	6,435	32,530	43,023
Disposals	(367)	-	(15,322)	(49,441)	(65,130)
At 30 June 1996	9,939	-	10,659	47,930	68,528
Net book value					
At 30 June 1996	51,327	-	8,204	105,331	164,862
Net book value					
At 30 June 1995	53,454	12,925	15,337	80,826	162,542

10 Investments

The group qualifies as a small group, and consequently consolidated financial statements have not been prepared as permitted by Section 248 of the Companies Act 1985.

The Fund holds two £1 ordinary shares of IFAW Trading Limited, a company registered in England and Wales, which comprises the entire share capital. The investment is stated at cost of £2.

At 30 June 1996, IFAW Trading Limited had capital and reserves totalling £1,318 and made a loss of £411 during the year ended on that date.

11 Debtors

	1996 £	1995 £
Amounts falling due within one year		
Amounts owed by affiliates	135,442	27,793
Other debtors	75,857	33,797
Prepayments and accrued income	167,675	92,335
	378,974	153,925

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12 Cash at bank and in hand

All cash balances are available for use at the discretion of the directors.

13 Creditors: amounts falling due within one year

	1996 £	1995 £
Trade creditors	284,740	244,946
Amounts owed to affiliates	359,834	316,296
Other creditors	43,405	-
UK corporation tax	-	1,771
Other tax and social security	18,050	-
Accruals and deferred income	294,905	403,112
	<u>1,000,934</u>	<u>966,125</u>

14 Lease commitments

At 30 June 1996 the company had annual commitments under non-cancellable operating leases as follows:

	1996 £	1995 £
Land and buildings		
Expiring in over five years	<u>5,000</u>	<u>5,000</u>