

INTERNATIONAL FUND FOR ANIMAL
WELFARE

(A company limited by guarantee)

Annual report

for the year ended 30 June 1997

Registered no: 1556892



INTERNATIONAL FUND FOR ANIMAL WELFARE
(A company limited by guarantee)

Annual report
for the year ended 30 June 1997

Registered no: 1556892

	Pages
Directors and advisers	1
Chairman's statement	2 - 5
Directors' report	6 - 8
Report of the auditors	9
Statement of financial activities	10
Balance sheet	11
Cash flow statement	12
Notes to the financial statements	13 - 20

INTERNATIONAL FUND FOR ANIMAL WELFARE

(A company limited by guarantee)

1

Directors and advisers

Executive directors

Mrs J Kinloch
Mrs M Govoni
Ms K Cotton
Mr M F O'Connell

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

(A company limited by guarantee)

Chairman's statement

Statement of Programme Services rendered

Seals

Expenditure: £2,915,563

IFAW's seal team redoubled its efforts to stop the commercial seal hunt after sealers killed over a quarter of a million harp and hooded seals in 1996.

Our undercover investigators documented widespread cruelty and abuse during the hunt and provided videotape evidence which forced government officials to launch an ongoing investigation of cruel sealing practices. Additional IFAW efforts helped secure charges against 101 sealers, including the President (who has since resigned) and one third of the Executive Council of the Canadian Sealers' Association for illegally selling whitecoat harp and blueback hooded seal skins.

In March 1997, IFAW observers were assaulted by sealers as they attempted to document the illegal killing of protected whitecoat harp seals. Department of Fisheries officials refused to investigate the incident, despite clear videotape evidence of sealers taking white fur skins and leaving carcasses on the ice to rot. As a result, IFAW requested and was given a court warrant to search for evidence of the illegal trade in seal pups. Unfortunately, local police refused to intervene when a mob of sealers blocked the execution of the search warrant. The matter is now before the courts. Official government reports show that about 220,000 seal (8 out of 10 animals killed in 1997) were just days or weeks old.

Extensive national news coverage, newspaper advertisements and editorials condemning the hunt, mailings to supporters asking them to protest to government officials, and the collection of more than 700,000 petition signatures helped to ensure a massive public outcry against the hunt.

During the year, IFAW successfully blocked attempts to eliminate the UK sealskin labelling order and helped ensure that a proposed resolution, calling for the elimination of the European Union Ban on the import of whitecoat harp and blueback hooded seal products, was rejected by the IUCN (International Union for the Conservation of Nature). In South Africa, the moratorium on sealing saved another 30,000 seals this year.

IFAW also continues to campaign for protection of seals in Russia, Norway, Namibia, and other areas where seals are under threat.

Dogs and Cats

Expenditure: £2,446,373

Nearly £250,000 was donated by IFAW organizations across the globe to small, local shelters and humane centres in 10 countries through the Pet Rescue Grant Programme, helping to save thousands of dogs and cats, puppies and kittens from abandonment and abuse.

INTERNATIONAL FUND FOR ANIMAL WELFARE ³

(A company limited by guarantee)

Shelters funded through this programme are small, no-kill facilities, which require that all their adopted animals are spayed or neutered. Through the generosity of IFAW supporters worldwide, Pet Rescue helps supply veterinary treatment, for, daily animal care, emergency rescue, facility repair and construction, and educational outreach.

In the Philippines, IFAW investigations exposed continuing cruelties in dog markets. In December 1997, seventy eight dogs were rescued when IFAW joined with the Quezon City police force to arrest an illegal dog dealer.

In Thailand, IFAW uncovered a particularly cruel dog trade operation where the animals were brutally killed for human consumption. Local officials, upon viewing IFAW undercover footage, vowed to end the killing.

In the Ukraine, IFAW helped a local organization provide humane care for stray animals after a notorious cat and dog "death factory" had been shut down.

In China, IFAW staff and consultants continued working to persuade the government to initiate a nationwide anti-cruelty law. The Dr Dog programme celebrated its fifth anniversary, with volunteers bringing their dogs to visit the sick, elderly and disabled at more than 40 hospitals and centres across Hong Kong.

Hunting with dogs

Expenditure £1,045,897

IFAW launched a new joint initiative in the United Kingdom, **Campaign for the Protection of Hunted Animals**, with the RSPCA and League Against Cruel Sports. During this year's elections, an informational package on fox hunting was sent out to more than 1,700 prospective parliamentary candidates. A mailing was also sent out to local and national animal welfare groups, 32 of which - representing 1.2 million individuals - signed onto IFAW's anti-hunting letter to Tony Blair.

Towards the end of the financial year, these efforts paid off when Michael Foster, a Labour Member of Parliament, tabled a new draft law which potentially could abolish the "sport" of hunting wild mammals with dogs. The bill, called Wild Mammals (Hunting with Dogs) Bill, will be voted upon at a second reading on 28 November 1997. IFAW will step up its anti-hunt campaign to try to ensure that the bill gets through the complicated parliamentary process.

INTERNATIONAL FUND FOR ANIMAL WELFARE 4

(A company limited by guarantee)

Whales

Expenditure: £708,107

IFAW continued its efforts to bring commercial whaling to an end by conducting non-lethal scientific research, promoting whale watching as a viable economic alternative, and defending international laws protecting whales.

IFAW's whale campaigners and scientists prepared briefings on all whale downlisting proposals put forth at the 1997 Convention on International Trade in Endangered Species (CITES). They also organised and sponsored a symposium in Dominica to encourage opposition to the downlistings. As a result, all five of Japan's and Norway's proposals to downlist the great whales were rejected at the Convention.

Unfortunately, despite the CITES and International Whaling Commission resolutions against it, Japan and Norway continue their commercial whaling. Norway increased its catch beyond an already doubled quota of 425 whales, while Japan's fleet killed 77 whales in the north Pacific for alleged "scientific purposes". To refute their claims to the contrary, IFAW's scientists collected DNA fingerprints of whale meat on sale in Japan, proving protected species are being commercially killed.

IFAW organised and sponsored a workshop on Cape Cod this past summer, involving numerous organisations from around the world, to discuss and promote the educational value of whale watching.

IFAW's research vessel, Song of the Whale, visited Grenada and Puerto Rico to promote whale watching regulations and education initiatives with local government officials. In addition, the crew conducted acoustic surveys of harbour porpoises in the offshore fishing grounds near Cornwall, England, and the vaquita porpoise in Mexico. Song of the Whale's work with sperm whales was featured on television specials in the UK and in the US.

Elephants

Expenditure: £408,492

As part of IFAW's most far-reaching animal protection effort to date, \$500,000 (£310,000) of a five-year \$2.5 million pledge was donated to the South African National Parks Board to help expand protected habitat for elephants. At present, 250 elephants are roaming free at Addo Elephant National Park and 40 elephants have reintroduced to Marakele National Park. Nearly 20 baby elephants have been born at these parks in the past year.

As a result of poaching, the African elephant population had dropped from 1.3 million in 1979, to only 625,000 in 1989. In order to combat this commercially-driven massacre of elephants, the 1989 Convention on the International Trade in Endangered Species agreed to a complete ban on trade in ivory and elephant parts. That step has resulted in a dramatic decline in poaching throughout the majority of the elephant range states. However, at this year's CITES in Harare, three African countries (Botswana, Zimbabwe and Namibia) proposed a reopening of limited ivory trade with Japan. IFAW and the international conservation community, seeing it as leading to an increase in illegal and unregulated trade, aggressively campaigned to defeat the measure.

A compromise was ultimately reached whereby the three countries will be required to strengthen, over the next eighteen months, their anti-poaching and ivory control

INTERNATIONAL FUND FOR ANIMAL WELFARE 5

(A company limited by guarantee)

mechanisms before any trade can begin. It was also agreed that if an increase in poaching accompanied the ultimate reopening of trade, a complete ban would be reintroduced immediately.

Last autumn when investigators discovered 280 elephants had been illegally gunned down in a remote Mouadje jungle clearing in the Republic of the Congo, IFAW quickly assembled anti-poaching patrols to protect the area. Since the patrols were established, not one elephant has been killed there.

In Bangkok, IFAW helped locate and fund sanctuary for dozens of street elephants who roamed the city at night begging for food. They now have several hundred acres outside the city in which to wander, be fed and looked after.

Other campaigns

Expenditure: £2,114,028

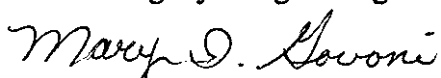
Much of IFAW's programme efforts around the world centred on preparing for the tenth meeting of CITES, held in Zimbabwe in June 1997. A worldwide team of IFAW scientists and issue experts compiled reports on all major proposals and resolutions, and campaigned extensively with officials from the one hundred and thirty five nations meeting to decide the fate of animal species ranging from the African elephant to the minke whale to the brown bear. Victories were won for the animals in 13 proposals voted on at CITES.

In China, the eight moon bears rescued from one of the county's worst bile farms stepped into protected freedom at an IFAW-funded sanctuary, the first of its kind in China. In additions, IFAW made a grant of \$75,000 (£46,000) to China's State Administration for Traditional Chinese Medicine to start a research programme to produce a safe and effective substitute for bear bile. Thanks to IFAW's efforts to date, the number of bears on bile farms in China has been reduced, in just two years, by 24 percent - from 10,000 to 7,632. Work continues to with Beijing's Ministry of Forestry and State Administration of Traditional Chinese Medicine to find a plant-derived substitute for bear bile for use in traditional Chinese medicine.

In Australia, IFAW stepped up efforts to stop the kangaroo slaughter by providing educational materials to children and conducting a conference to dispel myths about the kangaroo population. Undercover video footage supplied by IFAW resulted in court proceedings against one hunter for illegal kangaroo shooting.

In Indonesia, IFAW helped fund the Orangutan Survival Programme to establish an Orangutan rehabilitation station in the north of Sumatra as well as a nature reserve where the rehabilitated oranges can be reintroduced to the wild.

Thanks to pressure within the European Union from IFAW working closely with Compassion in World Farming and the RSPCA a new Protocol was adopted to be added to the Treaty of Rome classifying animals as sentient beings. Legislators will now be legally obliged to give consideration to animal welfare issues.



M Govoni
Chairman

INTERNATIONAL FUND FOR ANIMAL WELFARE 6

(A company limited by guarantee)

Directors' report for the year ended 30 June 1997

The directors present their report and the audited financial statements for the year ended 30 June 1997.

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 10.

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

Directors

The directors of the company during the year ended 30 June 1997 were:-

Mr B Davies	(resigned 30 June 1997)
Mrs J Kinloch	
Mrs M Govoni	
Ms K Cotton	

On 19 February M O'Connell was appointed as a director.

INTERNATIONAL FUND FOR ANIMAL WELFARE ⁷

(A company limited by guarantee)

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 1997. 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
International Fund for Animal Welfare (South Africa)	South Africa

INTERNATIONAL FUND FOR ANIMAL WELFARE 8

(A company limited by guarantee)

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.

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.

Mr B Davies, (and until 30 June 1997 Mrs J Kinloch, Mrs M Govoni and Ms K Cotton) were 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.

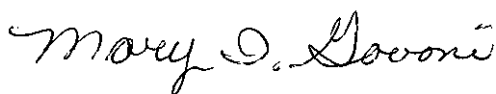
Mr B Davies, Mrs J Kinloch, Mrs M Govoni and Ms K Cotton are also the guarantors and directors of IFAW Promotions Limited. This company's principal activity is the operation of a lottery to raise funds to support the aims of the International Fund for Animal Welfare.

Details of amounts owing to and from these organisations and of transactions with them are set out in note 15 to the financial statements.

Auditors

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

By order of the board



M Govoni
Director

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 10 to 20.

Respective responsibilities of directors and auditors

As described on page 7, 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.

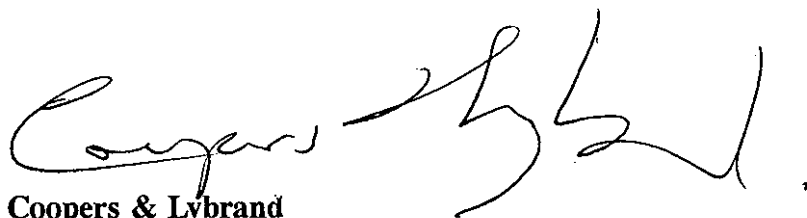
Basis of opinion

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 1997 and of its deficit 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**

30 APRIL 1998

INTERNATIONAL FUND FOR ANIMAL WELFARE ¹⁰

(A company limited by guarantee)

Statement of financial activities for the year ended 30 June 1997

	Notes	1997 £	1996 £
Income and expenditure account			
Income			
Donations	2	10,192,034	9,741,275
Net sweepstakes income	3	3,537,624	1,919,118
Other income and interest received	4	169,130	77,884
Total incoming resources		13,898,788	11,738,277
Resources expended			
Programme services	5	9,638,460	7,136,729
Fund raising expenses	5	3,218,987	2,031,256
Management and administration	5	1,157,944	736,627
Total resources expended	5	(14,015,391)	(9,904,612)
Net (outgoing)/incoming resources before taxation	5	(116,603)	1,833,665
Taxation charge	8	(14,186)	-
Net (outgoing)/incoming resources for the year		(130,789)	1,833,665
Movement on income and expenditure account			
Balance at 1 July 1996		3,134,739	1,301,074
Net resources expended/incoming resources for the year		(130,789)	1,833,665
Balance at 30 June 1997		3,003,950	3,134,739

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

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 ¹¹

(A company limited by guarantee)

Balance sheet at 30 June 1997

	Notes	1997		1996	
		£	£	£	£
Fixed assets					
Tangible assets	9		196,617		164,862
Investments	10		2		2
			<u>196,619</u>		<u>164,864</u>
Current assets					
Debtors: amounts falling due after more than one year	11	640,764	-		
Debtors: amounts falling due within one year	11	1,124,850	378,974		
Cash at bank and in hand	12	2,830,305	3,591,835		
		<u>4,595,919</u>	<u>3,970,809</u>		
Creditors: amounts falling due within one year	13	<u>(1,788,588)</u>	<u>(1,000,934)</u>		
Net current assets			<u>2,807,331</u>		<u>2,969,875</u>
Total assets less current liabilities			<u><u>3,003,950</u></u>		<u><u>3,134,739</u></u>
Capital and reserves					
Income and expenditure account			<u><u>3,003,950</u></u>		<u><u>3,134,739</u></u>

The financial statements on pages 10 to 20 were approved by the board of directors on 27 April 1998 and were signed on its behalf by:

Mary J. Govoni

M Govoni
Director

INTERNATIONAL FUND FOR ANIMAL WELFARE ¹²

(A company limited by guarantee)

Cash flow statement for the year ended 30 June 1997

	1997 £	1996 £
Net (outgoing)/incoming resources	(118,032)	1,833,665
Interest received	(168,302)	(75,329)
Depreciation	52,260	43,023
Loss on sale of fixed assets	-	19,694
(Increase)/decrease in debtors	716,118	(279,162)
(Increase)/decrease in creditors	(727,861)	88,920
Net cash inflow from operating activities	(245,817)	1,630,811
Returns on investments and servicing of finance		
Interest received	168,302	75,329
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(84,015)	(65,035)
Loan to affiliate (see note 15(c))	(600,000)	-
	(684,015)	(65,035)
(Decrease)/increase in cash balances	(761,530)	1,641,105
Changes in cash balances		
At 1 July 1996	3,591,835	1,950,730
Net cash (outflow)/inflow	(761,530)	1,641,105
At 30 June 1997	2,830,305	3,591,835

INTERNATIONAL FUND FOR ANIMAL WELFARE ¹³

(A company limited by guarantee)

Notes to the financial statements for the year ended 30 June 1997

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.

INTERNATIONAL FUND FOR ANIMAL WELFARE ¹⁴

(A company limited by guarantee)

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:-

	1997 £	1996 £
United Kingdom	10,153,512	9,713,215
Rest of Europe	38,522	28,060
	<u>10,192,034</u>	<u>9,741,275</u>

3 Sweepstakes income

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

	1997 £	1996 £
Proceeds	6,026,177	4,222,278
Cost	(2,488,553)	(2,303,160)
	<u>3,537,624</u>	<u>1,919,118</u>

4 Other income and interest received

	1997 £	1996 £
Interest received	168,302	75,329
Surplus from sale of Christmas cards	621	1,621
Other income	207	934
	<u>169,130</u>	<u>77,884</u>

INTERNATIONAL FUND FOR ANIMAL WELFARE ¹⁵

(A company limited by guarantee)

5 Operating expenditure

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

	1997 £	1996 £
Loss on disposal of fixed assets	-	19,694
Auditors' remuneration	19,000	19,000
Depreciation	52,260	43,023
	<u> </u>	<u> </u>

(b) Operating expenditure is analysed as follows:-

	1997			1996	
	Programme services £	Fund raising £	General and admini- strative £	Total £	Total £
Public education and development programmes	2,931,319	1,561,631	-	4,492,950	4,223,249
Grants to affiliates	2,846,576	365,932	-	3,212,508	1,162,869
Donations to affiliates	108,571	-	-	108,571	90,000
Other donations	591,569	-	-	591,569	324,372
Salaries, wages and professional fees	1,117,416	271,845	156,441	1,545,702	1,198,555
Operations	2,043,009	1,019,578	1,001,503	4,064,091	2,905,567
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	9,638,460	3,218,987	1,157,944	14,015,391	9,904,612
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(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 1997, £2,415,659 of these services (1996: £1,390,380) 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:

	1997 £	1996 £
Programme services	1,036,180	521,666
Fund raising	821,939	614,569
General and administrative	557,540	254,145
	<u> </u>	<u> </u>
	2,415,659	1,390,380
	<u> </u>	<u> </u>

INTERNATIONAL FUND FOR ANIMAL WELFARE ¹⁶

(A company limited by guarantee)

6 Directors' emoluments

The directors did not receive any emoluments from the company for the year ended 30 June 1997 (1996: £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:

	1997 Number	1996 Number
Operations and administration	48	36

	1997 £	1996 £
Staff costs		
Wages and salaries	799,522	474,196
Social security costs	82,292	49,549
Other pension costs	40,412	18,933
	<u>922,226</u>	<u>542,678</u>

8 Taxation

	1997 £	1996 £
United Kingdom corporation tax comprises:		
Tax on interest at 23.75%		
Current tax	<u>14,186</u>	<u>-</u>

There was no charge to taxation in 1996 since charitable donations exceed taxable interest income.

INTERNATIONAL FUND FOR ANIMAL WELFARE ¹⁷

(A company limited by guarantee)

9 Tangible fixed assets

	Leasehold improvements £	Programme equipment £	Fixtures and fittings £	Total £
Cost				
At 1 July 1996	61,266	18,863	153,261	233 390
Additions	2,115	39,990	41,910	84,015
Disposals	-	(1,833)	(10,137)	(11,970)
At 30 June 1997	63,381	57,020	185,034	305,435
Depreciation				
At 1 July 1995	9,939	10,659	47,930	68,528
Charge for year	5,155	7,664	40,441	52,260
Disposals	-	(1,833)	(10,137)	(11,970)
At 30 June 1997	14,094	16,490	78,234	108,818
Net book value				
At 30 June 1997	49,287	40,530	106,800	196,617
Net book value				
At 30 June 1996	51,327	8,204	105,331	164,862

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 1997, IFAW Trading Limited had a surplus on capital and reserves totalling £210 (1996: £1,393) and made a loss of £1,183 (1996: £366) during the year ended on that date.

INTERNATIONAL FUND FOR ANIMAL WELFARE 18

(A company limited by guarantee)

11 Debtors

	1997 £	1996 £
Amounts falling due after more than one year		
Loan to affiliate (see note 15(c))	640,764	-
Amounts falling due within one year		
Loan to affiliate (see note 15(c))	16,586	-
Amounts owed by affiliates (see note 15 (d))	811,519	135,442
Other debtors	130,515	75,857
Prepayments and accrued income	166,230	167,675
	<u>1,124,850</u>	<u>378,974</u>

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

	1997 £	1996 £
Trade creditors	744,729	284,740
Amounts owed to affiliates	647,903	359,834
Other creditors	156	43,405
Corporation tax	14,186	-
Other tax and social security	44,032	18,050
Accruals and deferred income	337,582	294,905
	<u>1,788,588</u>	<u>1,000,934</u>

14 Lease commitments

At 30 June 1997 the company had annual commitments under non-cancellable operating leases as follows:

	1997 £	1996 £
Land and buildings		
Expiring in over five years	5,000	5,000

INTERNATIONAL FUND FOR ANIMAL WELFARE ¹⁹

(A company limited by guarantee)

15 Related party transactions

(a) Charge for service

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 1997 amounted to £2,163,522 (1996: £1,131,492).

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 £252,137 (1995: £182,958).

(b) Grants and donations

The following grants and donations to and from affiliates were made during the year:

Grants received	1997	1996
	£	£
International Fund for Animal Welfare (USA)	20,895	635,558
Other	1,747	12,360
	<u>22,642</u>	<u>647,918</u>
Donations made		
IFAW Charitable Trust	108,571	90,000
Grants made	1997	1996
	£	£
International Fund for Animal Welfare (USA)	1,322,905	469,743
Brian Davies Foundation, Inc	833,539	-
International Fund for Animal Welfare South Africa	2,740,079	172,424
International Fund for Animal Welfare (USA) Inc	242,000	-
International Marine Mammal Associations, Inc	233,003	140,249
International Fund for Animal Welfare Inc (Canada)	232,865	-
International Fund for Animal Welfare France	71,515	34,488
Stichting IFAW	-	179,958
Internationaler Tierschutz - Fonds GmbH	-	163,069
Other	2,602	2,938
	<u>3,212,508</u>	<u>1,162,869</u>

INTERNATIONAL FUND FOR ANIMAL WELFARE 20

(A company limited by guarantee)

(c) Loans

During the year, the company loaned the sum of £600,000 to the Political Animal Lobby Limited. The loan is repayable by monthly instalments commencing in August 1997 and terminating in 2010. the loan carries interest at 2% over the Lloyds Bank base rate subject to a minimum rate of 10% per annum. The capital amount and accrued interest at 30 June 1997 was £657,350.

(d) Other balances with affiliates

	1997 £	1996 £
Debtors: amounts falling due within one year		
International Fund for Animal Welfare (USA) Inc	532,077	27,156
International Fund for Animal Welfare Germany	154,214	3,503
Political Animal Lobby Limited	7,794	18,287
International Fund for Animal Welfare Netherlands	41,722	3,728
International Fund for Animal Welfare South Africa	31,168	16,320
International Fund for Animal Welfare Inc (Canada)	28,743	24,166
Animal Action Committee Inc.	7,422	34,394
Other	8,379	7,888
	<u>811,519</u>	<u>135,442</u>
Creditors: amounts falling due within one year		
International Fund for Animal Welfare (USA)	632,903	357,654
IFAW Charitable Trust	15,000	-
Other	-	2,180
	<u>647,903</u>	<u>359,834</u>

(e) Post balance sheet event

Subsequent to the balance sheet date the International Fund for Animal Welfare entered into a licence agreement with the former Chairman, Brian Davies, for exclusive use of his name. Brian Davies' compensation under this agreement extends until February 2005. The compensation under this agreement for the year ending 30 June 1998 will amount to \$400,000.