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Registered no: 1556892

INTERNATIONAL FUND FOR ANIMAL
WELFARE

(A company limited by guarantee)

Annual report

for the year ended 30 June 1998



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

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for the year ended 30 June 1998

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INTERNATIONAL FUND FOR ANIMAL WELFARE
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Directors and advisers

Executive directors

J Kinloch
M Govoni
K Cotton
M F O'Connell
A Fitzgerald
S Albregts

Secretary and registered office

Mr M Espley
55A Welbeck Street
LONDON
W1M 7HD

Registered auditors

PricewaterhouseCoopers
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 **(A company limited by guarantee)**

Chairman's statement

Statement of Programme Services rendered

COMMERCIAL EXPLOITATION AND TRADE - £3,681,414

History has proven that large-scale commercial killing and trade of wild animals causes tremendous suffering and almost inevitably depletes species, pushing many to the brink of extinction. Skyrocketing demand for animal parts has also spawned sophisticated global networks of poachers, smugglers and dealers, making wildlife protection increasingly difficult and dangerous.

This year, IFAW responded to this the increasing threat by launching its new Commercial Exploitation and Trade Programme to oppose the most abusive forms of commercial exploitation and encourage more benign alternatives such as ecotourism.

Throughout the year, we focused our efforts on the global campaigns to stop Canada's inherently cruel and unsustainable commercial seal hunt, on halting the expansion of the worldwide whaling industry, and exposing the illegal killing and unsustainable hunting that could easily wipe out what remains of the African elephant.

In Canada, our substantial grassroots ACATCSH (Canadians Against the Commercial Seal Hunt) campaign was supported by substantial national television and print advertising, major rallies and demonstrations, mailings to supporters, and efforts to educate key opinion leaders through face-to-face meetings and at our annual Seal Watch. Similar, but smaller scale efforts were undertaken in the United States and Europe.

A powerful telephoto lens, mounted on a helicopter allowed IFAW investigators to document widespread cruelty during the spring hunt and has resulted in yet another investigation by Canadian officials. In addition, IFAW launched lawsuits charging that the sale of seal genitals as aphrodisiacs is illegal under Canadian law and that the Canadian government is illegally obstructing the public's constitutional right to observe the seal hunt. Campaigns to end similar hunts in Russia and Namibia and to encourage benign Seal Watch ecotourism in the United Kingdom are also continuing.

As Norway and Japan increased their killing of whales, IFAW continued to focus its efforts on the proceedings of the International Whaling Commission (IWC), the global authority for regulating whaling. As in previous years, IFAW contributed substantially to IWC deliberations at all levels, with a strong scientific, technical and media presence at both meetings held during this fiscal year. In addition to the two Scientific Committee meetings, IFAW also funded contributions to the IWC workshop on right whales.

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IFAW has also continued to fund DNA analysis of whale products on the retail market in collaboration with researchers at the University of Auckland, New Zealand. The results of the 1997 study which found protected whale species on sale were published worldwide, including in Japan. The IFAW report "Whale for sale" published in 1998 received worldwide media coverage including the Japanese media. The report demonstrated that meat from protected species remains on sale in Japan. This evidence will be used to try and convince the government of Japan to take measures to control these activities.

A series of five IFAW-hosted workshops covering various aspects of whale watching was also continued. A workshop on the legal aspects of whale watching was held in Punta Arenas, Chile followed by the last of the series on the socio-economic aspects of whale watching, held in Kaikoura, New Zealand. The report of the latter workshop was presented to the Oman meeting of the IWC by the government of New Zealand. IFAW also campaigned extensively to protect African elephants through its five-year, \$2.5 million dollar agreement with the South African National Parks to expand protected range land where no elephants will be culled. IFAW also continues to campaign vigorously and provide expert testimony on the need to protect elephants from the commercial sale of ivory. IFAW staff and consultants also worked to educate the international World Trade Organization (WTO) and other groups on the need to control trade in animal parts. IFAW-funded anti-poaching operations in Queen Elizabeth National Park and Kidepo National Park in Uganda also continue to help undo the damage caused by years of commercial hunting for the ivory trade.

ANIMALS IN CRISIS AND DISTRESS - £5,507,644

Animals in Crisis and Distress contains a portfolio of campaigns, projects, and grant aided activities that represent very disparate parts of IFAW's work.

China Moon Bears

In 1993 IFAW exposed 10,000 moon bears that were kept in cruel confinement and forced to live with surgical implants so that their bile could be extracted for use in traditional Chinese medicine. An IFAW-funded Beijing bear farm investigation resulted in regulations improving conditions for bears on farms, including confinement only during the minutes of bile extraction.

In July, IFAW launched a new program called "Cruelty Doesn't Cure," which encourages traditional Chinese medicine (TCM) practitioners around the world to replace preparations which contain animal ingredients with non-endangered plant substitutes.

Campaign to End Hunting with Dogs

IFAW has a unique profile as an animal welfare organization which has concentrated its major campaigns on helping wildlife.

After a national educational campaign in support of a bill to ban the practice of hunting down wild animals with dogs, British citizens wrote 96,000 letters to Members

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of Parliament. The massive efforts resulted in an overwhelming House of Commons vote to support a ban on foxhunting.

Pet Rescue Programme

Pet Rescue grants in fiscal 1998 were awarded to groups in Australia, France, Germany, Holland, Russia, South Africa, United Kingdom, and the United States. The shelters chosen to receive grants are dedicated to preserving life.

Emergency Relief

IFAW emergency Relief responds when a call comes in to ease an animal's suffering or to aid whole populations of animals threatened by disaster. This year young drill monkeys confiscated by customs officials at Manila Airport in the Philippines were returned to their native Africa where they will be rehabilitated and released to a free and protected life.

Throughout the year, IFAW responded to natural disasters as well. In Germany, the Midwest United States, and Canada where floods occurred, IFAW funded emergency action by local shelters and airlifted stranded animals to safety. In Italy IFAW funded shelters struck by earthquakes. In Indonesia where fires have destroyed tropical forests, IFAW is funding a local group working to protect orangutan species that are in danger of being killed. In Australia, koalas that have survived fires will continue to recuperate in an IFAW-built enclosure. IFAW sent experts to Japan to help clean and tube feed hundreds of seabirds who survived a massive oil spill. IFAW is increasing its network of trained rescue professionals to provide abused and abandoned animals with emergency assistance throughout the world.

HABITAT - £1,318,707

Habitat for Animals is an exciting new programme area that deals with major threats to animals and their habitat worldwide. In the past year IFAW has awarded the third-year grant of a five year pledge to fund the South Africa National Parks Board land purchase in order to secure and expand elephant habitat. A grant for continued anti-poaching patrol in the Kidepo National Park and Queen Elizabeth National Park in Uganda was also made. In Asia, IFAW assisted in easing the tensions between local farmers and Asian elephants in the Simao area where clashes between humans and animals have become more frequent and deadly.

Funding for snow leopard conservation has resulted in training workshops for park field staff and wildlife managers, expanded status surveys, non-invasive DNA analysis, and education awareness for locals in the 13 central Asian mountain countries where snow leopards are found. These effective measures also helped to save the fragile, high altitude ecosystem which supports a critical watershed for the valleys and plains where human activity is concentrated.

Funding was provided for a third annual Baja Whale Watch in conjunction with the Natural Resources Defense Council to continue to raise public awareness to the plight of the Pacific Gray Whales calving lagoon. Efforts continued to block a large multinational corporation from constructing a salt evaporation plant on the shores of Laguna San Ignacio, and research related to the campaign to preserve Laguna San

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Ignacio, as well as for coalition building, capacity building and coordination related to IFAW's international, US and Mexican ENGO partners was funded.

Habitat supports continued efforts to address problems of right whales and ship strikes by helping to create industry regulation, and promoting education, training and research and development.

PUBLIC AFFAIRS - \$1,455,438

Through its work in media and communications, government relations and public education, IFAW has enhanced its effectiveness in the public affairs arena over the past year.

The organization held dozens of news conferences and press briefings during this period and worked daily to inform the news and entertainment media with compelling animal stories and messages. Key campaigns and efforts were highlighted in video news releases distributed to television outlets and aired nationally and internationally covering issues from the rescue of African wildlife to commercial whaling.

IFAW-produced public service announcements on animal themes were selected for award recognition and translated into four languages for international use. IFAW advocacy advertising translated issues into action by the public in countries around the world where IFAW used this awareness-raising tool.

IFAW's efforts to educate elected and appointed government decision makers and staff continued this year with the sponsoring of educational experiences such as Seal Watch and Whale Watching experiences, each staffed with experienced scientific representatives to brief participants and answer questions. Support was also given to key networks of leaders such as the Global Legislators Organization for a Balanced Environment (GLOBE) and other affiliations of environment and animal-friendly leaders.

IFAW's public education work expanded during this period, with the distribution of printed materials, photographs and videos to schoolchildren in IFAW countries around the world. The organization repeated its very successful educational program in the Caribbean during this period, focusing on elementary and secondary school students and acquainting them with the animals and animal habitats in their region.

Throughout this fiscal year, plans were developed to significantly enhance the efficiency and effectiveness of the IFAW Public Affairs function by adding state-of-the-art support services and systems to IFAW's work in these areas over the course of the next year.

Mary D. Savoni

M. D. SAVONI

Director

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Directors' report for the year ended 30 June 1998

The directors present their report and the audited financial statements for the year ended 30 June 1998.

Principal activities

The purpose of the IFAW is the prevention of cruelty to animals and the promotion of awareness of issues related to wildlife and domestic animals. Through scientific research, educational work, media advocacy and support for key projects, IFAW works to prevent commercial exploitation and trade of wild animals, rescue animals in distress and protect animal habitat around the world.

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 1998 were:-

J Kinloch	
M Govoni	
K Cotton	
M O'Connell	(appointed 19 February 1998)
A Fitzgerald	(appointed 19 June 1998)
S Albregts	(appointed 19 June 1998)

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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 1998. 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
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

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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.

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.

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

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1997, following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers, as auditors. A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

Mary J. Govoni
Director

M. Govoni

**Report of the auditors to the members of
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We have audited the financial statements on pages 11 to 21 that have been prepared under the historical cost convention and the accounting policies set out on pages 14 and 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 7 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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.

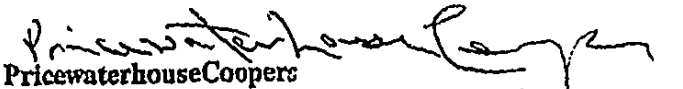
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Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 1998 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

13 April 1999.

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Statement of financial activities for the year ended 30 June 1998

	Notes	1998 £	1997 £
Income and expenditure account			
Income			
Donations	2	14,045,542	10,192,034
Net sweepstakes income	3	3,388,256	3,537,624
Other income and interest received	4	167,933	169,130
		<u>17,601,731</u>	<u>13,898,788</u>
Total incoming resources			
Resources expended			
Programme services	5	11,963,203	9,638,460
Fund raising expenses	5	4,027,287	3,218,987
Management and administration	5	1,039,245	1,157,944
		<u>(17,029,735)</u>	<u>(14,015,391)</u>
Total resources expended			
Net incoming/(outgoing) resources before taxation	5	571,996	(116,603)
Taxation charge	8	-	(14,186)
		<u>571,996</u>	<u>(130,789)</u>
Net incoming/(outgoing) resources for the year			
Movement on income and expenditure account			
Balance at 1 July 1997		3,003,950	3,134,739
Net incoming/(outgoing) resources for the year		571,996	(130,789)
		<u>3,575,946</u>	<u>3,003,950</u>
Balance at 30 June 1998			

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.

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Balance sheet at 30 June 1998

	Notes	1998		1997	
		£	£	£	£
Fixed assets					
Tangible assets	9		206,175		196,617
Investments	10		2		2
			<u>206,177</u>		<u>196,619</u>
Current assets					
Debtors: amounts falling due after more than one year	11	611,520		640,764	
Debtors: amounts falling due within one year	11	1,770,772		1,124,850	
Cash at bank and in hand	12	1,744,178		2,830,305	
		<u>4,126,470</u>		<u>4,595,919</u>	
Creditors: amounts falling due within one year	13	(756,701)		(1,788,588)	
Net current assets			<u>3,369,769</u>		<u>2,807,331</u>
Total assets less current liabilities			<u>3,575,946</u>		<u>3,003,950</u>
Capital and reserves					
Income and expenditure account			<u>3,575,946</u>		<u>3,003,950</u>

The financial statements on pages 11 to 21 were approved by the board of directors on 18 MARCH 1999 and were signed on its behalf by:

Mary D. Gosni
Director

M. Gosni

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Cash flow statement
for the year ended 30 June 1998

	1998 £	1997 £
Net incoming/(outgoing) resources	571,996	(116,603)
Interest received	(167,076)	(168,302)
Depreciation	77,076	52,260
Decrease/(increase) in debtors	905,435	(786,640)
(Decrease)/increase in creditors	(1,017,701)	773,468
	<u>369,730</u>	<u>(245,817)</u>
Net cash inflow(outflow) from operating activities		
Returns on investments and servicing of finance		
Interest received	167,076	168,302
Taxation		
UK corporation tax paid	(14,186)	-
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(86,634)	(84,015)
Loan to affiliate (see note 15 (c))	(1,522,113)	(600,000)
	<u>(1,609,747)</u>	<u>(684,015)</u>
(Decrease) in cash balances	<u>(1,086,127)</u>	<u>(761,530)</u>
Changes in cash balances		
At 1 July 1997	2,830,305	3,591,835
Net cash (outflow)	(1,086,127)	(761,530)
	<u>1,744,178</u>	<u>2,830,305</u>
At 30 June 1998		

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Notes to the financial statements for the year ended 30 June 1998

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 11 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:-

	1998 £	1997 £
United Kingdom	14,029,067	10,153,512
Rest of Europe	16,475	38,522
	<u>14,045,542</u>	<u>10,192,034</u>

3 Sweepstakes income

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

	1998 £	1997 £
Proceeds	7,211,150	6,026,177
Cost	(3,822,894)	(2,488,553)
	<u>3,388,256</u>	<u>3,537,624</u>

4 Other income and interest received

	1998 £	1997 £
Interest received	167,076	168,302
Other income	857	828
	<u>167,933</u>	<u>169,130</u>

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5 Operating expenditure

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

	1998 £	1997 £
Auditors' remuneration	18,100	19,000
Depreciation	<u>77,077</u>	<u>52,260</u>

(b) Operating expenditure is analysed as follows:-

	1998			1997	
	Programme services £	Fund raising £	General and admini- strative £	Total £	Total £
Public education and development programmes	3,559,081	1,999,852	-	5,558,933	4,492,950
Grants to affiliates	3,482,448	-	-	3,482,448	3,212,508
Donations to affiliates	175,000	-	-	175,000	108,571
Other donations	804,791	13	4	804,808	591,569
Salaries, wages and professional fees	1,653,591	521,524	136,921	2,312,036	1,545,702
Operations	<u>2,288,292</u>	<u>1,505,898</u>	<u>902,320</u>	<u>4,696,510</u>	<u>4,064,091</u>
Total expense	<u>11,963,203</u>	<u>4,027,287</u>	<u>1,039,245</u>	<u>17,029,735</u>	<u>14,015,391</u>

6 Directors' emoluments

The directors did not receive any emoluments from the company for the year ended 30 June 1998 (1997: £nil).

7 Employee information

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

	1998 Number	1997 Number
Operations and administration	<u>50</u>	<u>48</u>

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	1998 £	1997 £
Staff costs		
Wages and salaries	1,035,049	799,522
Social security costs	89,363	82,292
Other pension costs	93,325	40,412
	<u>1,217,737</u>	<u>922,226</u>

8 Taxation

	1998 £	1997 £
United Kingdom corporation tax comprises:		
Tax on interest at 23.75%	-	14,186
Current tax	<u>-</u>	<u>14,186</u>

9 Tangible fixed assets

	Leasehold improvements £	Programme equipment £	Fixtures and fittings £	Total £
Cost				
At 30 June 1997	63,381	57,020	185,034	305,435
Additions	-	7,749	78,885	86,634
Disposals	-	(5,340)	(20,879)	(26,219)
	<u>63,381</u>	<u>59,429</u>	<u>243,040</u>	<u>365,850</u>
At 30 June 1998				
Depreciation				
At 30 June 1997	14,094	16,490	78,234	108,818
Charge for year	4,226	11,943	60,907	77,076
Disposals	-	(5,340)	(20,879)	(26,219)
	<u>18,320</u>	<u>23,093</u>	<u>118,262</u>	<u>159,675</u>
At 30 June 1998				
Net book value				
At 30 June 1998	<u>45,061</u>	<u>36,336</u>	<u>124,778</u>	<u>206,175</u>
At 30 June 1997	<u>49,287</u>	<u>40,530</u>	<u>106,800</u>	<u>196,617</u>

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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 1998, IFAW Trading Limited had a surplus on capital and reserves totalling £1,175 (1997: £210) and made a loss of £1,183 (1997: £366) during the year ended on that date.

11 Debtors

	1998 £	1997 £
Amounts falling due after more than one year		
Loan to affiliate (see note 15 (c))	-	640,764
Other debtors (see below)	611,520	-
	<u>611,520</u>	<u>640,764</u>
Amounts falling due within one year		
Amounts owed by affiliates (see note 15 (c))	1,613,215	828,105
Other debtors (see below)	120,928	130,515
Prepayments and accrued income	36,629	166,230
	<u>1,770,772</u>	<u>1,124,850</u>
Total debtors	<u>2,382,292</u>	<u>1,765,614</u>

Other debtors at 30 June 1998 include a loan to a former affiliate which carries interest at 2% above the Lloyds Bank base rate subject to a minimum rate of 10% per annum. The loan is repayable by 2010. The capital amount and accrued interest at 30 June 1998 was £640,704 of which £29,299 falls due within one year and £611,520 after more than one year.

12 Cash at bank and in hand

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

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13 Creditors: amounts falling due within one year

	1998 £	1997 £
Trade creditors	344,068	744,729
Amounts owed to affiliates	-	647,903
Other creditors	-	156
Corporation tax	-	14,186
Other tax and social security	39,547	44,032
Accruals and deferred income	373,086	337,582
	<u>756,701</u>	<u>1,788,588</u>

14 Lease commitments

At 30 June 1998 the company had annual commitments under non-cancellable operating leases as follows:

	1998 £	1997 £
Land and buildings		
Expiring in over five years	<u>83,425</u>	<u>5,000</u>

15 Related party transactions

(a) Charge for services

The company's US affiliate provides certain record keeping and management services for the company. These services are provided to the company at cost plus 10% fee, which in the opinion of the directors approximates to fair market value. Cost is determined based on the company's relative share of IFAW's worldwide active membership. As of March 1998, the US affiliate expanded its management services contract to include an additional 10% fee on all direct costs incurred on behalf of the company. These costs are included within the figures for operations shown in note 5(b) under the following headings:

	1998 £	1997 £
Programme services	869,892	1,036,180
Fund raising	1,033,541	821,939
General and administrative	616,631	557,540
	<u>2,520,064</u>	<u>2,415,659</u>

INTERNATIONAL FUND FOR ANIMAL WELFARE

(A company limited by guarantee)

(b) Grants and donations

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

Grants received	1998 £	1997 £
IFAW Promotions Limited	1,800,000	-
International Fund for Animal Welfare (USA)	6,099	20,895
International Fund for Animal Welfare Inc (Canada)	8,299	-
Other	4,982	1,747
	<u>1,819,380</u>	<u>22,642</u>
Donations made		
IFAW Charitable Trust	175,000	108,571
Grants made	1998 £	1997 £
International Fund for Animal Welfare (USA)	1,872,100	1,322,905
Brian Davies Foundation, Inc	-	833,539
International Fund for Animal Welfare South Africa	268,729	274,079
International Fund for Animal Welfare (USA) Inc	592,771	242,000
International Marine Mammal Associations, Inc	272,476	233,003
International Fund for Animal Welfare Inc (Canada)	395,109	232,865
International Fund for Animal Welfare France	75,000	71,515
International Fund for Animal Welfare Germany	5,042	-
Other	1,221	2,602
	<u>3,482,448</u>	<u>3,212,508</u>

INTERNATIONAL FUND FOR ANIMAL WELFARE

(A company limited by guarantee)

(c) Balances with affiliates

	1998	1997
	£	£
Debtors: amounts falling due after more than one year		
Political Animal Lobby Limited *	-	640,764
	<u> </u>	<u> </u>
Debtors: amounts falling due within one year		
International Tierschutz Fonds GmbH (see below)	1,522,113	-
International Fund for Animal Welfare (USA) Inc	6,544	532,077
International Fund for Animal Welfare Germany	8,429	154,214
Political Animal Lobby Limited *	-	7,794
International Fund for Animal Welfare Netherlands	6,906	41,722
International Fund for Animal Welfare South Africa	3,763	31,168
International Fund for Animal Welfare Inc (Canada)	8,229	28,743
Animal Action Committee Inc.	-	7,422
Other	2,831	8,379
	<u>1,613,215</u>	<u>811,519</u>
	<u> </u>	<u> </u>
	1998	1997
	£	£
Creditors: amounts falling due within one year		
International Fund for Animal Welfare (USA)	-	632,903
IFAW Charitable Trust	-	15,000
	<u> </u>	<u> </u>
	-	647,903
	<u> </u>	<u> </u>

The loan to International Tierschutz - Fonds GmbH carries interest at 5% per annum and was repaid on 8 January 1999. All other balances at 30 June 1998 represent current accounts.

* Political Animal Lobby Limited is no longer an affiliate.