

International Fund for Animal Welfare IFAW in Action

(A UK company limited by guarantee)

Company registered no: 1556892

Annual report and financial statements

for the year ended 30 June 2017

**International Fund for Animal Welfare IFAW in Action
(A company limited by guarantee)**

**Annual report and financial statements
for the year ended 30 June 2017**

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International Fund for Animal Welfare IFAW in Action (A company limited by guarantee)

Directors and advisors

Directors	Kathleen Savesky Buckley Mark T. Beaudouin Barbara U. Birdsey James C. Costa Alexandra Denman (resigned June 30, 2017) Joyce C. Doria Margo L. Fitzpatrick (appointed February 9, 2017) Brian W. Hutchinson (resigned January 24, 2017) Margaret A. Kennedy Catherine H. Lilly Gregory J. Mertz (appointed February 9, 2017) David A. Metzler (resigned June 30, 2017) Debobrata Mukherjee Thomas P. O'Neill, III Susan J. Wallace
Company Secretary	Brian W. Hutchinson (resigned January 24, 2017) 11 Ferndale Road London SW4 7RJ
Independent auditors	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB
Solicitors	Bates, Wells & Braithwaite 10 Queen Street Place London EC4R 1BE
Bankers	HSBC UK 28 Borough High Street London SE1 1YB
Registered Office	87-90 Albert Embankment London SE1 7UD

International Fund for Animal Welfare IFAW in Action (A company limited by guarantee)

Directors' report for the year ended 30 June 2017

The Directors present their annual report and the audited financial statements of the company for the year ended 30 June 2017.

Principal activities

International Fund for Animal Welfare IFAW in Action, a UK company limited by guarantee (hereinafter the "company" or "IFAW IA"), is part of a worldwide group of non-profit organisations, which collectively comprise the International Fund for Animal Welfare ("IFAW"). IFAW has offices in fifteen countries and supports animal welfare and conservation projects in more than forty countries around the world. The mission of IFAW is: *IFAW rescues and protects animals around the world.*

Review of business and future developments

With respect to programmatic activities, the company made important contributions to animal welfare and habitat protection through a combination of direct expenses and grants, working in the United Kingdom and internationally as an integral part of IFAW's global campaigns.

Most of IFAW IA direct expenses and grants went to funding the activities managed through IFAW's Russia office. These activities focused on protecting amur tigers, saiga antelopes, beluga and grey whales and orphaned bears. They also included work to end illegal wildlife trade.

Early in fiscal year 2018, the Organization undertook a comprehensive review and assessment of its programmatic and operational activities in Russia. This assessment took into consideration strategic importance, political climates, programmatic impact and financial costs. In January 2018, the Organization took a decision to commence the process of winding down operations in Russia in Fiscal Year 2018. Although the Russia-based operations constitute the majority of the entity's activities, IIA currently intends to remain operative in the foreseeable future.

IFAW in Action expenditures for institutional shared costs (ISC) help fund mostly U.S.-based staff and facilities responsible for program policy and leadership, direct mail education/awareness production and logistics, and supporter services for all of IFAW global animal welfare campaigns and projects.

Program activities

Programmatic work through the IFAW in Action Russia office continued to contribute to IFAW's overall institutional efforts on behalf of wildlife welfare, marine conservation and wildlife crime as well as specific initiatives in Russia. This work was accomplished through partnerships with government agencies, Academy of Science, veterinarians and other NGOs, by providing strategic funding where necessary and through direct education and advocacy initiatives.

The major areas of our work were wildlife crime capacity-building and enforcement, marine conservation, and wildlife rescue-rehab-release. Education and policy advocacy components are woven throughout each priority area of action.

WILDLIFE CRIME CAPACITY-BUILDING AND ENFORCEMENT

Saiga Antelope

In the summer of 2016, to better protect saiga antelopes, Stepnoy Sanctuary staff cleared roads and ploughed fire-prone plots to minimize the damage of fires on the endangered saiga antelope calves. IFAW funded the purchase of petrol for the graders and a solar panel at the Sanctuary's lodge for

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Directors' report for the year ended 30 June 2017 (continued)

light and electricity. IFAW also purchased two camera traps which will be used to document events taking place in the steppe hidden from the unaided eye. The staff continues to patrol the sanctuary for poachers with the help of IFAW funding.

For several years, IFAW has been working with staff in the Stepnoy Sanctuary, an area of 109,000 hectares in the Limansky District of the Astrakhan Region of Russia, to protect the endangered saiga antelope. IFAW is supporting conservation and anti-poaching efforts, environmental education, and public awareness activities. This includes purchase of tractors, 4WD minivans, motorcycles, ranger uniforms as well as gas and spare parts for the vehicles.

IFAW created an educational presentation pack devoted to the saiga antelope. The antelope's habitat in Russia and Central Asia has seen its population fall by 90% in recent decades, due to the demand for the saiga horns in TM. The presentation pack consists of classroom lessons, a film and a booklet for teachers. Nearly two thousand schools and educational organizations participated in the educational program.

Through April-May 2017, our Saiga exhibition -- a joint project of IFAW and the Darwin Museum -- was on display at Darwin Museum in Moscow.

In May of every year, saiga antelope calving begins in the Stepnoy Sanctuary. Sanctuary staff prepare the area for calving, primarily by closing roads to vehicles during calving season, taking fire prevention measures and freshening information signs in the sanctuary. Significantly – despite difficult conditions created when 37 fires were started by lightning strikes during two days of dry thunderstorms at the end of July – the Stepnoy rangers stopped the fires from spreading. There had been no wild fires at Stepnoy for the previous three years and not a single case of saiga poaching due to the excellent work of the Stepnoy team.

However, in May 2017, the annual routine was complicated when Astrakhan Oblast experienced hurricane-force winds and a total lack of rain which reduced the number of saiga antelopes giving birth to no more than 500. These females successfully gave birth and by the end of the fiscal year a new generation of saiga was seen on the steppe.

This year for the first time in a long while, most of the calving took place at the northernmost border of the Nature Reserve, where the weather was more suitable. This is where the largest aggregation of saiga females giving birth was sighted: approximately four thousand individuals.

Based on expert assessment, it is possible to project a small increase in population numbers and higher survival of mature saiga males. This year was a turning point: the Pre-Caspian population of saigas increased. The number of mature males reached 12% (compared to 1% or less in 2004). Consequently, for the first time in many years, there were enough males born to successfully mate. IFAW expects that in May 2018 there will be about 3,000 calves born. That is a conservation success story to which IFAW is the major contributor.

Amur Tigers

To protect the last remaining Amur tigers and boost their numbers, IFAW supports experts of the Hunting Inspection Department of the Jewish Autonomous Oblast and the TRNGO Center Tiger and partners with ANO Amur Tiger Center, ANO Amur Leopards, WCS, Vets International, and

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Directors' report for the year ended 30 June 2017 (continued)

Phoenix. Currently, tiger monitoring and regular patrols take place both in the territory of the Zhuravliny Sanctuary and the Dichun Sanctuary, where female tiger Filippa was recently released.

The need for regular long-range patrols of the Zhuravliny Sanctuary had been evident to the specialists for a long time and in the summer of 2016 IFAW allocated funds for purchasing an all-terrain vehicle. Inspectors of the Hunting Inspection Department in the Zhuravliny Sanctuary now patrol the territory using a snow and swamp-going vehicle, GAZ 3409 Bobr. The inspectors can more effectively fight against poaching. IFAW also provided 32 camera traps to the Sanctuary for monitoring of the tigers.

In the course of these patrols, one violation of the wildlife conservation regime was detected; one report was drawn up under Article 8.37, Part 1 of Administrative Code; and one weapon and 10 rounds of ammunition were confiscated. In addition, an information board was installed on a forest road near the border of the Zhuravliny Sanctuary.

Inspectors of the Directorate of wildlife conservation also used the vehicle to monitor and fight fires that threatened the Zhuravliny Sanctuary, the habitat and new home of the Amur tigers Svetlaya and Borya. During field activities and patrols, 67 booklets on fire prevention and 79 booklets on "Rules for human behavior and for keeping livestock within tiger range," published with IFAW support, were given out to residents in the vicinity of the tiger range.

IFAW initiated and sponsored research to identify potential places for tiger releases. As a result, the report was produced. It was submitted to MNR and is available to all organizations involved in tiger releases. The place for Filippa's release was selected based on recommendations from IFAW Report.

WILDLIFE RESCUE-REHAB-RELEASE

Amur Tigers

Amur tigers in Russia are endangered; only about 500 remain in the wild. IFAW is helping them hold their own and even make a comeback.

In 2006, IFAW helped establish two national parks in Russia's Primorye district to protect tiger habitat; we have been supporting anti-poaching patrols and wildlife law enforcement to protect tigers; and we have been supported tiger rescue, rehabilitation and release since 2007.

In this fiscal year, we have continued to build on our progress.

Monitoring of rehabilitated and released tigers is continued by TRNGO Tiger Center, inspectors of the Hunting Inspection Department of the Jewish Autonomous Region Government, Wildlife Conservation Society (WCS), experts of IEE RAS, staff of the Bastak and the Khingansky Nature Reserves with support from IFAW and the Phoenix Foundation.

In January 2017, TRNGO Tiger Center took in a 7-8 month-old tiger cub that had been wounded by poachers. The animal was found by local residents in the Pozharsky District of the Primorsky Region. Veterinarians assessed the tiger's condition as critical. His upper jaw and cheekbone were

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Directors' report for the year ended 30 June 2017 (continued)

broken and emergency treatment was provided. The tiger survived, but his right eye suffered from the wound. He was named Saikhan. Specialists from the Hunting Inspection Department found that Saikhan's mother and another tiger cub were not hurt by poachers. As of this writing, Saikhan and a female tiger cub named Lazovka are still undergoing rehabilitation at the center. Both are about one year-old now and are successfully developing the hunting and survival skills they'll need when they are released. IFAW veterinarian, Mikhail Alshinetsky, provided veterinary support.

Other Amur tigers appear to be adapting well to life in the wild after their rehabilitation.

Vladik, for example, so named because he was found wandering the streets of Vladivostok as a young cub, was released in May 2017 into the northern part of Primorsky Krai (Bikin NP). He recently crossed the entire Primorsky Krai (700 km) and showed up in the Vladivostok District again. So far, he is staying out of trouble. Monitoring indicates that he may be heading toward China or North Korea. He was taken in to the Center in October 2016.

Photographs from camera traps in the Zhuravliny Sanctuary show that the tigers, Borya and Svetlaya, are in good condition: well-known marking trees are regularly visited and ungulates are being registered. Svetlaya and Borya – tigers released in May 2015 have cub(s) – documented by camera traps provided by IFAW in May 2017.

In the most recent photographs, Svetlaya, the mother, was for the first time registered without the collar. Monitoring is implemented by TRNGO Center Tiger and Hunting Inspection Department of the Jewish Autonomous Oblast. Information about the first successful hunt was provided by the staff of the Directorate of wildlife conservation and protected natural territories of the Jewish Autonomous Oblast to TRNGO Tiger Center.

In April, 2017, three IFAW staff participated in Filippa's release and a short documentary was produced.

Filippa the tiger, as of October 2017, has spent almost half a year in the wild during which time she has proven her ability to survive. She was released in May 2017 after passing all the pre-release tests and has established her range. In 2015, Filippa was found as an emaciated, orphaned tiger cub, her mother most likely killed by poachers. She was discovered by residents of Filippovka village in the Khasansky District near the border of the Land of the Leopard National Park, who gave her the name Filippa.

At the time of her release, Filippa weighed about 90 kilograms and is in excellent physical condition. She has been fitted with a GPS satellite tracking collar for post-release monitoring while she continues to adjust to life in the wild. The Dichun Regional State Nature Sanctuary was specifically chosen for her release site following extensive research by the Federal Supervisory Natural Resources Management Service and IFAW.

The staff of the Regional State Budgetary Institution "Directorate of wildlife conservation and protected natural territories of the Jewish Autonomous Oblast" (RSBI "Directorate of wildlife conservation and protected natural territories of the JAO") reported in June 2017 that the all-terrain vehicle purchased with IFAW support was used to conduct three monitoring patrols which helped

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ensure the safety of released tigers, Borya and Svetlaya, and the protection of wildlife and nature in the JAO.

IFAW participated as one of three co-organizers of the annual Tiger Day celebration in Vladivostok in September. There were nearly ten thousand participants at the event (the largest environmental event in Russia). In the IFAW tent, volunteers applied tiger makeup to dozens of children, distributed IFAW's educational tiger booklet, and wore IFAW-designed tee-shirts with a photo of Zolushka and her two cubs walking through snow. From the stage at the central square of Vladivostok, IFAW announced two "best rangers of the year" and awarded them a trip to India. The trip took place in March 2017 in cooperation with the Wildlife Trust of India (WTI).

In February 2017 Masha Vorontsova, IFAW regional director Russia & CIS, delivered an evening lecture on Amur tigers in Pushkin house in London.

IFAW Orphan Bears Rehabilitation Center

The IFAW Orphan Bears Rehabilitation Center (OBRC) hosted roughly 16 bears this fiscal year, more than in the previous few years. After initial care and rehabilitation in the warm "den" house then in one of the forest enclosures, 14 of the bears were released in September and October 2016. The second enclosure IFAW helped build was very useful as it helped accommodate the bevy of cubs. In addition, two bear cubs, who had lost their mother in May, were put in an empty enclosure by themselves to receive special care.

As of 30 June 2017, there were 12 orphaned bear cubs at the OBRC staying in the two separate forest enclosures. Five young cubs who arrived during the winter directly from their dens are being rehabilitated together in one enclosure and five others who arrived during late spring are staying in another enclosure. Among this group are a couple that were kept by people before being turned over to OBRC. These cubs are very small even though they are about the same age as the others. They had been stranded in the forest without their mothers and were extremely malnourished. These bear cubs cannot survive on their own in the wild but IFAW gave them a second chance. The two cubs who came last were still in a large quarantine cage at last report. Soon they will join the second group and they, too, will be able to explore the forest.

Both forest enclosures are open so the cubs can move out of them to explore the forest. Every day they return to the enclosure where 60 kg of gruel with nutritional supplements is left for them on the ground twice a day. The gruel is brought at different times every day so the bears will not link the appearance of food at the enclosure with humans, a hard lesson learned over many years of bear rehabilitation experience.

MARINE CONSERVATION

White Sea Beluga Whale Project

In July 2016, IFAW commenced another season of research as part of our longstanding White Sea Beluga Whale Project. As belugas congregate and begin to reproduce near Cape Beluzhy of Solovetsky Island, IFAW and research staff from the P.P. Shirshov Institute of Oceanology of the Russian Academy of Science studied their behavior. Scientists monitored numbers and age composition of the belugas using both visual survey methods and remotely piloted aircraft and

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Directors' report for the year ended 30 June 2017 (continued)

quadcopters provided by IFAW. Based on the preliminary data, there were 50-70 beluga whales off Cape Beluzhy. More than ten calves were documented, an extremely high number.

The team also continued work on photo identification of individual animals: 54 animals have been identified. Project participants were able to collect four tissue samples, which, with the support of IFAW, underwent molecular-genetic and toxicology testing. One of the major goals of the expedition, recording of acoustic signaling of beluga whales in various behavioral situations, was achieved successfully. This type of research provides the vital information needed about the impacts of tourism and off-shore drilling to help us win protections for individual animals and habitats.

Western Gray Whale Project

In 2001, IFAW initiated a coalition of environmental organizations to protect the Western gray whale from the dangerous impacts of oil and gas exploration off the northwestern coast of Sakhalin Island. Since that time, we have supported the annual photo-ID expedition and run the campaign to protect the Western gray whale and their feeding grounds.

In the summer of 2016, IFAW and other groups called for a temporary suspension of heavy cargo transport by Exxon-Neftegaz Ltd. because increased vessel traffic was pushing mothers and calves whales out of their key feeding habitat near Sakhalin Island. On July 22, IFAW, WWF, and the Sakhalin Environmental Watch held an urgent meeting with Exxon-Neftegaz Ltd. and ExxonMobil-Russia, providing facts to confirm violations of environmental safety requirements. As a result, all barges and tugboats left the area.

In November 2016, IFAW participated in two important meetings about marine mammals: As an observer in the 17th meeting of IUCN's Western Gray Whale Advisory Panel in Moscow and Marine Mammals of the Holarctic, a biennial conference that gathered nearly 200 marine mammal scientists from Russia, Ukraine, USA, Canada, Japan, Poland, Norway and other countries. IFAW has supported all of the Holarctic conferences since their inception in 1998. This year, IFAW held a screening of the recent award-winning IFAW-NRDC film "Sonic Sea".

In the framework of the Year of Environment, IFAW, WWF-Russia and the IUCN published a Russian edition of a joint report on gray whale conservation which highlights cooperation among scientists, government agencies, NGOs, and oil and gas companies, in particular Sakhalin Energy, which helped develop effective measures for mitigation of adverse effects of offshore oil and gas development on marine mammals. According to the Report, scientists from oil and gas development and fisheries companies will collaborate to introduce cutting-edge efforts for long-term conservation of rare animals. Earlier in September 2016, the English version of the report was launched in the frame of IUCN Congress in Honolulu. Azzedine Downes was a spokesperson at the IUCN Press Conference on that occasion.

Marine Mammal Rescue Program

At the fiscal year's end, in June 2017, Brian Sharp, manager of IFAW's Marine Rescue & Research Program conducted a large-whale disentanglement and stranding response training.

Born to be Free documentary, telling the story of beluga whales in captivity and international trade was launched in the biggest cinema in Moscow in February 2017. As a partner of the documentary, IFAW helped organize the event. In front of more than 1,000 people at the documentary's premier,

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Directors' report for the year ended 30 June 2017 (continued)

Cindy Milburn delivered a statement. Later, the documentary was shown on the Discovery channel and became available from Netflix. The documentary generated a lot of attention, as a result it brought some fundraising opportunities: Lush made donation to IFAW for the Beluga Project in Russia. The wedding salon in St. Petersburg came with the initiative "White dress for the White Whale" for which IFAW has been a beneficiary. The second-hand wedding dresses were donated to the wedding salon. All money from their sales was donated to IFAW for the Beluga whale project.

ADVOCACY

- In August 2016 IFAW's Russia office organized and conducted a pre-CITES CoP workshop in Armenia for CITES Management Authorities from Central Asia, Georgia, Armenia, Moldova and Belorussia. The workshop was financed by PEW. Delegates were briefed on the key proposal and documents that would be considered at the CITES CoP in Johannesburg (September, 2016).
- IFAW participated in the work of the expert group to review Red Data Book listings of endangered species (a review done every ten years). Removing and adding species to the list is critically important for their protection, as the Red Data Book is a law similar to the ESA in USA. IFAW worked to add saiga antelopes and moon bears, and to continue listing 17 marine mammal species, including orcas and humpback whales.
- As a result of IFAW advocating greater protection for animals suffering from illegal wildlife trade, the Moscow municipal government initiated work on a new law: "Animals in the City." IFAW was an active participant on the expert working group, advocating for adoption of a list of wild animals that should not be kept as pets (e.g., bears, tigers, poisonous animals, etc.) In April 2017 the draft of the law was submitted to the Moscow Parliament for consideration. At a hearing for the draft law in April, Masha made a statement.
- The prosecution office of the Russian Federation continues to work on illegal internet trade cases and several web sites were closed after court decisions. That work is a direct result of IFAW collaboration with the Ministry of Natural Resources, introducing the crime on the internet trade to MPR and providing MNR information on illegal internet trade. MPR officially addressed the State Office of Prosecution, which took it as a serious matter.
- The Russian Federation strengthened legislation on poaching and possessing the parts and derivatives of endangered species in July 2016, due to lobbying by IFAW and other NGOs. For example, now tiger poaching may be punished by seven years in prison.

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Directors' report for the year ended 30 June 2017 (continued)

Affiliated organisations

The affiliated organisations of the company are as follows:

Name	Country
International Fund for Animal Welfare (Australia) Pty Ltd	Australia
International Fund for Animal Welfare Inc./ Fonds international pour la protection des animaux inc.	Canada
Fonds international pour la protection des animaux (IFAW France)	France
Fonds International pour la Protection des Animaux (IFAW)	France
IFAW Internationaler Tierschutz-Fonds gGmbH	Germany
International Fund for Animal Welfare (IFAW) Limited	Malawi
Stichting IFAW (International Fund for Animal Welfare)	Netherlands
International Fund for Animal Welfare NPC	South Africa
International Fund for Animal Welfare (IFAW)	United Kingdom
IFAW Commerce Limited	United Kingdom
International Fund for Animal Welfare, Inc.	United States
International Fund for Animal Welfare Limited	Zambia

While the assets of the company are held separate from, and are not combined with, those of the affiliates, the company supports, whenever necessary or appropriate, IFAW animal welfare program activities worldwide.

Contact addresses of affiliated organisations can be obtained by writing to the company's registered office as in the directors and advisers page.

All aforementioned directors are also directors of the International Fund for Animal Welfare (IFAW) in the United Kingdom. All aforementioned directors are also directors of affiliates in Australia, Canada, the Netherlands, South Africa and the United States of America.

Details of amounts owing to and from these organisations and of transactions with them are set out in note 10 to the financial statements.

Disclosure of information to the auditors

The current directors have taken all the necessary steps to make themselves aware of any information needed by the company's auditors for the purposes of their audit. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

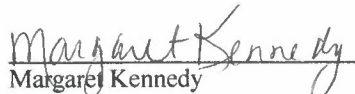
RSM UK Audit LLP have expressed their willingness to continue in office.

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Directors' report for the year ended 30 June 2017 (continued)

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

By order of the board


Margaret Kennedy

Director and Audit and Risk Oversight Committee Chairperson

2.8.18
Date

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Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL FUND FOR ANIMAL WELFARE IFAW IN ACTION

Opinion

We have audited the financial statements of International Fund for Animal Welfare IFAW in Action (the 'company') for the year ended 30 June 2017 which comprise the statement of income and retained earnings, the statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other

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information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the

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Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP
NICHOLAS SLADDEN FCA DChA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: *14 February 2018*

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Statement of income and retained earnings for the year ended 30 June 2017

	Note	2017 £	2016 £
Donations and legacies	2	7,529	-
Grants from connected organisations	2	932,291	718,338
Direct cost of raising donations	3	<u>(49,996)</u>	<u>(20,318)</u>
Gross profit		889,824	698,020
Programmatic services	3	(702,032)	(546,366)
Indirect cost of raising donations	3	(15,231)	(20,763)
Management and administration	3	<u>(126,721)</u>	<u>(123,961)</u>
Operating profit		45,840	6,930
Interest receivable and similar income		<u>(65)</u>	<u>6</u>
Profit on ordinary activities before tax		45,775	6,936
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
Profit for the financial year		<u>45,775</u>	<u>6,936</u>
Profit and loss account brought forward		181	(6,755)
Profit and loss account carried forward		<u>45,956</u>	<u>181</u>

The notes on pages 17 - 24 form an integral part of these financial statements.

International Fund for Animal Welfare IFAW in Action (A company limited by guarantee)

Statement of financial position as at 30 June 2017

Company registered number 1556892

	Note	2017 £	2016 £
Current assets			
Debtors	7	23,661	18,756
Cash at bank and in hand		<u>107,996</u>	<u>120,820</u>
		131,657	139,576
Creditors: Amounts falling due within one year			
	8	(85,701)	(139,395)
Net current assets		<u>45,956</u>	<u>181</u>
Net assets		<u><u>45,956</u></u>	<u><u>181</u></u>
Capital and reserves			
Retained reserves		<u>45,956</u>	<u>181</u>
		<u><u>45,956</u></u>	<u><u>181</u></u>

The accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 8 February 2018 by:


Margaret Kennedy

Director and Audit & Risk Oversight Committee Chairperson

The notes on pages 17 - 24 form an integral part of these financial statements.

International Fund for Animal Welfare IFAW in Action

(A company limited by guarantee)

Notes to the financial statements

for the year ended 30 June 2017

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 15 a Statement of Income and Retained Earnings which shows the results for the year, but in a format other than the standard formats prescribed in the Companies Act 2006. 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 have been prepared on a going concern basis in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Companies Act 2006. The company has adapted the Companies Act 2006 formats to reflect the special nature of the company's activities. These statements are presented in the functional currency of the company, British Pound Sterling (GBP).

International Fund for Animal Welfare IFAW in Action meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy note(s).

Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available from an affiliated organisation (International Fund for Animal Welfare (IFAW)) to finance future operations of the company, and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Management will affect such funding through affiliate grants as sufficient to alleviate continuation of going concern issues.

Cash Flow Statement

The company has taken advantage of the exemption in FRS 102 (section 7.1B) from the requirement to produce a cash flow statement on the grounds that it is a small company.

Income

Donations are recorded as received.

International Fund for Animal Welfare IFAW in Action (A company limited by guarantee)

Notes to the financial statements for the year ended 30 June 2017 (continued)

Grants payable

Grants payable are recognised in the Statement of Income and Retained Earnings at the time each grant is approved and communicated to the recipient.

Creditors

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Taxation

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

Pension costs

The company operates a defined contribution pension scheme and costs are charged to the Statement of Income and Retained Earnings as incurred. Assets of the pension scheme are held separately to those of the company.

Foreign currencies

Operational transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the time of the transaction. 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 recorded in the Statement of Income and Retained Earnings.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

2 Donation & Grant income

Grants and donations were comprised of the following:

	2017	2016
	£	£
Grants from connected organisations	932,291	718,338
Other donations	7,529	-
	<u>939,820</u>	<u>718,338</u>

International Fund for Animal Welfare IFAW in Action (A company limited by guarantee)

Notes to the financial statements for the year ended 30 June 2017 (continued)

3 Resources expensed

(a) Operating profit is stated after charging:

	2017 £	2016 £
Auditors' remuneration - external audit	8,973	10,428
Foreign exchange loss	24,353	23,075
Operating leases – land and buildings	<u>50,678</u>	<u>52,272</u>

(b) Resources expended are analysed as follows:

	Programmatic services £	Cost of Raising Donations £	Management and administration £	2017 £	2016 Total £
Salaries and wages	213,995	11,708	29,953	255,656	226,277
Social security and pension costs (see note 5)	64,711	3,509	9,201	77,421	59,158
Professional and contract fees	69,111	4,681	47,286	121,078	73,466
External grants	139,137	-	-	139,137	83,463
Printing and publications	2,855	98	-	2,953	3,890
Travel	38,069	18,451	2,954	59,474	14,486
Communications	5,397	198	460	6,055	3,643
Facilities	42,495	2,294	5,889	50,678	52,273
Office supplies and Public information	3,654 31,519	353 1,727	312 -	4,319 33,246	2,567 15,185
Transaction charges	-	-	3,923	3,923	7,108
Taxes	191	14	30	235	284
Other	19,821	6,963	5,001	31,785	26,593
Depreciation	-	-	-	-	-
Grants/donations to affiliates	-	-	-	-	20
Institutional shared costs (see note 10)	71,077	15,231	21,712	108,020	142,995
	<u>702,032</u>	<u>65,227</u>	<u>126,721</u>	<u>893,980</u>	<u>711,408</u>

International Fund for Animal Welfare IFAW in Action (A company limited by guarantee)

Notes to the financial statements for the year ended 30 June 2017 (continued)

4 Directors' emoluments

The directors did not receive any emoluments from the company for the year ended 30 June 2017 (2016 £nil).

5 Employee information

	2017 Total	2016 Total
Operations	2	5
Fundraising and administration	2	2
	<u>4</u>	<u>7</u>

During fiscal year 2017, the number of persons employed by the company relative to its continuing operations (the Russia branch) was four.

	2017 £	2016 £
Staff costs		
Wages and salaries	255,656	226,277
Social security costs	65,150	48,830
Other pension costs	12,301	10,328
	<u>333,107</u>	<u>285,435</u>

The key management personnel of the company are the Directors (as listed on page 1), the Regional Director – Russia, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). The Directors (as listed on page 1) receive no remuneration. Salary and pension information for the Regional Director is included in the figures above. The CEO and CFO are employees of the International Fund for Animal Welfare, Inc., the United States affiliate and World Headquarters for the IFAW affiliated entities. These salaries are part of the institutional shared costs discussed in Note 3. Total employee compensation of these key management positions were £483,478 (2016: £475,846). The portion of these costs allocated to the company was £3,239 (2016: £5,187).

**International Fund for Animal Welfare IFAW in Action
(A company limited by guarantee)**

**Notes to the financial statements
for the year ended 30 June 2017 (continued)**

6 Tax on profit on ordinary activities

	2017 £	2016 £
(a) Analysis of charge in the year		
Current Tax:		
UK Corporation tax on profit for the year	-	-
Total current tax (Note b)	<u>-</u>	<u>-</u>
(b) Factors affecting tax charge for the period		
Profit on ordinary activities before taxation	<u>45,775</u>	<u>6,936</u>
Profit on ordinary activities multiplied by the standard average rate of corporation tax of 20% (2016: 20%)	9,155	1,387
Effects of:		
Non taxable activities	(9,155)	(1,387)
Current tax charge for the year (Note a)	<u>-</u>	<u>-</u>
(c) Factors affecting future tax charges		

Future tax charges are dependent on the level of non deductible expenses incurred within the company which have not been set against donations made. The company has no deferred tax assets or liabilities.

International Fund for Animal Welfare IFAW in Action (A company limited by guarantee)

Notes to the financial statements for the year ended 30 June 2017 (continued)

7 Debtors

	2017	2016
	£	£
Amounts falling due within one year		
Amounts owed by affiliates (see note 10 (c))	367	-
Prepayments and other assets	23,294	18,756
	<u>23,661</u>	<u>18,756</u>

8 Creditors

	2017	2016
	£	£
Amounts falling due within one year		
Trade creditors	23,867	9,279
Amounts owed to affiliates (see note 10 (c))	12,587	88,598
Accruals and deferred income	49,247	41,518
	<u>85,701</u>	<u>139,395</u>

Included in the accruals and deferred income line above, are £3,768 (2016: £3,751) of pension commitments that were outstanding at the year-end.

9 Lease commitments

As of 30 June 2017 the company had a commitment under a non-cancellable operating lease for the Russia office. This lease expires on 30 March 2018, and is renewed annually. The total of future minimum lease payments as at 30 June 2017 was £33,977 (2016: £31,088).

International Fund for Animal Welfare IFAW in Action (A company limited by guarantee)

Notes to the financial statements for the year ended 30 June 2017 (continued)

10 Related party transactions

As noted in the directors' report, the company is a member of an affiliated group of organisations collectively referred to as the International Fund for Animal Welfare (IFAW). Neither the company nor any of its affiliates possesses or exercises control over any other organisation within the group.

(a) Reimbursement for services

The company's United States affiliate (IFAW US) shares certain program, fundraising and administrative activities with all the IFAW entities. Such shared support includes shared finance, technology and human resource support. This cost of this shared support is reimbursed to IFAW US by the company at cost. These costs (Institutional shared services) are included within the figures for operating expenditure shown in note 3(b) under the following headings:

	2017 £	2016 £
Programme services	71,077	93,833
Fundraising	15,231	20,763
Management and administration	21,712	28,399
	<u>108,020</u>	<u>142,995</u>

(b) Grants and donations

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

	2017 £	2016 £
Grants received		
International Fund for Animal Welfare (United Kingdom)	920,000	700,000
International Fund for Animal Welfare (United States)	8,030	
International Fund for Animal Welfare (Netherlands)	4,261	18,338
	<u>932,291</u>	<u>718,338</u>
Donations made		
International Fund for Animal Welfare (United Kingdom)	-	20
	<u>-</u>	<u>20</u>

International Fund for Animal Welfare IFAW in Action (A company limited by guarantee)

Notes to the financial statements for the year ended 30 June 2017 (continued)

10 Related party transactions (continued)

(c) Balances with affiliates

	2017 £	2016 £
Debtors:		
International Fund for Animal Welfare (Netherlands)	367	-
	<u>367</u>	<u>-</u>
Creditors: amounts falling due within one year, net		
International Fund for Animal Welfare, Inc (USA)	12,587	87,015
IFAW UK Charity	-	1,583
	<u>12,587</u>	<u>88,598</u>

All balances at 30 June 2017 represent current accounts.

11 Members liability

The guarantors of the company are the directors who are also the members. The liability of each guarantor is limited to £1. See page 1 for a list of directors.

12 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets held at amortised cost comprise current cash at bank and in hand and debtors excluding prepayments.

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

**International Fund for Animal Welfare IFAW in Action
(A company limited by guarantee)**

**Notes to the financial statements
for the year ended 30 June 2017 (continued)**

12 Financial Instruments (continued)

Financial Instruments

	2017 £	2016 £
Financial assets		
Debt instruments measured at amortised cost	<u>376</u>	<u>338</u>
	<u><u>376</u></u>	<u><u>338</u></u>
Financial liabilities		
Measured at amortised cost	<u>85,701</u>	<u>139,395</u>
	<u><u>85,701</u></u>	<u><u>139,395</u></u>