

International Fund for Animal Welfare IFAW in Action

(A UK company limited by guarantee)

Company registered no: 01556892

**Annual report and financial statements
for the year ended 30 June 2018**

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

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Directors and advisors

Directors

Kathleen Savesky Buckley (resigned 30 June, 2018)
Robert C. Barber (appointed 8 February, 2018)
Mark T. Beaudouin
Barbara U. Birdsey
James C. Costa (resigned 20 April, 2018)
Joyce C. Doria
Margo L. Fitzpatrick (resigned 31 January, 2018)
Margaret A. Kennedy (resigned 30 June, 2018)
Daniel T. Lenyo (appointed 8 February, 2018)
Catherine H. Lilly
Gregory J. Mertz (resigned 2 August, 2018)
Debobrata Mukherjee
Thomas P. O'Neill, III (resigned 30 June, 2018)
Virginia A. Pollak (appointed 8 February, 2018)
Susan J. Wallace (resigned 5 October, 2018)

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 2018

The Directors present their annual report and the audited financial statements of the company for the year ended 30 June 2018.

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 is a global non-profit organization that protects animals and the places they call home.*

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.

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

Since 2004, 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. We have purchased tractors, 4WD minivans, motorcycles, ranger uniforms as well

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as gas and spare parts for ranger vehicles. IFAW this year continued to support conservation and anti-poaching efforts, environmental education – such as a May 2018 seminar for teachers from the region – as well as public awareness activities. Also in May 2018, saiga calving season, IFAW staff visited the Stepnoy sanctuary.

Combatting Wildlife Cybercrime

IFAW released our latest report entitled **Disrupt: Wildlife Cybercrime - Uncovering the scale of online wildlife trade** in May 2018. The report looks at the scale of online trade in endangered and threatened species offered for sale in Russia, France, Germany and the United Kingdom over a period of six weeks in 2017. Our research identified 11,772 protected wildlife specimens offered for sale via 5,381 advertisements and posts on 106 online marketplaces and four social media platforms, worth approximately US \$3,942,329.

Mammals (not including ivory) represented 5% of the identified specimens, with 591 specimens for sale in 481 advertisements and posts. More than 40% of these were big cats including cheetah, leopard, lion and tiger taxidermy, fur and skins as well as live big cats offered for sale in Russia and Germany. Almost half of all cat specimens identified were found on Russian platforms. Researchers also found 152 live primates for sale, again with the majority found on Russian platforms.

In Russia, 875 advertisements or posts offered 1,072 specimens for sale; 690 of them were for live animals and 382 were for wildlife parts and products. In total, 36 marketplace platforms and four social media platforms were surveyed. The value of the items listed was US\$813,351. As a result of our research, we shared 46 information logs with Russian national enforcement agencies for further investigation.

The Ministry of Natural Resources put their logo on the report and offered introductory words. The electronic version is available on the site of the Ministry. In June 2018, it is important to note, the Russian Federation made wildlife cybercrime a criminal offence.

Animal Welfare Day

The British Ambassador to the Russian Federation hosted a reception at his residence in Moscow on behalf of IFAW on 4 October 2017 to highlight the topic of preventing the illegal wildlife trade.

The event consisted of a series of talks and six tables demonstrating the use of science and technology in IFAW's Russian, UK and global work. The event was a great success and the audience fully engaged. The Ambassador and his team were very complimentary of IFAW's work and are keen to explore more options linked to science and innovation.

Marine Conservation

IFAW Russia's involvement with our institutional work on marine conservation was conducted both through participation in global initiatives and by carrying out projects, advocacy campaigns and educational outreach in Russia.

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Western Gray Whales

June-August 17 - western gray whales expedition on the Sakhalin Island.

Since 2000, IFAW has campaigned to save the unique Okhotsk (western) gray whale population, estimated to number just 150 individuals. IFAW financed the work of an international team of scientists studying this population and has created a photo catalogue of it. In 2001, IFAW took the initiative to create a coalition of environmental organizations whose purpose is to protect the gray whales from the dangerous effects of industrial development off the northeastern coast of Sakhalin Island.

IFAW's annual expedition to research the Okhotsk Sea (Western) population of gray whales in the Sakhalin Oblast (Region) began in July 2017. Participants understood that the whale distribution trend noted last year persists: most of the animals sighted were just south of entry to the bay. Scientists were concerned that fishermen were preparing to set fixed nets several kilometers away from the entrance to the lagoon, dangerously close to the main gray whale feeding grounds.

In November 2017, an IFAW delegation participated in the 18th meeting of the Western Gray Whale Advisory Panel (WGWAP), convened by the International Union for the Conservation of Nature (IUCN), which coordinates the WGWAP process. The Panel considered the results of 2016 and 2017 fieldwork conducted by Sakhalin Energy at the Sakhalin II oil field on behalf of its shareholder companies (Shell, Mitsui, Mitsubishi, and Gazprom) as well as Exxon Neftgas Limited, which is active in the Sakhalin Island I. The ongoing impact of company activities on the critically endangered Western Gray Whale, Sakhalin Energy's plans for 2018 and beyond, including planned seismic survey work, and the long-term future of the WGWAP panel itself were considered by participants and a panel of international scientific experts.

IFAW's longstanding leadership in protecting Western Gray Whales from oil and gas activities were highlighted in several presentations, including two given by IFAW staff. It was several times mentioned by different participants how important IFAW support of the Russian Gray Whale Monitoring group was. It was referred to as the "IFAW group".

Beluga Whales

IFAW and its partners have been studying Beluga whales in the White Sea, off the coast of the Big Solovetsky Island, since 1996. Each year, the whales arrive there in May and remain until August. Years of research has resulted in a catalogue of photos along with a behavioral and acoustic repertoire of the whales. Studies have been conducted of the animals' genetic structure, and scientists have confirmed the adverse impact of anthropogenic factors. In November 2017, the results (photo ID, acoustic and pollution monitoring) of the most recent Beluga whale expedition to the White Sea were released.

Wildlife Rescue

Amur Tigers

Since 1995, IFAW has worked to rescue, rehabilitate, return to the wild and protect Amur tigers in Russia through our support of the Hunting Inspection Department of the Jewish Autonomous Oblast, TRINGO Center Tiger and ANO Amur Tiger Center. For anti-poaching brigades, IFAW

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has bought SUVs, GPS-navigators, motorcycles, quadro-copters and other necessary equipment for their protection and effectiveness. We have also maintained public education in the region.

IFAW's Amur tiger project has rescued and successfully released seven – soon to be nine – tigers back into the wild. We have evidence that several of those already released have bred successfully in the wild.

The monitoring team has returned after its spring 2018 inspection of photo-trap cameras to report new landmarks in the family of tigers living in the Zuravliny Sanctuary, Jewish Autonomous Region. Grown-up tiger cubs born to the female Svetlaya and the male Borya, are already independent one year after their release back into the wild. Most of photos show the youngsters wandering without their mother. Sometimes their tracks intersect with their parent's tracks. The cubs have grown noticeably since the beginning of the winter and are now the size of adults. Their parents are also in a perfect shape. These are all signs of a healthy reintroduction of this endangered species.

The monitoring of these tigers is ongoing, carried out by the staff of the TRINGO Center Tiger, ANO Amur Tiger Center, and Department of Hunting Supervision of the Jewish Autonomous Region.

TRINGO Center Tiger reported in March 2018 that a mother tiger named Kazachka had been introduced to her two female cubs, named Zaika and Marta. The orphans Saikhan and Lazovka are being prepared for their release. Saikhan was rescued in January 2017 and Lazovka soon after. For the first time, a method of "soft release" will be used so that Saikhan and Lazovka will not lose each other. They got along well while at the Center, and they should do well if they stay together in the wild.

On the public education and awareness front, a 250-square meter mural depicting a leopard was painted by street artist Sonny and unveiled in Vladivostok. IFAW and partners also organized FY18's annual Tiger Day event in Vladivostok.

IFAW's Orphaned Bear Rescue Center (OBRC)

Since 1995, IFAW has supported the pioneering efforts of famous Russian scientist V.S. Pazhetnov to rescue, rehabilitate and return orphaned brown bear cubs to the wild. Over two decades the project has evolved into a lasting center for the rehabilitation of orphaned bear cubs. IFAW has helped build a customized kitchen and two large forest enclosures for a total area of more than two acres. In addition, IFAW has provided the bears with food and medicines, financed the daily work of the center, ensured that its SUVs could transport bear cubs as needed, carried out veterinary support, and conducted awareness and educational work to stop the winter bear den hunt, which left countless young bears motherless.

Throughout the year, orphaned bear cubs were cared for and readied for release. IFAW also assisted with a stream of visits to OBRC from Russian journalists and international media.

As of the end of FY18, eight bear cubs were under living at OBRC. Six bear cubs arrived in January and February 2018 and two more came in the months of May and June. Six of the cubs were living in the old enclosure and the last two arrivals were placed in the new enclosure. The doors of the old enclosure were open so the cubs could go out to study the area and look for natural

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food. They swam in a small lake not far from the enclosure and walked to the oat fields that were planted especially for them in May and June. The two newest cubs – who were found after they left their dens without their mothers – are too young and inexperienced to be released. As of the last report, they were being fed porridge and a large amount of apples.

IFAW Russia Office Closing

In December 2017, IFAW leaders decided that IFAW was exiting from Russia and closing its office and projects there, in accordance with IFAW's overall institutional plan and strategy. An exit strategy was adopted in February 2018. Project partners and grantees were informed and the exiting strategy explained.

Among many animal welfare and conservation accomplishments over the two decades of its existence, IFAW Russia was instrumental in:

- Helping to end the whitecoat seal hunt in Russia and closing the biggest market for the Canadian seal hunt products;
- Protecting the critically endangered Western Grey Whales from the threats of energy exploration in critical habitat;
- Contributing to the successful reproduction of rescued, rehabilitated and released Amur tigers in the wild;
- Pioneering the rescue, rehabilitation and release of orphaned bear cubs;
- Ending the winter den hunt and supporting the rehabilitation and release of 223 orphaned brown bears through IFAW Orphan Bear Cub Rehabilitation Center since 1995;
- Rescuing, releasing and successfully enabling released Amur tigers to reproduce in the wild;
- Helping critically endangered Saiga antelope populations to recover;
- Encouraging the government to increase criminal penalties for wildlife crime.

Programmatic commitments for 2018 were fully honored and exit strategies are being budgeted for Fiscal Year 2019.

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Directors' report for the year ended 30 June 2018 (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 2018 (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



Mark T. Beaudouin
Director and Audit and Risk Oversight Committee Chairperson

2/14/19
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 2018 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 2018 and of its loss 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 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.

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

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Use of our 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: *28 February 2019*

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Statement of income and retained earnings for the year ended 30 June 2018

	Note	2018 £	2017 £
Donations and legacies	2	37,408	7,529
Grants from connected organisations	2	574,431	932,291
Direct cost of raising donations	3	<u>(19,937)</u>	<u>(49,996)</u>
Gross profit		591,902	889,824
Programmatic services	3	(501,401)	(702,032)
Indirect cost of raising donations	3	-	(15,231)
Management and administration	3	<u>(111,338)</u>	<u>(126,721)</u>
Operating (loss)/profit		(20,837)	45,840
Interest receivable and similar income		<u>-</u>	<u>(65)</u>
(Loss)/profit on ordinary activities before tax		(20,837)	45,775
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
(Loss)/profit for the financial year		<u><u>(20,837)</u></u>	<u><u>45,775</u></u>
Profit and loss account brought forward		<u>45,956</u>	<u>181</u>
Profit and loss account carried forward		<u><u>25,119</u></u>	<u><u>45,956</u></u>

The notes on pages 15-24 form an integral part of these financial statements.

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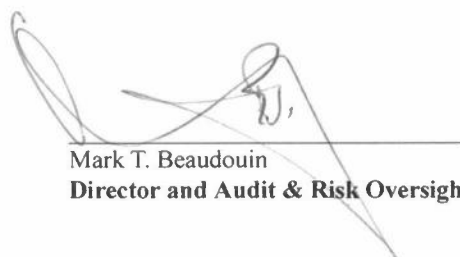
Statement of financial position as at 30 June 2018

Company registered number 1556892

	Note	2018 £	2017 £
Current assets			
Debtors	7	6,272	23,661
Cash at bank and in hand		65,358	107,996
		<u>71,630</u>	<u>131,657</u>
Creditors: Amounts falling due within one year	8	(46,511)	(85,701)
Net current assets		<u>25,119</u>	<u>45,956</u>
Net assets		<u><u>25,119</u></u>	<u><u>45,956</u></u>
Capital and reserves			
Retained reserves		25,120	45,956
		<u>25,120</u>	<u>45,956</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 14 February 2019 by:



Mark T. Beaudouin
Director and Audit & Risk Oversight Committee Chairperson

The notes on pages 15-24 form an integral part of these financial statements.

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Notes to the financial statements for the year ended 30 June 2018

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 13 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.

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Notes to the financial statements for the year ended 30 June 2018 (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:

	2018 £	2017 £
Grants from connected organisations	574,431	932,291
Other donations	37,408	7,529
	<u>611,839</u>	<u>939,820</u>

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Notes to the financial statements for the year ended 30 June 2018 (continued)

3 Resources expended

(a) Operating profit is stated after charging:

	2018 £	2017 £
Auditors' remuneration - external audit	9,100	8,973
Foreign exchange loss	17,888	24,353
Operating leases – land and buildings	42,013	50,678

(b) Resources expended are analysed as follows:

FY2018

Expenditures by Priority Campaigns and Projects

Education	-
Marine Conservation	131,619
Wildlife Crime	324,455
Wildlife Rescue	45,327
Total	501,401

Mission Costs by Activity

Campaigns and projects:

	Program	Fundraising	General	Total
Contracting and granting	101,102	-	-	101,102
Direct staffing	229,593	14,303	14,277	258,173
Support staffing	29,156	63	33,907	63,126
Support costs	59,620	5,571	63,154	128,345
Total	419,471	19,937	111,338	550,746

Multimedia outreach and influence:

Production and placement	16,418	-	-	16,418
Direct staffing	48,173	-	-	48,173
Support staffing	5,695	-	-	5,695
Support costs	11,644	-	-	11,644
Total	81,930	-	-	81,930

Supporter awareness and advocacy:

Outreach, production and distribution	-	-	-	-
Direct staffing	-	-	-	-
Support staffing	-	-	-	-
Support costs	-	-	-	-
Total	-	-	-	-

Total mission costs	501,401	19,937	111,338	632,676
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International Fund for Animal Welfare IFAW in Action (A company limited by guarantee)

Notes to the financial statements for the year ended 30 June 2018 (continued)

FY2017

Expenditures by Priority Campaigns and Projects

Education	18,838
Marine Conservation	217,577
Wildlife Crime	432,879
Wildlife Rescue	32,738
Total	702,032

Mission Costs by Activity

Campaigns and projects:	Program	Fundraising	General	Total
Contracting and granting	223,865	-	-	223,865
Direct staffing	210,349	15,218	15,218	240,785
Support staffing	20,058	-	23,936	43,994
Support costs	134,007	9,348	87,567	230,922
Total	588,279	24,566	126,721	739,566

Multimedia outreach and influence:

Production and placement	39,542	-	-	39,542
Direct staffing	44,421	-	-	44,421
Support staffing	3,878	-	-	3,878
Support costs	25,912	-	-	25,912
Total	113,753	-	-	113,753

Supporter awareness and advocacy:

Outreach, production and distribution	-	25,190	-	25,190
Direct staffing	-	-	-	-
Support staffing	-	-	-	-
Support costs	-	15,471	-	15,471
Total	-	40,661	-	40,661

Total mission costs	702,032	65,227	126,721	893,981
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International Fund for Animal Welfare IFAW in Action (A company limited by guarantee)

Notes to the financial statements for the year ended 30 June 2018 (continued)

4 Directors' emoluments

The directors did not receive any emoluments from the company for the year ended 30 June 2018 (2017: £nil).

5 Employee information

	2018 Total	2017 Total
Operations	2	2
Fundraising and administration	<u>2</u>	<u>2</u>
	<u>4</u>	<u>4</u>

During fiscal year 2018, the number of persons employed by the company relative to its continuing operations (the Russia branch) was four (2017: 4).

	2018 £	2017 £
Staff costs		
Wages and salaries	298,699	255,656
Social security costs	64,036	65,150
Other pension costs	<u>11,299</u>	<u>12,301</u>
	<u>374,034</u>	<u>333,107</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 included in Note 3. Total employee compensation of these key management positions were £513,827 (2017: £483,478). The portion of these costs allocated to the company was £nil (2017: £3,329).

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

Notes to the financial statements for the year ended 30 June 2018 (continued)

6 Tax on profit on ordinary activities

	2018 £	2017 £
(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		
(Loss)/profit on ordinary activities before taxation	<u>(20,837)</u>	<u>45,775</u>
(Loss)/profit on ordinary activities multiplied by the standard average rate of corporation tax of 19% (2017: 20%)	(4,167)	9,155
Effects of:		
Non taxable activities	4,167	(9,155)
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 2018 (continued)

7 Debtors

	2018	2017
	£	£
Amounts falling due within one year		
Amounts owed by affiliates (see note 10 (c))	274	367
Prepayments and other assets	5,998	23,294
	<u>6,272</u>	<u>23,661</u>

8 Creditors

	2018	2017
	£	£
Amounts falling due within one year		
Trade creditors	24,321	23,867
Amounts owed to affiliates (see note 10 (c))	13,432	12,587
Accruals and deferred income	8,758	49,247
	<u>46,511</u>	<u>85,701</u>

Pension commitments outstanding at year-end (included in accruals and deferred income line above) were £nil (2017: £3,768).

9 Lease commitments

As of 30 June 2018 the company had a commitment under a non-cancellable operating lease for the Russia office. This lease expires on 30 November 2018. The total of future minimum lease payments as at 30 June 2018 was £7,253 (2017: £33,977).

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

Notes to the financial statements for the year ended 30 June 2018 (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

Due to the decision to wind down the operations of the Russia office, there was no charge for shared costs for the year ending June 30, 2018. These costs (Institutional shared costs) for the year ending June 30, 2017 are included within the figures for operating expenditure shown in note 3(b) under the following headings:

	2018 £	2017 £
Programme services	-	71,077
Fundraising	-	15,231
Management and administration	-	21,712
	<u>-</u>	<u>108,020</u>

(b) Grants and donations

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

	2018 £	2017 £
Grants received		
International Fund for Animal Welfare (United Kingdom)	570,000	920,000
International Fund for Animal Welfare (United States)	-	8,030
International Fund for Animal Welfare (Netherlands)	4,431	4,261
	<u>574,431</u>	<u>932,291</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 2018 (continued)

10 Related party transactions (continued)

(c) Balances with affiliates

	2018 £	2017 £
Debtors:		
International Fund for Animal Welfare (Netherlands)	274	367
	<u>274</u>	<u>367</u>
Creditors: amounts falling due within one year, net		
International Fund for Animal Welfare, Inc (USA)	11,152	12,587
IFAW UK Charity	2,280	-
	<u>13,432</u>	<u>12,587</u>

All balances at 30 June 2018 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 2018 (continued)

12 Financial Instruments (continued)

Financial Instruments

	2018 £	2017 £
Financial assets		
Debt instruments measured at amortised cost	274	376
	<u>274</u>	<u>376</u>
Financial liabilities		
Measured at amortised cost	46,511	85,701
	<u>46,511</u>	<u>85,701</u>