

# Annual Report & Accounts 2010

Cats Protection, National Cat Centre,  
Chelwood Gate, Haywards Heath, RH17 7TT

T: 03000 12 12 12 (calls charged at standard rate)

E: [cp@cats.org.uk](mailto:cp@cats.org.uk) W: [www.cats.org.uk](http://www.cats.org.uk)

Reg Charity 203644 (England and Wales) and SC037711 (Scotland)



 Recycled Cert no. TT-COC-002846 © 1996 FSC





# ANNUAL REPORT & ACCOUNTS 2010





# Trustee's report

Cats Protection is the UK's leading cat welfare charity. Founded in 1927, we are dedicated to cat welfare; we find good homes for cats in need, promote the benefits of neutering and provide education, information and advice about cat care and welfare. In 2010, we directly helped over 230,000 cats (2009: 215,000), and indirectly we help many more.

## Our vision is a world where every cat is treated with kindness and an understanding of its needs

It is an ambitious vision, however we truly believe it is achievable through the passion and commitment of Cats Protection's volunteers, supporters and staff.

Cats Protection will continue to help cats by **developing and growing** in each of our three objectives:

**Homing** – finding good homes for cats in need

**Neutering** – supporting and encouraging the neutering of cats

**Education** – improving people's understanding of cats and their care through education, information and advice

## Our values, which underpin everything...

They shine through our work and underpin everything we do, enabling us to grow and, as a result, to help more cats and kittens every year. Our values are simple;

- We care about cats
- We value and respect our volunteers, supporters and staff
- We are committed to providing a service of the highest quality
- We are open and honest



# How did we do?

Our Charity Plan during 2010 captured our long-term strategy and short-term objectives as we work towards our vision of 'a world where every cat is treated with kindness and an understanding of its needs'.

The plan identified strategic goals around six key themes:

- Homing
- Neutering
- Education
- Partnerships
- Culture and resources
- Brand development

## Homing

Cats Protection finds good homes for cats in need. We operate through a network of volunteer-led branches throughout the UK. These branches carry out approximately three quarters of our rehoming work. Branches are financed by their own local fundraising efforts and by funds received centrally.

In addition to the branch network, we have 29 purpose-built adoption centres and one homing centre. Our branches and centres work side by side to carry out cat work. For instance, adoption centres can provide a certain level of specialist pen facilities when branches run out of space. Adoption centres and branches also provide support and increased visibility for Cats Protection in their local regions.

Cats Protection rehomed and reunited around 53,000 cats and kittens in 2010 which is a slight decrease compared to 2009. This was a considerable achievement in the context of an economic recession where people are less likely to take on the financial responsibility of looking after a cat.

We have around 6,000 cats in our care at any given time – but there may be many more than this during the kitten seasons.

Our work with feral cats helped approximately 25,000 feral cats and kittens (2009: 18,000) to have a better life through feeding programmes, neutering and, where appropriate, homing.

In line with our Charity Plan, we have continued our programme to develop new adoption centres. The Ferndown Homing Centre was officially opened in 2010 and is now operating effectively as a homing outlet for cats which have been in branch care while being prepared for rehoming. Land has been purchased in Gildersome, West Yorkshire; Lisburn, Northern Ireland and Felling, Tyneside for the development of new adoption centres over the next ten years. We are also constantly maintaining and developing existing centres.

The project to ensure minimum veterinary standards for domestic cats are achieved across the entire charity is now complete. As a minimum standard, we aim for all cats to be: health checked by a vet, treated for fleas and worms, neutered, vaccinated with at least the first vaccination for cat flu and enteritis and blood tested for feline leukaemia and FIV viruses if the cat is sick. In addition to these standards, we now aim for every cat to be microchipped and to be homed with four weeks' pet insurance.

We are constantly exploring new methods to ensure the time taken to rehome a cat is minimised. However, our success with this will always be subject to the demand for cats which has remained high despite the challenging economic climate.

Cats Protection never puts a healthy cat to sleep. Cats are only ever euthanised on veterinary advice when they no longer have an acceptable quality of life.

## Neutering

Neutering actively prevents unplanned litters being born, so they do not become the unwanted cats of tomorrow. We achieve our objectives in this area by working with veterinary practices, other animal welfare organisations and cat owners to support and promote the benefits of neutering and responsible pet ownership. Financial assistance is also provided to enable owners who are in genuine need, to have their cats neutered.

We carry out our neutering work through a voucher scheme for individuals, together with partnership working with organisations such as the PDSA and the C4 neutering consortium. In 2010, the number of cats neutered with financial assistance from Cats Protection increased to 176,400 from 162,800 in 2009. Neutering costs have decreased by £1.3m (18 per cent) despite the increase in the number of cats neutered. This reflects a constant emphasis on creating value for money from the neutering scheme and as a result the cost per neutering has marginally decreased during the year. 2009 saw our provision to cover vouchers issued but not yet redeemed increase by £1.3m. The provision has been slightly decreased in 2010 as a result of a conscious effort to ensure vouchers issued are used in a timely fashion. Continuing adverse economic conditions have strengthened our resolve to provide financial assistance to people on low incomes and benefits to help cover neutering costs and we are extremely pleased to have been able to increase the level of support we can offer.

In line with our strategy for 2010, growth in neutering continued. Research was undertaken during the year to ensure the neutering scheme operates as effectively as possible, and the recommendations of this work will be implemented during 2011. Our partnerships with local councils have flourished and these relationships now account for a large proportion of the neutering scheme.

In 2010, within our homing and neutering work, we helped over 230,000 cats, an increase of around 15,000 compared to 2009.

## Education

Cats Protection publishes a wide range of leaflets on cats and their care. Leaflet topics range from dealing with fleas and parasites to cat behavioural problems and legal issues. The series can be downloaded from our website at [www.cats.org.uk](http://www.cats.org.uk) and is also available through our volunteer-run branches, our Helpline and veterinary clinics.

In line with our 2010 strategy, our Education Team has developed a strategy to ensure maximum impact from its work despite limited resources. This process was influenced by the recruitment of a new Director of Communications. Part of the remit of this new role is to develop our education services. A new communications strategy will be implemented during 2011. We are recruiting specialist educators and are developing the delivery of educational activities and talks in schools, and children's groups. These are delivered by our staff and volunteers at our centres and throughout the local communities. The Veterinary Department continues to provide a wealth of information and advice, particularly to the multitude of veterinary practices across the country with which we work closely. During the year the concept of a Veterinary Practice Manual was developed to offer a comprehensive guide to vets on all relevant Cats Protection policies.

We continue to develop our electronic media and launched a new website during 2010. This has been an invaluable tool in terms of enabling us to reach a wide ranging audience with our educational messages.

We produce a full-colour quarterly magazine, *The Cat*, which is available to members and subscribers. Each issue provides cat care information and fun and informative features on cats and cat ownership. It is also an important way of keeping our supporters up to date with our work as is our regular e-newsletter.

Our Helpline service provides members of the public with advice and assistance by phone, letter and email.

All this is in addition to the huge amount of advice and information provided through our branches across the UK, many of which publish their own newsletters and cat care advice resources as well as advising potential cat adopters during home visits.

## Our impact

We estimate that around 250,000 people benefited directly through our homing service in 2010. This figure includes those households and families whose cats were handed into our care and, of course, those who adopted cats from us. If Cats Protection was not around to provide this service, many of these cats would simply become strays and cause a nuisance in communities – so, indirectly, we are helping many more people.

We reunited over 3,000 cats with their owners in 2010. Not only does this work reduce the stress and suffering of the cats themselves, it also makes for extremely happy cat owners. We estimate this work helped over 7,000 people last year.

We offer many more services to people and can find new homes for people's cats when they die. We know this offers real peace of mind for the many cat owners, who have asked us to provide this service. Cats that come into our care this way are given a real chance of a new home.

People often contact us to ask for our help in dealing with colonies of feral cats, cats that live wild and, in many cases, cannot be domesticated. In 2010 we helped to give over 25,000 feral cats a brighter future and at the same time provided a solution to the problem for people affected.

In 2010, our people gave almost 400 educational talks to Brownies, Scout groups, schools and adult organisations. Our education programme helps the future generation to understand cats and cat welfare. Working with and talking to youngsters impacts on friends, family and neighbours with a significant number of people therefore benefiting from our education programmes in 2010.

We provide financial assistance and support to low income families and cat owners to help them to get their cats neutered. We supported nearly 144,000 cats in this way and hence some 345,000 people directly, and many more indirectly. For more information see the public benefits section on page 10.

## Partnerships

As the UK's largest cat charity, Cats Protection is an active member of The Cat Group, The Microchip Advisory Group, The Society for Companion Animal Studies, the Association of Dogs and Cats Homes (ADCH) and the Pet Advertising Advisory Group (PAAG). We sponsor the International Companion Animal Welfare Conference (ICAWC) and work collaboratively with a number of other animal charities including: the Royal Society for the Prevention of Cruelty to Animals (RSPCA), The Feline Advisory Bureau (FAB), PDSA, Blue Cross, Animal Health Trust and Dogs Trust. In addition to these national organisations, we also work closely with many local independent animal welfare charities across the country, including the Assisi Animal Sanctuary in Northern Ireland and the C4 neutering consortium in London.

We work closely with pet insurance company Petplan which provides owners with insurance cover for the first few weeks that their new cat is with them. We thank Petplan for this important contribution to cat welfare. During 2010 this scheme was extended across the entire charity and every cat owner now receives this service as a minimum standard. Adopters have an opportunity to continue with the insurance plan and support Cats Protection at the same time, through the commissions we receive on new policies and renewals.

Our partnership with Purina PetCare has continued to thrive during 2010 and use of an internal online portal for food purchasing by branches continues to increase. We thank Purina PetCare for its continued support of our branches and adoption centres through the provision of subsidised food and for its sponsorship of fundraising and awareness events and campaigns.

## Culture and resources

**Volunteers** – the Trustees would like to record their sincere thanks to the charity's volunteers. Their professionalism and hard work enable us to achieve our challenging goals and, without them, we would not be able to care for anything like as many cats as we do each year.

Volunteers are the lifeblood of the charity and around three quarters of Cats Protection's cat welfare work is completed through our branches. All branches fundraise to generate funds (£7.7m in 2010) to support their own operating costs. Volunteers also work in our adoption centres and as fundraisers in their local communities. We estimate that, in 2010, our volunteers generously gave in the region of 4.3 million hours to Cats Protection's work; the value of these hours to the charity is close to £54m\*.

This valuation attempts to capture all volunteer hours, however, it is unlikely we capture all volunteer hours dedicated in so many different ways across the charity.

In line with our 2010 strategy we have increased the use of volunteers across different areas of the organisation and we now have volunteers working with our Property and Health and Safety Departments, extending the reach of these teams and increasing the level of support they are able to provide throughout the entire charity.

\*The rate is based on the median gross hourly rate (excluding overtime) for full time workers (£12.50) from the 2010 Annual Survey of Hours and Earnings National Office of Statistics, December 2010

**Employees** – the Trustees acknowledge, with thanks, the professionalism and hard work of Cats Protection staff who contribute so much to the development of the charity year by year.

In line with our 2010 strategy, we have reviewed a number of our key systems and, as a result, have invested extensively in redeveloping our financial and other systems.

**Fundraising** – Our income streams remained extremely robust during 2010 despite poor economic conditions with subscriptions and donations income increasing by seven per cent compared to 2009. Legacy income remained broadly consistent with that achieved in 2009.

## Brand development

In line with our Charity Plan, in 2010 we conducted an assessment of the strengths and weaknesses of our brand. We will use the results of this assessment to further develop our brand in 2011. This work started during 2010 and, as a result, our ranking on the Charity Brand Index improved from 44 to 37, effectively meaning that more people are now aware of us and our work.



# Cats Protection... Into the future

For every cat we help in the UK there are many more that we cannot. To be able to reach out to all the cats and kittens that need us, we must dramatically increase our ability to rehome and neuter cats and educate cat owners. The needs of the cats are urgent, as it is our responsibility to be there for them.

We cannot achieve these vital goals without supporting our people, the volunteers and staff who carry out our work. We must continue to invest in building a dynamic, forward-looking organisation that will attract more volunteers, find more homes for cats and raise increased funds to pay for food, veterinary care and everything the cats in our care need.

The years ahead will bring many new opportunities and challenges. In the meantime we invite you to join with us in celebrating our achievements to date and to support us in building an even brighter future.

## Goals to achieve our strategy

2010 was the second year of our new Charity Plan and work was undertaken during the year to further develop the plan for future years. The Charity Plan captures our long-term strategy and short-term objectives as we work towards our vision of 'a world where every cat is treated with kindness and an understanding of its needs'. The Charity Plan includes a detailed, three-year plan as the first stage of a ten year strategy to achieve our 50-year vision. The development and delivery of the plan has been a collaborative effort with involvement from all areas of the organisation. The plan is now an integral part of our everyday management.

Our strategic goals continue to be based around the development and growth of our three key objectives:

- Homing
- Neutering
- Education

Four subsidiary strategic goals have been identified as critical to enabling the primary objectives to be supported effectively, these are:

- Marketing and brand development
- Staff and volunteer development
- Organisational structure development
- Maintenance of a strong financial position

### Homing

Cats Protection must look to reduce the number of cats in need of a good home by increasing the number it rehomes each year. We aim to increase this by the equivalent of five per cent per year throughout the planning period, which can be achieved by increasing our capacity to take in unwanted cats and by increasing the speed at which we find them good homes. We aim to achieve this by:

- Maximising the potential of our existing homing resources through buildings maintenance, and staff and volunteer development
- Increasing our capacity to re-home and our geographical spread by establishing more branches and adoption centres
- Utilising alternative approaches to rehoming such as e-homing and direct homing

## Neutering

Levels of neutering have increased significantly over the last four years. We will continue to increase the number of cats neutered per year, however a greater emphasis will be placed on encouraging the public and other organisations to share responsibility for neutering in the interests of cats and for the benefit of society as a whole.

## Education

Cats Protection recognises education as key to achieving our long-term vision. Education will help achieve improved standards of cat welfare and enhanced understanding of feline behaviour for all our audiences. We aim to achieve this by developing different strategies for specific audiences such as adults, children, professionals, partners and local authorities.

## Marketing and brand development

Cats Protection believes it is essential to have a well defined and recognised brand which is based on a sensitivity to the needs of cats and society as a whole. We aim to utilise the optimum balance of channels available for reaching everyone we relate to in order to ensure we are listening to their needs and raising awareness of the services we provide. This will be achieved by developing our online communities, researching effective advertising channels, increasing communication across our network of supporters and increasing our market intelligence. We wish to be known as the leading charity in the provision and promotion of high-quality cat care.

## Staff and volunteer development

Cats Protection is a service organisation and our people are the heart of our organisation. We aim to maximise the potential both of volunteers and staff through effective recruitment and training. We will increase our structured development programmes and create an environment where individuals are encouraged to contribute in the most effective way to help achieve our overall objectives.

## Organisational structure development

Cats Protection has a range of objectives and operates in a variety of communities. Our aim is have an organisational structure which offers both flexibility and continuity. We will achieve this by:

- Investigating different organisational models
- Maximising the use of technology to link all sections of the organisation
- Continued development of our staff and volunteers to ensure they have the skills to operate in such an environment
- Developing more effective partnerships with other organisations

## Maintenance of a Strong Financial Position

We aim to achieve this through:

- Income growth
- Achieving value for money in all that we spend
- Maintaining a suitable level of reserves to support future development and safeguard against unexpected events.

## International

As internationally recognised experts in feline welfare issues, Cats Protection's staff and volunteers are often called upon to advise outside the UK. We make available our expertise and resources freely and by attendance and speaking at conferences we share the knowledge of our people for the benefit of cats and people internationally. We also host visits from those engaged in similar work from other countries. We do not make grants to other organisations but do give a very limited amount of equipment to voluntary organisations through a scheme administered by SNIP International at the International Companion Animal Welfare Conference.

## Public benefit

Under the charities legislation in England, Wales and Scotland the advancement of animal welfare is recognised as a distinct statutory charitable purpose. However, under the legislation, charities are also required to demonstrate that their work also benefits the public.

Protecting the welfare of animals, preventing cruelty and relieving the suffering of animals have benefits for society as a whole; this is recognised in the Animal Welfare Acts.

Research indicates that companion animals, and cats in particular, provide measurable benefits to people's physical and mental health, especially in relation to children, the elderly and the sick. During 2010 we continued to be involved with and to support various animal welfare groups including:

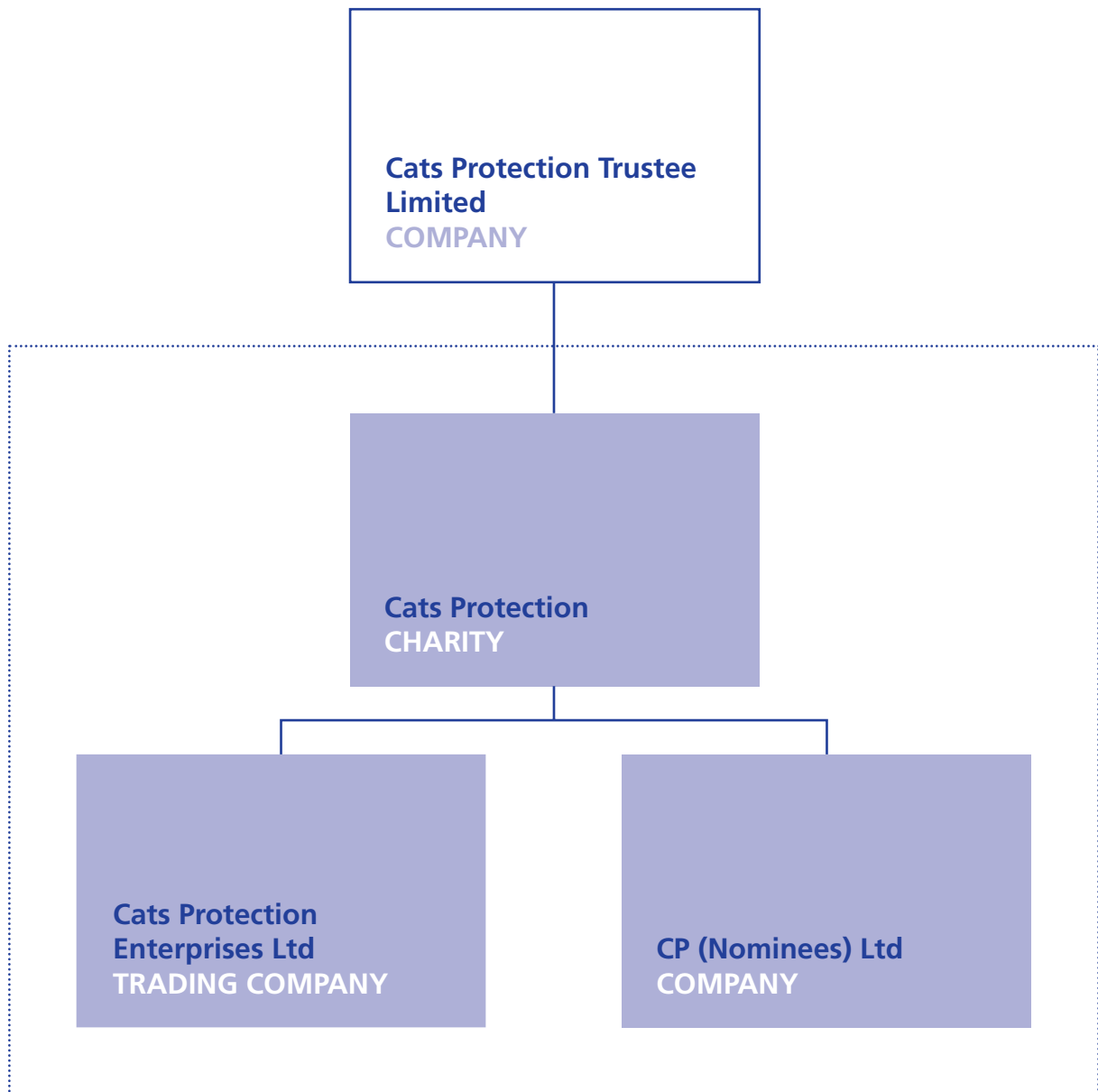
- The Society for Companion Animal Studies (SCAS) which exists to promote the study of human-companion animal interactions and raise awareness of the importance of pets in society
- The Companion Animal Welfare Council (CAWC) which currently has a working group researching the benefits of companion animals in health and social care institutions
- Pathway and the Pet Advisory Committee (PAC). The group's report for housing providers looks at the role of pets in society and provides guidance on pets to providers of housing facilities, including hostels for the homeless and sheltered accommodation.

By helping cats and kittens we believe that our work also benefits the public at large in a variety of specific ways, including:

- Providing cats to those who can and want to provide a good home for them
- Providing companionship for individuals, families, the sick and the elderly
- Providing a service and reassurance to cat owners that their cats will be cared for and rehomed when they become incapable of looking after them either through illness, death or for other reasons
- Reuniting lost and stray cats with their owners
- Taking care of stray cats reported to us and finding new homes for them if we are unable to locate the original owner
- Responding to the concerns of the public about colonies of feral cats
- Helping to control the cat population (both feral and domestic) through neutering
- Helping to control the incidence and spread of disease and suffering in cat populations through vaccination and neutering
- Providing assistance to those on low incomes with the cost of neutering through our voucher scheme
- Providing assistance to local authorities and others by taking in and rehoming stray, lost or abandoned cats and by controlling feral populations
- Providing volunteering opportunities for those who wish to support our work including through the Duke of Edinburgh (DoE) programme.
- Providing information and advice on the care of cats and promoting the welfare of cats generally
- Providing advice to government departments on animal welfare legislation where appropriate with other animal welfare organisations
- Providing educational talks and other activities to increase awareness of cat welfare
- Commissioning and undertaking research into matters affecting cats and the human population
- Helping people experiencing domestic abuse, and their cats, by providing temporary care for their cats under the Freedom Project, in liaison with Dogs Trust

# Structure, governance and management

## Legal structure



These consolidated accounts incorporate the entities shown within the dotted lines

Cats Protection is an unincorporated charitable association. It was founded on 16 May 1927. The charity's constitution is set out in the 'Rules and Byelaws' of the charity. Cats Protection has a corporate trustee (a company set up to act as Trustee), Cats Protection Trustee Ltd.

Cats Protection Trustee Ltd has a board of nine unpaid Directors.

## Governance

The Board meets at least eight times a year to administer the affairs of the charity, set policies and approve all major expenditure programmes. Directors of the Corporate Trustee Company serve for a period of five years and are then eligible for re-election.

At the Annual General Meeting, a Council is elected with between ten and 22 members. The functions of Council are to elect five Directors to the board of the corporate trustee company from amongst its members and to advise the board. All Directors of the Corporate Trustee Company are also Council members. Council meets at least three times a year.

The Board comprises the following:

- five members elected by Council; and
- up to four Directors appointed by the Board for their specific skills

New Directors are familiarised with the workings of the charity and its policies through induction training, visits to branches and adoption centres and meetings with the other Directors and the Chief Executive. Ongoing training and support for all Directors is provided through formal and informal briefings from the Chief Executive, Executive Management Team, third-party specialists or external courses as appropriate.

The Board has two sub-committees. The Investment Committee assists the Board in safeguarding the charity's financial assets and in determining investment policy. It meets at least twice annually with investment managers, advisors and relevant staff. The Audit Committee assists the Board in fulfilling its obligations on financial reporting. It meets at least twice annually and comprises of three Directors, at least one Cats Protection volunteer and at least one external independent member, both with relevant skills.

## Management

The implementation of policies, control of approved financial programmes and day-to-day operations are the responsibility of the Chief Executive, who is assisted by an Executive Management Team.

For operational effectiveness, the UK is split into regions. Regional staff are responsible for developing the activities of volunteer-led branches and establishing new ones in areas of need. We have 12 regions in total. As part of our commitment to supporting local branches, some of our management is located away from the National Cat Centre and nearer to our branches and centres across the UK. This gives more focus and support for the branches and helps provide an integrated service across branches and adoption centres.

Our work in England, Scotland, Wales, and Northern Ireland is managed centrally and under the same integrated governance and management structure.

# Financial review

## Income and expenditure

Key features of financial activity for the year ended 31 December 2010 are as follows:

- Total Income increased by £0.6m (2 per cent) compared to 2009
  - Subscriptions and Donations income increased by £0.7m (7 per cent) and Events income increased by £0.3m (13 per cent) despite the poor economic conditions. This is testament to the loyalty of our supporters
  - Other income decreased by £0.4m (62 per cent). However, this was due to a planned decrease in the level of asset sales
  - Legacy income and investment income remained very close to that achieved in 2009
- Total Expenditure decreased by £2m (5 per cent) in line with CP's plan to continue efforts to achieve value for money in everything we spend. 2009 also saw an increase in the provision held to recognise our commitment to redeem issued vouchers in future years (£1.3m). This has not been repeated in 2010 and the provision has actually marginally decreased
  - Neutering expenditure has decreased by £1.3m (18 per cent) which largely reflects the points above
  - Rescue and rehoming expenditure has increased by £1.3m (6 per cent) which reflects the increase in operational costs associated with the Ferndown Homing Centre. It also reflects the plan to increase operational infrastructure in support of a key charitable activity
- Net outgoing resources, before asset revaluations and disposals are accounted for is £1.6m, which is a £2.6m improvement compared to 2009, reflecting our solid income streams and controlled management of expenditure during a period of economic uncertainty
- The increase in value of investments during the second half of the year and the receipt of funds from KSF has resulted in overall funds increasing by £3.2m during 2010

## Balance sheet

Key features of balance sheet figures for the year ended 31 December 2010 are as follows:

- Tangible Fixed Assets have increased by £0.2m (1 per cent). Smaller building projects were undertaken during a year when plans were developed for future larger building projects.
- Investments have increased by £2.9m (10 per cent) reflecting the increasing value of equities during the year.
- Short-term deposits have decreased by £0.9m (39 per cent) which reflects the operating deficit. However, net current assets remain at an adequate level of £3.1m.
- Provisions for liabilities and charges have decreased by £0.1m (6 per cent) which reflects minor changes in the management procedures of neutering schemes.
- Overall Net Assets of the charity at 31 December 2010 were £58.9m (2009: £55.7m)

## Scotland

For reporting purposes to the Office of the Scottish Charity Regulator (OSCR) we are required to make a separate statement of our work in Scotland.

Cats Protection undertakes about 14 per cent of its rehoming (2009: 14 per cent) and 10 per cent of its neutering work (2009: 10 per cent) in Scotland.

The work is done through five adoption centres, 49 branches and nine shops, using around 14 per cent of our volunteer workforce, approximately 1,000 people, and 22 employed staff.

# Investment and cash management policy

Our investments are broken down into the following categories:

- An investment portfolio held in equities, cash equivalents and similar investments, long term in nature, administered by investment managers on a discretionary basis
- Short-term working capital in term deposit accounts

The policy for the investment portfolio is to provide a positive investment return to the charity without exposing the charity to undue risk. Despite having a well diversified portfolio, this was insufficient to prevent a significant fall in value during 2008 due to the exceptional economic environment, when there was a widespread fall in the majority of asset values. At the time of the banking crisis during October 2008, the investment managers were instructed to keep surplus cash funds in government gilts to ensure the security of these funds, this restriction was removed in January 2009, as the banking situation stabilised. Almost 65 per cent of the value lost during 2008 was regained during 2009. A further £2m of unrealised gains were made during 2010 returning the portfolio to a value similar to that of before the 2008 banking situation.

The policy for the short-term working capital portfolio is to provide a reasonable return from cash deposits in relation to market rates. Cats Protection appointed Royal London Cash Management (RLCM) at the end of 2009 to manage a large portion of the short-term working capital. Its expertise will enable these funds to be diversified across a large number of deposits, ensuring risk to the funds is minimised.

## Kaupthing Singer & Friedlander (KSF) (in administration)

KSF was placed in administration on 8 October 2008 and our members were informed of the situation at the AGM on 12 October 2008. Members, volunteers, supporters and staff were also made aware of the situation immediately by post and email.

In the 2008 financial statements, a £9.1m provision for 80 per cent of the cash deposited at KSF was made. This represented the balance of funds not included in the first distribution. A 10 per cent distribution of £1.14m was made during 2009 with a 5 per cent distribution of £0.57m being recognised in 2009 and received in 2010. Distributions totalling £2,059 (18 per cent) were made during 2010. The administrators forecast 75-84p in £1 in total will be distributed over the whole course of the administration.

Thank you for the enormous level of support you continue to provide with regards to this difficult issue. We are doing all we can to seek the return of all these funds.

## Ethical (investment) policy

During 2009, the Directors agreed to an Ethical Policy which will encompass all areas of our work. This has replaced the Ethical Investment Policy and states the following:

Cats Protection will not knowingly deal with companies or individuals involved in:

Animal testing, both invasive and non-invasive, for cosmetic or other non-medical purposes  
Any aspect of the fur trade

Donations from such companies or individuals will be refused.

Cats Protection fully supports the aims of reduction, refinement and replacement of all laboratory studies on animals.

Non-medical palatability and behavioural testing and studies for products for animal use are deemed acceptable.

This policy applies to companies that we deal with, and their immediate parent company.

The policy to review the investment portfolio biennially to ensure compliance with the Ethical Policy remains, with the next review due in 2012.

## Reserves policy

The aim of Cats Protection's reserves policy is to ensure that its ongoing and future activities are reasonably protected from unexpected variances in income and expenditure.

The Trustee reviews the level of reserves on an annual basis in line with its Reserves Policy.

**Minimum Reserve:** It is the Trustee's view that £9m is required to ensure the work of the charity can continue without disruption in adverse circumstances. This amount has been calculated after reviewing the charity's risk register and determining the greatest threats to income, expenditure and assets.

**Designated Funds:** These funds are designated based on planned activity detailed in Cats Protection's Charity Plan. The aim of this planned activity is to help the charity achieve its long term strategic objectives. The aim and use of each designated fund is set out in the notes to the financial statements.

**Restricted Funds:** These funds are to be used in accordance with specific restrictions imposed by the donors, or which have been raised for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

At the end of 2010: CP had a total of £9.2m free reserves (2009: £17.6m).

## Risk

The Charity Commission defines a risk as 'that which, if it occurs, would have a severe impact on operational performance, objectives or reputation and which has a high chance of occurring'. Risks can be operational, financial, legal and regulatory, public perception or people-based in nature.

The Trustees have reviewed their major risks and the risk management processes within the charity, and concluded that operational and financial controls, together with the internal audit programme, are sufficient to mitigate such risks.

Managers review risk regularly, reassessing the significance and probability of individual risks, the actions that can be taken to mitigate or control risks, the effectiveness of our risk management controls and whether there are new risks for the organisation that need to be considered. Actions taken during the course of the year have served to either increase the strength of our risk management, or to reduce the probability of the risk occurring, and served to embed the management of risk throughout the organisation.

It is recognised that systems can only provide reasonable, and not absolute, assurance that major risks have been adequately managed.



## Review of subsidiaries' activities

The charity has two wholly owned subsidiaries: Cats Protection Enterprises Ltd, which undertakes non-charitable trading activities for the charity and CP (Nominees) Ltd, which acts as nominee in respect of the charity's investments.

The names of these companies were changed in 2010 to Cats Protection Enterprises Ltd and CP (Nominees) Ltd from CPL Enterprises Ltd and CPL (Nominees) Ltd respectively.

Cats Protection Enterprises Ltd undertakes the following trading activity:

- Sale of goods to branches for onward resale at fundraising events and through shops
- Sale of goods to the general public, both online and through mail order catalogues
- Sale of pet insurance services through branches and adoption centres

The company uses a mixture of in-house sales and external fulfilment to meet demand. Turnover was £686k, a 9 per cent decrease (2009: £752k) and cost of sales was £309k, a decrease of 33 per cent (2009: £457k). Turnover and cost of sales have decreased due to an attempt to improve the quality of our income streams. Cats Protection Enterprises Ltd generated profits of £97k (2009: £12k) for the benefit of Cats Protection.

CP (Nominees) Ltd is a wholly owned subsidiary which was established as a nominee company for the charity's investments. It is not a trading company – its purpose is purely administrative and there were no transactions during the year.



# Statement of the Trustee's responsibilities in respect of the Trustee's annual report and the financial statements

Under charity law, the Trustee is responsible for preparing the Trustee's Annual Report and the financial statements for each financial year which show a true and fair view of the state of affairs of the group and the charity and of the group's excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustee:

- selects suitable accounting policies and then applies them consistently
- makes judgements and estimates that are reasonable and prudent
- states whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements
- states whether the financial statements comply with the governing document;
- prepares the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charity will continue its activities

The Trustee is required to act in accordance with the rules of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustee to ensure that, where any statements of accounts are prepared by it under section 42(1) of the Charities Act 1993, those statements of accounts comply with the requirements of regulations under that provision.

It has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Legal and administrative information

## Registered charity number:

203644 (England and Wales)  
SC037711 (Scotland)

## Registered address:

National Cat Centre  
Chelwood Gate  
Haywards Heath  
RH17 7TT

Administration: 08707 708 649  
Facsimile: 08707 708 265  
Helpline: 03000 12 12 12  
Email: cp@cats.org.uk  
Website: www.cats.org.uk

## Trustee:

Cats Protection Trustee Ltd

## Directors of Cats Protection Trustee Ltd:

Ms H McCann	Chairman
Professor T Gruffydd-Jones (BVetMed PhD DipECVIM MRCVS)	Deputy Chairman

Ms W Bosler  
Ms N Holloway  
Mr P Sheehan  
Mrs M Price (appointed 16/12/10)  
Dr A Swarbrick (appointed 16/12/10)  
Mrs J Toben  
Mrs PE Walls MBE

## Council Members:

Ms J Eyres (resigned 19/10/10)	Mrs L Glaze (resigned 24/12/10)
Ms P Godfrey	Mrs J Harbour (resigned 26/01/11)
Ms C Loy	Ms S Wood
Mrs C Osborne	Mr P Roberts
Mrs A Ryan	Mr P Syvret (resigned 17/07/10)
Ms L Upson	Mrs E Watson (resigned 17/07/10)
Mr C Watson	Mr A Hillier (appointed 17/07/10)
Mrs M Wood (appointed 17/07/10)	

# Chief Executive and Executive Management Team

## Chief Executive

Mr P Hepburn BSc, FCCA, FRSA

## Executive Management Team

Mr M Henley ACIB; Director of Operations

Mrs H Jacobs MSc, FCMA, ACIS, BSc; Director of Central Services

Mr M Rawden MBA, Dip (Mgmt), FInstLM, FCMI, MInstF (Cert); Director of Operations North (Resigned – 30/08/2010)

Ms M Roberts BVM&S MRCVS; Director of Veterinary Services

Mr D Sullivan LLB (Hons); Director of Legal Services

Mr N Edmans BA (Hons), CPE (Law); Director of Communications (Appointed – 16/08/2010)

Mr L Coghlin BA (Hons); Director of Fundraising (Appointed – 24/02/2011)

## Auditors:

KPMG LLP  
1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

## Internal Auditors:

Haysmacintyre  
Fairfax House  
15 Fulwood Place  
London  
WC1 6AY

## Bankers:

Barclays Bank plc  
2 Carfax, Horsham  
West Sussex  
RH12 1DN

## Insurance Brokers:

Aon Limited  
Somerset House  
47-49 London Road  
Redhill  
RH1 1LU

## Investment Advisers:

Rathbones Investment Management Limited  
159 New Bond Street  
London  
W1S 2UD

UBS AG  
1 Curzon Street  
London  
W1J 5UB  
(to 31 Dec 2010)

Newton Investment Management Ltd  
Bank of New York Mellon Centre  
160 Queen Victoria Street  
London  
EC4V 4LA  
(From 1 Jan 2011)

Royal London Cash Management (RLCM)  
55 Gracechurch Street  
London  
EC3V 0UF

## Disclosure of information to auditors

The Trustee who held office at the date of approval of this Trustee's report confirms that, so far as it is aware, there is no relevant audit information of which the charity's auditors are unaware; and the Trustee has taken all the steps that it ought to have taken as a Trustee to make itself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

### Auditors

The Trustee will place a resolution before the Annual General Meeting to reappoint KPMG LLP as auditors for the next year.

We thank everyone who has supported our work, through giving donations or being members of the organisation, or as volunteers or staff, for giving their time and effort to improve the life of cats throughout the United Kingdom.

Approved and signed on behalf of the Trustee by:

A handwritten signature in blue ink that reads "Heather McCann". The signature is written in a cursive style and is positioned above a horizontal dotted line.

Ms. H. McCann  
Chairman

DATE: 19 May 2011

# Independent auditors' report to the Trustee of Cats Protection

We have audited the group and charity financial statements of Cats Protection for the year ended 31 December 2010 set out on pages 22 to 38. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charity's trustee as a body, in accordance with both section 43 of the Charities Act 1993 and regulations made under section 44 of that Act and section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustee 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 charity and its trustee as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of trustee and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 17 the trustee is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 43 of the Charities Act 1993 and section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with the regulations made under those Acts. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with relevant legal and regulatory requirements and International Standards on

Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charity's affairs as at 31 December 2010 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 1993, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if in our opinion:

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient and proper accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



**M G Fallon (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

1 Forest Gate, Brighton Road, Crawley, West Sussex, RH11 9PT  
19 May 2011

# Cats Protection Report and Financial Statements

## Year Ended 31 December 2010

### Statement of Financial Activities

	Note	Unrestricted Funds £000	Restricted Funds £000	Total 2010 £000	Total 2009 £000
<b>Incoming Resources</b>					
<b>Incoming Resources from generated funds:</b>					
Voluntary Income:					
Legacies	2	17,220	1,864	19,084	19,202
Subscriptions & donations	3	9,711	-	9,711	9,038
Activities for generating funds:					
Events		2,921	-	2,921	2,579
Trading Company	20	686	-	686	752
Charity Trading		1,969	-	1,969	1,808
Investment income	5	651	24	675	671
Other incoming resources	6	259	-	259	686
<b>Total incoming resources</b>		<b>33,417</b>	<b>1,888</b>	<b>35,305</b>	<b>34,736</b>
<b>Resources expended</b>					
<b>Cost of generating funds:</b>					
Costs of generating voluntary income					
	7	2,598	-	2,598	3,919
Costs of activities for generating funds					
	7	3,456	-	3,456	4,053
Investment management costs	7	137	-	137	81
		<b>6,191</b>	<b>-</b>	<b>6,191</b>	<b>8,053</b>
<b>Charitable activities:</b>					
Rescue & rehoming	7	22,437	569	23,006	21,717
Neutering schemes	7	5,640	-	5,640	6,883
Information & education	7	1,966	-	1,966	2,159
		<b>30,043</b>	<b>569</b>	<b>30,612</b>	<b>30,759</b>
<b>Governance costs</b>		<b>138</b>		<b>138</b>	<b>167</b>
<b>Total resources expended</b>		<b>36,372</b>	<b>569</b>	<b>36,941</b>	<b>38,979</b>
<b>Net (outgoing)/incoming resources before transfers</b>	8, 18	<b>(2,955)</b>	<b>1,319</b>	<b>(1,636)</b>	<b>(4,243)</b>
Transfers between funds	16	-	-	-	-
<b>Net (Outgoing)/incoming resources before asset revaluations and disposals</b>		<b>(2,955)</b>	<b>1,319</b>	<b>(1,636)</b>	<b>(4,243)</b>
Revaluation gains	11	2,754	-	2,754	4,063
Proceeds from administration / (Impairment) to investment assets	11	2,059	-	2,059	1,710
<b>Gain on investment assets</b>		<b>4,813</b>	<b>-</b>	<b>4,813</b>	<b>5,773</b>
<b>Net movement in funds</b>	17	<b>1,858</b>	<b>1,319</b>	<b>3,177</b>	<b>1,530</b>
<b>Reconciliation of Funds</b>					
Total funds brought forward at 1 January	17	54,156	1,561	55,717	54,187
<b>Total funds carried forward at 31 December</b>	16	<b>56,014</b>	<b>2,880</b>	<b>58,894</b>	<b>55,717</b>

The consolidated statement of financial activities includes all gains and losses recognised in the year. All of the above results are derived from continuing activities.

The notes on pages 25 to 38 form part of these accounts.

# Cats Protection Report and Financial Statements Year Ended 31 December 2010

## BALANCE SHEETS

	Note	Group		Charity	
		2010 £000	2009 £000	2010 £000	2009 £000
<b>Fixed Assets</b>					
Tangible Assets	10	27,449	27,287	27,449	27,287
Investments	11	30,355	27,501	30,355	27,501
		<u>57,804</u>	<u>54,788</u>	<u>57,804</u>	<u>54,788</u>
<b>Current Assets</b>					
Stocks	12	66	69	-	27
Debtors	13	1,671	837	2,009	964
Short term deposits		1,381	2,257	970	2,062
Cash at bank & in hand		3,002	2,885	3,017	2,882
		<u>6,120</u>	<u>6,048</u>	<u>5,996</u>	<u>5,935</u>
<b>Creditors:</b>					
Amounts falling due in one year	14	3,034	2,997	2,910	2,884
<b>Net current assets</b>		<b>3,086</b>	<b>3,051</b>	<b>3,086</b>	<b>3,051</b>
<b>Provision for liabilities &amp; charges</b>	15	<b>1,996</b>	<b>2,122</b>	<b>1,996</b>	<b>2,122</b>
<b>Net assets</b>		<u><b>58,894</b></u>	<u><b>55,717</b></u>	<u><b>58,894</b></u>	<u><b>55,717</b></u>
<b>Funds</b>					
Unrestricted funds					
General funds	16	9,193	17,556	9,193	17,556
Designated funds	16	46,821	36,600	46,821	36,600
Restricted funds					
Restricted funds	16	2,880	1,561	2,880	1,561
<b>Total funds</b>		<u><b>58,894</b></u>	<u><b>55,717</b></u>	<u><b>58,894</b></u>	<u><b>55,717</b></u>

The financial statements were approved and signed on behalf of the Trustees by:

*Heather McCann*  
.....

Ms H McCann  
Chairman  
19 May 2011

The notes on pages 25 to 38 form part of these accounts.



# Cats Protection Report and Financial Statements Year Ended 31 December 2010

## CONSOLIDATED CASHFLOW STATEMENT

	Note (see below)	2010 £000	2009 £000
<b>Net cash (outflow) from operating activities</b>	a	<u>(1,942)</u>	<u>(2,905)</u>
<b>Return on investments and servicing of finance</b>			
Interest received		185	66
Dividends received		490	605
<b>Net cash inflow for returns on investments and servicing of finance</b>		<u>675</u>	<u>671</u>
<b>Capital expenditure &amp; financial investment</b>			
Purchase of tangible fixed assets		(1,451)	(3,567)
Sale of tangible fixed assets		-	921
Purchase of investments		(4,729)	(4,351)
Sales of investments		6,688	11,080
<b>Net cash inflow for capital expenditure and financial investments</b>		<u>508</u>	<u>4,083</u>
<b>(Decrease)/Increase in cash and cash equivalents in the year</b>	b	<u>(759)</u>	<u>1,849</u>

### Notes to consolidated cashflow statement

#### a) Reconciliation of net incoming resources to net cash inflow from operating activities

Net (outgoing) resources	(1,636)	(4,243)
Investment income receivable	(675)	(671)
(Profit) on disposal of tangible fixed assets	-	(635)
Depreciation charge	1,289	923
Decrease in stock	3	110
(Increase)/Decrease in debtors	(834)	16
Increase in creditors	37	229
Decrease/Increase in provisions	(126)	1,366
<b>Net cash (outflow) from operating activities</b>	<u>(1,942)</u>	<u>(2,905)</u>

#### b) Analysis of changes in cash and cash equivalents during the year

	At 1 January 2010 £000	Cashflow 2010	At 31 December 2010 £000
Short term deposits	2,257	(876)	1,381
Cash at banks & in hand	2,885	117	3,002
<b>Cash Movement</b>	<u>5,142</u>	<u>(759)</u>	<u>4,383</u>

The notes on pages 25 to 38 form part of these accounts.

# Cats Protection Report and Financial Statements

## Year Ended 31 December 2010

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Accounting Policies

##### Basis of accounting

The financial statements have been prepared under the historic cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* published in 2005, the Charities Act 1993, and other applicable accounting standards. A summary of the accounting policies, which have been consistently applied, is set out below.

##### Consolidation

The Group Accounts consolidate the accounts of Cats Protection and its subsidiary undertakings, Cats Protection Enterprises Limited and CP (Nominees) Limited on a line by line basis. The detailed results for the subsidiaries are provided in note 20.

The charity has taken advantage of the exemption afforded by paragraph 397 of SORP 2005 not to provide a separate Statement of Financial Activities for the charity.

##### Fund accounting

The charity maintains various types of funds as follows:

- *General funds* are unrestricted funds which are available for use at the discretion of the Trustee in furtherance of the general objectives and which have not been designated for other purposes
- *Designated funds* are funds that have been set aside by the Trustee for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements
- *Restricted funds* represent funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements

The cost of raising and administering such funds are charged against the specific funds.

Transfers between funds are shown where funds have been allocated by the Trustee for specific purposes.

##### Incoming resources

All incoming resources are included in the statement of financial activities when the charity is legally entitled to the income, and the amount can be quantified with reasonable accuracy. Specifically, policies for certain types of income are as follows:

- For legacies, entitlement is the earlier date of the charity being notified of an impending distribution following settlement of the estate or the legacy being received
- Subscriptions – including lifetime subscriptions – and donations income are recognised when received. No amounts are included in the financial statements for services or time donated by volunteers. Gift Aid on donations is accounted for on an accruals basis
- No account is taken of monies or other assets in the hands of volunteer helpers until such monies are banked or other assets are received
- Goods donated for resale are included as income when they are sold and the cash received
- Investment income is accounted for when receivable

# Cats Protection Report and Financial Statements

## Year Ended 31 December 2010

### Resources Expended

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all costs relating to that category. Liabilities are accounted for when a constructive obligation arises. Where costs cannot be directly attributed to an activity or function they have been allocated in proportion to direct costs.

- *Costs of generating funds* are those costs incurred in seeking voluntary donations or as incurred in publicising or marketing the charity. All investment management charges and the costs associated with the trading company, Cats Protection Enterprises Limited, are also included
- *Charitable activities* are all costs incurred in meeting the core objectives of the charity. Neutering vouchers are recorded as a liability at the point at which they are released to the branches
- *Governance costs* are those which relate to the governance of the general running of the charity. This includes internal and external audit fees and other costs that have arisen from constitutional or statutory requirements, including one-off costs of governance. It has also included an apportionment of overhead costs

Irrecoverable VAT is included in the relevant expense categories.

### Tangible fixed assets and depreciation

Freehold land and buildings are stated at cost less depreciation. Freehold land is not depreciated. Pens and adoption centre equipment have been identified as a separate asset class. Assets under the course of construction are not depreciated. These are transferred to freehold land and buildings on practical completion.

Tangible fixed assets costing more than £1,000, except for branch equipment, are capitalised and included at cost including any incidental expenses of acquisition. Branch equipment is written off in the year of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

Freehold land	Nil
Freehold property	40 years on a straight-line basis
Leasehold property	Depreciated over the term of the lease
Pens and adoption centre equipment	10 years on a straight-line basis
Fixtures, fittings, IT and office equipment	four years on a straight-line basis
IT software	four years on a straight-line basis
Motor vehicles	four years on a straight-line basis

# Cats Protection Report and Financial Statements

## Year Ended 31 December 2010

### Accounting policies (continued)

#### Investments

Investments are stated at market value at the balance sheet date. The *Statement of Financial Activities* includes the net gains and losses arising on revaluation and disposals throughout the year.

Gain or loss on disposal of investment assets is calculated as the difference between the historical and market values.

#### Stocks

Stocks are valued at the lower of cost or net realisable value.

#### Pension costs

The charity operates a defined contribution pension scheme. The assets of the scheme are held in a separately administered fund. The amount charged to the *Statement of Financial Activities* represents the contribution payable to the scheme in respect of the accounting period.

#### Finance and operating leases

Operating lease rentals are charged to the *Statement of Financial Activities* on a straight-line basis over the life of the lease.

Assets held under finance lease and lease purchase agreements are capitalised as fixed assets. Obligations under such agreements are included in creditors.

#### Taxation

As a registered charity, Cats Protection is exempt from taxation of income and gains to the extent these are applied to the charitable objectives.

#### Provisions

A provision is made for neutering vouchers issued but not redeemed. If a voucher has not been redeemed within certain time frames it is assumed they will not be redeemed.

# Cats Protection Report and Financial Statements

## Year Ended 31 December 2010

### 2. Legacies

	Unrestricted Funds £000	Restricted Funds £000	Total 2010 £000	Total 2009 £000
Legacies	17,220	1,864	19,084	19,202

The charity is also the residuary beneficiary of several legacies that have not been included in the financial statements. There is a significant degree of uncertainty around these figures, as these cannot be accurately determined nor can receipt be guaranteed. An estimate of the amount involved is £2,350,000 (2009: £2,512,000)

In addition to this, the charity is the residuary beneficiary of several properties without current vacant possession. A sale value cannot be accurately determined for these premises, so for this reason these legacies have not been included in the financial statements.

### 3. Subscriptions and Donations

	Unrestricted Funds £000	Restricted Funds £000	Total 2010 £000	Total 2009 £000
Subscriptions	660	-	660	682
Donations	9,051	-	9,051	8,356
	<u>9,711</u>	<u>-</u>	<u>9,711</u>	<u>9,038</u>

### 4. Branch Fundraising

	Unrestricted Funds £000	Restricted Funds £000	Total 2010 £000	Total 2009 £000
Subscriptions & Donations	3,067	-	3,067	3,041
Events	2,469	-	2,469	2,148
Shop sales of donated goods	2,148	-	2,148	2,042
Other	14	-	14	22
	<u>7,698</u>	<u>-</u>	<u>7,698</u>	<u>7,253</u>

### 5. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2010 £000	Total 2009 £000
Fixed asset investments:				
-UK fixed interest securities	79	-	79	170
-Overseas fixed interest	-	-	-	-
-UK equities	259	-	259	292
-Overseas equities	134	-	134	23
-Investment and unit trusts	57	-	57	16
-Property	40	-	40	46
-Deposits	45	24	69	66
Bank and other interest	5	-	5	21
Rental income	32	-	32	37
	<u>651</u>	<u>24</u>	<u>675</u>	<u>671</u>

# Cats Protection Report and Financial Statements

## Year Ended 31 December 2010

### 6. Other incoming resources

	Unrestricted Funds £000	Restricted Funds £000	Total 2010 £000	Total 2009 £000
Credit card commission	43	-	43	48
Surplus on disposal of tangible fixed assets	216	-	216	635
Miscellaneous income	-	-	-	3
	<u>259</u>	<u>-</u>	<u>259</u>	<u>686</u>

### 7. Resources expended

	Direct Staff Costs £000	Other Direct Costs £000	Indirect Costs £000	Total 2010 £000	Total 2009 £000
<b>Cost of generating funds</b>					
Cost of generating voluntary income	402	1,723	473	2,598	3,919
Costs of activities for generating funds	842	1,985	629	3,456	4,053
Investment management fee	-	137	-	137	81
	<u>1,244</u>	<u>3,845</u>	<u>1,102</u>	<u>6,191</u>	<u>8,053</u>
<b>Charitable expenditure (unrestricted)</b>					
Rescue & rehoming	6,119	12,128	4,190	22,437	20,667
Neutering schemes	108	5,227	305	5,640	6,883
Information & education	711	924	331	1,966	2,159
	<u>6,938</u>	<u>18,279</u>	<u>4,826</u>	<u>30,043</u>	<u>29,709</u>
<b>Charitable expenditure (restricted)</b>					
Rescue & rehoming	-	569	-	569	1,050
Neutering schemes	-	-	-	-	-
	<u>-</u>	<u>569</u>	<u>-</u>	<u>569</u>	<u>1,050</u>
<b>Governance costs</b>					
	1	114	23	138	167
	<u>1</u>	<u>114</u>	<u>23</u>	<u>138</u>	<u>167</u>
<b>Total resources expended</b>	<u>8,183</u>	<u>22,807</u>	<u>5,951</u>	<u>36,941</u>	<u>38,979</u>

Analysis of the indirect cost items included in the above is as follows:

	Fundraising £000	Rescue & rehoming £000	Neutering schemes £000	Information & Education £000	Governance £000	Total indirect costs £000
Salary & related costs	628	2,387	189	206	15	3,425
Depreciation	92	349	-	-	-	441
Other indirect costs	382	1,454	116	125	8	2,085
	<u>1,102</u>	<u>4,190</u>	<u>305</u>	<u>331</u>	<u>23</u>	<u>5,951</u>

The indirect costs are allocated in proportion to direct costs.

# Cats Protection Report and Financial Statements

## Year Ended 31 December 2010

### 8. Net incoming/(outgoing) resources

	2010 £000	2009 £000
Net incoming resources for the year is stated after charging:		
Auditors' remuneration (audit)	44	49
Auditors' remuneration (other services)	-	-
Depreciation of tangible fixed assets	1,289	923
(Profit) on sale of tangible fixed assets	-	(635)
Operating lease rentals	245	399

### 9. Staff Costs

#### Employment Costs

	2010 £000	2009 £000
Wages and salaries	9,210	8,758
Social security costs	828	742
Pension costs	195	180
Agency staff	458	355
	<u>10,691</u>	<u>10,035</u>

To meet fluctuating demand in some of the charity's departments, additional staff are needed for temporary periods. Such staff are supplied through agencies and shown as 'Agency staff' in the table above.

The Directors of Cats Protection Trustee Ltd are volunteers and are not paid a wage or salary by Cats Protection Trustee Ltd or Cats Protection.

#### Average number of employees and full-time equivalent is as follows:

	2010 Average	2009 Average	2010 FTE	2009 FTE
Generating funds	90	85	84	74
Charitable Activities	494	463	422	399
Governance	2	2	2	2
	<u>586</u>	<u>550</u>	<u>508</u>	<u>475</u>

#### Employee Emoluments

The emoluments of higher paid staff within the following scales were:

	2010 No.	2009 No.
£60,001 - £70,000	2	4
£70,001 - £80,000	3	-
£90,001 - £100,000	-	1
£100,000 - £110,000	1	-

Some of the higher paid staff are members of defined contribution schemes and the charity paid £23,265 (2009: £18,105) to the scheme on their behalf.

#### Trustee Expenses

Travelling and subsistence expenses were reimbursed to six trustees and amounted to £7,357 (2009: £6,266). This reflects the fact that Cats Protection is a UK-wide charity and so Trustees sometimes need to travel long distances to branches, adoption centres and the National Cat Centre, Chelwood Gate in Sussex.

# Cats Protection Report and Financial Statements

## Year Ended 31 December 2010

### 10. Tangible Assets (Group and Charity)

	Freehold Land & Buildings £000	Assets under the course of construction £000	Pens & Adoption Centre Equipment £000	Fixtures, Fittings, & Office Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>						
At 1 January 2010	29,184	4,076	3,100	1,280	2,476	40,116
Additions	595	-	111	81	664	1,451
Transfers	1,999	(1,999)	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 December 2010	<u>31,778</u>	<u>2,077</u>	<u>3,211</u>	<u>1,361</u>	<u>3,140</u>	<u>41,567</u>
<b>Depreciation</b>						
At 1 January 2010	7,376	-	2,521	1,057	1,875	12,829
Charge for the year	552	-	95	104	538	1,289
Disposals	-	-	-	-	-	-
At 31 December 2010	<u>7,928</u>	<u>-</u>	<u>2,616</u>	<u>1,161</u>	<u>2,413</u>	<u>14,118</u>
<b>Net Book Value</b>						
At 31 December 2010	<u>23,850</u>	<u>2,077</u>	<u>595</u>	<u>200</u>	<u>727</u>	<u>27,449</u>
At 31 December 2009	<u>21,808</u>	<u>4,076</u>	<u>579</u>	<u>223</u>	<u>601</u>	<u>27,287</u>

Freehold land and buildings includes freehold land with a value of **£1,839,404** that is not depreciated. All assets are held for charitable purposes.

### 11. Fixed asset investments (Group and Charity)

	2010 £000	2009 £000
Market value at 1 January 2010	27,501	28,457
Additions	4,729	4,351
Disposals	(6,688)	(11,080)
Net Loss on Revaluation	2,754	4,063
Proceeds from administration / (Impairment to Value)	2,059	1,710
<b>Market value at 31 December 2010</b>	<u>30,355</u>	<u>27,501</u>
Historical Cost at 31 December 2010	<u>25,525</u>	<u>27,586</u>

The impairment charge in 2008 was the diminution in value of the cash deposits held in Kaupthing Singer and Friedlander. The deposit was written down by 80 per cent in 2008 as a result of the bank being placed into administration. In 2009 the recoverable amount was deemed to have improved by £2,280k (20p in £1) as distributions have either been received or promised. A further £1,141k (10p in £1) was paid in 2009 along with £571k (5p in £1) which was promised in 2009 to be received in 2010 and so recognised in the 2009 accounts. £2,059k was promised and paid in 2010 bringing the total repaid to £6,047k (53p in £1).



# Cats Protection Report and Financial Statements

## Year Ended 31 December 2010

### 11. Fixed asset investments (continued) (Group and Charity)

	2010 £000	2009 £000
Represented By:		
Fixed interest securities	1,792	6,422
Equities (excluding investment trusts)	11,892	12,293
Investment and unit trusts	-	-
Overseas investment and unit trusts	7,056	4,620
Property funds	1,354	991
Hedge funds	2,155	2,050
Deposits	6,106	1,125
	<u>30,355</u>	<u>27,501</u>

At 31 December 2010 the Charity held no investments which were in excess of 5 per cent of total market value.

The charity is not aware of any material restrictions which might affect the realisation of any of its listed securities.

The charity holds the following investments in subsidiary undertakings:

	2010 £	2009 £
Cats Protection Enterprises Ltd	2	2
CP (Nominees) Ltd	100	100

### 12. Stock

	Group		Charity	
	2010 £000	2009 £000	2010 £000	2009 £000
Goods for resale	66	42	-	-
Other consumables	-	27	-	27
	<u>66</u>	<u>69</u>	<u>-</u>	<u>27</u>

# Cats Protection Report and Financial Statements

## Year Ended 31 December 2010

### 13. Debtors

	Group		Charity	
	2010 £000	2009 £000	2010 £000	2009 £000
<b>Amounts falling due within one year</b>				
Legacies	-	-	-	-
Other debtors	391	224	304	142
Amounts owed by subsidiary undertakings	-	-	235	12
Prepayments	1,280	613	1,260	600
	<u>1,671</u>	<u>837</u>	<u>1,799</u>	<u>754</u>
<b>Amounts falling due after one year</b>				
Amounts owed by subsidiary undertakings	-	-	210	210
	-	-	<u>210</u>	<u>210</u>
	<u>1,671</u>	<u>837</u>	<u>2,009</u>	<u>964</u>

Included in 'Amounts falling due after one year' is a £210,000 loan to Cats Protection Enterprises Limited. This represents a long-term loan from Cats Protection to provide working capital. It is secured by a debenture, covering both a fixed and floating charge over all property and assets of the company and is repayable on demand. Interest is payable on the loan at a rate of 1 per cent over Barclays Bank PLC base lending rate.

### 14. Creditors: amounts falling due within one year

	Group		Charity	
	2010 £000	2009 £000	2010 £000	2009 £000
Trade creditors	415	1,451	304	1,359
Taxation and social security	241	221	241	221
Other creditors	339	360	333	346
Accruals	2,039	965	2,032	958
	<u>3,034</u>	<u>2,997</u>	<u>2,910</u>	<u>2,884</u>

### 15. Provisions for Liabilities and Charges (Group and Charity)

	2010 £000	2009 £000
At 1 January 2010	2,122	756
Utilised during the year	(2,122)	(756)
Charge to the SOFA in the year	1,996	2,122
Amounts released unused	-	-
<b>At 31 December 2010</b>	<u>1,996</u>	<u>2,122</u>

The provision is provided for neutering vouchers issued during 2008, 2009 and 2010 but not returned.

# Cats Protection Report and Financial Statements

## Year Ended 31 December 2010

### 16. Statement of Funds

	Balance at 1 January 2010 £000	Incoming Resources £000	Expenditure £000	Investment gains/losses £000	Transfers £000	Balance at 31 December 2010 £000
<b>Unrestricted Funds</b>						
General funds	17,556	33,417	(36,372)	4,813	(10,221)	9,193
<b>Designated Funds</b>						
Fixed assets	24,929	-	-	-	2,520	27,449
Repairs & maintenance	491	-	-	-	31	522
Site acqn. & development	9,922	-	-	-	3,503	13,425
Special projects	1,258	-	-	-	4,167	5,425
<b>Total Unrestricted Funds</b>	<b>54,156</b>	<b>33,417</b>	<b>(36,372)</b>	<b>4,813</b>	<b>-</b>	<b>56,014</b>
<b>Restricted Funds</b>						
By Area	1,064	1,739	(315)	-	-	2,488
By Branch						
Adoption Centre	491	149	(248)	-	-	392
By Appeal	6		(6)	-	-	-
<b>Total Restricted funds</b>	<b>1,561</b>	<b>1,888</b>	<b>(569)</b>	<b>-</b>	<b>-</b>	<b>2,880</b>
<b>Total funds</b>	<b>55,717</b>	<b>35,305</b>	<b>(36,941)</b>	<b>4,813</b>	<b>-</b>	<b>58,894</b>

The general funds represent the funds of the charity which are not designated for particular purposes by the Trustee.

The restricted funds represent funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised for particular purposes; smaller funds are consolidated as 'other branches'.

The value of designated funds are estimates of future spend for particular projects for a three year time period from 31 December 2010.

# Cats Protection Report and Financial Statements

## Year Ended 31 December 2010

### 16. Statement of Funds (Continued)

Designated funds have been established for the following purposes:

*Fixed Assets* – The net book value of fixed assets in use by the charity.

*Repairs and Maintenance Fund* – Represents the funds to meet major repair and maintenance projects for the properties of the charity.

*Site Acquisition and Development Fund* – Represents the funds to meet the cost of new sites or major refurbishment projects for the purposes of the charity.

*Special Projects Fund* - Represents money which has been earmarked as ongoing expenditure for special projects.

### 17. Analysis of Net Assets between Funds (Group and Charity)

	General Funds £000	Designated Funds £000	Restricted Funds £000	2010 Total £000	2009 Total £000
Balance at 1 January 2010	17,556	36,600	1,561	55,717	54,187
Net movement in funds	(8,363)	10,221	1,319	3,177	1,530
<b>Balance at 31 December 2010</b>	<b>9,193</b>	<b>46,821</b>	<b>2,880</b>	<b>58,894</b>	<b>55,717</b>

Represented by:

	General Funds £000	Designated Funds £000	Restricted Funds £000	2010 Total £000	2009 Total £000
Tangible fixed assets	-	27,449	-	27,449	27,287
Investments	8,103	19,372	2,880	30,355	27,501
Net current assets	3,086	-	-	3,086	3,051
Provision	(1,996)	-	-	(1,996)	(2,122)
<b>Total net assets</b>	<b>9,193</b>	<b>46,821</b>	<b>2,880</b>	<b>58,894</b>	<b>55,717</b>

# Cats Protection Report and Financial Statements

## Year Ended 31 December 2010

### 18. Note of historical net incoming resources

	2010 £000	2009 £000
Net (outgoing)/incoming resources for the year	(1,636)	(4,243)
Realisation of previous years' revaluation (losses) on fixed asset investments	681	(544)
<b>Historical cost net (outgoing) resources</b>	<b>(955)</b>	<b>(4,787)</b>

### 19. Operating lease Commitments (Group and Charity)

At 31 December 2010 the charity was committed to making the following payments under operating leases:

	2010 £000	2009 £000
Within one year	146	135
Within two or five years	272	231
Over five years	51	94
	<b>469</b>	<b>460</b>

### 20. Subsidiaries

The charity holds 100 per cent of the issued share capital of each of the following companies, both of which are registered in England.

		Issued Share Capital
Cats Protection Enterprises Limited	Trading subsidiary	£2
CP (Nominees) Limited	Nominee company for Cats Protection investment portfolio	£100

The results of both these subsidiaries have been fully consolidated into the results of the group.

### Cats Protection Enterprises Limited

Profit and loss account	Year Ended 31 December 2010 £000	Year Ended 31 December 2009 £000
Turnover	686	752
Cost of sales	(309)	(457)
<b>Gross profit</b>	<b>377</b>	<b>295</b>
Administrative expenditure	(280)	(283)
<b>Net operating profit</b>	<b>97</b>	<b>12</b>
Gift aid	(97)	(12)
Other Interest receivable and similar income	-	-
<b>Profit on ordinary activities before taxation</b>	<b>-</b>	<b>-</b>
Taxation	-	-
<b>Profit on ordinary activities after taxation for the year</b>	<b>-</b>	<b>-</b>

# Cats Protection Report and Financial Statements

## Year Ended 31 December 2010

### 20. Subsidiaries (continued)

Balance Sheet	Year Ended 31 December 2010 £000	Year Ended 31 December 2009 £000
Current assets:		
Stock	66	42
Debtors	110	188
Cash at bank and in hand	395	197
	<b>571</b>	<b>427</b>
Creditors: amounts falling due within one year	(361)	(217)
<b>Net current assets</b>	<b>210</b>	<b>210</b>
Creditors: amounts falling due after one year	(210)	(210)
<b>Net assets</b>	<b>-</b>	<b>-</b>
<b>Funded by:</b>		
Called up share capital (£)	2	2

The working capital of Cats Protection Enterprises Ltd is financed by a loan from the charity secured by a debenture covering all the company's assets and is repayable on demand. At the end of the year, the loan amounted to £210,000. Interest on the loan is payable at the rate of 1 per cent above Barclays Bank plc base lending rate. The profits for the year, amounting to £97,079 (2009: £11,519), will be donated to the charity under Gift Aid.

#### CP (Nominees) Limited

The charity's other wholly owned subsidiary, CP (Nominees) Ltd, which holds investments on behalf of the charity, acts only as a legal entity for investment trades.

### 21. Capital commitments

At the end of the year the charity had a number contracts where capital commitments existed.

The balances on these contracts outstanding at 31 December 2010 were:

	2010 £000
Ferndown Homing Centre	1
Exeter DDA Ramp	5
Hereford House	77
Derby Adoption Centre	415
Dereham Adoption Centre	213
Felling Adoption Centre	83
Lisburn Adoption Centre	124
NCC Road Upgrade	2
	<b>920</b>

# Cats Protection Report and Financial Statements Year Ended 31 December 2010

## 22. Related Parties

No disclosure has been made of transactions between the parent and subsidiary undertaking in accordance with the exemptions allowed by Financial Reporting Standard (FRS) 8.

The charity has controls in place to ensure that a trustee cannot participate in any decisions where they may have a vested interest.

There were no other transactions with related parties during the current year.

## 23. Custodian Trust

Cats Protection completes all administration for the Earnshaw Trust. The assets of the Trust will eventually revert to the charity.

The trust is held by the charity as a custodian trust and thus there is not current entitlement to either capital or income.

	2010 £000	2009 £000
Market value at 1 January 2010	220	188
Net movements	59	32
<b>Market value at 31 December 2010</b>	<b>279</b>	<b>220</b>
Historic cost at 31 December 2010	20	20



