



Annual Report & Accounts 2013



In 2013 we directly helped more than 500 cats a day

We rehomed and reunited over 45,000 cats and kittens

2013 saw us neuter 158,000 cats

We reached an audience of over 15,000 with our education talks



Trustee's report

Cats Protection is the UK's leading feline 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 2013, we helped directly over 194,000 cats (2012: 220,000) through rehoming and neutering. The fall in total cats helped is primarily due to a decrease in the number of cats neutered. We helped over one million cats in the five years to 2011 and in the two years since then this figure has continued to grow even further.

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

This is an ambitious vision, but one that we truly believe is achievable through the passion and commitment of Cats Protection's volunteers, supporters and staff. Helping cats is the ultimate aim of everything we do.

Our values, which underpin everything, are:

we care about cats

- we value and respect our volunteers, supporters and staff
- we are committed to providing a high-quality service
- we are open and honest

Our strategic objectives focus on three activities:

- Homing – to find good homes for cats in need
- Neutering – to support and encourage the neutering of cats
- Education and information – to improve people's understanding of cats and their care through education, information and advice

Four subsidiary strategic goals were identified as critical to achieving our primary objectives in 2013, these were:

- Staff and volunteer development
- Adoption centre development
- Maintenance of a strong financial position
- Fundraising development

How did we do

Performance against our strategic objectives

Homing

We rehomed and reunited around 46,000 cats and kittens

Cats Protection finds good homes for cats in need. We operate through a network of volunteer-run branches throughout the UK. These branches carry out approximately three quarters of our rehoming work and they finance this mainly through their own local fundraising efforts, with additional support from funds received centrally. In addition to the branch network, we have 31 purpose-built adoption centres. Our branches and centres work side by side to deliver cat work.

Cats Protection rehomed and reunited around 46,000 cats and kittens in 2013 which is broadly in line with the level achieved in 2012 (47,000). Our plan was to maintain homing levels and achieving this represents a considerable success in the continually difficult economic climate where fewer cat lovers are able to take on the financial responsibility of looking after a cat. At any point in the year, we can have between 5,000 and 6,000 cats in our care which are looking for a new home and there are many more that need our help.

The introduction of a more flexible approach to home visiting, primarily across our adoption centres, has been very successful. Greater use of technology and developing questionnaires to help us gather the right information from potential adopters, often face-to-face, has helped us ensure that we continue to match the right cat to the right home.

In April 2013, we launched *Find a Cat*. This is an application on the Cats Protection website that allows potential adopters to search for cats in our care, based on their postcode. The results are fed directly from the branch websites. A mobile-friendly version was added shortly after the launch. Usage of *Find a Cat* has increased steadily and by the end of the year the website had received over 300,000 unique visits and the mobile-friendly version had over 70,000 views.

Cats Protection applies a minimum veterinary standard to all cats in its care. All cats are health checked by a vet, treated for fleas and worms, neutered (if old enough), vaccinated with at least the first vaccination for cat flu and enteritis and blood tested for feline leukaemia and feline immunodeficiency viruses if the cat is sick. Every cat is microchipped and homed with four weeks' pet insurance. This ensures the best possible start for the cat in its new home and gives reassurance to the adopter.

Through our work with feral cats we helped approximately 24,000 feral cats and kittens (2012: 26,000) to have a better life through trap, neuter and return programmes or relocation if return to the original site was not possible.

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

Neutering

We helped to neuter 158,000 cats and continued to promote the benefits of neutering

Neutering is extremely important to cat population management as it actively prevents unplanned litters being born so they do not become the homeless 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.

Research shows that it is not just the percentage of cats neutered that is important to control the feline population but the timing of neutering is also vital if we are going to avoid unwanted pregnancies. Neutering before puberty is crucial and as cats can become sexually active from four months of age, Cats Protection is encouraging acceptance of four months as the normal age for neutering, rather than the traditional age of six months. Neutering at four months is the policy of both the British Small Animal Veterinary Association and the Cat Group. In circumstances such as trapped feral kittens and cats being rehomed, it is often appropriate to neuter them younger than four months. Cats Protection's policy is to neuter feral cats any time after weaning and to neuter domestic cats for rehoming after the first vaccination with the long term aim of neutering all cats before they are placed in a new home.

To promote early neutering, the charity runs an early neutering register via our website. Veterinary practices that are prepared to neuter cats before six months can register and then members of the public or animal welfare workers can locate practices in their area using a postcode search. At the end of the year, a total of 1,090 practices across the UK were signed up (2012: 966). We also have videos about early neutering available online for both the public and the veterinary profession.

2013 saw a reduction in the number of cats neutered from 173,000 to 158,000. This reduction is due to a decrease in the number of neutering vouchers issued following a request to branches to budget especially carefully during a time of financial pressure. In addition, we have exercised tighter control over the issuing of neutering vouchers so that our resources are used where they will make the most difference, rather than funding owners who are able to pay for the procedure themselves. Our overall strategy is to gradually increase the number of cats we neuter over a number of years. Inevitably, as this is a difficult number to control precisely, year on year growth will vary. However, our performance in 2013 represents significant growth since 2005 and 2006 when we neutered about 100,000 cats each year. We were not only responsible for funding an estimated 22 per cent of all cat neutering carried out in the UK (source: University of Bristol), but we also run the largest single companion animal neutering programme in the world.

Significant progress continued to be made toward our goal of more joint working with other animal charities by sharing cost and therefore making schemes more viable and sustainable, currently through joint schemes with national charities such as RSPCA, PDSA and as part of the C4 neutering consortium in London. We have also joined the Cat Population Control Group alongside other charities and academics to look at ways of joint working on this issue, which is paramount to feline welfare.

The intensive joint neutering scheme which we ran with the RSPCA in Stoke on Trent neutered almost 2,500 cats in total with local branches reporting seemingly fewer kittens in the area. The accompanying university-led research study into feral and domestic cat populations is now in the data analysis phase and is due to report in spring 2014. In total, around 30,000 cats were neutered through our joint charity schemes in 2013 (2012: 35,000).

We also run our own regional schemes in areas of particular need. This year, we started a large campaign in two postcode areas of Birmingham where we undertook an educational and awareness-raising exercise before starting to issue neutering vouchers. This campaign is continuing into 2014 and we will measure the impact of the educational work. Many of our branches also run schemes in areas of local need.

The Neutering Support team continues to provide neutering help and advice to our customers through the telephone and email support systems as well as issuing neutering vouchers.

Education & information

Education helps spread understanding and useful information about cat welfare and is the best way to ensure the number of cats needing our help is minimised. Cats Protection publishes a wide range of leaflets on cats and their care, which we have reviewed and rewritten during the year. Leaflet topics range from dealing with fleas and parasites to cat behavioural problems and legal issues. Several new titles are also now available, including microchipping and toxoplasmosis. The series can be downloaded from our website at www.cats.org.uk and is also available through our volunteer branches, our Helpline and veterinary clinics.

Our educational activity continues to increase every year. During 2013, Cats Protection's Education team continued to recruit education volunteers and promote our talks. Working with seven education co-ordinators and 68 education speakers, we held a total of 448 education talks across the UK in the year (2012: 248). The talks were delivered to adults and children at schools and community groups and reached a total audience of 13,041. In addition, our branch volunteers delivered a further 230 talks (2012: 190).

We also continued to develop our education resources. In July, we produced two new children's booklets: *It's all about Cats* for the 7-9 year age group and *Cat Detective* for ages 9-11 years. The booklets are aimed as an accompaniment to our educational workshops. All the educational resources now refer to age ranges rather than key stages to ensure that our resources are also relevant to the education system in Scotland. A review of our educational resources is planned for 2014.

We also educate members of the veterinary profession and animal welfare workers on matters such as shelter medicine, feline behaviour and early neutering. We gave presentations to 58 different groups of animal professionals (2012: 59), reaching an audience of 2,350 (2012: 1,575).

We produce a veterinary newsletter called *CP Clinic* which is sent to 3,709 veterinary practices and institutions with articles about feline medicine, surgery and behaviour. We have also published *CP – The veterinary guide* which is a booklet that has been sent free of charge to all veterinary practices. It explains our policies and what our expectations are of the practices with whom we work. It has been very well received and we obtained sponsorship for its production.

We also run a programme in conjunction with the Dogs Trust to provide practical placements for veterinary students. During the year, 15 students spent time at the National Cat Centre, enabling them to gain valuable experience in shelter medicine and cat handling. The students are invited to write a short report and these are reviewed at the end of the year with prizes awarded. A new veterinary school is opening at the University of Surrey in autumn 2014. We are liaising with the school to get shelter medicine into their curriculum and for their students to visit the National Cat Centre.

The charity's Veterinary team helps to run the recently formed Association of Charity Vets, a group that provides support and resources for vets working in the shelter or low-cost clinic environment. Two conferences were held in 2013, with over 100 people attending the first event.

This work aims to increase the veterinary profession's awareness of the work of the charity and to improve the care of both owned and unowned cats.

Building on our work in 2012, Cats Protection undertook some high profile advocacy on key issues affecting cats. We worked to secure a debate on the welfare of cats and dogs in the House of Lords; the minister responsible for animal welfare and seven lords participated. We also raised the importance of cats to human wellbeing and sought additional content on animal welfare in the Primary National Curriculum. In the House of Commons, we submitted evidence on the inadequacy of current legislation to prevent and to prosecute where dogs injure or kill cats.

As a member of the Pet Advertising Advisory Group (PAAG), we secured government endorsement of voluntary minimum standards for online pet adverts. Seven leading classified advertisement companies agreed to meet these standards and be moderated against them. We continued to work with leading supermarkets on lily labelling. Marks & Spencer and Morrisons have especially prominent warnings on lily toxicity to cats on the front of their pure/mixed lily bouquets. Comma Oil, a leading manufacturer of ethanol glycol based antifreeze agreed to amend their bottle labels from spring 2014 to warn against the products toxicity to animals, which we hope will reduce accidental poisonings.

Cats Protection is a member of the newly formed Canine and Feline Sector Group, which provides information and ideas to the Department for Food and Rural Affairs (DEFRA) via the Animal Health and Welfare Board for England. The Group is particularly interested in issues such as control measures for preventing rabies entering the UK and microchipping.

Our dedication to cat welfare

Treating every cat with kindness and an understanding of its needs is at the heart of what we do and we apply these fundamental principles to all aspects of our work. We strive to have the most positive impact we can within our available resources.

There are two big issues affecting cat welfare in the UK. Firstly, the overpopulation of cats for which there are not enough good homes. Our work on homing and neutering is designed to tackle this issue. Secondly, people's lack of understanding of cats and their needs resulting in poor welfare, often unintentionally. Our education work is essential to improving people's understanding. Further commentary on our work in these areas is provided in earlier sections of this report.

Internally, we place a strong emphasis on training our volunteers and staff in cat welfare issues. We also understand that being in a pen in a rescue facility can be very stressful for cats, no matter how good the pen, so our aim is to have the cats in our care for as short a time as possible. We do all that we can to decrease the stress levels experienced by cats in our care by keeping them singly and providing environmental enrichment accessories, such as the Feline Fort. We designed the Feline Fort to give cats the opportunity to hide or perch and observe. In 2013, the Feline Fort won a Cat Friendly award at the International Cat Care awards ceremony in recognition of the difference it makes to cat wellbeing and welfare. It is available for the public to buy.

Performance against our strategic goals

Staff and volunteer development

Our staff and volunteers are vital to the work of the charity.

Trustees would like to record their thanks to the charity's 9,100 volunteers. Without them, their professionalism and hard work, we would not be able to help as many cats as we do each year. Volunteers are the lifeblood of the charity and a large proportion of our cat welfare work is completed through our branches. Branch fundraising generated income of £7.7m in 2013 (2012: £8.0m) in support of their operating costs. Volunteers also work in our adoption centres, at the National Cat Centre and also as fund raisers, educators and feral trappers, to name just a few roles. We estimate that in 2013, our volunteers gave generously in the region of 4.6 million hours (2012: 4.5m hours) to Cats Protection's work, which has a value to the charity of £59.8m* (2012: £56m). This figure is probably an underestimate as many more people help us in unofficial capacities.

Trustees also acknowledge, with thanks, the hard work of Cats Protection staff who contribute so much to the development and running of the charity year by year.

Our work to provide comprehensive learning and development resources and opportunities for our staff and volunteers continued in 2013. Of specific focus were our e-learning resources, which suit a geographically diverse organisation and allow volunteers in particular to take advantage of learning opportunities at a time convenient to themselves. More than 820 staff and volunteers have registered to use LearnOnline, where more than 370 different courses are available. The feedback from staff and volunteers alike has been hugely positive and the resource has also won external awards. LearnOnline won the 'Best Use of Technology' from the Charity Learning Consortium, recognising our innovative approach to developing our own e-learning programme, and also a commendation for 'Amazing Use of Technology'.

Understanding Feline Origins was made available to the public via our website in February 2013 and 13,400 people visited the site during the year. The UFO Facebook campaign was launched in June 2013 and received over 1,000 visits in a single day. It has been promoted in a wide range of media, including TV and radio and social media such as Twitter.

Our Volunteer Champions Programme, which focuses on volunteering best practice and volunteer management, was rolled out to volunteers in 2013 and received very positive feedback. The programme, which has also been run with staff from across the charity, has led to the development of our volunteering toolkit of policies, procedures and guidance to help lead and manage volunteers.

The Volunteer 'Special Thanks and Recognition Scheme' (STARS) was developed and launched during Volunteers week in June 2013. STARS is a team-focussed recognition programme, developed following consultation with our volunteers and recognises the work our people do across the charity by providing them with resources to help them help more cats.

* The rate is based on the median gross hourly salary excluding overtime for full time workers, published in the 2013 Annual Survey of Hours and Earnings, by the National Office of Statistics.

Adoption centre development

During the year, a new homing centre was opened at Gildersome just south of Leeds in Yorkshire. As at our Ferndown site in Dorset, cats are prepared for homing by volunteer fosterers working in their own homes. Once they are ready to home, cats are moved to the centre. Homing centres have the advantage of providing the public with a 'one-stop shop' to see a variety of cats, and enable our staff and volunteers at the centre to match the right cat to the right home easily. While the centre at Gildersome is still developing with the recruitment of fosterers, it has so far proved highly successful with all the cats in the centre reserved on the opening weekend and a total of 55 cats adopted in 2013.

A new adoption centre was opened in Warrington in the Padgate area of the town, replacing our previous centre which was at the end of its life and in an area which was difficult for the public, volunteers and staff to access. The new centre was opened in November by Trustee Patrick Sheehan. It also had a successful start, homing 82 cats by the end of the year.

Planning permission was received late in 2013 for an adoption centre at our Lisburn site in Northern Ireland.

Maintenance of a strong financial position

In 2013, we continued to review and control our expenditure by identifying savings and more efficient ways of working and by securing more beneficial terms with our key suppliers.

Our investment in fundraising paid dividends with income from donations increasing by £1.7m (23 per cent). Together with the improvement in legacy income, these factors enabled us to return an operating surplus of £8.3m, for the year.

Good performance in the stock markets delivered total gains of £2.7m in the value of our investments. Coupled with the surplus, we were able to increase our reserves by £11.7m. This has placed the charity on a stronger financial footing as we enter 2014.

The surplus achieved in 2013 will enable the charity to dedicate additional resources to our three charitable activities in 2014. We will continue to increase our investment in fundraising to help ensure a sustainable income base for the future. We are also planning to accelerate the delivery of our capital programme, which is focused heavily on improving our existing adoption centres and building new ones in areas where we currently have none.

Fundraising development

We have had a highly successful year in our drive to recruit new donors. During 2013, we launched two new fundraising offers. In July, we introduced a weekly lottery, asking people to pay £1 a week to win a top prize of £1,000. This has proved very popular and over 8,000 people were playing by the year end. Our new cat sponsorship, launched in August, was also very successful and we had more than 7,000 sponsors by the end of 2013. In total, the number of monthly givers grew by 24 per cent in 2013 to 65,000. Regular giving by direct debit is a vital and reliable source of funding to support our work.

Almost 600 people decided to register with our Cat Guardians service, giving them the peace of mind that should their cat outlive them, the charity will work hard to find it a loving new home. A proportion of these people indicated that they would kindly include us in their Will. We also received a further 1,300 other legacy notifications in the year. In total, the number of people who said they would recognise Cats Protection in their Will increased six-fold compared to 2012. Legacies are hugely important for our future work, so the generosity of these people is most welcome.

The vast majority of our 23,000 members and Special Friends were happy to join our new, simplified membership scheme, with voting rights, a membership card and receipt of *The Cat* magazine being key benefits.

We have ambitious growth plans for our high street presence. The expansion of our shop chain got underway in 2013 with six new shops opening in Leeds, Crawley, Grimsby, Horsforth, Minehead and Abergavenny.

Income raised by our adoption centres, with crucial help from our volunteers and the Friends groups that are attached to many of our centres, grew by 21 per cent in 2013; a really great achievement.

We would also like to thank our corporate partners. We would like to thank Pets at Home and Support Adoption For Pets (the independent charity supported by Pets at Home) for their ongoing support this year. Our first fundraising weekend with Pets At Home took place in June. Over 150 Cats Protection branches and adoption centres worked with Pets At Home stores and raised over £30k and our second fundraising weekend will be held in March 2014. We also continue to be supported through their Very Important Pets Club (VIP Club). During 2013, we received over £70k in grants for central and branch development projects from Support Adoption For Pets. Our branches and adoption centres also received over £120k in donations from bi-annual fundraising drives which take place in Pets at Home stores and their Christmas 'Santa Paws' appeal.

Our partnership with PURINA® has continued to prosper, and we thank them for their continued support of our branches and adoption centres through the provision of subsidised food and for their sponsorship of our National Cat Awards in 2014. PURINA® is also currently supporting Cats Protection through fundraising as their Charity of the Year for 2013/2014.

Thank you to the homewares brand Magpie who kindly selected us as their only charity of choice and in 2013 raised over £28k for the charity. Magpie is supporting Cats Protection with 15 per cent of all their website orders being donated to us.

Partnerships

We would like to thank those organisations with whom we have formed strong partnerships and we are pleased to be able to collaborate with a number of others to achieve our shared goals.

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), International Cat Care (ICC), People's Dispensary for Sick Animals (PDSA), Blue Cross and Dogs Trust. In addition to these national organisations, we also work closely with many local, independent animal welfare charities across the UK, including the Assisi Animal Sanctuary in Northern Ireland and Wood Green Animal Shelter in England.

We work closely with pet insurance company Petplan, who provide owners with insurance cover for the first few weeks that their new cat is homed with them. We thank Petplan for this important contribution to cat welfare. Adopters have the 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.

Thank you also to Ceva, who continue to support us through sales of their Feliway Diffuser, Verdo, who supply us with our cat litter and to the many others who support our work through corporate partnerships.

Our impact

Cats Protection is the UK's leading feline welfare charity. The impact of our work addresses cat welfare issues across a range of timeframes. Our rehoming addresses the immediate issue of helping cats in need. In the medium term, our neutering work will help control the population of cats so there are fewer unwanted cats. Our education and information work has the long-term impact of changing attitudes within society so that people take a more responsible view of cat ownership and welfare.

Cats Protection... into the future

In 2010, the charity set out its 10-year strategy. This is translated into annual Charity Plans. The Charity Plan 2014 was approved by Trustees in October and has four objectives:

- to help as many cats as possible by growing and supporting the number of volunteers, developing our network of branches and increasing our neutering work
- to maintain standards by assessing our work practices

- to achieve at least break-even by setting a budget that delivers a surplus for reinvestment
- to ensure the charity's long-term sustainability by maximising our income and donor base and developing our retail potential while controlling our costs

Our priorities for 2014 are to:

- continue adoption centre development through a combination of new facilities, radical changes to existing facilities and finding new ways of marketing
- support our branches
- exploiting technology to improve internal and external communications
- review the way we share our funds internally in order to deliver the greatest impact

Public benefit

The Directors have given careful consideration to the Charity Commission's guidance on public benefit. This is reflected in the review of the activities undertaken by the charity as contained in this report.

We believe that our vision of a world in which every cat is treated with kindness and an understanding of its needs benefits society as a whole. Cats play a huge part in the lives of millions of people in the UK. Almost one in three UK households has at least one pet cat, according to recent research (Source: Mintel Oxygen, March 2013). By supporting cats, we are providing a benefit to owners, carers and other people who come into contact with cats.

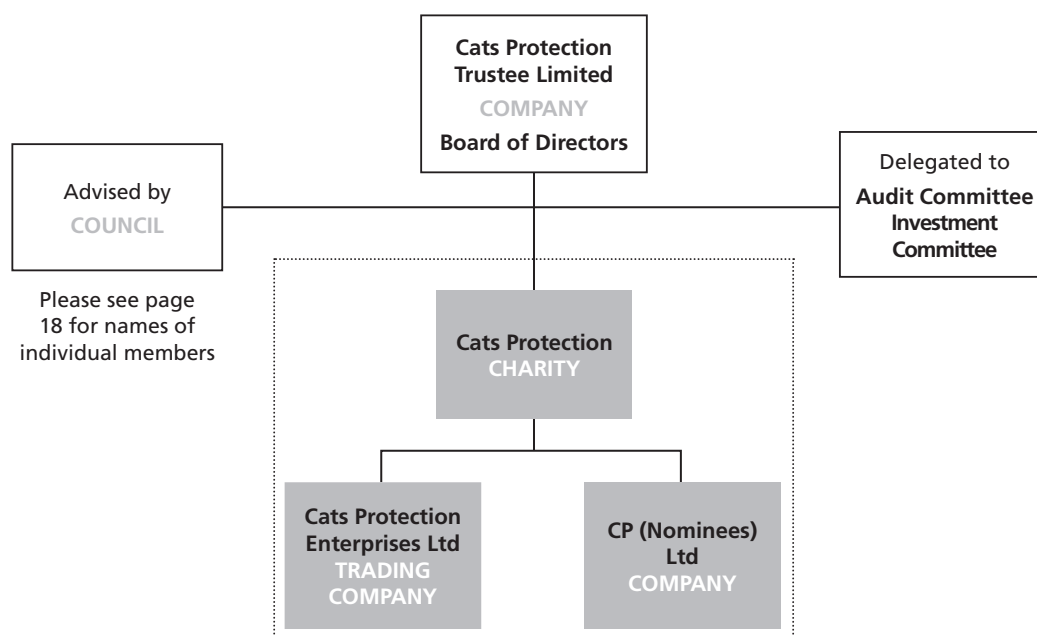
We help to rehome and reunite many cats which have been abandoned, strayed or, for whatever reason, are no longer wanted or cannot be kept. We also help to control the feral and owned populations through our neutering and education work. Due to economic conditions, the demand for our help continues to increase.

We provide public benefit in a variety of ways by:

- reassuring 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
- helping to control the incidence and spread of disease and suffering in cat populations through vaccination, neutering and education
- assisting those on low incomes with the cost of neutering through our voucher scheme
- assisting local authorities and local communities by taking in and rehoming stray, lost or abandoned cats and by controlling feral populations
- assisting local authorities by taking in cats from multi-cat households
- providing volunteering opportunities for those who wish to support our work, including through the Duke of Edinburgh (DoE) programme
- 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. The Schools Programme helps young people understand their role in society in terms of cat welfare
- commissioning and undertaking research into matters affecting cats and the human population
- helping people experiencing domestic abuse by providing temporary care for their cats under the Freedom Project, in liaison with the Dogs Trust
- enhancing the quality of life for people in care homes both by homing cats into care homes and encouraging care homes to welcome residents' own cats
- educating vets, vet nurses, vet students and other animal professionals and giving them practical experience beyond their formal training.

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 its Rules.

The charity is governed by a corporate trustee, Cats Protection Trustee Limited, a registered company (registration number 06772997). The constitution of Cats Protection Trustee Limited is set out in its Memorandum and Articles of Association. It has a Board of Directors (the Board) who are unpaid and serve for a period of five years and are then eligible for re-election. Up to five Directors are elected by Council and up to four are appointed for their specific skills. The Board has two sub-committees, an Audit Committee and an Investment Committee.

A Council of between 10 and 22 members of the charity is elected at the Annual General Meeting. The role of Council is to elect up to five of its members to the Board. It also provides advice to the Board on a wide range of issues affecting the charity. All Directors of the Board are Council members. Council operates in accordance with the Rules and Standing Orders of the charity.

Cats Protection Enterprises Limited (registration number 02953832) is the trading arm of the charity. CP (Nominees) Limited (registration number 02470742) is the nominee company for the charity's investment trades and its role is purely administrative. Both of these entities are wholly owned subsidiaries of the charity.

Governance

The Board of Directors met eight times in the year to administer the affairs of the charity, set strategies and policies and approve all major expenditure programmes. Council met four times in the year, including the Annual General Meeting.

New Directors, Council and Committee members are familiarised with the workings of the charity and its policies through induction training, visits to branches and adoption centres and meetings with the Chairman, 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 Investment Committee assists the Board in safeguarding the charity's financial assets and in determining investment policy. It has three Directors and up to three independent advisors. During 2013, the Committee met three times with the investment managers, advisors and relevant staff.

The Audit Committee assists the Board in fulfilling its obligations to ensure effective financial reporting, systems and internal controls are in place. It also consists of three Directors and up to three independent advisors, at least one of whom must be a Cats Protection volunteer. During 2013, the Committee met two times. Meetings are attended by the external and internal auditors and relevant staff.

The Board reviews the work of the two Committees throughout the year. Appointments to both Committees are made by the Board.

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-run branches and establishing new ones in areas of need. We have 18 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

Financial performance in 2013

The charity has had a very successful year. Income has increased by £7.0m (19 per cent) since 2012, which is primarily due to the outstanding performance on legacies. In 2013, legacy income was £25.3m (2012: £20.4m) representing 58 per cent of total income (2012: 55 per cent). We also received our single largest legacy ever in 2013 of £2.2m.

We have continued to diversify our income streams through additional investment in new fundraising channels and increased activity to grow our regular donor base. Expenditure on fundraising activities in 2013 increased by 40 per cent to £10.3m (2012: £7.4m). While such investment typically takes over a year to break even, we are already seeing an increase in our subscription and donation income, up from £7.6m in 2012 to £9.4m in 2013.

The charity restructured in 2012 and the savings from this exercise continued to be realised in 2013, with staff costs reducing from £12.0m in 2012 to £10.3m in 2013. The Statement of Financial Activities for 2013 includes an additional depreciation charge for impairment of £0.7m. This charge recognises the fall in value of two pieces of land purchased in previous years for the development of two new adoption centres.

The upturn in income coupled with the downward pressure maintained on our expenditure has resulted in a net operating surplus of £8.3m for the year (2012: £2.8m). The charity has also benefitted from the positive growth in the investment markets and we are reporting a net gain on investment asset values of £2.7m (2012: £1.7m). Taking this movement into account, total charity funds for the year have increased by £11.7m (2012: £4.8m).

Our Balance Sheet has strengthened in the year. Net assets are now £74.3m, compared to £62.6m at 31 December 2012. This is driven by the operating surplus and the increase in investment values. We reached settlement in the year with Her Majesty's Revenue and Customs (HMRC) over the recognition of rehoming fees as a charge rather than a donation. We received £4.2m from HMRC for backdated input VAT incurred on the costs of rehoming and repaid over £1.1m for historic Gift Aid claimed on rehoming income. These amounts were recognised in last year's Balance Sheet and account for the large fall in Debtors and Creditors at this year end.

Review of subsidiaries' activities

Cats Protection Enterprises Limited undertook the following trading activity in the year:

- sale of new goods to the public through shops, fundraising events, online and by telephone
- sale of pet insurance services through branches and adoption centres
- sales relating to the use of the Cats Protection brand to other commercial entities
- café, retail and meeting rooms at the National Cat Centre

Turnover in 2013, at £1,014k, was in line with the previous year (2012: £1,013k) and the cost of sales was 35 per cent (2012: 34 per cent) of turnover. Administrative expenditure reduced by 34 per cent to £224k (2012: £342k), primarily as a result of changes to staffing rotas at the Visitors Centre. The profit on ordinary activities before taxation and Gift Aid amounted to £434k (2012: £331k). All profit is transferred to the charity in the following financial year.

There were no transactions in the year in respect of CP (Nominees) Limited (2012: none).

Investment management

We hold investments for two purposes. Short-term deposits are held for the charity to support its working capital requirements, ensuring day-to-day payments can be made without the need for an overdraft. We have appointed Royal London Cash Management (RLCM) to manage these deposits and have instructed them to provide a reasonable return in relation to market rates, investing across a range of funds to minimise our exposure to risk.

We also hold a portfolio of equities, bonds, unit trusts and other such investments. These investments are long-term in nature and support the structural development of the charity, such as the funding of major property works. We have appointed two fund managers, Newton and Rathbone, to manage this portfolio with the aim of securing long-term growth in values without exposing the charity to undue risk. The performance of the fund managers is assessed against relevant market benchmarks. In 2013, we were able to add a further £8.0m to the portfolio from the increased legacy receipts. The charity does not hold any mixed motive investments. Mixed motive investments have the joint purpose of providing a financial return while delivering directly the aims of the charity.

During the year, the charity received two further distributions totalling £0.6m in respect of Kaupthing, Singer and Friedlander Bank (KSF) that went into administration in October 2008. We have now received a total of £7.0m through the regular distributions. We have a place on the Creditors' Committee and will continue to work with the Administrators to maximise recovery for all charities affected when KSF was placed in administration.

Ethical Policy

Cats Protection operates an Ethical Policy. The policy encompasses all areas of our work and states that we will not knowingly deal with companies or individuals who are involved directly in animal testing, both invasive and non-invasive, for cosmetic or other non-medical purposes and in any aspect of the fur trade. 'Directly involved' is defined as a company or individual either undertaking themselves, or commissioning others to undertake the contravening activity. The policy applies to companies that we deal with directly and their immediate parent company and also applies to our investment portfolio. 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. The policy is reviewed biennially. The next review is due in 2014.

Reserves Policy

The aim of Cats Protection's Reserves Policy is to ensure that the charity's ongoing and future activities are reasonably protected from unexpected variances in its income and expenditure. The Trustee reviews the level of reserves on an annual basis and has determined that £9.0m 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. As at 31 December 2013, the charity had free reserves of £9.0m (2012: £9.0m) and has operated within the Policy for the year.

Designated funds are reserves set aside for 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 purpose of each designated fund is set out in Note 13 to the financial statements.

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'. Processes are in place to identify and manage the risks faced by Cats Protection.

Each manager reviews the risks in their area of responsibility and assesses the impact and likelihood of the identified risk occurring. Actions to manage the risk are also documented. These risks are then consolidated and reviewed to identify the top 20 corporate risks, which are reported to the Audit Committee. The Board receives and considers details of the top three risks at each of its meetings.

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.

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

Scotland

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

Cats Protection undertakes between 15 per cent and 20 percent of its welfare work in Scotland. The work is delivered through five adoption centres, one animal centre, 49 branches and nine shops, using around 14 per cent of our volunteer workforce, approximately 1,270 people and 20 employed staff.

Statement of 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 and the charity's excess expenditure over income 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 trust deed and rules, subject to any material departures disclosed and explained in the financial statements
- 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 trust deed and the rules of the charity, within the framework of trust law. The trustee is 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 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. The trustee has general responsibility for taking such steps as are reasonably open to them 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 Limited

Directors of Cats Protection Trustee Limited:

Ms H McCann *BA (Hons)*
Professor T Gruffydd-Jones *BVetMed (Lond), PhD (Bristol), MRCVS PhD DipECVIM MRCVS*
Ms W Bosler *BA (Hons)*
Mrs M Price *Freeman of the Worshipful Company of International Bankers, Freeman of the City of London*
Mr P Sheehan *MBBS*
Dr A Swarbrick *ACA*
Mrs J Toben *MloD*
Ms L Upson *DipLGD*
Mr T Jones *MA(Cantab), FInstF, FIDM*
(appointed September 2013)

Chairman
Deputy Chairman

Council members:

Mr C Batt (elected July 2013)
Ms B Kubler (elected July 2013)
Dr R Casey *BVMS, PhD, DipECAWBM, CCAB, ILTM, MRCVS*
Ms C Loy (to July 2013)
Mr D Manners (elected July 2013)
Mrs G Davies
Mrs J Rouse (elected July 2013)
Ms P Godfrey (to July 2013)

Mr M Ridgway *HNC, IEE, BIFM*
Mr R Hall *BA (Hons)* (to March 2013)
Mrs A Ryan *BA (Hons), ACII*
Mr A Hillier (to July 2013)
Mr C Watson *FFA, FFTA, FIAB* (to July 2013)
Ms D Hingley
Mrs M Wood *TechIOSH, Chartered MCIPD*
Mr L Inglis-Ballantyne

Investment committee:

Mrs J Toben *MloD* (Chair)
Mrs M Price, *Freeman of the Worshipful Company of International Bankers, Freeman of the City of London* (to 22 November 2013)
Mr P Sheehan *MBBS* (to 9 December 2013)
Mr A Fletcher *BSc, MBA* (Advisor)
Mr L Jones *OBE* (Advisor)

Audit committee:

Ms W Bosler *BA (Hons)* (Chair)
Mrs M Price, *Freeman of the Worshipful Company of International Bankers, Freeman of the City of London* (to August 2013)
Dr A Swarbrick *ACA*
Mrs K Elis-Williams *BA(Hons), ACA* (Advisor)
Mr A Rummins *MSc, FIIA, MIIA* (Advisor)
Mrs S Scott *BA (Hons)* (Advisor)
Ms L Upson *DipLGD* (from August 2013)

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

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

Mr L Coghlin BA (Hons); Director of Fundraising

External Auditor:

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 Advisors:

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

Newton Investment Management Ltd
Bank of New York Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

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:

Ms H McCann
Chairman

DATE: 14 May 2014

Independent auditor's report to the Trustee of Cats Protection

We have audited the group and charity financial statements (the 'financial statements') of Cats Protection for the year ended 31 December 2013 set out on pages 22 to 35. 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 section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. 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 Trustee's 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 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2013 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 properly prepared in accordance with the requirements of the Charities Act 2011.

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 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient 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.

DATE: 14 May 2014

Nicola May for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants 1 Forest Gate, Brighton Road, Crawley, West Sussex, RH11 9PT
KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Cats Protection Report and Financial Statements

Year ended 31 December 2013

Statement of financial activities

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income:					
Legacies		23,398	1,951	25,349	20,426
Subscriptions and donations	2	9,300	50	9,350	7,623
Activities for generating funds:					
Events		2,580	–	2,580	2,166
Trading company	16	1,014	–	1,014	1,013
Charity trading		4,502	–	4,502	4,503
Investment income	3	732	–	732	743
Other incoming resources	4	456	–	456	504
Total incoming resources		41,982	2,001	43,983	36,978
Resources expended					
<i>Cost of generating funds:</i>					
Costs of generating voluntary income	5	6,249	–	6,249	3,663
Costs of activities for generating funds	5	4,068	–	4,068	3,719
Investment management costs	5	134	–	134	122
Total cost of generating funds		10,451	–	10,451	7,504
<i>Charitable activities:</i>					
Rescue and rehoming	5	17,257	999	18,256	19,949
Neutering schemes	5	4,826	–	4,826	5,223
Information and education	5	1,324	–	1,324	1,331
Total charitable activities		23,407	999	24,406	26,503
Governance costs		145	–	145	176
Additional depreciation in respect of impairment		662	–	662	0
Total resources expended		34,665	999	35,664	34,183
Net incoming/(outgoing) resources before transfers	6	7,317	1,002	8,319	2,795
Net incoming/(outgoing) resources before gains/(losses)		7,317	1,002	8,319	2,795
Other recognised gains/(losses)					
Revaluation gain	9	2,738	–	2,738	1,678
Proceeds from administration of investment assets	9	627	–	627	342
Total other recognised gains/(losses)		3,365	–	3,365	2,020
Net movement in funds	14	10,682	1,002	11,684	4,815
Total funds brought forward at 1 January	14	58,439	4,128	62,567	57,752
Total funds carried forward at 31 December	14	69,121	5,130	74,251	62,567

All of the above results relate to continuing activities. The consolidated statement of financial activities includes all gains and losses recognised in the year. This incorporates the income and expenditure account. The notes on pages 25 to 35 form part of these accounts.

Cats Protection Report and Financial Statements

Year ended 31 December 2013

Consolidated balance sheet

As at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	8	29,308	28,237
Investments	9	40,313	29,246
Total fixed assets		<u>69,621</u>	<u>57,483</u>
Current assets			
Stocks		8	14
Debtors	10	2,844	5,819
Short term deposits		1,742	1,564
Cash at bank and in hand		4,511	3,481
Total current assets		<u>9,105</u>	<u>10,878</u>
Creditors:			
Amounts falling due in one year	11	<u>(2,793)</u>	<u>(4,110)</u>
Net current assets		<u>6,312</u>	<u>6,768</u>
Provision for liabilities and charges	12	<u>(1,682)</u>	<u>(1,684)</u>
Net assets		<u>74,251</u>	<u>62,567</u>
Funds			
Unrestricted funds:			
General funds	13	9,000	9,000
Designated funds	13	60,121	49,439
Restricted funds	13	5,130	4,128
Total funds		<u>74,251</u>	<u>62,567</u>

Cats Protection has not prepared a separate balance sheet for the Charity as this is not considered to be materially different to the consolidated balance sheet of the Group.

The notes on pages 25 to 35 form part of these accounts.

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

Ms H McCann

Chairman

14 May 2014

Cats Protection Report and Financial Statements

Year ended 31 December 2013

Consolidated cashflow statement

Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Net cash inflow/(outflow) from operating activities	a	<u>11,051</u>	<u>423</u>
Return on investments and servicing of finance			
Interest received		95	218
Dividends received		<u>637</u>	<u>525</u>
Net cash inflow for returns on investments and servicing of finance		732	743
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(2,905)	(1,080)
Sale of tangible fixed assets		33	208
Purchase of investments		(10,803)	(2,857)
Sales of investments		<u>3,100</u>	<u>2,874</u>
Net cash (outflow)/inflow for capital expenditure and financial investments		<u>(10,575)</u>	<u>(855)</u>
Increase in cash and cash equivalents in the year	b	<u>1,208</u>	<u>311</u>

Notes to consolidated cashflow statement

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

Net incoming/(outgoing) resources	8,319	2,795
Investment income receivable	(732)	(743)
(Profit) on disposal of tangible fixed assets	(30)	(51)
Depreciation charge	1,170	1,162
Impairment	662	-
Decrease in stock	6	36
(Increase)/Decrease in debtors	2,975	(4,314)
Increase/(Decrease) in creditors	(1,317)	1,538
(Decrease) in provisions	(2)	-
Net cash inflow/(outflow) from operating activities	<u>11,051</u>	<u>423</u>

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

	At 1 January 2013 £'000	Change in year £'000	At 31 December 2013 £'000
Short term deposits	1,564	178	1,742
Cash at banks and in hand	<u>3,481</u>	<u>1,030</u>	<u>4,511</u>
Cash Movement	<u>5,045</u>	<u>1,208</u>	<u>6,253</u>

The notes on pages 25 to 35 form part of these accounts.

Cats Protection Report and Financial Statements

Year ended 31 December 2013

Notes to the consolidated financial statements

1. Accounting policies

A. 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, and are in accordance with the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* published in 2005, the Charities Act 2011, and other applicable United Kingdom accounting standards.

The accounting policies adopted are described below and have been applied consistently.

B. Consolidation

These Group Accounts consolidate the accounts of Cats Protection (the Charity) and its subsidiary undertakings, Cats Protection Enterprises Limited and Cats Protection (Nominees) Limited, on a line by line basis. The detailed results for the subsidiaries are provided in Note 16.

The Charity has taken advantage of the exemption afforded by paragraph 397 of SORP 2005 not to provide a separate Statement of Financial Activities (SOFA) for the Charity. The Charity has also taken advantage of the exemption contained in FRS8, Related Party Transactions, where disclosure is not required in the consolidated financial statements of intragroup transactions and balances eliminated on consolidation.

C. 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 Charity's 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 donor 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.

D. Income

All incoming resources are included in the SOFA when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Policies for certain types of income are as follows:

- Legacy income is recognised in the SOFA when there is reasonable certainty of receipt and amounts receivable can be measured with sufficient reliability. The Charity is the residuary beneficiary of several properties without current vacant possession and for these premises, a sale value cannot be accurately determined and as such, these legacies are not recorded in the SOFA
- Adoption fees are recognised upon receipt and are included under Charity Trading
- Subscription, including lifetime subscriptions, and donation 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
- Branch fundraising is the total of all fundraising income from the volunteer-led branches and fundraising events held at the National Cat Centre and adoption centres. It includes the sale of donated goods through shops and funds raised in one-off events
- 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 2013

1. Accounting policies (continued)

E. 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 administering 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 also includes an apportionment of overhead costs.

The Charity is able to partially recover Value Added Tax (VAT). Irrecoverable VAT is included in the relevant expense categories.

F. Tangible fixed assets and depreciation and impairment

Freehold land and buildings are stated at cost less depreciation. Assets under the course of construction are transferred to freehold land and buildings on practical completion. Tangible fixed assets costing more than £1,000 are capitalised and included at cost, together with any incidental expenses 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 property is depreciated over 40 years
- Leasehold property is depreciated over the term of the lease
- Cat pens and adoption centre equipment is depreciated over 10 years
- Fixtures, fittings, IT and office equipment, IT software and motor vehicles are depreciated over four years.

Freehold land and assets under the course of construction are not depreciated.

An impairment review is performed whenever the Charity becomes aware that a significant event has occurred. Impairments are recorded in the SOFA as resources expended.

Cats Protection Report and Financial Statements

Year ended 31 December 2013

1. Accounting policies (continued)

G. Investments

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year. Gains and losses on the disposal of investment assets are calculated as the difference between historical and market values.

H. Stocks

Stocks are valued at the lower of cost or net realisable value. Stocks disclosed on the Balance Sheet are goods held for sale.

I. 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 SOFA represents the contribution payable to the scheme in respect of the accounting period.

J. Finance and operating leases

Operating lease rentals are charged to the SOFA on a straight-line basis over the life of the lease. The Group does not hold any assets under a finance lease.

K. Taxation

Cats Protection is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Cats Protection Enterprises Limited makes qualifying donations of all taxable profit to the Charity. No corporation tax liability arises in the accounts.

L. Provisions

A provision is made for neutering vouchers that have been issued but not yet redeemed and have not reached their expiry date.

2. Subscriptions and donations

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Subscriptions	544	-	544	558
Donations	8,756	50	8,806	7,065
	<u>9,300</u>	<u>50</u>	<u>9,350</u>	<u>7,623</u>

3. Investment income

Income from listed investments	637	649
Bank and other interest	48	69
Rental income	47	25
	<u>732</u>	<u>743</u>

4. Other incoming resources

Commission	33	35
Surplus on disposal of tangible fixed assets	30	51
Miscellaneous income	393	418
	<u>456</u>	<u>504</u>

The income set out in Notes 3 and 4 is unrestricted.

Cats Protection Report and Financial Statements

Year ended 31 December 2013

5. Resources expended

	Direct staff costs £'000	Other direct costs £'000	Indirect costs £'000	Total 2013 £'000	Total 2012 £'000
Cost of generating funds					
Cost of generating voluntary income	904	4,427	918	6,249	3,663
Costs of activities for generating funds	1,539	1,931	598	4,068	3,719
Investment management fee	-	134	-	134	122
Total cost of generating funds	2,443	6,492	1,516	10,451	7,504
Charitable expenditure (unrestricted)					
Rescue and rehoming	5,207	9,262	2,788	17,257	17,517
Neutering schemes	150	4,464	212	4,826	5,223
Information & education	517	601	206	1,324	1,331
Total charitable expenditure (unrestricted)	5,874	14,327	3,206	23,407	24,071
Charitable expenditure (restricted)					
Rescue & rehoming	-	991	8	999	2,432
Total charitable expenditure (restricted)	-	991	8	999	2,432
Governance costs					
Additional depreciation for impairment	-	122	23	145	176
Total resources expended	8,317	22,594	4,753	35,664	34,183

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 and related costs	687	1,207	96	93	10	2,093
Depreciation	10	1,156	-	4	-	1,170
Other indirect costs	819	433	116	109	13	1,490
	1,516	2,796	212	206	23	4,753

The indirect costs are allocated in proportion to direct costs.

Cats Protection Report and Financial Statements

Year ended 31 December 2013

	2013	2012
	£'000	£'000
6. Additional analysis of resources expended		
Auditors' remuneration (audit)	42	44
Auditors' remuneration (other services)	-	-
Depreciation of tangible fixed assets	1,170	1,162
Operating lease rentals	161	144
Trustee indemnity insurance	3	3

7. Staff costs

Employment costs

	2013	2012
	£'000	£'000
Wages and salaries	9,152	10,821
Social security costs	802	849
Pension costs	229	231
Agency staff	70	129
	<u>10,253</u>	<u>12,030</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:

	2013 Average	2012 Average	2013 FTE	2012 FTE
Generating funds	107	89	93	78
Charitable activities	374	472	315	394
Governance	2	2	2	2
	<u>483</u>	<u>563</u>	<u>410</u>	<u>474</u>

Employee emoluments

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

	2013	2012
	Number	Number
£60,001 – £70,000	2	3
£70,001 – £80,000	4	3
£80,001 – £90,000	1	1
£100,000 – £110,000	1	1

All eight of the higher paid staff are members of defined contribution schemes (2012: six) and the charity paid £30,965 (2012: £30,910) to the scheme on their behalf. No pension contributions were accrued at year end.

Trustee expenses

Travelling and subsistence expenses were reimbursed to six trustees and amounted to £5,133 (2012: £4,975). 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 at Chelwood Gate, Sussex.

Cats Protection Report and Financial Statements

Year ended 31 December 2013

8. Tangible assets

	Freehold land and buildings £'000	Assets under the course of construction £'000	Pens and adoption centre equipment £'000	Fixtures, fittings and office equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2013	33,092	2,577	3,994	1,532	3,153	44,348
Additions	-	2,311	264	160	170	2,905
Transfers	3,296	(3,401)	64	41	-	-
Impairment	-	(662)	-	-	-	(662)
Disposals	-	-	-	-	(266)	(266)
At 31 December 2013	<u>36,388</u>	<u>825</u>	<u>4,322</u>	<u>1,733</u>	<u>3,057</u>	<u>46,325</u>
Depreciation						
At 1 January 2013	9,223	-	2,879	1,329	2,684	16,115
Charge for the year	695	-	102	104	269	1,170
Disposals	-	-	-	-	(268)	(268)
At 31 December 2013	<u>9,918</u>	<u>-</u>	<u>2,981</u>	<u>1,433</u>	<u>2,685</u>	<u>17,017</u>
Net book value						
At 31 December 2013	<u>26,470</u>	<u>825</u>	<u>1,341</u>	<u>300</u>	<u>373</u>	<u>29,308</u>
At 31 December 2012	<u>23,869</u>	<u>2,577</u>	<u>1,119</u>	<u>203</u>	<u>469</u>	<u>28,237</u>

Freehold land and buildings includes freehold land with a value of £1,177k (2012: £1,839k) that is not depreciated. All assets are held for charitable purposes.

9. Fixed asset investments

	2013 £'000	2012 £'000
Market value at 1 January 2013	29,246	27,243
Additions	10,803	2,857
Disposals	(3,100)	(2,874)
Net gain on revaluation	2,737	1,678
Proceeds from administration	627	342
Market value at 31 December	<u>40,313</u>	<u>29,246</u>
Historical cost at 31 December	<u>35,744</u>	<u>26,927</u>

In the 2008, KSF was placed in administration. Our financial statements for 2008 included a provision of £9.1m for 80 per cent of the cash we had deposited at KSF. This represented the balance of funds not included in the first distribution by the bank's administrators. We have continued to receive distributions from the administrators and **as at 31 December 2013**, these distributions totalled £7.0m, with £0.6m being received in 2013. The administrators forecast that between 85.0 to 86.5 pence in £1 will be distributed in total over the course of the administration.

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Analysis of investments held at 31 December

	2013 £'000	2012 £'000
Represented by:		
Fixed interest securities	3,985	3,455
Equities (excluding investment trusts)	13,705	7,915
Overseas investment and unit trusts	7,443	6,201
Property funds	1,014	684
Hedge funds	947	978
Deposits	13,219	10,013
	<u>40,313</u>	<u>29,246</u>

As at 31 December 2013, 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:

	2013 £	2012 £
Cats Protection Enterprises Ltd	2	2
CP (Nominees) Ltd	100	100

10. Debtors: amounts falling due within one year

	2013 £'000	2012 £'000
Other debtors	56	4,209
Prepayments and accrued income	2,788	1,610
	<u>2,844</u>	<u>5,819</u>

11. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	923	1,080
Taxation and social security	224	243
Other creditors	768	419
Accruals	878	2,368
	<u>2,793</u>	<u>4,110</u>

12. Provisions for liabilities and charges

	2013 £'000	2012 £'000
At 1 January 2013	1,684	1,684
Utilised during the year	(682)	-
Charge to the SOFA in the year	1,557	1,313
Released unused	(877)	(1,313)
At 31 December 2013	<u>1,682</u>	<u>1,684</u>

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Year ended 31 December 2013

13. Statement of funds

	Balance at 1 January 2013 £'000	Incoming resources £'000	Expenditure £'000	Investment gains/ (losses) £'000	Transfers £'000	Balance at 31 December 2013 £'000
Unrestricted funds						
General funds	9,000	41,982	34,665	3,365	(10,682)	9,000
Designated funds						
Fixed assets	28,237	-	-	-	1,071	29,308
Repairs and maintenance	522	-	-	-	-	522
Site acquisition and development	12,637	-	-	-	(1,071)	11,566
Special projects	8,043	-	-	-	10,682	18,725
Total unrestricted funds	58,439	41,982	34,665	3,365	-	69,121
Restricted funds						
By area	3,478	1,808	991	-	-	4,295
By branch adoption centre	650	143	-	-	-	793
By appeal	-	50	8	-	-	42
Total restricted funds	4,128	2,001	999	-	-	5,130
Total funds	62,567	43,983	35,664	3,365	-	74,251

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

The designated funds have been established for the following purposes:

- *Fixed assets* – this represents the net book value of fixed assets in use by the Charity.
- *Repairs and maintenance fund* – this represents the funds needed to meet major repair and maintenance projects for the properties of the Charity.
- *Site acquisition and development fund* – this represents the funds needed to meet the cost of new sites or major refurbishment projects for the purposes of the Charity.
- *Special projects fund* – this represents money which has been earmarked as ongoing expenditure for special projects.

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.

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Year ended 31 December 2013

14. Analysis of net assets between funds

	General funds £'000	Designated funds £'000	Restricted funds £'000	2013 Total £'000	2012 Total £'000
Balance at 1 January 2013	9,000	49,439	4,128	62,567	57,752
Net movement in funds	-	10,682	1,002	11,684	4,815
Balance at 31 December 2013	9,000	60,121	5,130	74,251	62,567
Represented by:					
Tangible fixed assets	-	29,308	-	29,308	28,237
Investments	9,000	26,183	5,130	40,313	29,246
Net current assets	-	6,312	-	6,312	6,768
Provision	-	(1,682)	-	(1,682)	(1,684)
Total net assets	9,000	60,121	5,130	74,251	62,567

15. Operating lease commitments

At 31 December 2013, the Group was committed to making the following payments under operating leases:

	2013 £'000	2012 £'000
Within one year	129	133
Within two or five years	431	339
Over five years	54	64
	614	536

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16. 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, acting as the legal entity for investment trades	£100

The results of both these subsidiaries have been fully consolidated into the results of the Group. There were no transactions on CP (Nominees) Limited during 2013 (2012: none).

Cats Protection Enterprises Limited

Profit and loss account	31 December 2013 £'000	31 December 2012 £'000
Turnover	1,014	1,013
Cost of sales	(356)	(340)
Gross profit	<u>658</u>	<u>673</u>
Administrative expenditure	(224)	(342)
Net operating profit	<u>434</u>	<u>331</u>
Gift aid	(434)	(331)
Profit on ordinary activities before taxation	–	–
Taxation	–	–
Profit on ordinary activities after taxation for the year	<u>–</u>	<u>–</u>
	31 December 2013 £'000	31 December 2012 £'000
Balance sheet		
Current assets:		
Stock	8	14
Debtors	134	164
Cash at bank and in hand	495	230
	<u>637</u>	<u>408</u>
Creditors: amounts falling due within one year	(427)	(198)
Net current assets	<u>210</u>	<u>210</u>
Creditors: amounts falling due after one year	(210)	(210)
Net assets	<u>–</u>	<u>–</u>
Funded by:		
Called up share capital (£)	2	2

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The Charity has provided a long-term loan of £210k (2012: £210k) to Cats Protection Enterprises Limited to provide working capital. The loan is secured by a debenture covering all the Company's assets 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.

The profits for the year, amounting to £434k (2012: £331k) will be donated to the Charity under Gift Aid.

17. Capital commitments

At 31 December 2013, the Charity had one contract where capital commitments exist. The balance outstanding on this contract is:

	2013 £'000
Warrington Adoption Centre	105
	<hr/> <u>105</u>

18. Related parties

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 2013 (2012: none).

19. Custodian trust

Cats Protection administered the Earnshaw Trust, which was wound up during the year. Upon dissolution, the assets of the trust, £256k, reverted to the Charity in accordance with the conditions of the trust.

Notes:

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