

CATS PROTECTION ANNUAL REPORT AND ACCOUNTS 2011



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

In 2011 we rehomed
and reunited around
48,000 cats and kittens

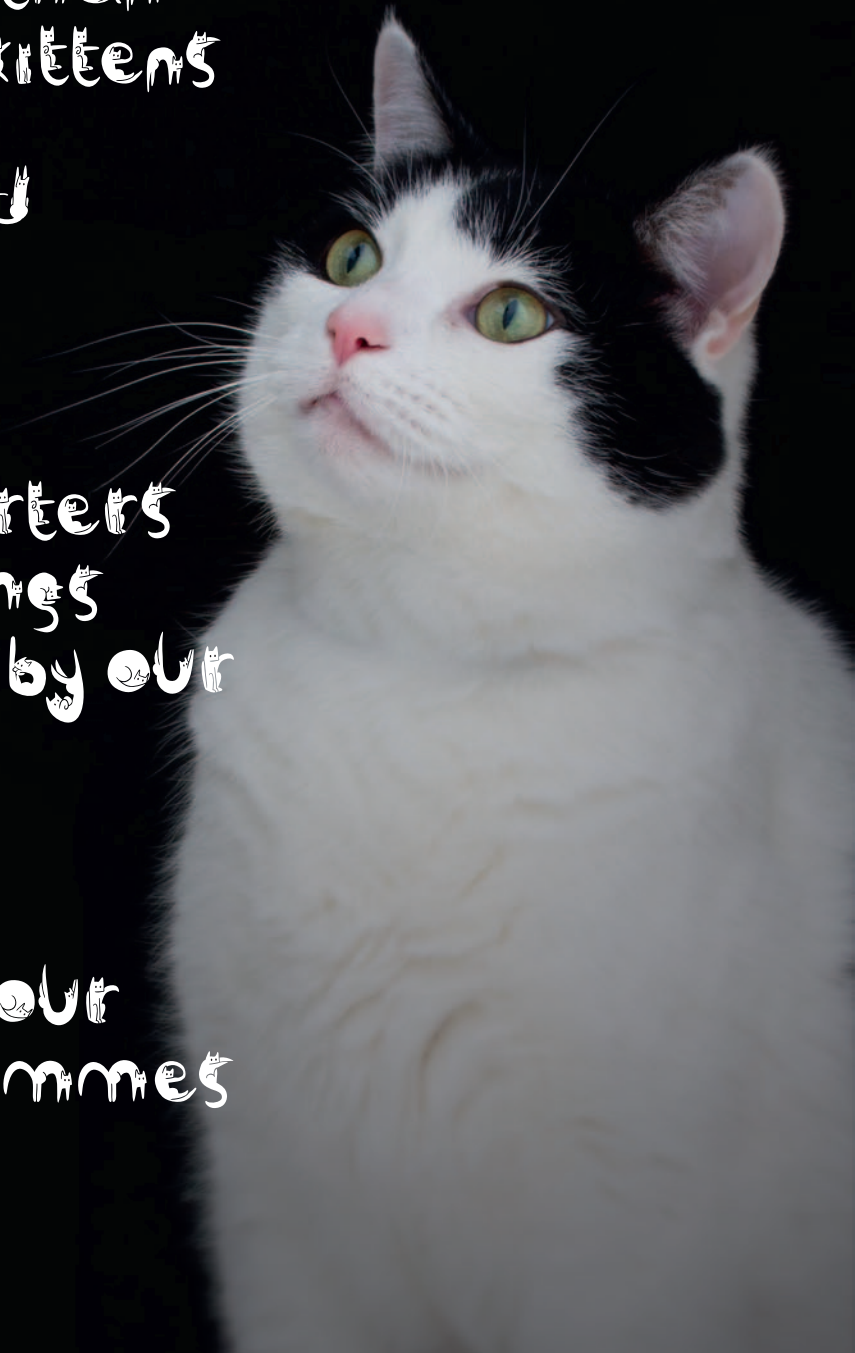
We neutered 141,000
cats and kittens
in 2011

2011 saw us
microchip more than
43,500 cats and kittens

In 2011 we helped
over 235,000
cats and kittens

In 2011, three quarters
of all our rehoming
were carried out by our
8,721 volunteers

45,000 people
benefitted from our
education programmes
in 2011



trustees' 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 2011, we directly helped over 235,000 cats (2010:230,000) and indirectly we help many more. We have helped over one million cats over the last five years.

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 and it underpins all that we do. For all of our goals the cat is the centre of our focus, and we 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

Our 2011 Charity Plan 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 maintained our three key strategic goals:

- Homing
- Neutering
- Education

Four subsidiary strategic goals were identified as critical to achieving our primary objectives in 2011, these were:

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

how did we do?

Homing

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 by their own local fundraising efforts, with additional support from 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 deliver cat work. For instance, adoption centres can provide a certain level of specialist pen facilities when branches run out of space. Adoption centres also provide support and increased visibility for Cats Protection in their local region.

Cats Protection rehomed and reunited around 48,000 cats and kittens in 2011 which is a decrease compared to 2010 (53,000). While Cats Protection has maintained its capacity to care for cats, it has become harder to find adopters who are prepared to take on the financial responsibility of looking after a cat during these difficult economic times. As a result, demand for space is increasing. We have around 6,200 cats in our care at any given time – but there may be many more than this during the kitten season.

Our work with feral cats helped approximately 25,000 feral cats and kittens (2010:25,000) to have a better life through trap, neuter and return programmes and where return to their original site is not possible, relocation.

In line with our Charity Plan, we have continued our programme to develop new adoption centres. Plans have been developed to build new adoption centres on the land purchased in Gildersome, West Yorkshire; Lisburn, Northern Ireland and Felling, Tyneside over the next 10 years. Land has also been purchased in Padgate, Cheshire where an adoption centre will be built to replace the current Warrington Adoption Centre, which is nearing the end of its life. Planning permission is now in place at Gildersome, Padgate and Felling. We are also constantly maintaining and developing existing centres.

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; 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. Every cat is microchipped and homed with four weeks' pet insurance.

We are constantly exploring new ways to reduce the time taken to rehome a cat. However, our success with this will always be subject to the demand for cats.

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.

Neutering

Neutering is extremely important to cat population management and it 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.

Research shows that it is not just the percentage of cats neutered that is important to control the feline population; the timing of neutering is 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, CP is trying to get four months to be accepted as the norm rather than the traditional age of six months. In circumstances such as trapped feral kittens and cats being rehomed it is often appropriate to neuter them younger than this so CP's policy is to neuter any time after weaning for feral cats and after the first vaccination for domestic cats to be rehomed.

To promote early neutering, CP launched its Early Neutering Register in 2011. This is a facility on our website where 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 742 practices all over the UK had signed up.

In line with our strategy we continued to increase the number of cats neutered to a total of 191,000 in 2011. This is an increase of 15,000 (8.5 per cent) compared to 2010. We were not only responsible for funding an estimated 22 per cent of all neutering carried out (source: University of Bristol) but also retained our position of having the largest single companion animal neutering programme in the world.

Significant progress was also made towards our goal of more joint working with other animal charities by sharing cost and therefore making schemes more viable and sustainable, currently through four joint schemes with national charities such as PDSA and as part of the C4 neutering consortium in London. Our joint neutering and microchipping scheme with Wood Green, the animals charity, was extended to further postcodes with over 2,000 cats benefitting – 1,823 of these being microchipped at the time of neutering. In November our intensive joint neutering scheme with the RSPCA in Stoke-On-Trent and the surrounding towns was launched – this will be accompanied by a long-term university-led study of the cat population in the campaign area over several years. In total, around 30,000 cats were neutered through our joint charity schemes in 2011.

Our relationships with animal welfare and housing staff in over 70 local authorities continued to flourish, building on the foundations established in previous years, with the National Dog Wardens' Association choosing to hold their annual conference at the National Cat Centre.

In 2011, through our homing and neutering work, we helped over 235,000 cats, an increase of around 5,000 compared to 2010.

Education

Education helps spread useful information about cat welfare and is the best way to ensure the number of cats needing CP's help is minimised. 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 and is also available through our volunteer branches, our Helpline and veterinary clinics.

In line with our 2011 strategy we saw an 11 per cent increase in the number of talks given and a one per cent increase in requests for teacher packs and education resource downloads from our website.

We have continued to develop the Early Years Foundation Stage resource and now have an extension activity booklet to complement it.

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 and ACs across the UK, many of which publish their own newsletters and cat care advice resources in addition to the education volunteer packs which have been developed centrally.

We recognise the huge educational impact we can have at the point of rehoming a cat and we provide a lot of advice about cat welfare to potential adopters, by phone and face to face.

We also educate members of the veterinary profession and animal welfare workers on matters such as shelter medicine, behaviour and early neutering. We ran a series of feline shelter medicine roadshows across the UK for vets and gave presentations to 50 different groups of animal professionals in 2011.

We produce a veterinary newsletter called *CP Clinic* which is sent to 4,676 veterinary practices and institutions with articles about feline medicine, surgery and behaviour. Also in 2011 we started a programme in conjunction with the Dogs Trust to provide practical placements for veterinary students.

This work aims to increase the veterinary profession's awareness of the work of CP and to improve the care of both owned and un-owned cats.

Our impact

Cats Protection is here to help cats and by helping cats we help people. Cats play a huge part in the lives of millions of people in the UK. The latest research indicates that there are some 10.3 million cats owned in UK households. Sadly, there is also an unknown number of cats living in a wild state or fending for themselves. An estimated 131,070 cats come in to animal welfare charities such as Cats Protection each year.

As a charity, we work to solve problems – through our neutering and our assisted neutering programmes we reduce the number of unwanted kittens to prevent them becoming the unwanted cats of the future. If Cats Protection weren't here, more cats would simply become strays and cause a nuisance in communities. We provide financial assistance and support to low-income families and cat owners to help them get their cats neutered. We neutered more

than 191,000 cats and kittens in 2011, thereby helping 475,000 people directly and many more indirectly by ensuring these cats do not cause problems in local communities. We work to educate the public about cat welfare. Without our adult and school education programmes more and more cats would be mistreated, left to fend for themselves or fall ill. We rehome tens of thousands of cats every year and take in cats which people can no longer look after. If we were not here to do this work, more cats would be left homeless, suffer stress, hardship and pain and have a negative impact in communities. In 2011, we rehomed more than 45,000 cats and kittens and reunited over 2,500 with their owners, which meant we made some cat owners very happy! Through this work and our microchipping projects we helped around 240,000 people in 2011. We work to alleviate the problems caused by feral cat colonies and provided 24,500 feral cats with a brighter future, at the same time relieving the issues unmanaged feral colonies can cause.

In 2011, we gave nearly 450 educational talks to youth and adult groups and our veterinary team gave 50 talks to other animal professionals. We know that working with youngsters this way and sharing our education packs and teaching materials impacts on families, friends and neighbours. We estimate that around 45,000 people benefitted from our education programmes in 2011.

We help people in so many other ways. We know that for many victims of domestic abuse, leaving violent relationships is made impossible simply because they, adults and their children, cannot bear to leave their cats behind. That's where we, together with Dogs Trust, step in. Through the Freedom Project we take in and provide safe refuge for victims' cats until they are in a position to reclaim them. In 2011 we helped 24 families and 40 cats this way.

We are the biggest cat welfare charity in the UK. Put simply, without us more cats would suffer, more cats would live their lives alone and in pain and more cats would never know the joy of being with an owner who knows what they need and who can provide a secure and loving home.

Our vision is a world where every cat is treated with kindness and an understanding of its needs – to achieve this vision we have a number of short-term and long-term objectives all aimed at helping cats and people. We need to increase the number of cats we rehome, increase the number of cats we neuter and to improve the level of understanding about cats' needs and their behaviour. To achieve this we are working as 'one charity', investing in our branches and volunteers and increasing our effectiveness and professionalism.

Our volunteers, supporters and donors engage with us because they want us to help as many cats as our resources and funds allow us to. In order to do this we are planning for change, focusing on areas we know will have a real impact; growing our neutering programmes and developing our education and advocacy projects.

This Annual Review shares some of our successes as we continue on this path towards our vision. It highlights how we are tackling the problems we need to solve. As we move forward we are learning from our successes and identifying areas where we need to improve. We constantly review our plans and strategies and know that with your help, we can continue to improve the lives of cats and people across the UK.

Marketing and brand development

Cats Protection has a strong and widely-recognised brand as the leading charity in the provision and promotion of high-quality cat care. Maintaining a high profile enables us to maximise our ability to help cats.

In line with our 2011 strategy we have:

- Increased our use of social media such as Twitter, Facebook and YouTube to promote the charity and its activity and to educate the public about cat welfare. We also launched the MyMog iPhone app as part of the MyMog marketing campaign. This campaign focuses on spreading important messages to children
- Worked with volunteers to rebrand a number of local Cats Protection websites so they are aligned with the national brand
- Launched a web-based 'find-a-cat' pilot scheme to increase public awareness of Cats Protection and the cats in our care
- Increased public awareness of our minimum veterinary standards for rehoming which ensure adopted cats will have been 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, rehomed cats will also be microchipped and homed with four weeks' pet insurance

Volunteers and employees

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

Volunteers are the lifeblood of the charity and around three quarters of the charity's cat welfare work is completed through our branches. All branches fundraise (£7.7m in 2011 and 2010) to support their own operating costs. Volunteers also work in our adoption centres, at the National Cat Centre and as fundraisers, educators and feral trappers in their local communities. We estimate that in 2011, our volunteers generously gave in the region of 4.5 million hours to Cats Protection's work; the value of these hours to the charity is close to £56m*. This is an increase of £2m from 2010. It is possible we underestimate this figure as many more people help CP in an unofficial capacity.

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

In line with our 2011 strategy we have:

- Continued to increase the use of volunteers across different areas of the organisation and we now have volunteers working with our national Veterinary, Neutering, Health & Safety and Property teams
- Continued to develop staff and volunteers to ensure they have the necessary skills to undertake their roles

*The rate is based on the median gross hourly rate (excluding overtime) for full time workers (£12.50) from the 2011 Annual Survey of Hours and Earnings National Office of Statistics, December 2011

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.

In line with our 2011 strategy we have:

- Investigated different human resourcing models
- Launched projects to maximise the use of web-based information systems for both remote staff and volunteers in order to ensure information is shared in a timely manner
- Reviewed new cat rehoming models to reduce the time a cat needs to spend in care and improve the rehoming experience for adopters. The Ferndown Homing Centre was our first centre to focus solely on the rehoming experience for the adopter while volunteer Fosterers in the area focus solely on preparing cats for rehoming through the centre. The number of cats rehomed in this area increased significantly as a result of this new approach

Maintenance of a strong financial position

The UK economy has continued to be a challenging environment in which to operate. Despite this we have managed to achieve a number of the objectives outlined in the 2011 strategy:

- Income increased by £747k (2 per cent). We would like to thank all those who have helped achieve this
- Expenditure also increased due to a combination of inflation leading to increased veterinary and cat care costs and the increasing number of cats needing our help. The impact has, however, been minimised through a continuous process of reviewing all our expenditure to ensure value for money is achieved
- We continue to maintain a level of reserves which meets our reserves policy requirements

Partnerships

We are very grateful to a number of organisations with whom we have formed strong partnerships. We are pleased to be able to collaborate with others to achieve 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), the Pet Advisory Committee 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 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.

We work closely with pet insurance company Petplan who provide 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. This service is now standard across the entire charity. 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 2011 and use of an internal online portal for food purchasing by branches is now an integral part of everyday activity. 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.

Cats Protection... into the future

For every cat we help there are many more that we cannot help. To be able to reach more of 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 and 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

2011 was the third year of our new Charity Plan. This plan has largely continued the themes outlined in the 2010 plan with a few adjustments to account for the tough economic conditions we are operating in. 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 10-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.

Going forward our strategic goals continue to be based around development and growth towards achieving 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 in 2012, these are:

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

Homing

Cats Protection must look to reduce the number of cats without a good home. This may prove challenging in the short term while economic conditions are tough and potential adopters are less willing to commit to further financial outgoings. We will, however, look to maintain levels of homing and find new opportunities to rehome more cats.

We aim to achieve this by:

- Maximising the potential of our existing homing resources through staff and volunteer development and buildings maintenance
- Increasing our capacity to rehome and our geographical spread by establishing more branches and adoption centres and recruiting more volunteers
- Utilising alternative approaches to rehoming such as rehoming shows 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. We will also continue to promote early neutering as this is key to achieving population control and we aim to carry out research to enable us to target our neutering schemes in the most effective way.

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 cat behaviour throughout our society. We aim to achieve this by developing different strategies for specific audiences such as adults, children, animal professionals, partners and local authorities. We aim to maximise the educational impact of every contact we have with the general public. This work will largely be delivered by volunteers and we have begun an education volunteer recruitment drive to ensure we have education representatives across the whole country.

We have also established an advocacy function which focuses on issues which improve and protect the welfare of cats. We do this by empowering and supporting branches, adoption centres and supporters to campaign for change at local and national level to protect the welfare of cats.

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 of both 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 as effectively as possible to achieving our overall objectives. We recognise that volunteers are central to achieving our objectives so we will provide a training programme for staff which will ensure they are best equipped to support our volunteers.

Fundraising development

Charitable giving is an increasingly challenging environment, with donors having more and more worthy causes to choose from and less disposable income to donate. Cats Protection recognises that to maintain and increase income levels new supporters must be sought using new and innovative methods. We will therefore invest additional funds in our fundraising activities to ensure the long term future of the charity. In conjunction with this we will continue to review our spending activity to ensure we achieve the greatest value possible from the money we raise. The current economic situation means this activity must be a priority and will only be achieved with the support of all our stakeholders.

We will grow our income by investing resource in the following key areas:

- Building local fundraising capacity
- Growing the legacy pipeline
- Developing high-value support
- Transforming the size and value of our donor base
- Developing our chain of high-street shops

Adoption centre development

Cats Protection recognises that the need for our help is greater in certain areas of the country. We therefore intend to increase our representation in those areas by developing new adoption centres and improving existing ones.

- The Warrington Adoption Centre is nearing the end of its life and will be replaced by a new centre in Padgate
- A new homing centre will be developed in Gildersome, West Yorkshire
- New homing centres will also be developed in London
- The Glasgow Adoption Centre will undergo a major refurbishment

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 cat welfare issues, Cats Protection's staff and volunteers are often called upon to advise outside the UK. This is consistent with our aims to promote cat welfare. We make our expertise and resources freely available and by attending 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 in 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

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

We believe that our aims and objectives, and 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. The latest research indicates that there are some 10.3 million cats owned in UK households. Sadly, there is also an unknown number of cats living in a wild state or fending for themselves. An estimated 131,070 cats come in to animal welfare charities such as Cats Protection each year.

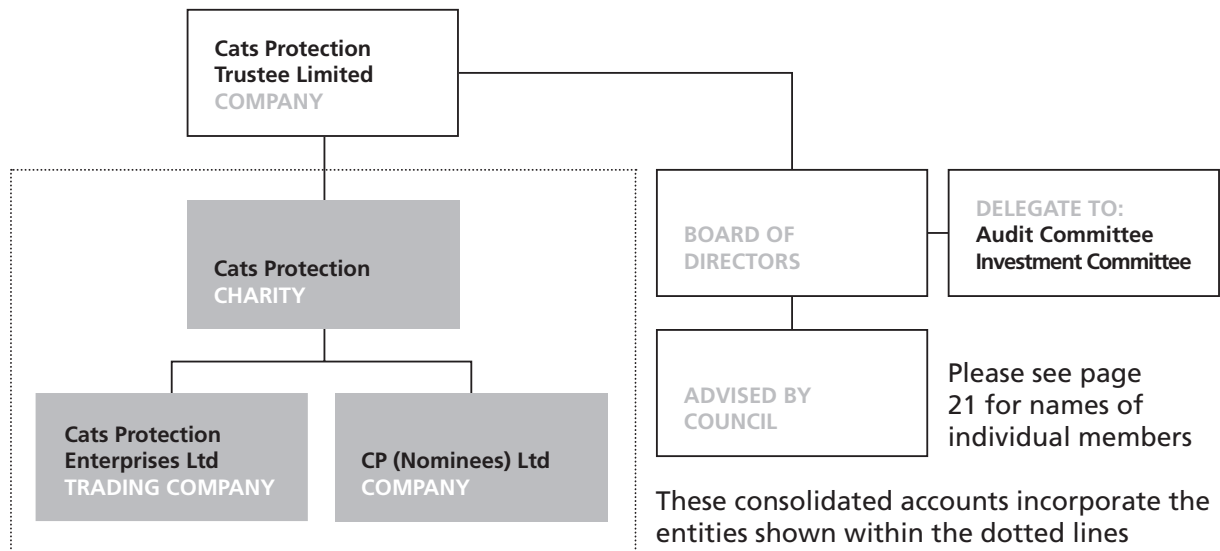
We help to rehome and reunite many cats which have been abandoned, which have strayed or which, for whatever reason, are no longer wanted or cannot be kept. We also help to control the feral and owned populations through our neutering work and education work. Because of economic conditions, the demand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

We also provide public benefit in a variety of other 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 towards 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 the Dogs Trust
- Enhancing the quality of life from people in care homes both by homing cats into care homes and encouraging care homes to welcome residents' own cats

Structure, governance and management

Legal structure



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. The constitution is set out in the company's Memorandum and Articles of Association.

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

Governance

The Board met eight times in the year to administer the affairs of the charity, set strategies and 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 10 and 22 members. The functions of Council are to elect five Directors to the board of the Corporate Trustee Company from among its members and to advise the Board. All Directors of the Corporate Trustee Company are also Council members. Council met four times in the 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, 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 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 to ensure effective financial reporting, systems and internal controls are in place. It meets at least twice annually and comprises three Directors, at least one Cats Protection volunteer and at least one external independent member, both with relevant skills. The Board reviews the work of the 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 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 2011 are as follows:

- Total Income increased by £747k (2 per cent) compared to 2010
 - Legacy income increased by £473k (2.5 per cent) which is largely due to Cats Protection adopting the new standards for legacy recognition. Legacy income was marginally higher than 2010 before this was accounted for
 - All other areas of income were similar to those achieved in 2010
- Total Expenditure increased by £601k (1.6 per cent) as a result of a conscious effort to invest more funds in fundraising to help secure the charity's future growth. Cats Protection also felt the impact of inflation, particularly relating to veterinary costs
 - Neutering expenditure increased by £395k (7 per cent) which reflects the planned increase in the number of cats neutered during the year
 - Education expenditure decreased by £626k (32 per cent) as we recognise that more and more of our education activity has become an integral part of our other charitable objectives as opposed to a uniquely identifiable activity
 - Homing expenditure has decreased marginally, reflecting the decrease in the number of cats homed and our continued aim to achieve value for money in everything we do
- Net outgoing resources, before asset revaluations and disposals are accounted for was £1.49m, which is a £0.15m decrease in loss compared to 2010
- Investments decreased in value by £1.9m, reflecting another turbulent year for financial markets. This was, however, offset by the receipt of another £2,280k (20p in £1) from the administrators of Kaupthing Singer & Friedlander (KSF)

Balance sheet

Key features of balance sheet figures for the year ended 31 December 2011 are as follows:

- Tangible Fixed Assets have increased by £1m (4 per cent) as Cats Protection started to invest in its future capital development projects. A number of smaller re-development projects relating to existing buildings were also completed
- Investments have decreased by £3.1m (10 per cent) which partly reflects unrealised losses after a turbulent year for financial markets. Funds were also withdrawn from the investment portfolio to support charitable activity
- Provisions for liabilities and charges have decreased by £0.3m (16 per cent) which reflects minor changes in the management procedures of neutering schemes
- Overall Net Assets of the charity at 31 December 2011 were £57.75m (2010: £58.9m)

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 about 15 per cent of its rehoming (2010: 14 per cent) and 10 per cent of its neutering work (2010: 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, alternative investments and cash equivalents, 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 economic climate remains uncertain and £1.9m of unrealised losses were recognised during the year, however, the dynamic nature of market behaviour has meant this loss has been reversed during the first quarter of 2012.

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 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 at the height of the banking crisis 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 and we have provided regular updates to members, volunteers and supporters on the progress of the administration.

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 £1.141k was made during 2009 with a 5 per cent distribution of £0.571k being recognised in 2009 and received in 2010. Distributions totalling £2,059k (18 per cent) were made during 2010 with a further £1,140k (10 per cent) being distributed in 2011. A distribution of £1,140k (10 per cent) was declared in 2012 before the signing of these accounts and has therefore also been included within the accounts. The administrators forecast 81-86p in £1 in total will be distributed over the whole course of the administration.

By May 2012 we had recovered 73 per cent of the funds with the prospect of further recovery. The Administrators have made good progress with the administration; this is an extremely good level of recovery to date from the Administration. 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.

It is encouraging that this progress has been made and we will continue to seek the return of as much of these funds as possible.

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 2011 CP had a total of £9m free reserves (2010 – £9.2m).

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 the 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 have embedded 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.

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 £860k, a 25 per cent increase (2010: £686k) and cost of sales was £338k, an increase of 9.4 per cent (2010: £309k). Turnover has increased due to the increase in commission from our cat insurance providers. Cats Protection Enterprises Ltd generated profits of £244k (2010: £97k) 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 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 Ltd

Directors of Cats Protection Trustee Ltd:

Ms H McCann
Professor T Gruffydd-Jones
(BVetMed PhD DipECVIM MRCVS)
Ms W Bosler
Ms N Holloway
Mrs M Price
Mr P Sheehan
Dr A Swarbrick
Mrs J Toben
Mrs PE Walls MBE (resigned 28/03/12)

Chairman
Deputy Chairman

Council members:

Dr R Casey (appointed 16/07/11)
Ms P Godfrey
Mrs J Harbour (resigned 26/01/11)
Mr A Hillier
Ms D Hingley (appointed 17/07/11)
Mr L Inglis-Ballantyne (appointed 17/07/11)
Ms C Loy
Mrs C Osborne

Mr M Ridgway (appointed 17/07/11)
Mr P Roberts (resigned 16/07/11)
Mrs A Ryan
Ms L Upson
Mr C Watson
Mrs M Wood
Ms S Wood

Investment committee:

Mrs J Toben (Chairman)
Mrs M Price
Mr P Sheehan
Mr Andrew Fletcher BSc, MBA
Mr K Hughes (retired 22/02/12)
Mr Les Jones OBE
Mrs Denise Wilson IMC, IAQ
(appointed 28/03/2012)

Audit committee:

Ms W Bosler (Acting Chairman)
Ms N Holloway
Mrs M Price
Dr A Swarbrick
Mrs Kate Elis-Williams BA (Hons), ACA
(appointed 28/03/2012)
Mr Alan Rummins MSc, FIIA, MIIA
(appointed 28/03/2012)
Mrs Shan Scott BA (Hons)

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 (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

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

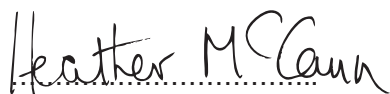
The Trustee who held office at the date of approval of this Trustee's report confirms that, so far as it is aware, there is no relevant audit information of which the charity's auditors are unaware; and the Trustee has taken all the steps that it ought to have taken as a Trustee to make itself aware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



Ms. H. McCann
Chairman

DATE: 28 May 2012

Independent auditors' 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 2011 set out on pages 25 to 41. 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 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 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 trustees and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 20 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 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

Opinion on financial statements

In our opinion the financial statements:

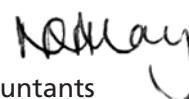
- give a true and fair view of the state of the group's and of the charity's affairs as at 31 December 2011 and of the group's incoming resources and application of resources for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice and
- have been prepared in accordance with the Charities Act 2011, 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 2011 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

N M 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
DATE: 28 May 2012



Cats Protection Report and Financial Statements

Year ended 31 December 2011

Statement of financial activities

	Note	Unrestricted funds £000	Restricted funds £000	Total 2011 £000	Total 2010 £000 (Restated)
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income:					
Legacies	2	16,778	2,779	19,557	19,084
Subscriptions and donations	3	7,954	–	7,954	7,725
Activities for generating funds:					
Events		2,512	–	2,512	2,921
Trading company	20	860	–	860	686
Charity trading		4,106	–	4,106	3,955
Investment income	5	755	–	755	675
Other incoming resources	6	308	–	308	259
Total incoming resources		33,273	2,779	36,052	35,305
Resources expended					
<i>Cost of generating funds:</i>					
Costs of generating voluntary income	7	3,630	–	3,630	2,598
Costs of activities for generating funds	7	3,653	–	3,653	3,456
Investment management costs	7	120	–	120	137
		7,403	–	7,403	6,191
<i>Charitable activities:</i>					
Rescue and rehoming	7	21,830	781	22,611	23,006
Neutering schemes	7	6,035	–	6,035	5,640
Information and education	7	1,340	–	1,340	1,966
		29,205	781	29,986	30,612
Governance costs		153	–	153	138
Total resources expended		36,761	781	37,542	36,941
Net (outgoing) resources before transfers	8, 18	(3,488)	1,998	(1,490)	(1,636)
Net (Outgoing) resources before asset revaluations and disposals		(3,488)	1,998	(1,490)	(1,636)
Revaluation (loss)gain	11	(1,932)	–	(1,932)	2,754
Proceeds from administration / (Impairment) to investment assets	11	2,280	–	2,280	2,059
Gain on investment assets		348	–	348	4,813
Net movement in funds	17	(3,140)	1,998	(1,142)	3,177
Reconciliation of funds					
Total funds brought forward at 1 January	17	56,014	2,880	58,894	55,717
Total funds carried forward at 31 December	16	52,874	4,878	57,752	58,894

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 28 to 41 form part of these accounts.

Cats Protection Report and Financial Statements

Year ended 31 December 2011

Balance sheet

	Note	Group 2011 £000	2010 £000	Charity 2011 £000	2010 £000
Fixed assets					
Tangible assets	10	28,476	27,449	28,476	27,449
Investments	11	<u>27,243</u>	<u>30,355</u>	<u>27,243</u>	<u>30,355</u>
		<u>55,719</u>	<u>57,804</u>	<u>55,719</u>	<u>57,804</u>
Current assets					
Stocks	12	50	66	–	–
Debtors	13	1,505	1,671	1,694	2,009
Short term deposits		1,385	1,381	1,385	970
Cash at bank and in hand		<u>3,349</u>	<u>3,002</u>	<u>2,605</u>	<u>3,017</u>
		6,289	6,120	5,684	5,996
Creditors:					
Amounts falling due in one year	14	2,572	3,034	1,967	2,910
Net current assets		3,717	3,086	3,717	3,086
Provision for liabilities and charges	15	1,684	1,996	1,684	1,996
Net assets		<u>57,752</u>	<u>58,894</u>	<u>57,752</u>	<u>58,894</u>
Funds					
Unrestricted funds					
General funds	16	9,000	9,193	9,000	9,193
Designated funds	16	43,874	46,821	43,874	46,821
Restricted funds	16	4,878	2,880	4,878	2,880
Total funds		<u>57,752</u>	<u>58,894</u>	<u>57,752</u>	<u>58,894</u>

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



Ms H McCann
Chairman
28 May 2012

The notes on pages 28 to 41 form part of these accounts.

Cats Protection Report and Financial Statements

Year ended 31 December 2011

Consolidated cashflow statement

	Note (see below)	2011 £000	2010 £000
Net cash (outflow) from operating activities	a	<u>(1,682)</u>	<u>(1,942)</u>
Return on investments and servicing of finance			
Interest received		198	185
Dividends received		557	490
Net cash inflow for returns on investments and servicing of finance		<u>755</u>	<u>675</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(2,332)	(1,451)
Sale of tangible fixed assets		150	–
Purchase of investments		(7,139)	(4,729)
Sales of investments		10,599	6,688
Net cash inflow for capital expenditure and financial investments		<u>1,278</u>	<u>508</u>
Increase/(Decrease) in cash and cash equivalents in the year	b	<u>351</u>	<u>(759)</u>

Notes to consolidated cashflow statement

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

Net (outgoing) resources	(1,490)	(1,636)
Investment income receivable	(755)	(675)
(Profit) on disposal of tangible fixed assets	(113)	–
Depreciation charge	1,268	1,289
Decrease in stock	16	3
Decrease/(Increase) in debtors	166	(834)
(Decrease)/Increase in creditors	(462)	37
Decrease in provisions	(312)	(126)
Net cash (outflow) from operating activities	<u>(1,682)</u>	<u>(1,942)</u>

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

	At 1 January 2011 £000	Cashflow 2011	At 31 December 2011 £000
Short term deposits	1,381	4	1,385
Cash at banks and in hand	<u>3,002</u>	<u>347</u>	<u>3,349</u>
Cash Movement	<u>4,383</u>	<u>351</u>	<u>4,734</u>

The notes on pages 28 to 41 form part of these accounts.

Cats Protection Report and Financial Statements

Year ended 31 December 2011

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. In 2011 the parent company had total incoming resources of £35,436k and a net decrease in funds of £2,282k.

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:

- Legacy income is recognised in the SOFA when it is reasonably certain of receipts and amounts receivable can be measured with sufficient reliability.
- Adoption fees – These have been included under Charity Trading in 2011 in recognition that the income received is a fee as opposed to a donation. In 2010 £1,986k it was included within subscriptions and donations. The comparative for 2010 has been updated in line with 2011
- 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
- Branch fundraising is the total of all fundraising income from the volunteer-led branches and a few fundraising events held at the National Cat Centre and adoption centres. It includes 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 2011

1. Accounting policies (continued)

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 on a usage basis or on a basis of head count, along with a fair proportion of overhead 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 are capitalised and included at cost including 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 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 2011

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

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 Part 10 Income Tax Act 2007 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.

Provisions

A provision is made for neutering vouchers. The policy is to provide for neutering vouchers that have been issued in the year but not redeemed. Vouchers issued from earlier years are not provided for, as they have passed their expiry dates.

Cats Protection Report and Financial Statements

Year ended 31 December 2011

2. Legacies

	Unrestricted funds £000	Restricted funds £000	Total 2011 £000	Total 2010 £000
Legacies	16,778	2,779	19,557	19,084

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 £1,528,000 (2010:£2,350,000)

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 2011 £000	Total 2010 £000 (Restated)
Subscriptions	579	–	579	660
Donations	7,375	–	7,375	7,065
	<u>7,954</u>	<u>–</u>	<u>7,954</u>	<u>7,725</u>

4. Branch fundraising (included within overall figures)

	Unrestricted funds £000	Restricted funds £000	Total 2011 £000	Total 2010 £000
Subscriptions and donations	1,956	–	1,956	3,067
Events	2,203	–	2,203	2,469
Shop sales of donated goods	3,414	–	3,414	2,148
Other	157	–	157	14
	<u>7,730</u>	<u>–</u>	<u>7,730</u>	<u>7,698</u>

5. Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2011 £000	Total 2010 £000
Fixed asset investments:				
– UK fixed interest securities	72	–	72	79
– Overseas fixed interest	32	–	32	–
– UK equities	391	–	391	259
– Overseas equities	108	–	108	134
– Investment and unit trusts	20	–	20	57
– Property	38	–	38	40
– Deposits	5	–	5	69
Bank and other interest	73	–	73	5
Rental income	16	–	16	32
	<u>755</u>	<u>–</u>	<u>755</u>	<u>675</u>

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6. Other incoming resources

	Unrestricted funds £000	Restricted funds £000	Total 2011 £000	Total 2010 £000
Credit card commission	39	–	39	43
(Loss)/Surplus on disposal of tangible fixed assets	113	–	113	216
Miscellaneous income	156	–	156	–
	<u>308</u>	<u>–</u>	<u>308</u>	<u>259</u>

7. Resources expended

	Direct staff costs £000	Other direct costs £000	Indirect costs £000	Total 2011 £000	Total 2010 £000
Cost of generating funds					
Cost of generating voluntary income	951	2,096	583	3,630	2,598
Costs of activities for generating funds	1,662	1,504	487	3,653	3,456
Investment management fee	–	120	–	120	137
	<u>2,613</u>	<u>3,720</u>	<u>1,070</u>	<u>7,403</u>	<u>6,191</u>
Charitable expenditure (unrestricted)					
Rescue and rehoming	6,663	11,539	3,628	21,830	22,437
Neutering schemes	168	5,592	275	6,035	5,640
Information & education	523	602	215	1,340	1,966
	<u>7,354</u>	<u>17,733</u>	<u>4,118</u>	<u>29,205</u>	<u>30,043</u>
Charitable expenditure (restricted)					
Rescue & rehoming	–	781	–	781	569
Neutering schemes	–	–	–	–	–
	<u>–</u>	<u>781</u>	<u>–</u>	<u>781</u>	<u>569</u>
Governance costs	–	128	25	153	138
Total resources expended	<u>9,967</u>	<u>22,362</u>	<u>5,213</u>	<u>37,542</u>	<u>36,941</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 and related costs	538	1,823	138	108	13	2,620
Depreciation	7	427	–	10	–	444
Other indirect costs	525	1,378	137	97	12	2,149
	<u>1,070</u>	<u>3,628</u>	<u>275</u>	<u>215</u>	<u>25</u>	<u>5,213</u>

The indirect costs are allocated in proportion to direct costs.

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8. Net incoming/(outgoing) resources

	2011 £000	2010 £000
Net incoming resources for the year is stated after charging:		
Auditors' remuneration (audit)	43	44
Auditors' remuneration (other services)	–	–
Depreciation of tangible fixed assets	1,268	1,289
(Profit) on sale of tangible fixed assets	113	–
Operating lease rentals	528	245

9. Staff costs

Employment costs

	2011 £000	2010 £000
Wages and salaries	9,911	9,210
Social security costs	850	828
Pension costs	215	195
Agency staff	278	458
	<u>11,254</u>	<u>10,691</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:

	2011 Average	2010 Average	2011 FTE	2010 FTE
Generating funds	85	90	75	84
Charitable activities	499	494	415	422
Governance	2	2	2	2
	<u>586</u>	<u>586</u>	<u>492</u>	<u>508</u>

Employee emoluments

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

	2011 No.	2010 No.
£60,001 – £70,000	3	2
£70,001 – £80,000	3	3
£80,001 – £90,000	1	–
£100,000 – £110,000	1	1

Six of the higher paid staff are members of defined contribution schemes and the charity paid £30,474 (2010: £23,265) 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 £9,551 (2010: £7,357). 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.

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10. Tangible assets

(Group and charity)

	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 2011	31,778	2,077	3,211	1,361	3,140	41,567
Additions	1,014	506	482	166	164	2,332
Transfers	–	–	–	–	–	–
Disposals	(148)	–	–	–	–	(148)
At 31 December 2011	<u>32,644</u>	<u>2,583</u>	<u>3,693</u>	<u>1,527</u>	<u>3,304</u>	<u>43,751</u>
Depreciation						
At 1 January 2011	7,928	–	2,616	1,161	2,413	14,118
Charge for the year	732	–	130	89	317	1,268
Disposals	(111)	–	–	–	–	(111)
At 31 December 2011	<u>8,549</u>	<u>–</u>	<u>2,746</u>	<u>1,250</u>	<u>2,730</u>	<u>15,275</u>
Net book value						
At 31 December 2011	<u>24,095</u>	<u>2,583</u>	<u>947</u>	<u>277</u>	<u>574</u>	<u>28,476</u>
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>

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)

	2011 £000	2010 £000
Market value at 1 January 2011	30,355	27,501
Additions	7,139	4,729
Disposals	(10,599)	(6,688)
Net Loss on revaluation	(1,932)	2,754
Proceeds from administration / (Impairment to value)	2,280	2,059
Market value at 31 December 2011	<u>27,243</u>	<u>30,355</u>
Historical cost at 31 December 2011	<u>25,518</u>	<u>25,525</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 (18p in £1) was paid in 2010 with a further £1,140k (10p in £1) in 2011. A distribution of £1,140k (10 per cent) was declared in 2012 before the signing of these accounts and has therefore also been included within the accounts bringing the total repaid to £8,331k (73p in £1).

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Year ended 31 December 2011

11. Fixed asset investments (continued)

(Group and charity)

	2011 £000	2010 £000
Represented by:		
Fixed interest securities	3,720	1,792
Equities (excluding investment trusts)	9,445	11,892
Overseas investment and unit trusts	6,377	7,056
Property funds	877	1,354
Hedge funds	1,088	2,155
Deposits	<u>5,736</u>	<u>6,106</u>
	27,243	30,355

At 31 December 2011 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:

	2011 £	2010 £
Cats Protection Enterprises Ltd	2	2
CP (Nominees) Ltd	100	100

12. Stock

	Group		Charity	
	2011 £000	2010 £000	2011 £000	2010 £000
Goods for resale	<u>50</u>	<u>66</u>	<u>-</u>	<u>-</u>
	50	66	-	-

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13. Debtors

	Group 2011 £000	2010 £000	Charity 2011 £000	2010 £000
Amounts falling due within one year				
Other debtors	87	391	31	304
Amounts owed by subsidiary undertakings	–	–	53	235
Prepayments	1,418	1,280	1,400	1,260
	<u>1,505</u>	<u>1,671</u>	<u>1,484</u>	<u>1,799</u>
Amounts falling due after one year				
Amounts owed by subsidiary undertakings	–	–	210	210
	<u>–</u>	<u>–</u>	<u>210</u>	<u>210</u>
	<u>1,505</u>	<u>1,671</u>	<u>1,694</u>	<u>2,009</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 one per cent over Barclays Bank PLC base lending rate.

14. Creditors: amounts falling due within one year

	Group 2011 £000	2010 £000	Charity 2011 £000	2010 £000
Trade creditors	901	415	310	304
Taxation and social security	260	241	260	241
Other creditors	465	339	452	333
Accruals	946	2,039	945	2,032
	<u>2,572</u>	<u>3,034</u>	<u>1,967</u>	<u>2,910</u>

15. Provisions for liabilities and charges (Group and charity)

	2011 £000	2010 £000
At 1 January 2011	1,996	2,122
Utilised during the year	(1,684)	(2,122)
Charge to the SOFA in the year	1,684	1,996
Amounts released unused	(312)	–
At 31 December 2011	<u>1,684</u>	<u>1,996</u>

The provision is provided for neutering vouchers issued during 2009, 2010 and 2011 but not returned.

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16. Statement of funds

	Balance at 1 January 2011 £000	Incoming resources £000	Expenditure £000	Investment gains/losses £000	Transfers £000	Balance at 31 December 2011 £000
Unrestricted funds						
General funds	9,193	33,273	(36,761)	348	2,947	9,000
Designated funds						
Fixed assets	27,449	–	–	–	1,027	28,476
Repairs and maintenance	522	–	–	–	–	522
Site acquisition and development	13,425	–	–	–	(1,027)	12,398
Special projects	5,425	–	–	–	(2,947)	2,478
Total unrestricted funds	56,014	33,273	(36,761)	348	–	52,874
Restricted funds						
By area	2,488	2,123	(731)	–	–	3,880
By branch adoption centre	392	371	(50)	–	–	713
By appeal	–	285	–	–	–	285
Total restricted funds	2,880	2,779	(781)	–	–	4,878
Total funds	58,894	36,052	(37,542)	348	–	57,752

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 2011.

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Year ended 31 December 2011

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	2011 Total £000	2010 Total £000
Balance at 1 January 2011	9,193	46,821	2,880	58,894	55,717
Net movement in funds	(193)	(2,947)	1,998	(1,142)	3,177
Balance at 31 December 2011	9,000	43,874	4,878	57,752	58,894
Represented by:					
	General funds £000	Designated funds £000	Restricted funds £000	2011 Total £000	2010 Total £000
Tangible fixed assets	–	28,476	–	28,476	27,449
Investments	9,000	13,365	4,878	27,243	30,355
Net current assets	–	3,717	–	3,717	3,086
Provision	–	(1,684)	–	(1,684)	(1,996)
Total net assets	9,000	43,874	4,878	57,752	58,894

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Year ended 31 December 2011

18. Note of historical net incoming resources

	2011 £000	2010 £000
Net (outgoing) resources for the year	(1,490)	(1,636)
Realisation of previous years' revaluation (losses)/gains on fixed asset investments	<u>(911)</u>	<u>681</u>
Historical cost net (outgoing) resources	<u>(2,401)</u>	<u>(955)</u>

19. Operating lease commitments

(Group and charity)

At 31 December 2011 the charity was committed to making the following payments under operating leases:

	2011 £000	2010 £000
Within one year	190	146
Within two or five years	245	272
Over five years	<u>94</u>	<u>51</u>
	<u>529</u>	<u>469</u>

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 2011 £000	Year ended 31 December 2010 £000
Turnover	860	686
Cost of sales	<u>(338)</u>	<u>(309)</u>
Gross profit	522	377
Administrative expenditure	<u>(278)</u>	<u>(280)</u>
Net operating profit	244	97
Gift aid	(244)	(97)
Other Interest receivable and similar income	—	—
Profit on ordinary activities before taxation	—	—
Taxation	—	—
Profit on ordinary activities after taxation for the year	<u>—</u>	<u>—</u>

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Year ended 31 December 2011

20. Subsidiaries (continued)

Balance sheet	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Current assets:		
Stock	50	66
Debtors	83	110
Cash at bank and in hand	744	395
	<u>877</u>	<u>571</u>
Creditors: amounts falling due within one year	(667)	(361)
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

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 £244,218 (2010: £97,079), 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 of contracts where capital commitments existed.

The balances on these contracts outstanding at 31 December 2011 were:

	2011 £000
Padgate Adoption Centre	11
Nottingham Adoption Centre	1
Feline Forts	6
Haslemere Adoption Centre	3
Mansfield Adoption Centre	49
Derby Adoption Centre	88
Hereford Adoption Centre	9
Bredhurst Adoption Centre	8
Gildersome Homing Centre	1
Dereham Adoption Centre	1
Felling Adoption Centre	10
	<u>187</u>

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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 therefore there is no current entitlement to either capital or income.

	2011 £000	2010 £000
Market value at 1 January 2011	279	220
Net movements	<u>(17)</u>	<u>59</u>
Market value at 31 December 2011	<u>262</u>	<u>279</u>
Historic cost at 31 December 2011	<u>20</u>	<u>20</u>

Notes:

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