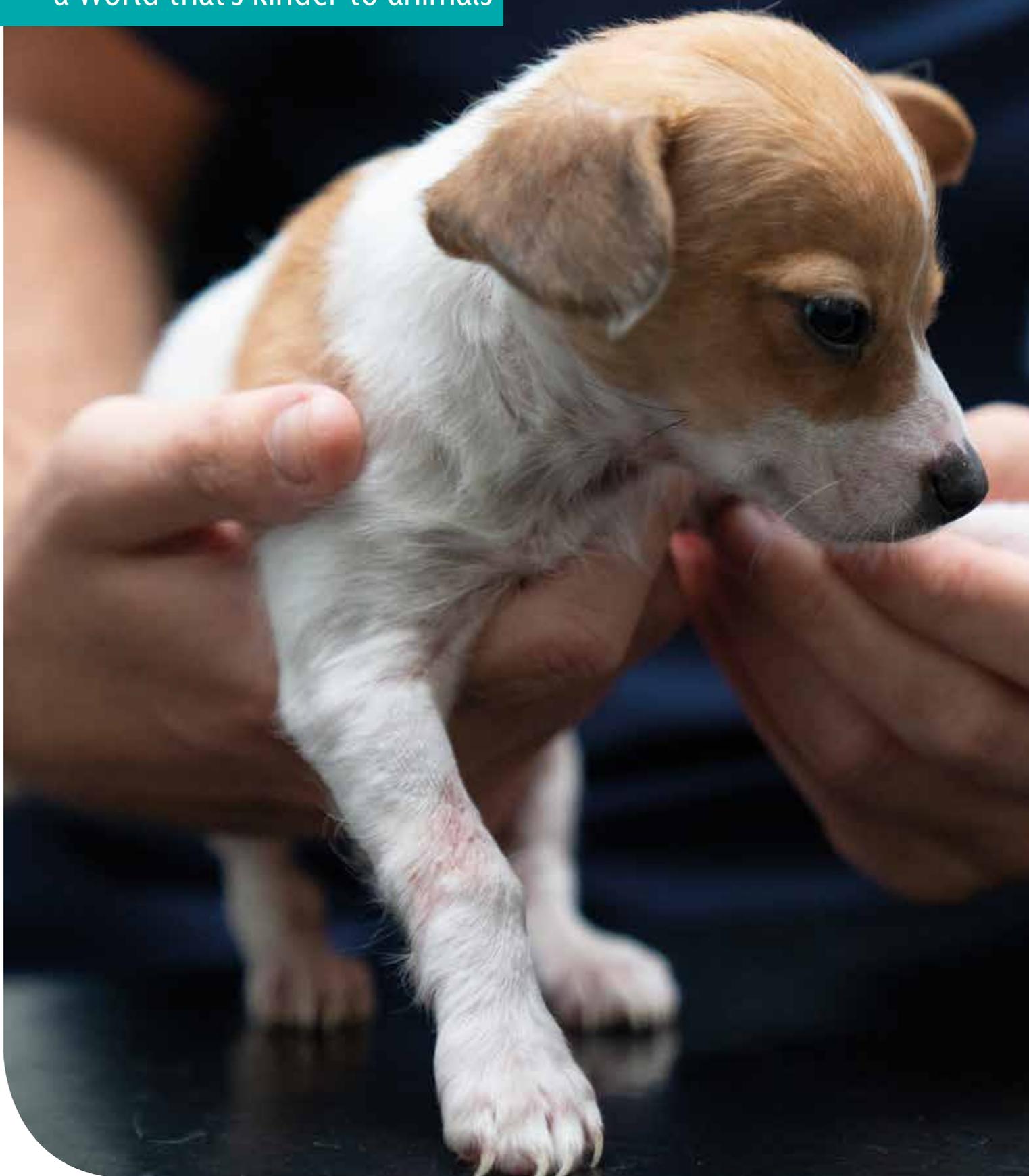




TRUSTEES' REPORT
AND ACCOUNTS | 2018

It takes all of us to create
a world that's kinder to animals





FOREWORD

I am delighted to present the 2018 *Trustees' Report and Accounts* on behalf of the RSPCA Council. I became Chair in July 2018 after being involved with the Society at a local and national level for the past 27 years. I am immensely proud of all the work our wonderful organisation performs to protect animals and prevent cruelty, while supporting the public to improve animal welfare. What we do really matters. No one else does, or can, provide the unique rescue services we do.

2018 was another incredibly busy year for the national RSPCA and our amazing branches, which are independent charities in their own right. As this report shows, we rescued more than 102,900 animals, found new homes for 40,738 animals and investigated more than 130,700 complaints of cruelty from the public. The demand for our services remains unabated and we received 1,175,193 calls to our helpline. With limited resources – we have around 350 inspectorate officers – we cannot get to every animal or incident as quickly as we would like and we are grateful for the public's understanding and ongoing support. To help make us more efficient, and to do even more for animals, we continued to roll out Wilberforce. It is a complex programme designed to transform how we manage our rescue resources so we can get to more animals in a timely fashion; we hope it will be fully operational by the end of 2019.

One of our big ambitions for the future is to mobilise the next generation of supporters and donors, volunteers and activists, campaigners and workers, around animal welfare. Young people are exposed to images of animal cruelty on a regular basis and in 2018 the RSPCA launched Generation Kind, our campaign to teach children about empathy and respect for animals.

Change is a constant in all organisations and the Society is no different. In 2018 we embarked on the most significant changes to our governance since 1974. If agreed at our AGM in June 2019, the Society will have a slimmed down board, a new committee to represent our branches, and will have term limits for all national trustees. Our governance arrangements will be reflective of the very best practice within the charity sector and I want to thank my Council colleagues for the ambition they have showed in instigating these much needed reforms.

We also welcomed our new Chief Executive in 2018, Chris Sherwood, after an extensive recruitment process. I am delighted that Chris has made a hugely positive impact and I want to thank him and the whole team of RSPCA employees and volunteers for the passion, commitment and dedication they exemplify.

I am excited about the prospects for the RSPCA in 2019 as we continue to modernise and transform our organisation. We must also be ready to adapt, innovate and collaborate with others to continue to advance our mission and vision. If we succeed, we will have created a Society that is fit for purpose into the future and best placed to do even more for the animals and the people in the communities we serve.

Paul Draycott
Chairperson, RSPCA Council

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RSPCA TRUSTEES' ANNUAL REPORT

Year ended 31 December 2018

Our vision:

is a world where all animals are respected and treated with compassion.

Our mission:

is to prevent cruelty, promote kindness to and alleviate suffering of all animals.

Everything we do is guided by our values:

Compassionate:

We care deeply about the lives of animals, we have empathy for people, we act with kindness and consideration at all times.

Inspirational:

We are life changing, we inspire by taking the lead, we speak up when others don't, we take brave decisions, we change animals' lives for the better.

Committed:

We never give up, we have energy and determination, we rescue animals from cruelty and neglect, giving them new opportunities, and supporting others in doing so.

Expert:

We have expert knowledge, we act on the basis of evidence, we back up our decisions and actions with science, data and experience.

Integrity:

We are honest and trustworthy, we act with integrity, we do what's right.

Charitable objectives and constitution

The Royal Society for the Prevention of Cruelty to Animals (RSPCA) was founded in 1824, was incorporated by an Act of Parliament (the RSPCA Act) in 1932, and is a charity registered in England and Wales (no. 219099). Our charitable objects are to promote kindness and to prevent or suppress cruelty to animals and to do all such lawful acts as the Society may consider to be conducive or incidental to the attainment of those objects.

We achieve these objectives through a diverse range of services which operate seven days a week, 365 days a year across England and Wales. They encompass preventative and educational work, enforcement of the law, and the direct rescue, rehabilitation and rehoming, or release, of domestic and wild animals. This range of work and its related support services are unique and remain the core activity of the RSPCA.

2018 at a glance



1,175,193

CALLS TO THE RSPCA
24-HOUR CRUELTY LINE

MORE THAN
130,700

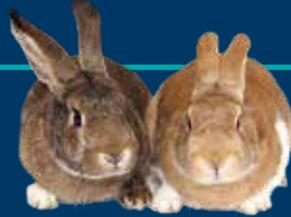
COMPLAINTS OF ALLEGED
CRUELTY INVESTIGATED

MORE THAN
102,900
ANIMALS RESCUED
BY RSPCA INSPECTORATE



18,337
WILD
ANIMALS

ADMITTED TO OUR
WILDLIFE CENTRES



MORE THAN
1,900
RABBITS RESCUED
BY RSPCA INSPECTORATE

886

HORSES IN OUR
CARE AT THE
END OF 2018



MORE THAN
6,500
DOGS RESCUED BY
RSPCA INSPECTORATE



MORE THAN
22,200
CATS RESCUED BY
RSPCA INSPECTORATE

268
MILLION

FISH AND OTHER
ANIMALS REARED
UNDER RSPCA
WELFARE STANDARDS



125,031 TREATMENTS
DISPENSED
(NOT INCLUDING NEUTERING)

1,678 CONVICTIONS SECURED
IN THE MAGISTRATES'
COURTS FOR ANIMAL WELFARE OFFENCES

MORE THAN
66,100 WELFARE
IMPROVEMENT
ADVICE AND NOTICES GIVEN OUT

35,291
ANIMALS
MICROCHIPPED*



♂ ♀ **51,377**

ANIMALS NEUTERED**

747



PEOPLE CONVICTED FOR ANIMAL
WELFARE OFFENCES IN THE
MAGISTRATES' COURTS

*Includes animals microchipped by RSPCA branches **Includes animals neutered by RSPCA branches

OUR OBJECTIVES AND ACTIVITIES

2017–2021 Our strategic plan

In 2018 we completed the second year of our five-year organisational strategy. The strategy contains four overarching aims to transform animal welfare:

1 Welfare aim

We will ensure that animal rescue, rehabilitation and rehoming services are available at the right time and in the right places to protect animals in most need.

2 Advocacy aim

We will ensure that legislation and policies protect and enhance animal welfare domestically and internationally.

3 Prevention aim

We will prevent cruelty and promote kindness by building a better understanding of animal needs, supporting those that require our help and enforcing the law where appropriate.

4 Organisational aim

We will drive a financially sustainable, agile, digitally enabled organisation that attracts and retains a skilled and highly performing workforce.

In 2019 we are adding two further aims:

5 Income generation

We will invest in fundraising to attract new supporters, diversify and rationalise our income streams and create a more effective operating mode.

6 People

We will create a comprehensive people strategy to ensure a motivated workforce with the right skills operating in a progressive, open and empowering culture.

We set six specific key goals for 2018 which were anchored within our broader strategic aims:

1 To launch a new integrated prevention strategy to improve the understanding of the needs of animals – particularly amongst young people – and embed animal welfare in the education system. (Aim 3)

What we achieved

We launched 'Generation Kind' in October 2018 as our first fully integrated prevention programme. This comprises nine projects that embrace primary education, focusing on young people at risk and young people who have offended. This major work programme has 19 different goals that the RSPCA will seek to achieve in the next few years. Our Compassionate Class activity, which seeks to develop compassion and empathy for animals through learning about animal welfare in the classroom, has over 2,500 primary schools already registered. This followed a successful pilot that was undertaken in Manchester primary schools.

2 As we exit the EU, to ensure that legislation passed – particularly in England, Wales and Europe – will protect and enhance animal welfare domestically and internationally. (Aim 2)

What we achieved

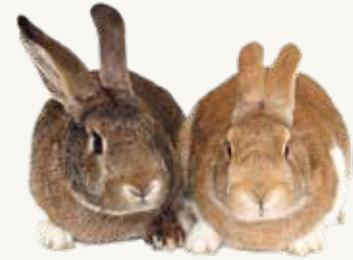
We worked with governments to ensure animal welfare standards are kept at the same level, or higher, as we leave the EU. In England, we were able to achieve legislative improvements on CCTV in slaughterhouses, ensure animal welfare was improved in respect of how we buy and sell animals, and ensure animal welfare is at the centre of the biggest shake-up in legislation and changes to how we farm since 1947. Many of the proposed legislative changes after Brexit have animal welfare at their heart – for example, the replacement of the payments to farmers under the Common Agricultural Policy by a system that rewards higher animal welfare standards.

3 Instigate and complete a comprehensive review of current RSPCA animal welfare provision and an appropriate future footprint (national Society and RSPCA branches) to meet projected demand for our services and support. (Aim 1)

What we achieved

We completed a five-year strategy to modernise our inspectorate, developed and part-implemented our first ever holistic equine strategy, and ran two





inspectorate schools, including our first centrally trained course for Animal Collection Officers to fulfill the continuing high demand for our services, which remain under sustained pressure. Significant work was undertaken to identify where RSPCA services are most needed and how we can match service provision to meet those needs. This work will continue into 2019 as we continue down the path of creating a sustainable network of national and branch facilities.

4 Implement General Data Protection Regulation (GDPR) regulations to ensure compliance. (Aim 4)

What we achieved

In 2018, the RSPCA took all reasonable steps to meet our obligations on data protection and promote good practice in the handling and use of personal information. We ensure that we treat personal information lawfully and correctly through appropriate management, ensuring strict application of criteria and controls. Widespread training on GDPR took place across the national Society and a package of support was developed for our branches. These procedures are constantly reviewed and updated to ensure continued adherence to the legislation and that our supporters and the public have confidence in our handling of their data.

5 Conclude the introduction of new technology and ways of working for the inspectorate. (Aim 1, Aim 4)

What we achieved

The RSPCA has two significant transformation programmes underway. The first is to improve the way we task and deliver our field operations (Wilberforce), and the second relates to how we manage our supporter relationships (Engage). Both made significant progress towards full readiness in 2018 but also required additional investment. We expect both projects to be operational in 2019 with continuing modification and enhancements well beyond that date.

Wilberforce is the biggest change for 25 years in how we respond to calls from the public and allocate rescue work to our inspectors. The programme will improve how we serve the public and we will become more efficient as an organisation. It also has the aim of improving the health, safety and well-being of our employees. Crucially, we believe it will enable us to help even more animals.

Our Engage programme replaces an obsolete

Supporter Relations Management (SRM) tool with an advanced platform which will enable us to provide a more tailored and relevant engagement experience for our supporters. It will also provide additional GDPR assurance for the organisation.

6 Continue our behaviour change campaigns – focusing on cat owners to encourage timely neutering and launching a new campaign to improve public understanding of the needs of dogs. (Aim 3)

What we achieved

Our new #DogKind campaign was launched in March 2018, focusing on improving dog owners' understanding of their pets and, in particular, on dogs who find it difficult to cope when separated from their owners. Our 'Dogs die in hot cars' campaign resulted in a net increase of 16 percent of dog owners (from 55 percent to 71 percent) saying it is never acceptable to leave their dogs alone in a car on a warm day. Our 'Cat smart' campaign, which focused on improving the welfare of cats in Sheffield, also made significant progress. This programme aims to encourage cat neutering to prevent overpopulation in areas of particular need. By employing an agile methodology, testing different ways to work with cat owners and adapting as we went along, we were able to neuter over 1,000 cats in targeted Sheffield hotspots.

2019 – an ambitious animal welfare agenda

Our 2019 goals are all aimed at continuing to modernise and transform how we work so we can undertake even more animal welfare work. They encompass the following areas of concern.

- Developing a new veterinary strategy (costs, working practices, procurement, third party relationships), with implementation across 2019/20. (Aim 1)
- Completing the roll out of Wilberforce by November 2019 with a full decommission of the legacy platform (Mice and Tails). (Aim 1)
- Reviewing and updating the RSPCA policy booklet. (Aim 2)
- Signing up two supermarket retailers to our chicken campaign, which aims to replace lower welfare breeds with higher welfare breeds. (Aim 2)
- Developing a proactive programme of influencing activity and stakeholder engagement to promote legislative change in England and Wales. (Aim 2)
- Redesigning our Paws for Change programme, which partners disadvantaged young people with hard-to-rehome dogs in our care and rollout to four centres. (Aim 3)
- Undertaking a formal review of our five-year strategy and beginning work on a new updated five-year strategic plan. (Aim 4)
- Consulting members on a range of governance reforms with planned adoption at the 2019 Annual General Meeting. (Aim 4)
- Developing a new income generation strategy to attract new supporters, diversify and rationalise our income streams, and create a more effective operating model. (Aim 5)
- Creating a new people strategy and framework. (Aim 6)
- Continue plans to ensure that we match our animal welfare services to areas of highest need, including a strategic plan for supporting and strengthening our branches.

BUILDING A WORLD THAT'S KINDER TO ANIMALS:

progress in 2018

Achievements and performance

Our 2019 corporate plan: **Building a world that's kinder to animals** encapsulates all our 50 goals for 2019 under the six organisational aims – so that progress to achieve a kinder world for animals can be clearly measured.

The RSPCA undertakes around 85 percent of the animal welfare related investigation, education and enforcement action in England and Wales and over 90 percent of our enforcement work is delivered through the Animal Welfare Act 2006.

In 2018 we received 1,175,193 calls to our cruelty helpline – a slight increase from 2017. We investigated more than 130,700 complaints and we rescued a huge variety of animal species from sheep to sugar gliders and marmosets to macaws, including more than 6,500 dogs, more than 22,200 cats, and more than 1,900 rabbits. 18,337 wild animals were admitted to our wildlife centres.

We launched our first brand advertising strategy in 2018 – to develop a greater understanding of what the RSPCA does and to grow our support base. This has already shown a positive return in public sentiment amongst our target audiences. In 2018, the RSPCA was ranked as the most improved charity brand according to YouGov and we also ranked fourth amongst all charities' media coverage – up from seventh in 2017 (Gorkana). In the annual Harris/Third Sector rating of 150 charity brands, the RSPCA rose from 17th to 11th.

The number of convictions secured in the magistrates' courts increased by 12 percent to 1,678 as we continue to find alternative ways to improve the welfare of animals and change the behaviour of owners. In 2018, we issued more than 66,100 improvement and welfare notices as well as giving advice to thousands of owners. We know that 98 percent of these notices do not require any further action, as the animal owner improves the way they are keeping their animal. This is a positive outcome for the animal, the owner and the RSPCA, which doesn't have to take any further action. When we do decide to prosecute, we follow the same code as the Crown Prosecution Service which demands two tests are met: a reasonable chance of success and that the prosecution is in the public interest. In 2018 we had a prosecution success rate of 92.5% (2017: 91.2%).

In 2018, RSPCA animal centres and clinics undertook 125,031 animal treatments – providing the love and care they needed before they could be rehomed or released back into the wild.

The following pages are a snapshot of the varied work the RSPCA undertook during 2018 as we continued on our journey – building a world that's kinder to animals.

Rescuing and rehabilitating animals

In 2018 we spent £96.4m on frontline animal welfare activity (2017: £85.7m), which includes our inspectorate, animal centres and animal hospitals. We spent £19.1m on support to our branches (2017: £8.5m) (p.29).

During 2018 the RSPCA's animal centres and branches found new homes for 7,851 dogs, 24,329 cats, 2,772 rabbits, and 329 equines.

In 2018, we overhauled the system of how we move animals around from areas of high need to areas of lower need. We increased capacity in Wales and the Midlands region – so now each of the three regions has networking staff and drivers supporting the work of the inspectorate, moving animals from private boarding facilities to RSPCA centres or branches. We also developed a networking operation to support our covert investigations into illegal activities, many of which require large numbers of animals to be moved and housed at short notice. These developments will increase our efficiency and reduce costs – especially by minimising the use of private boarding establishments to hold our animals.

The prevalence of exotic pets has dramatically increased in recent years and we reviewed exotics courses for RSPCA staff and produced new course materials. We also progressed new guides to promote higher welfare, for owners keeping reptiles. Our inspectorate will soon be issued with new equipment to help them assess the welfare of exotic animals when

investigating cases and we have introduced a new process for inspecting establishments that we use for boarding and rehoming exotic pets.

Volunteers are a critical part of the RSPCA family, helping to provide much of the care within our centres. To ensure we can better manage our volunteers and give them the very best experience, we rolled out a new system to recruit and deploy volunteers, as well as to recognise their significant contribution to animal welfare. Already this development has had a positive impact on increasing the numbers and satisfaction of volunteers.

Cat overpopulation remains a significant issue in many parts of England and Wales. We have a number of multi-cat household programmes such as the one at Manchester Animal Hospital – offering neutering to those households unable to cope with having too many cats and offering to reduce and rehome their cats. These initiatives leave owners with healthier animals and reduce the impact on the Society from future welfare problems these would otherwise have generated.

RSPCA branches play a vital role in the work of the Society and the way we rescue, rehabilitate and rehome animals. To ensure we have a network fit for the future, we undertook a comprehensive audit of the sustainability of the branch network to give us the baseline data to start a major piece of work in 2019, looking at how we ensure the RSPCA branch network is as strong as possible.

Table 1 Summary of the number of animals the RSPCA rescued, released, neutered, microchipped and treated in England and Wales in 2018.

	Dogs	Cats	Wildlife and others	Total 2018	Total 2017	
Rescued*	6,500+	22,200+	74,100+	102,900+	114,584	
Released*	0	360+	15,600+	16,000+	15,438	
Animal treatments (excl neutering)	Outpatients 120,180	Operations 4,851		125,031	129,213	
	Dogs	Cats	Wildlife and others	Branch animals**	Total 2018	Total 2017
Neutered	2,555	5,731	930	42,161	51,377	54,975
Microchipped	1,347	6,286	1,112	26,546	35,291	38,476

* In autumn 2018 the RSPCA started rolling out a new inspectorate reporting system, which means 2018 data is not directly comparable with 2017 data.

** Number of animals neutered and microchipped by RSPCA branches.

Managing the equine crisis

The equine crisis continues unabated and in 2018 we rescued more than 1,000 equines against an organisational capacity of 175. At the end of December 2018 we had 886 horses in our care. This is placing a huge strain on organisational resources.

To address the challenges posed by the equine crisis, we completed an audit of all equine standards and procedures in our centres, opened two new equine units and increased our rehoming rates – finding new homes for 329 horses in 2018, compared to 257 in 2017. We also appointed our first equine scientific specialist to provide advice for our licensing conditions and policies, as well as recruiting a specialist equine vet to better manage how we treat equines in our care and through third parties.

We worked with the Department for Environment, Food & Rural Affairs (Defra) to ensure the new equine identification database and legislation were implemented successfully and we continued our work with local authorities to ensure they are enforced. However, we continue to see large numbers of equines whose welfare is compromised, resulting in unsustainable numbers being rescued and brought into care.

What we will do in 2019

- Audit the RSPCA's compliance with the proposed new legislation in England – covering minimum standards for rehoming centres, ensuring compliance with the Guidelines on Licensing of Activities Involving Animals Regulations and developing plans to meet any gaps.
- Produce a new rehabilitation and welfare strategy – underpinned by challenging goals to increase our success rates on rehoming animals that have poor welfare and behavioural problems – and improve our rehabilitation and rehoming times.
- Complete the review of our branch network's sustainability and produce a plan to be realised by the end of 2019 in the north-west – a critical region for the RSPCA.
- Complete a veterinary review of our services to ensure the right veterinary resource is available in the right place at the right time.
- Continue to deliver a national networking strategy and enhanced rehoming timescales for improved welfare.



Enforcement through our inspectorate and prosecutions work

In 2018 we spent a total of £47.8m on our inspectors and prosecution work (2017: £42.7m) (p.29) and investigated more than 130,700* complaints (2017: 141,760).

We completed our five-year modernisation strategy for the inspectorate – to transform how we work in the field. This minimised case review times and introduced digital working to all case files submitted. We completed our implementation of actions arising from the review of our prosecution activities. We held two meetings of our Prosecutions Oversight Panel which concluded that: “Overall the Oversight Panel considered that the prosecution decisions in the cases reviewed were fair and appropriate and based on correct application of the CPS Code for Crown Prosecutors (Code) test, including the evidential stage and the public interest stage”.

Ensuring we have the right resources in the right place is critical to our field operations. With finite resources we can never get to every animal that needs our help in the timescales we would like. To improve this, we ran a pilot in five areas on how we task our inspectors. Instead of officers’ lists of jobs in specific postcodes, we moved to a model which identified the nearest officer to an incident. Evaluation and further rollout will continue into 2019. A further school of 24 trainee inspectors graduated in 2018, which will enhance our ability to meet the ongoing demand for our assistance, and we continue to expand our wildlife volunteer base to collect wildlife casualties in peak periods.

In 2018 the RSPCA secured 1,678 convictions against 747 individuals – a slight increase on the previous year (Table 2). There was also a rise in young offenders – from eight to 15. Over the past seven years there has been a 60 percent reduction in the number of convictions secured. The successful use of welfare improvement notices has played a significant role in this drop, emphasising the preventative nature of these notices.

* In autumn 2018 the RSPCA started rolling out a new inspectorate reporting system, which means 2018 data is not directly comparable with 2017 data.

Table 2 RSPCA operational statistics for England and Wales 2018*

Advice and prosecution statistics England and Wales	2018	2017
Telephone calls answered	1,175,193	1,037,435
Complaints of alleged cruelty investigated*	130,700+	141,760
Welfare improvement advice and notices dispensed*	66,100+	76,460
Cases reported to RSPCA Prosecutions Department	1,182	1,309
People reported to RSPCA Prosecutions Department	1,703	1,776
Defendants convicted (juvenile offenders)	747 (15)	696 (8)
Convictions secured in the magistrates’ court (juvenile offenders)	1,678 (20)	1,492 (25)

What we will do in 2019

- Strengthen our processes for dealing with vulnerable persons and train our inspectorate staff.
- Complete the handover of farm welfare investigations and prosecutions to the Animal and Plant Health Agency.
- Complete the rollout of our Wilberforce programme, to improve the way we task our field operations and meet the ongoing need for our services.
- Increase inspector visits to schools towards a goal of 600 per year.



PREVENTING CRUELTY:

changing attitudes,

behaviours and public policy

The RSPCA believes that lasting change for animals will only come if we can ensure that the owners and keepers of animals fully understand and meet their needs and that the law provides an effective framework to protect animals and enhance their welfare.

Protection through improved legislation

We continued to push for animals to be protected in the Brexit process. The biggest success came with the Agriculture Bill, which acknowledged animal welfare as a public good – so improvements can be funded under the new farm payment scheme that will replace the Common Agricultural Policy. This success was partly driven by public demand and the RSPCA generated 4,900 responses to the consultation – a quarter of all replies.

There were two major successes in other legislation. The biggest change in animal licensing in 66 years was brought in with new licensing standards across seven areas and the RSPCA was heavily involved in drafting the standards. Legislation requiring CCTV to be installed in all slaughterhouses in England came into force on 5 November 2018. The legal requirements have been largely based on the RSPCA's standards. The Government made a number of announcements to bring in new legislation in 2019, including a third party ban on the sale of puppies and kittens, banning electric shock collars and bringing in tougher sentencing.

The Government in Wales announced its intention to provide funding for CCTV in slaughterhouses, while legislation to make this mandatory remains under consideration. There was also support for an increase in sentencing and consideration on a third-party ban on puppy and kitten sales. Following a successful campaign, RSPCA Cymru chaired the ministerial group looking at a case for an animal offender register in Wales. The group recommended several positive steps to improve enforcement and data sharing, whilst stopping short of a register. The RSPCA will continue its ambitious public policy agenda in both England and Wales in 2019.

Focus on dog and cat owners

Dogs are the animals we receive most calls about and in many cases the neglect is unintentional with the owners not fully aware of what they need to provide to make their pets happy and healthy. Our new #DogKind report launched in February 2018, focused on improving the understanding and awareness of dog owners. Our cat campaign centred on improving the welfare of cats in Sheffield and Manchester, neutering over 1,000 cats in Sheffield hotspots and in Manchester working with animal 'hoarders' to improve the welfare of both animals and people.

Generation Kind

Generation Kind – our major education programme aimed at young people – launched in October 2018. Nine projects make up the Generation Kind portfolio: Compassionate Class, The Great Debate, Inspectorate and Volunteer School Speakers, Initial Teacher Training, Apprenticeships, Paws for Change, Breaking the Chain, Wild Things and Animal Action Days.

The Great Debate – a programme for Key Stage 3 students to debate key animal welfare campaigns – was held for the fourth year in Wales, expanding to include five regional heats. We also held our first debates in England with the final held in the Westminster parliament. In 2019, we will be taking the Great Debate to three new cities: Reading, Birmingham and Leeds. Our Generation Kind programme of work directly engaged over 18,000 young people in 2018, including over 200 children in foster care and 64 children in the youth justice system.

Commitment to higher welfare chicken

In 2018, alongside 27 other organisations, the RSPCA signed up to the Better Chicken Commitment – a pan-European initiative which calls for food businesses to commit to higher welfare chicken across their whole supply chain by 2026. Under this initiative we launched our chicken campaign with a new report focusing on the Corporate Social Responsibility policies of each of the eight major retailers in the UK and we are working with other organisations in Europe and the UK to improve chicken welfare. Already a number of retailers and food outlets such as Marks and Spencer and Zizzi have committed to these higher standards. In March 2018, the Co-op became the first major retailer to source all its pork from RSPCA Assured pig farms – ensuring all its 4,000 stores only stock higher welfare pork products.



Improving animal welfare standards globally

The RSPCA led the International Coalition for Animal Welfare to sign a memorandum with the World Organisation for Animal Health ensuring closer cooperation in implementing improved animal welfare standards globally.

In Macedonia and Montenegro we provided training in humane dog population management in an initiative that will have a positive impact on the treatment of stray dogs across 11 countries in the Balkans region.

At the Second World Conference on Farm Animal Welfare we launched the Beijing Consensus – a framework for cooperation between the Chinese government, the livestock industry, food retailers, animal scientists and international NGOs to improve farm animal welfare. The RSPCA delivered training to promote laboratory animal ethics and welfare in China, Thailand and Korea and regionally at the Asian Federation for Laboratory Animal Science Associations' conference in India.

Building on our major illegal wildlife trade prevention programme in Malawi, RSPCA staff and colleagues from Malawi visited Rwanda to share experience and advise the Rwanda Development Board in establishing a National Committee for Combating Wildlife Crime.

What we will do in 2019

- Improve public understanding of cats and dogs through direct interventions and behaviour change to reduce numbers of cats coming into our care and improve target group understanding of dog behaviour.
- Ensure animal welfare standards do not fall as we leave the EU. Ensure that the new farm support system in England and Wales is agreed – to promote higher animal welfare standards – and that trials are agreed on sector issues as set out by the RSPCA.
- Sign up two supermarket retailers to the Better Chicken Commitment.
- Progress legislative changes to ban wild animals in circuses, see animal sentience enshrined in law, ban the third party sale of puppies and kittens, and ban electric shock collars.
- Lobby governments in England and Wales for animal welfare to be taught in schools.
- Continue to develop and implement our Generation Kind programme, working with young people.

STRUCTURE, GOVERNANCE

AND MANAGEMENT

Charity constitution

The Royal Society for the Prevention of Cruelty to Animals (RSPCA) was founded in 1824, was incorporated by an Act of Parliament (the RSPCA Act) in 1932 and is a charity registered in England and Wales (no. 219099). Its charitable objects are to promote kindness and to prevent or suppress cruelty to animals and to do all such lawful acts as the Society may consider to be conducive or incidental to the attainment of those objects.

Council's statement of responsibilities

The Council is legally required to prepare financial statements for each year and an Annual Report on the activities of the Society during the year. The financial statements are prepared in accordance with The Charities Statement of Recommended Practice (SORP) 2015 Financial Reporting Standard (FRS) 102. The consolidated statement of financial activities includes details relating to incoming resources and expenditure incurred by the RSPCA Group, which is the national RSPCA, its wholly-owned subsidiaries RSPCA Trading Limited, Freedom Food Limited and RSPCA Enterprises Limited and RSPCA branches temporarily under the control of trustees of the Society.

The Council is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and enable Council to ensure that financial statements comply with the Charities Act 2011, requirements of Rule XV of the Society's rules and the Charities (Accounts and Reports) Regulations 2008. The Council is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities by the establishment of a system of internal control.

RSPCA branches

This report does not include the majority of RSPCA branches, which are separately registered charities that manage their own affairs, subject to rules made by the Society. There are 153 separately registered RSPCA branches managed by their own locally elected charity trustees. Each branch is responsible for publishing its own annual Trustees' Report and Accounts.

The RSPCA Acts, the Society's rules and branch rules regulate the relationship between the Society and the branches. Each branch is established as

an unincorporated charitable association, but the Council has powers to intervene in a branch's affairs in certain circumstances, for instance where the number of local trustees falls below the required minimum. Where it does so and exerts control over the management of the branch via the appointment of trustees as the temporary branch board, the accounts of the branch are consolidated into these financial statements. Once Council has appointed trustees to the branch board, all further decision making and management of the branch rests with those trustees until the branch can be returned to local control. Please see note 18 for details of the branches which have been consolidated.

Much of the RSPCA's direct animal welfare work is carried out through its branches, such as subsidised veterinary care and rehoming in their local areas. In total there are 29 branch clinics, five national animal centres and hospital clinics, three mobile clinics, 44 branch animal centres and two affiliated trust centres. The national Society works closely with the RSPCA branches in delivering animal welfare aims and strategy and provides financial and other support to the branches.

The RSPCA Council

The RSPCA Council, as charity trustees, has the legal responsibility for the effective use of the Society's resources in accordance with the objects of the RSPCA and for providing effective leadership and direction. In 2018, Council agreed to reduce the number of their members from a maximum of 25 plus up to three co-opted members to nine plus three co-opted members. This will go to the 2019 AGM for members' decision. Council members are not remunerated for their role as trustees but they are reimbursed for reasonable expenses incurred in carrying out their duties.

Under current arrangements, 15 of the 25 members are elected by the membership of the RSPCA on a democratic one member one vote basis. A further 10 Council members are elected triennially by vote of RSPCA branches in each of the 10 regional divisions of branches. Regionally-elected members have the same duties as nationally elected members but have, in addition, duties related to regional governance. A system to reduce numbers to the nine agreed by 2019 will be implemented, if agreed by members at the 2019 AGM. Qualification for Council remains the same, namely all candidates must have been members of the Society for not fewer than three consecutive years immediately preceding nomination. A list of Council members who served in 2018 together with other statutory information is given on page 43 and forms part of this report.

The Council meets a minimum of six times a year and is responsible for the finance, governance and overall strategic aims of the RSPCA. It has delegated more detailed discussion on the work of the RSPCA to an Income Generation Committee, a Governance Committee, a Field Operations Committee, an External Relations and Strategic Animal Welfare Committee, a Finance and Risk Committee, and a Special Awards Committee. These committees determine, monitor and evaluate the RSPCA's strategic direction and performance as delegated by Council. Following an agreement on governance in November 2018, a new scheme of delegation has been proposed in 2019 – if agreed by members at the AGM – whereby branch matters are to be covered under a new Branch Affairs Committee.

Under the 2017 Charity Governance Code a charity should explain if it is not implementing proposals on limiting terms of office to three terms of three years. An analysis of the RSPCA's 2017 Council found that the median number of years served by the trustees was eight. As part of the governance review, Council agreed in November 2018 to limit the term a trustee can serve to three terms of three years each. This will be proposed at the AGM in 2019 to ensure that the RSPCA meets the expectations of the Charity Governance Code.

During 2018, following the departure of its Interim Chief Executive, Michael Ward, the Council appointed Chris Sherwood as its Chief Executive from 1 August 2018.

Public benefit

The RSPCA trustees pay due regard to Charity Commission guidance on public benefit and meet the requirements of the Charities Act 2011 through the programme of preventing cruelty and promoting kindness to animals as this promotes humane sentiment in humans towards animals, which gives a moral benefit to the human community as a whole. Operating the emergency helpline (National Control Centre) and responding to requests for help via our inspectorate and ambulance service are the main activities undertaken to further purposes for public benefit.

Safeguarding

The Trustees received training on safeguarding and the Society is reviewing its policies and procedures to ensure effective protection of our people and those who use our services. This is managed by the Head of Volunteering and Apprenticeships.

Risk management

The RSPCA is managing a portfolio of risks. The



trustees have identified the following risks managed through the Finance and Risk Committee:

RISK: governance failures.

MANAGEMENT: Taking steps to modernise governance structures in line with the Charity Governance Code (see left).

RISK: health and safety of staff and the animals we rescue.

MANAGEMENT: ensuring our staff have the quality of training to make informed decisions when faced with complex risk scenarios.

RISK: non-compliance in complex areas of law, such as data protection.

MANAGEMENT: robust audit function on the flow and use of personal data internally and externally.

RISK: ensuring our service is sustainable and meets the demands of the public who fund us.

MANAGEMENT: prioritising our field workload by focusing on rescuing the most abused and neglected animals which other charities are not geared up to do, as well as managing public expectations through better communications.

RISK: external economic and financial factors beyond our control such as those caused by Brexit and the increased challenges of fundraising.

MANAGEMENT: prudent and diversified investment strategies by innovating in income generation and supporter engagement, to diversify our revenue streams.

Slavery and human trafficking

The Society publishes a statement on its website setting out the steps we are taking to combat slavery and human trafficking in our supply chains.

FINANCIAL REVIEW

The Consolidated Statement of Financial Activities (SOFA) on page 23 reports a deficit for the year of £6.9m (2017: surplus £24.8m). Our consolidated results are greatly affected by the number of branches consolidated and the impact of branches both coming into and leaving Council trusteeship. The Society-only SOFA on page 22 reports a surplus for the year of £1.3m (2017: £14.3m). The actuarial gain on the pension scheme is £18.1m compared to an actuarial gain of £6.5m in 2017. Our income for the year totalled £142.0m (2017: £140.9m). In 2018 we were notified of 16 high value legacies (over £500,000), with an estimated value of £12.3m (2017: 11 notifications totalling £7.5m), (see note 20). High value legacies often comprise complex estates that can take a number of years to settle so the cash from these legacies may not be received for some time.

We continue to face increasing demands for our services while managing our costs. Our expenditure for 2018 is £159.8m (2017: £129.4m). There was a net cash outflow from operations of £20.1m compared to a £1.9m net cash outflow in 2017 as shown by the Consolidated Cash Flow Statement on page 25. Maintaining financial sustainability is a key priority for the RSPCA.

Fundraising

In 2016 the Charities Act (as amended) came into force, on the back of concerns on how charities raise funds. The legislative requirements in the Charities Act 2016 are set out below and include implementation of other relevant legislation such as the Data Protection Act 2018; the RSPCA implementation of these Acts in 2018 is also set out.

How do we implement and oversee activities by the charity or by any person on behalf of the charity for the purpose of fundraising, and in particular professional fundraisers?

The RSPCA or anyone acting on its behalf is bound by internal policies regulating fundraising. As a member of the Institute of Fundraising, the RSPCA follows their code and ensures that anyone acting on its behalf follows this code. The RSPCA complies with specific legal requirements which apply when any third party fundraiser meets the definition of a professional fundraiser and meets the requirements of the Charity Commission fundraising guide (CC20).

How many failures to comply with a scheme or standard mentioned above occurred in 2018?

31 data breaches occurred under 2018 legislation.

The RSPCA was found to be in breach of two requirements of the Code of Fundraising Practice following a complaint about fundraising being carried out by an agency on behalf of the charity one day in July. The Fundraising Regulator found that we had failed to investigate the complaint thoroughly enough and to oversee the agency sufficiently. The agency's contract was terminated and the charity's processes improved.

How did the RSPCA monitor activities carried on by any person on behalf of the charity for the purpose of fundraising?

In 2016 the RSPCA trustees set up a new committee to monitor our fundraising activities and ensure compliance with legislation, IOF codes and best practice, whilst upholding the values of the Society. The RSPCA conducts a number of activities to ensure that everyone undertaking fundraising activities is fully aware of and

in adherence with the standards through a combination of regular quality assurance monitoring, routine training, shadowing, audit and verification exercises.

How many complaints were received by the RSPCA in 2018 in relation to fundraising?

The RSPCA received 565 complaints in 2018, (2017: 411). By far the largest number (323) related to door-to-door fundraising but there were also 173 complaints on private sites which included complaints such as lateness, behaviour and conduct. 16 of the complaints were classified as serious (2017:9). 560 of these 565 complaints (99.1%) were answered and completed within the 20 day service-level agreement.

How does the RSPCA protect vulnerable people and other members of the public when fundraising from behaviour such as:

- (a) unreasonable intrusion on a person's privacy;*
- (b) unreasonably persistent approaches for the purpose of soliciting or otherwise procuring money or other property on behalf of the charity;*
- (c) placing undue pressure on a person to give money or other property?*

The RSPCA does not share any of its supporter data with other charities or companies – we have reviewed and implemented this policy by ensuring that supporters and potential supporters consent to the use of their data, particularly in relation to receiving further communications from the Society. We have embedded the values of the Society in all the fundraising work we do, in particular ensuring that external agencies are aware of and implement these values. On telephone fundraising, we have implemented a quality-first policy with all external agencies we use and implemented an internal programme of vulnerability training throughout our fundraising department.

In 2016 the RSPCA agreed a policy on vulnerable people to ensure there is clear understanding and consent with any member of the public during any communications with the Society. Where this is not the case we will stop the communication and, where relevant, refund any monies. This policy is on the RSPCA website and is currently undergoing a review process to ensure it is updated in line with current standards and best practice.

Performance

Fundraising costs for 2018 are £29.3m (2017: £23.5m). Income from fundraising, excluding legacies, decreased by £0.7m in 2018 to £41.2m (2017: £41.9m). This reflects new regulatory constraints and increasing costs of compliance.

Financial position of trading subsidiaries

The RSPCA has two wholly owned subsidiaries that operated during the year. The results of these entities are presented in note 18. RSPCA Trading Limited undertakes non-primary purpose trading and the profit from its activity is transferred to the RSPCA at year end. In 2018, RSPCA Trading had income of £1.4m (2017: £2.1m). Expenditure was £1.0m (2017: £2.0m) and £0.4m of profit was transferred to the RSPCA (2017: £0.2m).

Freedom Food Limited, which trades as RSPCA Assured, promotes RSPCA approved welfare standards in livestock farming. RSPCA Assured activities generated income of £3.5m (2017: £3.3m) and incurred costs of £3.2m (2017: £2.9m).

The branches in Council trusteeship generated an income of £6.0m (2017 £13.7m) and incurred costs of £14.4m (2017 £3.6m). These amounts included gains on acquisition of £1.2m (2017: £3.8m) and losses on disposal of £11.1m (2017: £0.3m) which arise on consolidation only.

Investments

The RSPCA holds investments to support fluctuations in its cash flow and to fund structural growth.

The value of the RSPCA's investments at 31 December 2018 was £99.8m (2017: £123.5m). Net losses of £7.2m are reported in the Group Statement of Financial Activity (SOFA) for 2018.

The Finance and Risk Committee has delegated overall responsibility for the RSPCA's investment strategy and the investment sub-committee continues to refine this. The funds are overseen by our investment advisers, Epoch Wealth Management. The committee consults with its investment professionals to help maximise the overall return within acceptable risk parameters while ensuring that the strategy remains fit for purpose.

Investment strategy review

The implementation of our new investment policies in 2016 has proven particularly important over the course of 2018. The introduction of the 'Reserves Overflow' policy (which was designed to sit between the cash reserves and the long-term fund) has helped minimise volatility and losses over what has been a very difficult year for markets.

The decision to withdraw capital from the long-term portfolio in the earlier part of the year proved a good decision and it is positive to see how these new policies have benefited the organisation.

Epoch continues to be retained as investment advisers and in addition to this, the investment sub-committee continues to ask for external input from the two appointed pro-bono advisers to provide further insights and general counsel. One pro-bono adviser specialises in investment management and the other in socially responsible investment.

This advisory team will work closely with the investment sub-committee on an ongoing basis to ensure the investments remain fit for purpose.

Market overview

2018 saw a return to volatility that markets had been missing for much of the previous two years. Indeed, most investment markets finished quite sharply down, which is highly unusual. The final quarter of last year was of concern, predominantly driven by concerns around a global slowdown, continued troubles within Europe (Italy this time) and the ongoing trade war between the US and China.

The only asset classes that finished the year in positive territory in 2018 were Global Government Bonds (+0.98%) and Gilts (+0.57%). The US was the 'best' performing equity market (-4.94%) and Japan was the 'worst' performer (-15.97%).

It is important to remember that developed economies are still growing, albeit at a slower pace and the significant reduction in oil prices will likely boost global growth. At time of writing, there continue to be concerns around the handling of Brexit and the impact this may have on the UK economy. It is therefore important that our portfolios remain globally invested.

The expectation of our investment managers is that 2019 may continue with volatility in markets. However, a global recession is unlikely and therefore moving to a very defensive position now would not necessarily be appropriate.

Fund performance

The long-term portfolio achieved a return of -6.1% in the 12 months to 31 December 2018, compared to the return target (CPI plus 4%) of +6.1%. Over the past five years, the portfolio has returned 5.1% p.a. against the 5.5% p.a. return target.

As a reminder, a new peer group benchmark was introduced in 2017: the ARC Balanced Asset Charity Index. This index represents the average performance of a large sample of other charity portfolios with a similar risk remit. The ARC Balanced Asset Charity Index annualised return has been -5.6% and 4.3% over one and five years respectively.

The 'Reserves Overflow' fund has returned -3.02% for the 12 months to 30 December 2018. This was below the CPI+2% target (which at 4.10% was unusually high for the period), and slightly behind the peer-group benchmark of -1.61%.

Ethical and socially responsible investment

The RSPCA has an agreed ethical investment policy. This states that the RSPCA will take all reasonable steps to ensure that its corporate investments are consistent with its animal welfare policies. We have also introduced a requirement for investment managers/funds to be signatories to the UN Six Principles for Socially Responsible Investment.

We are currently undertaking a review into our existing policies and look to enhance them where possible.

Pension arrangements

The assets of the Society's pension arrangements are held separately from the RSPCA under the RSPCA Pension Scheme. Based on Financial Reporting Standard (FRS102), the amount by which the liabilities exceed the assets of the defined benefit section of the Pension Scheme decreased by £17.6m in 2018 to £28.7m.

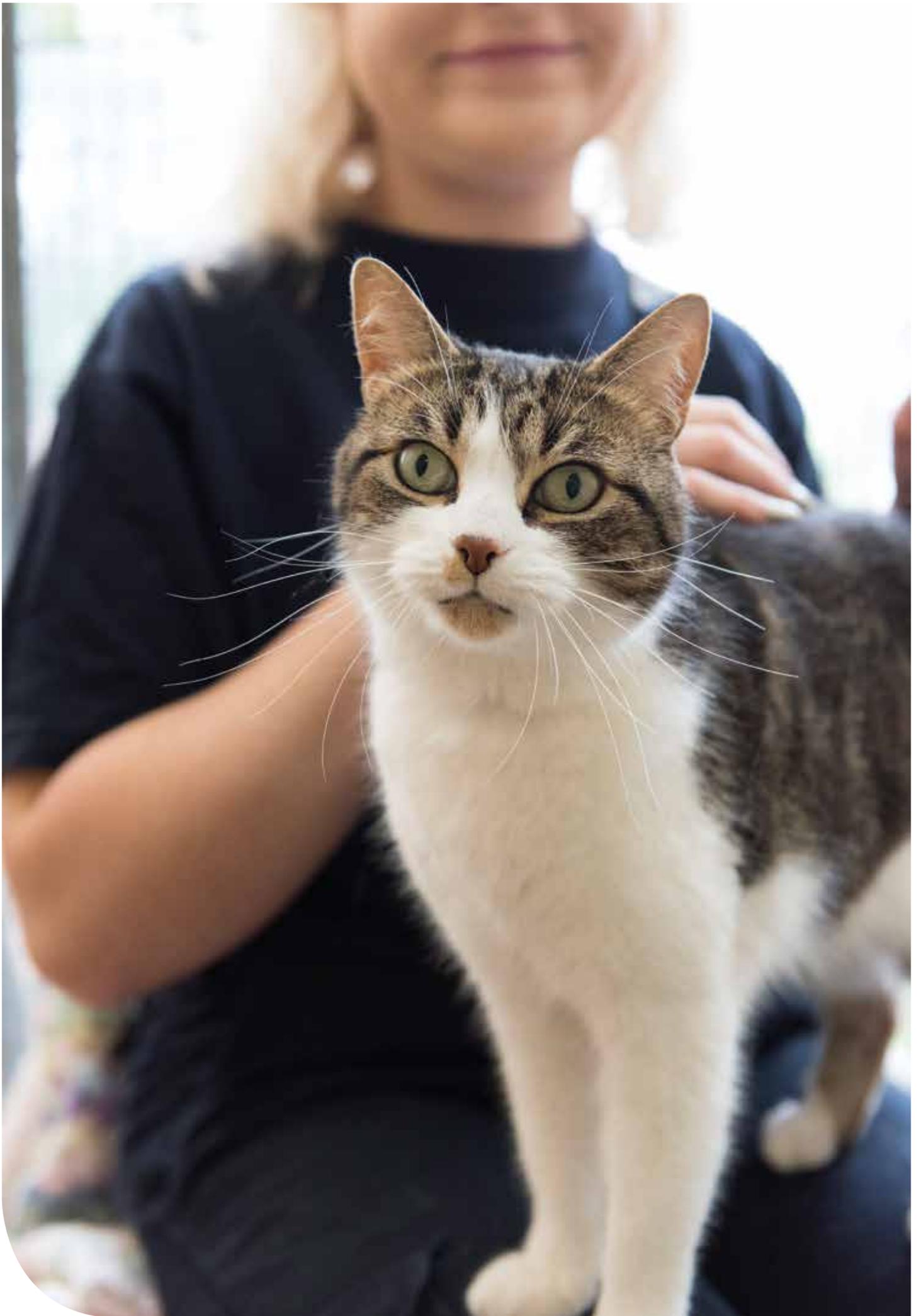
Reserves

The RSPCA holds three types of reserve – restricted reserves, designated funds and free reserves. The Group reserves additionally include restricted and unrestricted reserves held in the subsidiary companies and the branches in Council trusteeship.

Restricted reserves is the balance on endowment funds and restricted funds; these are held pending their application to the activity specified by the donor. As at 31 December 2018, the balance of restricted reserves was £32.9m (2017: £41.6m).

Designated funds are set aside for fixed assets and investment in corporate projects and to support branch and field operations. The funds represent the RSPCA's intangible and tangible fixed assets, committed and approved capital and project expenditure, and allocations to support branch and field operations (see note 17). As at 31 December 2018, the balance of designated funds was £109.3m.

Free reserves are calculated as total funds less restricted reserves and designated funds. This definition takes full account of the pension liability. The RSPCA's reserves policy is to maintain a level of free reserves that will enable the RSPCA to ensure a continuity of activity and have the ability to adjust in a measured way to significant changes in the external economic environment and demands on services provided by the charity. A level of free reserves of between £75m and £100m is deemed appropriate. At 31 December 2018, our free reserves stood at £89.6m (2017: £86.0m).



SUMMARY FINANCIAL REPORT



OUR INCOME 2018 £142.0m

● Legacy income	£81.4m
● Contributions and donations	£41.2m
● Charitable activities	£10.9m
● Other income	£6.7m
● Investment income	£1.8m

OUR EXPENDITURE 2018 £159.8m

● Field animal welfare	£96.4m
- hospitals and animal centres (£48.3m)	
- inspectorate (£43.3m)	
- prosecutions – animal care (£4.8m)	
● Cost of raising funds	£29.3m
● Support to branches	£19.1m
● Prosecutions – legal	£4.4m
● Campaigns, communication, publications	£5.7m
● Science	£2.1m
● Education	£1.9m
● International	£0.9m



SIGNED ON BEHALF OF THE RSPCA COUNCIL

Paul Draycott
CHAIRPERSON RSPCA COUNCIL
24 April 2019

Christine Beaumont-Kerridge
TREASURER RSPCA
24 April 2019

Independent auditors' report to the trustees of the RSPCA

Opinion

We have audited the financial statements of The Royal Society for the Prevention of Cruelty to Animals ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 December 2018 which comprise the charity and consolidated statement of financial activities, the charity and consolidated balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 December 2018 and of the Group's and of the Parent Charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and The RSPCA Rules.

Basis for opinion

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

Conclusions related to going concern

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

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

Other information

The other information comprises the information included in the Trustees' report and accounts, other than the financial statements and our auditor's report thereon. The other information comprises:

Chairperson's Foreword and the Trustees' Annual Report. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate accounting records have not been kept by the Parent Charity; or
- the Parent Charity 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.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees 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 the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Don Bawtree (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick, United Kingdom

Date: 24 April 2019

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Charity statement of financial activities

YEAR ENDED 31 DECEMBER 2018

	UNRESTRICTED FUNDS £'000	RESTRICTED FUNDS £'000	ENDOWMENT FUNDS £'000	TOTAL 2018 £'000	TOTAL 2017 £'000
Income and endowments from:					
Donations and legacies	109,923	11,176	0	121,099	111,237
Charitable activities	5,425	150	0	5,575	5,335
Other trading activities	2,663	0	0	2,663	1,504
Investments	1,530	283	6	1,819	1,570
Gains on disposal of tangible fixed assets	1,118	0	0	1,118	2,556
Other	361	0	0	361	252
Total income	121,020	11,609	6	132,635	122,454
Expenditure on:					
Charitable activities	112,716	2,387	0	115,103	100,918
Raising funds	27,000	167	(2)	27,165	20,533
Total expenditure	139,716	2,554	(2)	142,268	121,451
Net (losses)/gains on investments	(6,478)	8	(647)	(7,117)	6,733
Net (expenditure)/income	(25,174)	9,063	(639)	(16,750)	7,736
Transfers between funds	8,730	(8,730)	0	0	0
Other recognised gains:					
Actuarial gain on defined benefit pension scheme	18,068	0	0	18,068	6,549
Net movement in funds	1,624	333	(639)	1,318	14,285
Reconciliation of funds:					
Fund balances brought forward at 1 January	197,362	11,776	9,912	219,050	204,765
Fund balances carried forward at 31 December	198,986	12,109	9,273	220,368	219,050

All amounts relate to continuing operations. All gains and losses recognised in the current and preceding financial year are included in the statement of financial activities. This incorporates the income and expenditure account.

The notes on pages 26 to 42 form part of these accounts.

Consolidated statement of financial activities

YEAR ENDED 31 DECEMBER 2018

	Notes	UNRESTRICTED FUNDS £'000	RESTRICTED FUNDS £'000	ENDOWMENT FUNDS £'000	TOTAL 2018 £'000	TOTAL 2017 £'000
Income and endowments from:						
Donations and legacies	2a	109,078	13,498	0	122,576	118,932
Charitable activities	2b	8,545	2,364	0	10,909	13,219
Other trading activities	2c	3,799	997	0	4,796	4,253
Investments	2d	1,530	286	6	1,822	1,582
Gains on disposal of tangible fixed assets	2e	1,118	0	0	1,118	2,557
Other	2f	361	434	0	795	334
Total income		124,431	17,579	6	142,016	140,877
Expenditure on:						
Charitable activities	3a	114,809	15,649	0	130,458	105,873
Raising funds	3b	28,039	1,267	(2)	29,304	23,525
Total expenditure		142,848	16,916	(2)	159,762	129,398
Net (losses)/gains on investments		(6,478)	(52)	(647)	(7,177)	6,744
Net (expenditure)/income		(24,895)	611	(639)	(24,923)	18,223
Transfers between funds	15	8,730	(8,730)	0	0	0
Other recognised gains:						
Actuarial gain on defined benefit pension scheme	23	18,068	0	0	18,068	6,549
Net movement in funds		1,903	(8,119)	(639)	(6,855)	24,772
Reconciliation of funds:						
Fund balances brought forward at 1 January		198,472	31,706	9,912	240,090	215,318
Fund balances carried forward at 31 December	15	200,375	23,587	9,273	233,235	240,090

All amounts relate to continuing operations. All gains and losses recognised in the current and preceding financial year are included in the consolidated statement of financial activities. This incorporates the income and expenditure account.

The notes on pages 26 to 42 form part of these accounts.

Consolidated and charity balance sheets

AS AT 31 DECEMBER 2018

		GROUP 2018 £'000	GROUP 2017 £'000	CHARITY 2018 £'000	CHARITY 2017 £'000
	Notes				
Fixed assets					
Intangible assets	4	5,779	0	5,779	0
Tangible assets	5	77,610	79,455	71,647	73,661
Investments	6	99,797	123,483	98,718	116,087
Programme related investments	6c	749	561	749	561
Total fixed assets		183,935	203,499	176,893	190,309
Current assets					
Stocks	7	238	218	0	0
Debtors	8	80,194	65,954	77,848	63,253
Short term deposits		12	118	0	0
Cash at bank and in hand		20,334	35,961	16,514	30,046
Total current assets		100,778	102,251	94,362	93,299
Creditors					
Amounts falling due within one year	9	(22,682)	(19,268)	(22,091)	(18,166)
Net current assets		78,096	82,983	72,271	75,133
Total assets less current liabilities		262,031	286,482	249,164	265,442
Creditors					
Amounts falling due after more than one year					
Provisions for liabilities and charges	10	(92)	(136)	(92)	(136)
Defined benefit pension liability	23	(28,704)	(46,256)	(28,704)	(46,256)
Net assets		233,235	240,090	220,368	219,050
Financed by:					
Endowment funds	15	9,273	9,912	9,273	9,912
Restricted income funds	15	23,587	31,706	12,109	11,776
Unrestricted income funds:					
Pension reserve	15	(28,704)	(46,256)	(28,704)	(46,256)
Other charitable funds		104,254	112,425	102,818	111,328
Fair value reserve – investments		15,475	20,903	15,522	20,890
Designated funds	15	109,350	111,400	109,350	111,400
Total funds		233,235	240,090	220,368	219,050

The notes on pages 26 to 42 form part of these accounts.

These accounts were approved by Council and signed on its behalf by:

Paul Draycott
CHAIRPERSON RSPCA COUNCIL
24 April 2019

Christine Beaumont-Kerridge
TREASURER RSPCA
24 April 2019

Consolidated cash flow statement

YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	A	(20,143)	(1,893)
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,762	1,552
Interest received		60	30
Proceeds from the sale of property, equipment and motor vehicles		1,665	4,297
Purchase of intangibles		(5,779)	0
Purchase of property, plant and equipment		(3,299)	(3,405)
Proceeds from sale of investments		29,613	45,220
Purchases of investments		(19,424)	(53,144)
Additional programme related investments		(188)	(378)
Net cash provided by investing activities		4,410	(5,828)
Change in cash and cash equivalents in the reporting period		(15,733)	(7,721)
Cash and cash equivalents at the beginning of the reporting period		36,079	43,800
Cash and cash equivalents at the end of the reporting period	B	20,346	36,079

Notes to the consolidated cash flow statement

A) Reconciliation of net income to net cash flow from operating activities

Net income for the reporting period		(24,923)	18,223
Depreciation charges		4,181	4,448
Losses/(gains) on investments		7,177	(6,744)
Dividends, interest and rents from investments		(1,822)	(1,582)
Profit on disposal of fixed assets		(1,118)	(2,557)
Non cash branch acquisitions		(778)	(2,701)
Non cash branch disposals		7,514	0
Investments acquired via legacies		0	(6,320)
(Increase)/decrease in stocks		(20)	25
Increase in debtors		(14,240)	(7,094)
Increase in creditors		3,414	3,446
Decrease in provisions		(44)	(323)
Other adjustments including pension funding		516	(714)
Net cash provided by operating activities		(20,143)	(1,893)

B) Analysis of cash and cash equivalents

Cash in hand		20,334	35,961
Short-term deposits		12	118
Total cash and cash equivalents		20,346	36,079

The notes on pages 26 to 42 form part of these accounts.

Notes to the accounts

YEAR ENDED 31 DECEMBER 2018

1 ACCOUNTING POLICIES

The particular accounting policies adopted are described below.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments to market value. The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: accounting and reporting by charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The trustees consider that there are no material uncertainties about the Society's ability to continue as a going concern. There are no material uncertainties affecting the current year's accounts.

b) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

c) Consolidation

The financial statements consolidate the results of the RSPCA and its wholly owned subsidiaries (see note 18). The consolidation is prepared on a line-by-line basis. A separate *Statement of Financial Activities* for the charity is also presented in accordance with Charities SORP (FRS 102).

The Group accounts do not consolidate the results of the majority of the 153 branches of the RSPCA which are independent charities, registered separately with their own independent charity trustees and charitable objects and are therefore not controlled by the Society.

Where a branch ceases to be under active management, Council may appoint temporary trustees from the Society to ensure that the affairs of the branch continue to be administered. It is deemed that the charity has control of these branches at this time in accordance with Charities SORP (FRS 102). The Group accounts therefore include the results of those branches that are under Council trusteeship. Further information on these branches is given in note 18 to the accounts.

d) Properties

Freehold and leasehold properties are shown at cost. Equity Housing Properties are owned by the Society, which grants a lease at a peppercorn rent to any inspector wishing to take advantage of the scheme. The inspector purchases an investment in the equity of the property and any future change in the value is shared between the Society and the inspector in proportion to their shares in the property. The inspector's share in an existing Society property, or an additional investment in an equity property, is treated by the Society as sale proceeds for that proportion of the property sold. Depreciation is charged on the cost of the Society's

equity share of the property using a 40-year useful life. The inspector is entitled to purchase the remaining equity owned by the Society in the property at market value at date of sale.

Unrealised losses arising on the write-down of properties, where there is an impairment below depreciated historical cost, are shown in the statement of financial activities as expenditure. An impairment review is performed whenever the Society becomes aware that a significant impairment event has occurred.

e) Computers and other equipment

Computers, computer software, equipment and motor vehicles, other than those on operating leases, are capitalised.

f) Development projects

Costs in respect of the research phase of a project are expensed as they arise.

Costs in respect of the development phase of a project are capitalised when there are adequate technical and financial resources to complete and it is probable that future economic benefits will arise.

Development projects are amortised, on a straight line basis, when available for use, over their useful economic life of between three and 10 years. They are included as Intangible Fixed Assets.

g) Depreciation and provision for maintenance

Provision for depreciation is made on cost in respect of:

(i) leasehold interests in land over the terms of the leases in equal annual instalments except those in excess of 40 years, which are not depreciated;

(ii) completed freehold and leasehold buildings at the rate of 2.5 percent per annum;

(iii) computers, other equipment and motor vehicles on a straight line basis over their estimated useful lives, when new, of between three and 10 years.

Based upon professional advice, provision is made for the estimated cost of outstanding obligated major maintenance work on the Society's leasehold properties.

h) Investments

Stocks and shares are measured at bid value. Donated and legacy investment properties consist of land where development approval is being sought or the property is being held in anticipation of increased value and are held at their estimated current net realisable value. Unrealised gains and losses arising on the revaluation of investments are, together with the realised gains and losses arising on the sales of investments, shown in the consolidated statement of financial activities as net gains/(losses) on investments.

i) Taxation

As a charity, the Society benefits from various exemptions from taxation afforded by tax legislation and is not liable to corporation tax on income or gains falling within those exemptions. Recovery is made of tax deducted from income and from receipts under Gift Aid, and partial recovery is also made of tax credits on UK dividend income. The Society is also able to partially recover Value Added Tax. Expenditure subject to VAT that is not recoverable by the Society is recorded in the accounts inclusive of the VAT.

The Society is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the Society is potentially exempt from taxation in respect of income or capital gains 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. The subsidiary trading companies make qualifying donations of taxable profit to the Society to the full extent allowable. Unless material any corporation tax liability arising in the subsidiaries is included within the resources expended by the Group.

j) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably. Bank interest and income from fixed interest securities is accrued. Other investment income is recognised when the Society's entitlement is irreversible.

Legacies are deemed receivable from the date of notification, provided that sufficient information has been received to enable the Society to reliably measure the amount receivable. Receipt of a legacy, in whole or part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. The valuation method reflects the inherent uncertainty in that a substantial proportion of legacy income is represented by property and other investments whose value is subject to market fluctuations until realised. Residuary legacies are valued in line with these considerations.

Life interest legacies are not valued until conditions are met which bring these within the control of the Society to be valued as receivable. Pecuniary legacies are valued at the amount notified to the Society.

The Society has been informed of the existence of a number of properties in which it holds a reversionary interest. However, it is not practicable to quantify the value of such assets.

Donated goods for sale are included when those goods are sold, as it is impractical to value them on receipt. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised and more information about their contribution is included in the Trustees' Annual Report. Donated professional services and donated facilities are recognised at the estimate of the value to the charity and recognised on receipt.

Legacy income received, where the will stipulates that it is for the use of a branch, is treated as income of the branch regardless of whether or not the charity number quoted in the will is that of the branch. Where a legacy is payable for use in an area, the Society's Finance and Risk Committee will make a payment to the appropriate branch or branches. Normally this is at 50 percent of the net proceeds. In these cases, the Society's share of the total legacy is included as income.

k) Pension costs

For the defined benefit section and defined contribution section of the pension scheme, the amounts charged to expenditure in the statement of financial activities are the current service costs and gains and losses on settlements and curtailments. Service costs are shown separately as part of staff costs, settlements and curtailments. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the

expected return on assets are shown net of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

The defined benefit pension section is funded, with the assets of the scheme held separately from those of the Group in a separate trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuation is obtained at least triennially and is updated at each balance sheet date. The resulting pension scheme asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

l) Governance and support costs

Governance costs include the direct costs of administering the Society. Support costs represent the central services of the Society, including the cost of maintaining facilities shared by all or most aspects of the Society.

Governance and support costs, net of incidental income, have been allocated across the Society's activities according to the use made of those services. Individual support cost centres assessed their workloads, which were then used as a basis to allocate costs to user activities using numbers of staff or other more appropriate bases. Further detail of support costs is shown in note 3. Costs of premises occupied solely for the use of one activity are charged to that activity.

m) Expenditure on charitable activities

The analysis of expenditure by charitable activities to further animal welfare in this report identifies the direct operational costs and the support and governance costs described above.

n) Expenditure on raising funds

Fundraising costs include the salaries and overheads of the staff who directly undertake fundraising activities, plus allocated support and governance costs.

o) Grants payable

Grants to other organisations for animal welfare purposes and for scientific research into animal welfare matters are accounted for on the basis of approved allocations. The value of grants approved and communicated, but still to be paid, is included in the balance sheet as current liabilities.

p) Operating leases

Rental costs under operating leases are included in total expenditure in annual instalments over the period of the leases.

q) Fund accounting

Endowment, restricted and other restricted funds are disclosed separately in the financial statements. Endowment and restricted funds are subject to specific restrictions imposed by the donor or by the nature of the appeal or grant. Funds formally held as restricted are transferred to unrestricted funds (General Fund) as the original restrictions are met in accordance with the Charities SORP (FRS 102). Where the donor restrictions are for revenue purposes for activities normally carried out within the General Fund, transfers are made from the restricted fund to the General Fund to offset the costs as they are incurred. Further details are given in notes 15 and 16.

Designated funds are part of the General Fund set aside for a specific purpose by Council. Details of designated funds are set out in note 17.

Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2018

	UNRESTRICTED FUNDS £'000	RESTRICTED FUNDS £'000	ENDOWMENT FUNDS £'000	TOTAL 2018 £'000	TOTAL 2017 £'000
2 INCOME AND ENDOWMENTS					
a) Donations and legacies					
Legacy income	77,167	4,214	0	81,381	77,065
Contributions and donations	31,911	9,284	0	41,195	41,867
Total donations and legacies	109,078	13,498	0	122,576	118,932

The income from donations and legacies in 2017 was £118,932k of which £99,519k was unrestricted and £19,413k was restricted.

b) Income from charitable activities					
Sale of Goods	1,806	452	0	2,258	2,283
Rehoming, veterinary and boarding income	2,386	326	0	2,712	2,887
Costs recovered	817	23	0	840	805
RSPCA Welfare assessment and licence fees	3,120	0	0	3,120	2,953
Other fees and charges received	416	1,563	0	1,979	4,291
Total income from charitable activities	8,545	2,364	0	10,909	13,219

The income from charitable activities in 2017 was £13,219k of which 8,182k was unrestricted and £5,037k was restricted.

Costs recovered includes £728k awarded to the RSPCA in successful prosecutions (2017: £636k).

Other fees and charges received includes £1,237k of branch acquisition gains, arising on consolidation only (2017: £3,801k).

c) Other trading activities					
Sale of goods	827	0	0	827	1,074
Income from royalties and sponsorship	405	0	0	405	803
Income from fundraising events	3	0	0	3	3
Income from social lotteries	2,562	0	0	2,562	1,496
Animal Action Club subscriptions	2	0	0	2	5
Other	0	997	0	997	872
Total other trading activities	3,799	997	0	4,796	4,253

The income from other trading activities in 2017 was £4,253k of which £3,381k was unrestricted and £872k was restricted.

d) Investment income					
Income from listed investments	1,504	252	6	1,762	1,552
Bank and other interest	26	34	0	60	30
Total investment income	1,530	286	6	1,822	1,582

The income from investments in 2017 was £1,582k of which £1,294k was unrestricted, £279k was restricted and £9k was in respect of endowment funds.

e) Gains on disposal of tangible fixed assets					
Disposal of fixed assets	1,118	0	0	1,118	2,557
Total gains on disposal of tangible fixed assets	1,118	0	0	1,118	2,557

The gains on disposal of tangible fixed assets in 2017 was £2,557 of which £2,556 was unrestricted and £1k was restricted.

f) Other income					
Other fees and charges	361	434	0	795	334
Total other income	361	434	0	795	334

Total other income in 2017 was £334k of which £252k was unrestricted and £82k was restricted.

3 EXPENDITURE	UNRESTRICTED FUNDS			RESTRICTED FUNDS	ENDOWMENT FUNDS	TOTAL 2018	TOTAL 2017
	DIRECT	SUPPORT COSTS	TOTAL				
a) Charitable activities							
Expenditure includes any attributable unrecoverable VAT	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Field animal welfare:							
- hospitals and animal centres	38,326	6,470	44,796	3,515	0	48,311	44,214
- inspectorate	37,628	5,292	42,920	408	0	43,328	38,613
- prosecutions – animal care	4,183	589	4,772	0	0	4,772	2,920
Support to branches	7,644	406	8,050	11,062	0	19,112	8,451
Prosecutions – legal	4,225	198	4,423	0	0	4,423	4,080
Campaigns, communication, publications	4,882	655	5,537	151	0	5,688	3,508
Science	1,385	392	1,777	274	0	2,051	1,857
Education	1,469	313	1,782	111	0	1,893	1,642
International	720	32	752	128	0	880	588
Total costs of charitable activities	100,462	14,347	114,809	15,649	0	130,458	105,873

Expenditure on charitable activities in 2017 was £105,873k of which £101,626k was unrestricted and £4,247k was restricted.

	TOTAL 2018 £'000	TOTAL 2017 £'000
Support to branches:		
Branch support officers	1,484	1,017
Shared fundraising income grant *	4,679	4,785
Grants **	11,306	587
Cost of sales	1,131	1,025
Other support	512	1,037
Total support to branches	19,112	8,451

*The shared fundraising income is a fixed rate payment to all branches based on the income collected by the Society in the previous year from the door to door campaign.

**Grants includes £11,062k of branch disposal losses arising on consolidation only (2017: £331k).

b) Raising funds	UNRESTRICTED FUNDS			RESTRICTED FUNDS	ENDOWMENT FUNDS	TOTAL 2018	TOTAL 2017
	DIRECT	SUPPORT COSTS	TOTAL				
Expenditure includes any attributable unrecoverable VAT.	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fundraising activities	26,021	979	27,000	1,267	(2)	28,265	21,550
Non-charitable trading activities	1,039	0	1,039	0	0	1,039	1,975
Total costs of raising funds	27,060	979	28,039	1,267	(2)	29,304	23,525

Expenditure on raising funds in 2017 was £23,525k of which £22,499k was unrestricted and £1,031k was restricted and (£5k) was in respect of endowment funds.

Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2018

3 EXPENDITURE (CONTINUED)

	Notes	TOTAL 2018 £'000	TOTAL 2017 £'000
c) Support, governance and administration costs			
Governance		819	852
Finance and supporter service		3,569	3,404
Headquarters services		1,363	1,174
Central information technology and communications		4,293	3,418
Legal		1,059	801
Human resources and training		3,248	3,381
Property, printing, purchasing and transport		975	772
Total support, governance and administration costs		15,326	13,802
Allocation of support and governance costs			
Total cost		15,326	13,802
Charitable activities	3a	(14,347)	(12,853)
Raising funds	3b	(979)	(949)
		0	0

d) Grants payable:		TOTAL 2018 £'000	TOTAL 2017 £'000
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Expenditure on charitable activities include the following grants payable:

Support to branches		15,985	5,372
Science, International, other		151	63
Total grants payable included in charitable activities		16,136	5,435

RECIPIENTS OF INSTITUTIONAL GRANTS:		TOTAL 2018 £'000	TOTAL 2017 £'000
RSPCA Branches – door-to-door grants		4,679	4,785
RSPCA Branches – neutering grants		164	221
RSPCA Branches – project grants		65	27
RSPCA Branches – other grants		11,077	339
Other		151	63
		16,136	5,435

e) Additional analysis of expenditure:		TOTAL 2018 £'000	TOTAL 2017 £'000
Included in total expenditure are fees payable in respect of:			
Auditor's remuneration – statutory audit		105	102
Auditor's remuneration – other assurance services		0	0
Auditor's remuneration – tax advisory services		8	47
Depreciation of fixed assets		4,181	4,448
Hire of equipment under operating leases		102	86
Premises rent		442	420
Trustee indemnity insurance		16	15
Other insurance excluding motors		300	378

3 EXPENDITURE (CONTINUED)

f) Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	TOTAL 2018 £'000	TOTAL 2017 £'000
Employee costs included in the consolidated statement of financial activities:		
Wages and salaries	49,777	46,449
Social security costs	4,828	4,112
Employer's contribution to pension schemes	4,958	4,498
Total employment costs	59,563	55,059

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

	Number	Number
£60,000–£69,999	18	12
£70,000–£79,999	13	11
£80,000–£89,999	3	3
£90,000–£99,999	0	1
£100,000–£109,999	1	0
£120,000–£129,999	0	1
£130,000–£139,999	1	1
£190,000–£199,999	0	1
£220,000–£229,999	1	0

Emoluments include salary, benefits in kind and exit costs, but exclude pension scheme contributions. 37 employees earning more than £60,000 in 2018 participated in the pension scheme (2017: 30). Of the higher paid staff disclosed in the table above, three left the Society during the year (2017: 2).

Employer contributions of £282k were paid into the pension scheme on behalf of these employees in 2018 (2017: £230k).

In 2018, the charity made termination payments of £335k (2017: £493k). The termination payments are a combination of compulsory and voluntary redundancy payments plus termination payments made under settlement agreements. The accounting policy is to recognise termination payment liabilities on communication of intention to pay and when quantifiable. Such payments are accounted for as staff costs. The payments were funded from unrestricted reserves.

No remuneration was paid to any Council members in their role as trustees. Costs and reasonable expenses incurred by Council members on behalf of the Society – such as travel, subsistence, telephone, postage and incidentals – are reimbursed. In 2018, 17 members of Council out of 25 were reimbursed for expenses and/or had expenses paid by the charity (2017: 17). In 2018, Council members were reimbursed £73k (2017: £63k) for out of pocket expenses and the Society paid £14k (2017: £107k) on their behalf for expenditure incurred while performing their duties as trustees.

The key management personnel of the parent charity, the Society, comprised the Trustees, the Chief Executive, the Interim Chief Executive, the Director of Communications and External Relations, the Director of Resources, the Chief Veterinary Officer, the Director of Income Generation, the Director of Field Operations, the Chief Legal Officer, the Director of Finance IT and Planning, the Chief Financial Officer and the Director of People and Culture. The total employee benefits, including pension scheme contributions and employer's National Insurance, of the key management personnel of the Society were £1,127k (2017: £990k).

The key management personnel of the group comprise those of the Society and the key management personnel of its wholly owned subsidiaries, RSPCA Trading Ltd and Freedom Food Ltd. The key management of RSPCA Trading Ltd is the same as that of its parent company. The key management personnel of Freedom Food Ltd are the trustees, and the Chief Executive Officer whose total employee benefits total £104k (2017: £99k). The total employee benefits of key management personnel of the group was therefore £1,231k (2017: £1,089k).

Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2018

3 EXPENDITURE (CONTINUED)

	FULL-TIME EQUIVALENTS 2018	TOTAL EMPLOYEES 2018	FULL-TIME EQUIVALENTS 2017	TOTAL EMPLOYEES 2017
g) Staff numbers				
The analysis of the average number of employees by activity was as follows:				
Hospitals and animal centres	703	811	672	780
Inspectorate	505	548	507	550
Prosecutions	17	18	16	17
Support to branches	35	36	36	37
Campaigns, communication, publications	56	63	49	56
Science	34	36	32	34
Education	27	37	24	33
International	3	3	3	3
Support and governance	141	153	156	167
Fundraising	84	90	65	72
Total average employee numbers	1,605	1,795	1,560	1,749

4 INTANGIBLE FIXED ASSETS

GROUP AND CHARITY

DEVELOPMENT PROJECT

£'000

Cost

At 1 January 2018	0
Additions	5,779
At 31 December 2018	5,779
Net book value at 31 December 2018	5,779
Net book value at 31 December 2017	0

The development project is in the course of construction. Depreciation will commence when it comes into use, on completion.

5 TANGIBLE FIXED ASSETS a) GROUP	LEASEHOLD PROPERTY		FREEHOLD PROPERTY		EQUIPMENT £'000	MOTOR VEHICLES £'000	TOTAL £'000
	EQUITY HOUSING	OTHER	EQUITY HOUSING	ANIMAL CENTRES & OTHER			
	£'000	£'000	£'000	£'000			
Cost							
At 1 January 2018	43	12,046	6,339	88,814	20,399	11,003	138,644
Additions	0	0	0	2,527	198	1,352	4,077
Disposals	0	0	(274)	(1,255)	(450)	(1,227)	(3,206)
At 31 December 2018	43	12,046	6,065	90,086	20,147	11,128	139,515
Accumulated depreciation							
At 1 January 2018	17	1,909	1,525	30,825	18,211	6,702	59,189
Released on disposals	0	0	(75)	(154)	(59)	(1,177)	(1,465)
Charge for the year	2	274	159	1,847	180	1,719	4,181
At 31 December 2018	19	2,183	1,609	32,518	18,332	7,244	61,905
Net book value at 31 December 2018	24	9,863	4,456	57,568	1,815	3,884	77,610
Net book value at 31 December 2017	26	10,137	4,814	57,989	2,188	4,301	79,455

b) CHARITY	LEASEHOLD PROPERTY		FREEHOLD PROPERTY		EQUIPMENT £'000	MOTOR VEHICLES £'000	TOTAL £'000
	EQUITY HOUSING	OTHER	EQUITY HOUSING	ANIMAL CENTRES & OTHER			
	£'000	£'000	£'000	£'000			
Cost							
At 1 January 2018	43	11,599	6,339	83,350	19,393	10,881	131,605
Additions	0	0	0	1,027	145	1,352	2,524
Disposals	0	0	(274)	(431)	(59)	(1,227)	(1,991)
At 31 December 2018	43	11,599	6,065	83,946	19,479	11,006	132,138
Accumulated depreciation							
At 1 January 2018	17	1,833	1,525	30,172	17,791	6,606	57,944
Released on disposals	0	0	(75)	(134)	(59)	(1,177)	(1,445)
Charge for the year	2	274	159	1,790	56	1,711	3,992
At 31 December 2018	19	2,107	1,609	31,828	17,788	7,140	60,491
Net book value at 31 December 2018	24	9,492	4,456	52,118	1,691	3,866	71,647
Net book value at 31 December 2017	26	9,766	4,814	53,178	1,602	4,275	73,661

Included in freehold property other are properties in the course of construction costing £3,275k (2017 £2,445k).

The total value of inspectors' contributions to equity housing as at 31 December 2018 was £5,257k (2017: £5,527k). Should an inspector leave the scheme, the Society has an obligation to refund the inspector's share in the value of the related property at the time. It is intended that any Society obligation will be funded by the proceeds from the sale of the property.

Included in freehold and leasehold property other and freehold equity housing are houses currently occupied by pensioners of the Society. The relevant net book value at the balance sheet date comprises:

	LEASEHOLD PROPERTY		FREEHOLD PROPERTY	
	EQUITY HOUSING £'000	OTHER £'000	EQUITY HOUSING £'000	OTHER £'000
Net book value				
At 31 December 2018	0	94	446	2,500
At 31 December 2017	0	97	488	2,812

Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2018

6 INVESTMENTS

	GROUP 2018 £'000	GROUP 2017 £'000	CHARITY 2018 £'000	CHARITY 2017 £'000
a) Analysis of movements in the year				
Market value at 1 January	123,483	101,644	116,087	101,481
Add additions to investments at cost	19,424	60,313	19,189	53,082
Less disposals at carrying value	(29,023)	(44,459)	(22,673)	(44,459)
Unrealised (losses)/gains on valuation at 31 December	(14,087)	5,985	(13,885)	5,983
Fair value at 31 December	99,797	123,483	98,718	116,087
Cost at 31 December	84,322	102,580	83,196	95,197
b) Analysis of investments held at 31 December				
Listed Investments:				
Properties trust – UK	11,623	15,896	11,623	15,896
Equity shares – UK	21,774	32,267	20,695	31,191
Government and corporation stocks	61	0	61	0
Unit trusts – fixed interest	19,984	17,895	19,984	17,895
Unit trusts – UK equity	17,489	22,421	17,489	22,421
Unit trusts – overseas equity	21,581	19,395	21,581	19,395
Total listed securities	92,512	107,874	91,433	106,798
Unlisted securities:				
Investment property (legacy and donated)	682	7,002	682	682
Cash	6,603	8,607	6,603	8,607
Total investments at fair value	99,797	123,483	98,718	116,087
c) Programme related investments				
Loans to branches less provisions	749	561	749	561

The total losses on investments were £7,177k (2017: gain £6,744k) of which £6,478k was unrestricted (2017: gain £6,020k), £52k was restricted (2017: gain £93k) and £647k was in respect of endowment funds (2017: gain £631k).

All investments are overseen by Epoch Wealth Management other than the funds of the MT & VL Wythe Charitable Trust, and the legacy and donated investment property.

The following investments comprised over 5% of the portfolio as at 31 December 2018:

	£'000
Schroder Instl Sterl Broad Market Bond	10,993
Schroder UK Real Estate Fund	5,136
Schroder QEP Global Core Fund	7,754
Schroder Charities Property Fund	5,062

7 STOCKS

	GROUP 2018 £'000	GROUP 2017 £'000	CHARITY 2018 £'000	CHARITY 2017 £'000
Fundraising goods, uniforms, field equipment, publications and catering	238	218	0	0

8 DEBTORS	GROUP 2018 £'000	GROUP 2017 £'000	CHARITY 2018 £'000	CHARITY 2017 £'000
Income Tax and VAT recoverable	2,351	2,239	2,351	2,239
Prepayments	2,016	1,840	1,951	1,786
Accrued income	73,653	58,615	71,530	56,822
Group debtors	0	0	958	827
Other debtors	2,174	3,260	1,058	1,579
Total debtors	80,194	65,954	77,848	63,253

9 CREDITORS

Amounts falling due within one year

Trade creditors	7,676	5,933	7,479	5,852
Branches	5,260	5,413	5,260	5,413
Accruals and deferred income	9,403	4,696	9,104	4,392
Group creditors	0	0	3	0
Other creditors	343	3,226	245	2,509
Total creditors	22,682	19,268	22,091	18,166

10 PROVISIONS FOR LIABILITIES AND CHARGES

	AT 1 JANUARY 2018 £'000	CHARGED TO SOFA £'000	UTILISED/ RELEASED £'000	AT 31 DECEMBER 2018 £'000
Taxation provision	56	36	0	92
Other provisions	80	0	(80)	0
Total provisions	136	36	(80)	92

All of the provisions above relate to the parent charity. Other provisions included a number of smaller provisions relating to various liabilities.

11 COMMITMENTS

At 31 December 2018, the group had the following capital and other budgeted project commitments.

	2018 £'000	2017 £'000
Contracted	3,492	859
Authorised but not contracted	8,432	18,101

All commitments relate to the Parent charity.

Included in contracted capital commitments are amounts of £2,300k (2017: £0k) relating to intangible assets in the course of construction.

12 CONTINGENT LIABILITIES AND ASSETS

The Society has given an indemnity to repay £5m related to a legacy bequest should the estate be claimed against.

The Society is the legal tenant for seven properties where the beneficial tenant is an RSPCA branch. In the event of the financial failure of the beneficial tenant, the Society would be obliged to continue the tenancy. It is impractical to determine the potential net cost to the Society.

13 FINANCIAL INSTRUMENTS

The Group and parent financial instruments comprise fixed asset investments measured at fair value through profit or loss and other financial assets which comprise cash, group debtors, and other debtors and financial liabilities which comprise trade creditors, branches and other creditors, measured at amortised cost.

14 TRUSTEESHIPS

The Society holds property title deeds and investments as custodian trustee for certain branches.

Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2018

15 ANALYSIS OF MOVEMENT OF FUNDS YEAR ENDED 31 DECEMBER 2018	AT 1 JANUARY 2018	INCOMING RESOURCES	OUTGOING RESOURCES	TRANSFERS BETWEEN FUNDS	OTHER RECOGNISED GAINS / (LOSSES)	AT 31 DECEMBER 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Endowment funds						
Bowmer fund	458	6	0	0	(20)	444
The A&D Simpson fund	2,154	0	0	0	(106)	2,048
Wyndham Cottle Charity – capital fund	2,630	0	0	0	(177)	2,453
MT & VL Wythe charitable trust	1,151	0	0	0	(105)	1,046
Albekier fund	1,918	0	2	0	(160)	1,760
Other permanent endowment funds	1,601	0	0	0	(79)	1,522
Total endowment funds	9,912	6	2	0	(647)	9,273
Restricted funds						
Animal centres – capital funds	167	1	(249)	81	0	0
Animal centres – operational	0	9,855	(957)	(8,898)	0	0
Birmingham fund	172	47	0	27	0	246
Overseas funds	182	217	(116)	0	(25)	258
Regional funds	2,388	875	(710)	30	0	2,583
Tubney Grant fund	3,368	41	(156)	0	0	3,253
Other restricted funds	5,502	573	(366)	30	33	5,772
Branches under Council Trusteeship	19,927	5,970	(14,362)	0	(60)	11,475
Total restricted funds	31,706	17,579	(16,916)	(8,730)	(52)	23,587
Unrestricted funds						
Pension reserve	(46,256)	1,979	(2,495)	0	18,068	(28,704)
General fund	112,425	122,452	(107,856)	(16,289)	(6,478)	104,254
Fair value reserve – investments	20,903	0	0	(5,428)	0	15,475
Designated funds	111,400	0	(32,497)	30,447	0	109,350
Total unrestricted funds	198,472	124,431	(142,848)	8,730	11,590	200,375
Total group funds	240,090	142,016	(159,762)	0	10,891	233,235

YEAR ENDED 31 DECEMBER 2017	AT 1 JANUARY 2017	INCOMING RESOURCES	OUTGOING RESOURCES	TRANSFERS BETWEEN FUNDS	OTHER RECOGNISED GAINS / (LOSSES)	AT 31 DECEMBER 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Endowment funds						
Bowmer fund	425	3	0	0	30	458
The A&D Simpson fund	2,011	0	0	0	143	2,154
Wyndham Cottle Charity – capital fund	2,440	0	0	0	190	2,630
MT & VL Wythe charitable trust	1,032	0	0	0	119	1,151
Albekier fund	1,843	0	3	0	72	1,918
Other permanent endowment funds	1,516	6	2	0	77	1,601
Total endowment funds	9,267	9	5	0	631	9,912

15 ANALYSIS OF MOVEMENT OF FUNDS (CONTINUED)

Restricted funds

Animal centres – capital funds	167	0	0	0	0	167
Animal centres – operational	0	9,922	(380)	(9,542)	0	0
Birmingham fund	156	16	0	0	0	172
Overseas funds	302	52	(206)	0	34	182
Regional funds	1,780	1,326	(718)	0	0	2,388
Tubney Grant fund	3,549	10	(191)	0	0	3,368
Other restricted funds	5,232	676	(219)	(235)	48	5,502
Branches under Council Trusteeship	9,798	13,682	(3,564)	0	11	19,927
Total restricted funds	20,984	25,684	(5,278)	(9,777)	93	31,706

Unrestricted funds

Pension reserve	(53,519)	2,171	(1,457)	0	6,549	(46,256)
General fund	120,404	113,013	(113,571)	(13,441)	6,020	112,425
Fair value reserve – investments	19,138	0	0	1,765	0	20,903
Designated funds	99,044	0	(9,097)	21,453	0	111,400
Total unrestricted funds	185,067	115,184	(124,125)	9,777	12,569	198,472
Total group funds	215,318	140,877	(129,398)	0	13,293	240,090

General fund includes other charitable funds and subsidiary company undertakings (note 18) but excluding branches. Further detail on the purpose and usage of the endowment and restricted funds is shown on page 42. Where the Society receives restricted income relating to an activity carried out within the general fund, the income is allocated to the relevant restricted fund and a transfer is then made from that fund to reimburse the general fund as the expenditure is incurred.

16 ANALYSIS OF GROUP NET ASSETS YEAR ENDED 31 DECEMBER 2018	TOTAL FIXED ASSETS £'000	INVESTMENTS £'000	INTER- FUND BALANCES £'000	CURRENT ASSETS £'000	CURRENT LIABILITIES £'000	PROVISIONS £'000	PENSION SCHEME LIABILITY £'000	TOTAL NET ASSETS £'000
As at 31 December 2018								
Endowment funds	0	9,164	0	109	0	0	0	9,273
Restricted funds	7,857	2,769	8,763	4,323	(125)	0	0	23,587
Unrestricted funds	75,532	88,613	(8,763)	96,346	(22,557)	(92)	(28,704)	200,375
Total group funds	83,389	100,546	0	100,778	(22,682)	(92)	(28,704)	233,235

YEAR ENDED 31 DECEMBER 2017	TANGIBLE FIXED ASSETS £'000	INVESTMENTS £'000	INTER- FUND BALANCES £'000	CURRENT ASSETS £'000	CURRENT LIABILITIES £'000	PROVISIONS £'000	PENSION SCHEME LIABILITY £'000	TOTAL NET ASSETS £'000
As at 31 December 2017								
Endowment funds	0	9,807	0	105	0	0	0	9,912
Restricted funds	6,988	9,070	9,199	7,194	(745)	0	0	31,706
Unrestricted funds	72,467	105,167	(9,199)	94,952	(18,523)	(136)	(46,256)	198,472
Total group funds	79,455	124,044	0	102,251	(19,268)	(136)	(46,256)	240,090

Unrestricted funds include other charitable funds, revaluation reserve, designated funds and the pension reserve. Interfund balances are transfers between the unrestricted fund, restricted funds and endowment funds pending at year end.

Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2018

17 DESIGNATED FUND MOVEMENTS	AT 1 JANUARY 2018 £'000	ADDITIONAL APPROVED £'000	UTILISED/ RELEASED £'000	DEPRECIATION AND DISPOSALS £'000	AT 31 DECEMBER 2018 £'000
Intangible fixed assets fund	0	5,779	0	0	5,779
Tangible fixed assets fund	72,440	3,744	0	(4,537)	71,647
Capital and project commitments	18,960	10,924	(17,960)	0	11,924
Other designations	20,000	10,000	(10,000)	0	20,000
Total designations	111,400	30,447	(27,960)	(4,537)	109,350

The intangible and tangible fixed asset funds represent the actual net book value of the fixed assets of the Society. Capital and project commitments relate to a number of commitments authorised at 31 December 2018 (Note 11). Other designations include £10m to support field operations and £10m to support branch operations.

18 SUBSIDIARY COMPANY UNDERTAKINGS	RSPCA TRADING LIMITED		FREEDOM FOOD LIMITED		RSPCA BRANCHES IN COUNCIL TRUSTEESHIP*	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Income and endowments from:						
Donations and legacies	0	0	378	355	2,322	7,787
Charitable activities	0	0	3,120	2,953	2,214	4,929
Other trading activities	1,412	2,116	0	0	997	872
Investments	0	0	0	0	3	11
Gains on disposal of tangible fixed assets	0	0	0	0	0	1
Other	0	0	0	0	434	82
Total income	1,412	2,116	3,498	3,308	5,970	13,682
Expenditure on:						
Charitable activities	0	0	3,203	2,940	13,262	2,548
Raising funds	1,039	1,970	0	0	1,100	1,016
Total expenditure	1,039	1,970	3,203	2,940	14,362	3,564
Net (losses)/gains on investments	0	0	0	0	(60)	11
Net income/expenditure	373	146	295	368	(8,452)	10,129
Taxation	0	0	0	0	0	0
Gift-aid payable	(389)	(157)	0	0	0	0
Surplus/(deficit)	(16)	(11)	295	368	(8,452)	10,129
Total assets	1,093	1,040	1,855	1,573	11,594	20,318
Total liabilities	1,092	(1,023)	(460)	(473)	(119)	(391)
Total funds at 31 December	1	17	1,395	1,100	11,475	19,927

* The results of branches in Council Trusteeship are for the period in Trusteeship, the results for branches coming into or leaving Council Trusteeship during the year are included pro rata. The results also include acquisition gains and disposal losses which arise on consolidation only.

a) RSPCA Trading Limited

Since 1991 this company has been used for direct sales, royalties and special events. The issued share capital is owned by the RSPCA and, where company law allows, all potentially taxable profits, after recovery of available losses, are transferred to the RSPCA by Gift Aid.

b) Freedom Food Limited (Charity Nos: 1059879, SC038199)

Freedom Food Limited, a wholly-owned subsidiary of the RSPCA, is being used by the Society for the encouragement of the adoption of RSPCA approved standards of animal welfare of livestock farming operations.

c) RSPCA Enterprises Limited

Dormant for the entire year.

18 SUBSIDIARY COMPANY UNDERTAKINGS (CONTINUED)

d) RSPCA Branches under Council Trusteeship

The 153 RSPCA branches are separately registered charities that usually manage their own affairs. Where a branch ceases to be under active management, Council may appoint temporary trustees from the Society to ensure that the affairs of the branch continue to be administered. These branches are classed as Branches in Council Trusteeship, and the Society is deemed to control these branches by the definition included in the Charities SORP 2015 (FRS 102). There were 17 branches in Council Trusteeship on January 1 2017. During the year four branches were returned to local Trusteeship and two further branches came into Council Trusteeship. The results of these branches, for the period in Council Trusteeship, have been included in the consolidated accounts of the Society, and the aggregate balances are shown in this note. Since the year end, two further branches have come into Council Trusteeship. Details of the total income and total funds of the individual branches which are material to the Group are shown below. The results of the remaining branches, which are not in Council Trusteeship, have not been included in the consolidated accounts.

The following material branches were in Council Trusteeship during the year ended 31 December 2018:	Charity No.	DATE IN COUNCIL TRUSTEESHIP	2018 Total Income £'000	2018 Total Funds £'000	2017 Total Income £'000	2017 Total Funds £'000
Isle of Thanet	209365	17/10/2012	338	1,066	357	1,078
Isle of Wight	205311	01/08/2013	812	3,429	844	3,458
Sussex, Chichester & District	206300	17/04/14*	104	10,151	7,134	10,182
Solent	205096	07/11/17	1,520	2,683	1,273	2,234
Preston & District	232256	25/04/18	268	1,123	0	0
Other branches in Council Trusteeship			1,136	3,026	1,936	3,386
			4,178	21,478	11,544	20,338

Full year results are included for those branches coming into or leaving Council Trusteeship during the year.

*This branch was returned to local trusteeship on 5 March 2018.

19 MOVEMENT IN RESOURCES HELD FOR THIRD PARTIES

During 2018, the Society received £7.4m (2017: £6.3m) in legacies payable to branches not in Council Trusteeship. These are not shown in the statement of financial activities. The sums received are paid to branches as soon as the recipient branch has been identified.

20 LEGACIES NOTIFIED

As at 31 December 2018, the Society had been notified of 16 (2017: 11) high value legacies (over £500k) with an estimated value of £12.3m (2017: £7.5m). Interim payments of £4.9m have been received, the balance is included in the legacy income accrual (note 8).

There are 218 cases notified in 2018 (excluding life interest and life interest residuary) which it has not been possible to value.

21 RELATED PARTY TRANSACTIONS

RSPCA branches are separately registered charities. The Society has an arm's length trading relationship with most branches. Loans and grants are made to branches when charitable objectives delivered by the branch would be enhanced (see note 6c). Branches are represented on the RSPCA Council by members elected from the regions (see page 43).

22 OPERATING LEASE COMMITMENTS

The Group and Charity had total commitments at the year end under operating leases expiring as follows:

	GROUP 2018 £'000	GROUP 2017 £'000	CHARITY 2018 £'000	CHARITY 2017 £'000
	vehicles and equipment	vehicles and equipment	vehicles and equipment	vehicles and equipment
Less than one year	200	188	130	130
One to five years	409	551	326	457
Over five years	0	0	0	0
	609	739	456	587

Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2018

23 PENSIONS

The Society operates a pension arrangement called the RSPCA Pension Scheme (the Scheme) which has defined benefit and defined contribution sections. The defined benefit section of the Scheme provides benefits based on salary and length of service on retirement, leaving service or death. The following disclosures exclude any allowance for the defined contribution section.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Society must agree with the trustees of the Scheme the contributions to be paid to meet any shortfall against the Statutory Funding Objective and contributions to pay for future accrual of benefits.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 March 2015, although preliminary results of the valuation as at 31 March 2018 are now available. The preliminary results of the 31 March 2018 valuation were updated by an independent qualified actuary to 31 December 2018 allowing approximately for cashflows into and out of the Scheme and changes to assumptions over the period.

The Society expects to pay contributions of around £2,000,000 in the year to 31 December 2019 (plus expenses which are met directly). However, the contributions are being reviewed during the year and will depend on the outcome of the 2018 actuarial valuation.

Principal actuarial assumptions	2018	2017
Discount rate	2.80%	2.45%
Inflation (RPI)	3.35%	3.30%
Inflation (CPI)	2.35%	2.30%
Revaluation of deferred pensions:		
Excess over GMP	2.35%	2.30%
GMP	Fixed	Fixed
Increases for pensions in payment:		
GMP accrued before 5 April 1988	Nil	Nil
GMP accrued after 5 April 1988	2.00%	2.00%
XS Pension accrued before 31 March 2008	2.30%	2.30%
Pension accrued after 31 March 2008	1.85%	1.80%
Post-retirement mortality	104% of the S2PA tables for males and 96% of the S2PA tables for females with CMI 2017 projections using a long-term improvement rate of 1.25% p.a.	90% of the S2PA tables with CMI 2015 projections using a long-term improvement rate of 1.25% p.a.
Commutation (using current commutation factors)	Members are assumed to take 25% of their pension as tax free cash	Members are assumed to take 25% of their pension as tax free cash
Retirement	50% of in-service deferred members retire at age 60, and 10% retire at each age between 61 and 65; deferred members retire at age 60	50% of in-service deferred members retire at age 60, and 10% retire at each age between 61 and 65; deferred members retire at age 60
Withdrawal	Allowance for members to leave employment before retirement	Allowance for members to leave employment before retirement
Life expectancy at age 65 of male aged 45	23.1	24.9
Life expectancy at age 65 of male aged 65	21.7	23.2
Life expectancy at age 65 of female aged 45	25.8	27.1
Life expectancy at age 65 of female aged 65	24.2	25.2

23 PENSIONS (CONTINUED)

The asset split is as follows:	2018	2017
	£'000	£'000
Global equities	41,723	49,131
LDI funds	83,789	85,800
Diversified credit	22,214	22,932
Private multi asset	38,599	36,518
Multi asset funds	45,733	48,617
Currency hedging	(533)	660
Property	14,034	13,342
Cash	1,111	3,332
Total assets	246,670	260,332
Balance sheet	2018	2017
	£'000	£'000
Fair value of assets	246,670	260,332
Present value of funded obligations	(275,374)	(306,588)
Deficit in scheme	(28,704)	(46,256)
Amount recognised in SOFA	2018	2017
	£'000	£'000
Administration costs	16	67
Interest on liabilities	7,396	7,731
Interest on assets	(6,287)	(6,341)
Past service costs	1,370	0
Total charge to SOFA	2,495	1,457
Remeasurements over the year	2018	2017
	£'000	£'000
Loss/(gain) on assets in excess of interest	12,436	(17,372)
Experience losses on liabilities	3,505	569
Losses/(gains) from changes to demographic assumptions	(13,640)	0
Losses/(gains) from changes to financial assumptions	(20,369)	10,254
Total remeasurements	(18,068)	(6,549)
Change in value of assets	2018	2017
	£'000	£'000
Fair value of assets at start	260,332	241,954
Interest on assets	6,287	6,341
Company contributions	1,979	2,171
Benefits paid	(9,476)	(7,439)
Administration costs	(16)	(67)
Return on assets less interest	(12,436)	17,372
Fair value of assets at end	246,670	260,332
Actual return on assets	(6,149)	23,713

Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2018

23 PENSIONS (CONTINUED)

Change in value of defined benefit liabilities	2018 £'000	2017 £'000
Value of liabilities at start	306,588	295,473
Past service costs	1,370	0
Interest cost	7,396	7,731
Benefits paid	(9,476)	(7,439)
Experience (gain)/loss on liabilities	3,505	569
Changes to demographic assumptions	(13,640)	0
Changes to financial assumptions	(20,369)	10,254
Value of liabilities at end	275,374	306,588

Purpose of funds

ENDOWMENT FUNDS

Bowmer Fund

The terms of this fund require that 50 percent of the income is reinvested to provide an increase of income over time. The balance of the income is for general purposes.

The A & D Simpson Fund

Income from this fund is shared between animal facilities in London.

Wyndham Cottle Charity

Following the transfer of the activities supported by this fund to the Gonsal Farm Equine Centre, the former property was sold. The proceeds, together with the then existing investments, are invested to provide the income to support the ongoing activities of the fund.

MT & VL Wythe Charitable Trust

The assets of this fund were added to the RSPCA's funds in 2006. The income from this fund is shared equally between the RSPCA, The People's Dispensary for Sick Animals and The Blue Cross.

Albekier Fund

The income from this fund is used for the RSPCA's cat neutering scheme in London.

RESTRICTED FUNDS

The restricted funds of the Group comprise the unexpended balances of donations, bequests and grants held on trust to be applied for specific purposes.

Animal centre capital funds

These funds represent legacies or donations received towards capital projects at the RSPCA's national society animal centres. On completion of the project, the completed asset is transferred to the General Fund. For smaller projects or where the project is coming only partially from these restricted funds, a transfer is made to meet the costs as they are incurred.

Animal centre operational funds

These funds represent regular, one-off and legacy donations that are used to fund the RSPCA's animal centres.

Birmingham Fund

The Society took over the activities of the RSPCA Birmingham Branch and funds are being used to meet expenditure related to ongoing animal welfare issues within the Birmingham area.

Overseas funds

Income on the Overseas Fund is used to provide assistance for animal welfare overseas. This heading also includes a small donation for animal welfare work in Iraq and will be used when it is safe to do so. The Mabel Postle Fund – a legacy for the overseas work of the RSPCA is administered alongside the Overseas Fund and used for overseas emergencies.

Regional funds

These comprise 10 separate funds to be used for regional purposes. The funds are hybrid and include restricted and designated elements. Additional disclosure has been provided by their classification as restricted.

The Tubney Grant Fund

The Tubney Charitable Trust is providing funding to a project aiming to work with the commercial duck farming industry to deliver a significant welfare improvement for ducks. A further grant of £3.43m was received from the Tubney Charitable Trust in 2011. The ten year grant is to enable expansion of the RSPCA's farm animals department and to facilitate expansion and strengthening of the RSPCA's overall work on improving the welfare of farm animals.

Other restricted funds

Donations and legacies received for specific aspects of the RSPCA's operations. The balance represents projects still to be completed at the year-end or the excess of restricted income over current net expenditure.

Principal addresses

Principal office

Royal Society for the
Prevention of Cruelty
to Animals
Wilberforce Way
Southwater
Horsham
West Sussex RH13 9RS

Bankers

Coutts & Co
Commercial Banking
440 Strand
London WC2R 0QS

Investment advisers

Epoch Wealth
Management
Queen Square House
Queen Square Place
Bath BA1 2LL

Independent auditors

BDO LLP
Chartered
Accountants
2 City Place, Beehive
Ring Road
Gatwick
West Sussex RH6 0PA

Pension advisers

Xafinity Consulting
Limited
Phoenix House
1 Station Hill
Reading
Berkshire RG1 1NB

RSPCA Council members

COUNCIL OFFICERS

(Appointed for two years from 4 July 2018)

Chairperson

Mr Paul Draycott
Member for the North West region^{13 7 9}

Vice Chairperson

*Ms Jane Tredgett BSc^{12 3 5 6 10}

Treasurer

Mrs Christine Beaumont-Kerridge MA
(Cantab), ACA, ACIB
Member for the London region^{12 3 5 9}

Deputy Treasurer

Mr Paul Baxter
Member for the Cymru Wales region^{13 6 7 10}

Council officers are appointed from the members of Council at the first meeting of Council after the Society's AGM and retire at the conclusion of the second AGM after their appointment.

COUNCIL MEMBERS

Who served during 2018

*Mrs Margaret Baker DChA MSc
Member for the South West region^{13 4 5 6 7}

Mr Robert Baylis
Member for the East region^{2 3 10}

Mr Richard Booker
Member for the West Midlands region^{13 4}

Mr Tim Bray FCA
*Member for the Yorkshire and the North East region*¹³

*Mr David Canavan
(retired 23 November 2018)^{13 5 9}

*Mrs Wendy Dowding^{2 3 5}

*Mrs Barbara Gardner BA(Hons), FCA
(elected 28 June 2018)²

Mrs Daphne Harris
Member for the South East region
(retired 23 November 2018)^{13 5 6 9}

*Mr Raymond Ings MSc^{2 4 6}

*Mrs Elizabeth Lindsay^{2 3 5}

*Dr Daniel Lyons PhD²

*Mrs José Parry BA PGCE^{1 2}

*Mr Terence Pavey^{2 3 5}

*Mr Joseph Piccioni^{1 2 4 5}

*Ms Linda Rimington^{12 3 5}

*Dr Richard Ryder PhD MA DCP AFBPS FZS^{2 6}

*Mr David Thomas^{2 4}

*Mrs Christina Tomlinson
(elected 28 June 2018)^{14 5}

Mr Michael Tomlinson
Member for the East Midlands region
(retired 23 November 2018)^{12 3 5 8 10}

*National members

The Rules of the Society empower the Council to appoint committees of Council and entrust to these committees such powers and duties as the Council sees fit. The 2018 committees are listed below.

During 2018 Council members have served as indicated for some or all of that year on committees of Council, or the boards of directors of subsidiary companies of the RSPCA. The Officers of Council are *ex-officio* members of the Finance and risk committee.

1. Finance and risk committee
2. External relations and strategic animal welfare committee
3. Field operations committee
4. Governance committee
5. Income generation committee
6. Special awards committee
7. RSPCA Pension Scheme Limited board
8. RSPCA Enterprises Limited board
9. RSPCA Trading Limited board
10. Freedom Food Limited board

PATRON

Her Majesty The Queen

VICE-PRESIDENTS

Mr Brian Blessed OBE

Mr Peter Egan

Baroness Fookes of Plymouth DBE DL

Mr Satish Kumar

Dr Caroline Lucas MP

Dr Brian May CBE

Mr Bill Oddie OBE

Mr Chris Packham CBE

Mr Julian Richer

Lord Trees

Rt. Rev. Dominic Walker OGS

Cllr Imogen Walker

SENIOR MANAGEMENT at December 2018

Chief Executive

Chris Sherwood

Deputy Chief Executive and Director of Communications and External Relations
Chris Wainwright

Chief Veterinary Officer

Caroline Allen MA VetMB CertSAM MRCVS

Director of Income Generation

Lewis Coghlin

Interim Director of Field Operations

Carrie Irvine

Interim Director of Finance, IT and Planning

David Warren FCCA

Interim Director of People and Culture

Patricia Williamson

Chief Legal Officer

Ray Goodfellow LLB LLM

Group Financial Controller

Helen Tracey FCMA, CGMA, FCMI,
MBA, BA(Hons)



Our cover star – Ollie

Two weeks before Christmas in 2017, RSPCA Inspector Jennie Ronksley was called out to a dog who had been abandoned next to a canal. He was collapsed and looked so close to death Jennie feared he wouldn't make it. The skeletal dog couldn't stand by himself, so the man who'd taken him in carried him to Jennie's van and she drove him straight to a vet. Ollie, as they named him, weighed just 15.6kg – half his ideal weight. Jennie launched an investigation into where he had come from and who was responsible for starving him but Ollie's former owner was never traced.

In 2018, when Ollie was well enough to leave the vet surgery, Jennie turned to a family friend to foster him to help his rehabilitation and build up his strength. But his foster mum and her two spaniels fell in love with Ollie and it was clear he wouldn't be leaving. He's been with them ever since.



Royal Society for the Prevention of Cruelty to Animals

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