



TRUSTEES' REPORT AND ACCOUNTS 2019



## CHAIR'S FOREWORD:

I am delighted to present the 2019 *Trustees' Report and Accounts* on behalf of the RSPCA Board of Trustees. I joined the board in April 2019 and I was honoured to become its first independent chair in October, following wide-ranging and historic changes to our governance. These changes, which were overwhelmingly voted in by our membership at our AGM in June, were designed to modernise our charity, broaden the expertise and skills of our board, as well as make it more attractive and accessible to a wider range of people. We now have a smaller, more nimble national board with nine elected trustee positions and three co-opted trustees to help fill in skills gaps.

We also have a new Branch Affairs Committee, which recognises the crucial role of our branch network in animal welfare. This new committee champions the work of branches and they have better representation than ever before. We have been upfront about the need for these changes and our work with the Charity Commission to make sure we have a charity which is fit for the future. These bold reforms mean that the Commission is now satisfied with our governance and we are delighted to have moved to 'normal' relations with them as we go forward.

As we approach our 200th anniversary, modernisation is essential to help us remain relevant in a fast-changing world and make sure we will still be here for animals for many years to come. However, the new board is building on the years of dedication and success of our predecessors and I would like to give my heartfelt thanks to all our departing trustees for their tireless commitment to animal welfare. I would also like to welcome Dr Richard Ryder, known to many at the RSPCA, as our new president.

The board is now looking to the future – 2024 marks our 200th year and we are focussed on our new strategy which will take us into our third century at the forefront of animal welfare. 2019 was a historic year for the RSPCA and the years ahead are not without their challenges. We are currently living through an unprecedented time in the midst of the COVID-19 pandemic and undoubtedly the impact of this will be felt for many years to come. Thankfully we are now in a strong position to rise to these challenges and be there for the animals who need us most.

**René Olivieri**  
*Chair, RSPCA*

## CONTENTS

|  |    |
|--|----|
| Trustees' report                               | 4  |
| Independent auditors' report                   | 26 |
| Charity statement of financial activities      | 28 |
| Consolidated statement of financial activities | 29 |
| Consolidated and charity balance sheets        | 30 |
| Consolidated cash flow statement               | 31 |
| Notes to the accounts                          | 32 |
| Purpose of funds                               | 50 |
| Principal addresses                            | 50 |
| RSPCA Trustees                                 | 51 |
| Senior management                              | 51 |





## CHIEF EXECUTIVE'S FOREWORD:

I joined the RSPCA in August 2018 and I am humbled by the real difference our employees, volunteers and branches make to the lives of animals each and every day. The RSPCA only exists thanks to their passion and dedication and I would like to thank them all for the work they do for animals in need. As I write this, we are in the middle of the global COVID-19 crisis, which has presented so many challenges for us as a charity and as a society but I am constantly amazed at how our people have continued to work on the front line, rescuing, treating and caring for animals in the most difficult of circumstances.

2019 saw some amazing highlights for the RSPCA. Our prevention programme 'Generation Kind', which works with young people from all backgrounds to promote kindness and compassion to animals, celebrated its first anniversary in September. Through this programme, we have reached 100,000 young people and promoted better animal welfare to the next generation. Part of Generation Kind, the 'Great Debate' invites schools to discuss crucial animal welfare issues. The finals were held at Westminster and Cardiff in June 2019, with the then Animal Welfare Minister David Rutley presenting the winners with their awards.

Our first ever 'One Fun Day' also took place in June 2019, with 19 branches and animal centres taking part – I had the pleasure of judging the East Herts Branch fun dog show. This event really showcases the crucial work we do at a local level. Our RSPCA Honours Awards were bigger and better than ever, with a new venue at BAFTA in London, comedian John Bishop hosting and a great turnout of celebrities and guests. It really is inspiring to see how people champion and advocate for animals in the most wonderful ways, and, of course, the amazing animals themselves.

Another highlight was the new Adoptober event during October, promoting all the rehoming work we do across the RSPCA, which achieved more than 250 pieces of media coverage about animals in our care needing loving, new homes. It is hoped this year's event will be even bigger.

We have been developing our partnership working with other welfare organisations as we recognise this is the most effective way to pool resources and our strengths, and do our best for animals. This has led, in particular, to a strong partnership with the Scottish SPCA, which we hope to build on further in the future. I am also really excited by our work in Wales presenting a report to the Welsh Assembly outlining the benefits of giving our officers statutory powers and becoming inspectors under the Animal Welfare Act. This would allow us to do so much more for animals, and we are continuing to take this forward this year.

I have been open about the financial challenges we have faced and we have worked hard to reduce our deficit. Part of this was the reward review which took place last year. This was a very challenging time for our staff but it was necessary to bring our income in line with our expenditure and make us sustainable for the future. Since then, events have overtaken us and we are facing the huge challenges of the global COVID-19 crisis. We, like the rest of society, are likely to face further financial uncertainty but we are working hard to plan for the years to come.

As René says, we have had a historic year and we are now in a much better position to face the future. I am looking forward to continuing to work with our new Chair, our new Board of Trustees and colleagues across the RSPCA to develop our new strategy. This is a truly collaborative effort to make sure we can do our best for animals, with education, prevention and our inspectorate's rescue work at its heart.

**Chris Sherwood**  
*RSPCA Chief Executive*

# RSPCA TRUSTEES' ANNUAL REPORT

## Year ended 31 December 2019

### OUR VISION:

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

### OUR MISSION:

is by all lawful means to prevent cruelty, promote kindness and alleviate the suffering of all animals.

#### Our values guide everything we do:

#### 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

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.



**185,297**

WELFARE INCIDENTS  
DEALT WITH BY THE  
INSPECTORATE

**1,218,364**

CALLS TO THE  
RSPCA 24-HOUR  
CRUELTY LINE

**93,362**

COMPLAINTS OF  
ALLEGED CRUELTY  
INVESTIGATED

**48,571**

WELFARE NOTICES  
GIVEN OUT TO IMPROVE  
ANIMAL CARE

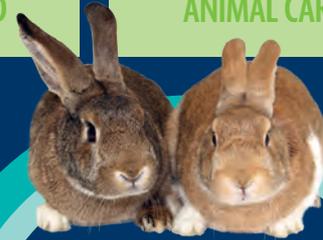
**786**

HORSES IN OUR CARE  
AT THE END OF 2019



**29,432**

CATS TAKEN IN BY OUR  
CENTRES



**3,180**

RABBITS TAKEN IN  
BY OUR CENTRES

**10,564**

DOGS TAKEN IN BY  
OUR CENTRES



**137 million**

FISH AND OTHER ANIMALS  
REARED UNDER RSPCA  
WELFARE STANDARDS



**17,321**

WILD ANIMALS  
ADMITTED TO OUR  
WILDLIFE CENTRES

**60,461**

ANIMALS  
NEUTERED

**37,172**

ANIMALS  
MICROCHIPPED

**121,306**

TREATMENTS DISPENSED  
(NOT INCLUDING NEUTERING)

**1,425**

CONVICTIONS SECURED IN THE  
MAGISTRATES' COURTS FOR ANIMAL  
WELFARE OFFENCES

**661**

PEOPLE CONVICTED FOR ANIMAL  
WELFARE OFFENCES IN THE  
MAGISTRATES' COURTS





# Our objectives and activities



## 2017–2021 Our strategic plan

In 2019, we launched our biggest ever conversation internally and externally to work together to develop our new strategy. It involved talking to key external stakeholders, from our supporters, members of the public and journalists, as well as to staff and volunteers about our vision, mission and values and to find out what the RSPCA means to them.

Since we developed our current strategy, the world and the RSPCA has changed. We are facing new challenges, opportunities and ways of working as Britain exits the EU, and the impact of the COVID-19 pandemic will be felt for many years to come. The RSPCA has also seen far-reaching changes to its governance, with a new Board of Trustees and a relatively new Chief Executive so it is vital we develop a new strategy to take us into the future.

This strategy will be launched late in 2020, coming into effect in 2021, and will take us into our 200th anniversary in 2024 and beyond to 2030. During 2019, we continued to make good progress against the six goals set in our existing five-year strategy (2017–21), which is set out below.

### 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.

### 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.



# Overview of our six strategic aims and highlights of our achievements in 2019.

## 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.

The RSPCA is unique in the frontline services we offer, rescuing, rehabilitating and rehoming the animals who need us most. Our inspectorate rescue teams are at the heart of what we do and a major change to the way they operate in 2019 provided challenges but ultimately has led to our officers being able to reach those animals most in need more quickly. However, inspectors are just part of the welfare journey. Among other things, we've been working with vets to improve our relationship with them, we've focussed on branches to make sure they are sustainable so they can support animal welfare for years to come, and we've looked at our rehoming centres to ensure that we are meeting the right standards of care across our network.

In Wales, the way the inspectorate operates could be set to change as the RSPCA is exploring whether its officers could get statutory powers by being appointed inspectors under the Animal Welfare Act by the Welsh Government. In 2019, we completed a thorough investigation, which included an extensive review of the data and consultation with internal and external stakeholders, including case studies showing the benefits to animals, society and the RSPCA. The report was submitted to the Minister for Environment, Energy and Rural Affairs in late December and work is underway in 2020 to progress the project.

In 2019 we spent £98.8m on our unique frontline animal welfare activity (2018: £95.2m) which includes our inspectorate work, animal, equine and wildlife centres and hospitals and clinics. A further £8.4m was spent on support to our branch network which are charities in their own right and are responsible for the vast majority of rehoming of cats, dogs and rabbits in the RSPCA (2018: £19.1m).

The RSPCA and our 150-strong branch network across England and Wales took in and cared for more than 10,500 dogs, nearly 30,000 cats, 3,180 rabbits and 865 horses in 2019. Although the number of dogs and rabbits is down slightly on the previous year, the ongoing horse crisis continues to see our frontline officers dealing with dumped and neglected horses, which led to a rise in equines in our care in 2019. This crisis, which began in 2012, continues to have terrible animal welfare consequences and places a considerable burden on the resources of the Society and its equine partners who are stretched to their limits.

To ensure the efficient use of resources when rescuing and caring for animals, we undertook a review of our use of private boarding establishments and expanded collaboration across our network.

By doing this, we reduced the total number of 'boarding days' in 2019. In comparison to 2018, the number of dogs, cats and rabbits in private boarding reduced (by 24 percent, 11 percent and 58 percent respectively). Wherever possible animals were moved into RSPCA care – saving the Society over £120,000 compared to 2018. The boarding of horses continues to be extremely challenging, with over 580 of the nearly 800 in our care, in private boarding at the end of the 2019.

We have seen a number of large-scale horse rescues which have added to the pressures on our resources and there has been a significant increase in equine related convictions in Wales. One rescue from a sanctuary in Wales led to 130 horses being rescued. Equine charities are working closely together to tackle this challenge and it is hoped joint preventative educational work to reduce overbreeding and legislative change being introduced in 2020 could start to drive a reduction in horses requiring RSPCA assistance. However, all equine charities are concerned about the potential of a recession in the coming months as the previous financial downturn saw a rise in horse abandonments.

### CASE STUDY:

Shetland pony Tink was discovered in March 2019, underweight and alone, up to her stomach in mud in a field in Dorset. The abandoned pony was dirty and hungry when brought into care at RSPCA Lockwood in Surrey where her carers brought her back to health. Tink became the star of the RSPCA's Christmas film and now has a new life, working as a therapy horse with disadvantaged children.





Calls to the 24-hour emergency line, from people concerned about animal welfare also continue to rise. In 2019, we received more than 1.21 million calls from people about animal welfare. This is slightly higher than the previous year, meaning there was more demand for our services. To help manage the volume of calls and deal with reports of animal cruelty and suffering more effectively, we also successfully replaced our outdated system to task inspectors with a new system called 'Wilberforce'. Designed to help us respond more quickly and effectively to animal welfare concerns, this has reduced the number of outstanding animal welfare incidents by more than 60 percent.

The transition to this new system was challenging and additional resources were brought into the Society to complete the transformation. We expect further work to improve and embed the new system to continue into 2020.

The number of complaints of alleged cruelty and neglect investigated dropped in 2019 compared to the year before to 93,362, and the number of welfare advice and notices given out was also down on 2018 figures (see Table 1). Some of this drop can be attributed to the changeover to the new Wilberforce tasking system as there are differences in the way information is recorded, meaning the 2019 figures are not directly comparable to 2018. The move to Wilberforce also involved an intensive training programme, which meant that the inspectorate had to prioritise urgent cases for a time during the roll-out in summer 2019, which also accounts for the lower number of complaints investigated and welfare advice given.

However, the number of investigations referred to the Prosecutions Department was broadly similar to the previous year, meaning the most urgent cases were still being investigated. There was a drop in the number of defendants prosecuted, which highlights the use of other measures to achieve positive outcomes for animal welfare, such as warning notices and taking into account

people's vulnerabilities when deciding the most appropriate course of action. Although fewer defendants were prosecuted, our prosecution success rate of 93.7 percent was higher than the previous two years.

**Table 1 RSPCA advice and prosecution statistics for England and Wales**

|   | 2019       | 2018       |
|---|------------|------------|
| Telephone calls answered  | 1,218,364  | 1,175,193  |
| Complaints of alleged cruelty investigated*                       | 93,362     | 130,767    |
| Welfare improvement advice and notices dispensed*                 | 48,571     | 66,169     |
| Cases reported to RSPCA Prosecutions Department                   | 1,179      | 1,182      |
| People reported to RSPCA Prosecutions Department                  | 1,685      | 1,703      |
| Defendants convicted (juvenile offender)                          | 661 (10)   | 747 (15)   |
| Convictions secured in the magistrates' court (juvenile offender) | 1,425 (18) | 1,678 (20) |

\*In autumn 2018 the RSPCA started rolling out the new inspectorate tasking system, which means 2019 data is not directly comparable with 2018 data.

### We made the following progress on specific key goals for 2019

**1** To develop a new veterinary strategy (costs, working practices, procurement, third-party relationships), with implementation across 2019/20.

## WHAT WE ACHIEVED

A new veterinary strategy was completed and is being implemented during 2020. During 2019 we produced joint guidance with the British Equine Veterinary Association and training for small animal vets. A new welfare framework to ensure appropriate decisions are made for animals in RSPCA care is being rolled out in 2020 and the expansion of our clinical behaviour team will also make a real difference to animal welfare.

**2** To ensure the RSPCA's compliance with new legislation in England, setting minimum standards for rehoming centres, ensuring compliance with the Guidelines on Licensing of Activities Involving Animals Regulations and developing plans to meet any gaps.

## WHAT WE ACHIEVED

A new internal inspection report for the Regulations in England was produced and tested to future proof our facilities against local authority auditing and a process agreed to include any private boarding facilities that are used to ensure they are meeting our standards.

**3** To produce a new rehabilitation and welfare strategy – underpinned by challenging goals to ensure that the animals in our care have the highest levels of behaviour and welfare support – and improve our rehabilitation and rehoming times.

## WHAT WE ACHIEVED

We are here for the animals most in need, who have often been through the worst trauma, neglect or cruelty. This means they often face real challenges, whether physical, medical, mental or behavioural. In 2019, for the third successive year, no healthy, rehomeable cats, dogs, equines or rabbits were euthanised. In order to give the most traumatised animals in our care the very best chances of recovery, we also established a new clinical behavioural function in the Society, which provides support to staff in both the RSPCA and branches to support our teams with the assessment and treatment of animals with challenging behaviour. A head of clinical behaviour and three regional clinical behaviourists are now in post and have improved behaviour assessment and treatment frameworks which have already helped many animals through to rehoming.

**4** 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.

## WHAT WE ACHIEVED

Good progress has been made against this very challenging and complex area of work. Under our new governance changes, we have established a Branch Affairs Committee with 10 regional chairs to provide strategic leadership to our branch network. Further strategic support for our branches will be taken forward in 2020.

**5** To complete the roll-out of Wilberforce (the new inspectorate tasking system) by November 2019 with a full decommission of the legacy platform (Mice and Tails).

## WHAT WE ACHIEVED

We successfully completed the roll out of Wilberforce by the middle of November 2019. This has freed up our inspectors to provide a more efficient service, reaching animals in distress more quickly. As the system develops, this will further improve the time our inspectors, animal welfare and animal collection officers can

spend on rescuing animals. The new system removes historical boundaries for our rescue work, enabling the nearest available rescuer to attend any call. This is providing a quicker and more balanced response across England and Wales. We will continue to further develop and improve this system in 2020.

## CASE STUDY:

Among the animals rescued by our inspectors was Sir David, a seal who was discovered with a yellow plastic ring wedged around his neck and later named after the much-loved TV presenter David Attenborough. The grey seal, discovered on Horsey Beach in Norfolk, had a deep and infected wound after getting stuck in the toy. He received three months of care and rehabilitation at RSPCA East Winch and, thanks to the staff's dedication, as well as generous donations of salt from locals for baths to help his wounds heal, he was released back into the sea in July 2019.

## WHAT WE WILL DO IN 2020

We will continue work on our branch sustainability strategy. We will improve branch sustainability by reducing the number of branches in temporary trusteeship under the control of the National Society. This will enable us to ensure we have the network necessary to care for animals into the future.

We will implement the new veterinary strategy, improve relations with the veterinary profession and improve the consistency of our veterinary service which aims to reduce veterinary expenditure. By improving our relationship with the sector and ensuring we use our resources as efficiently as possible, we can make sure animals continue to get the treatment they need.

We will continue to investigate having RSPCA officers appointed as inspectors under the Animal Welfare Act (2006) in Wales by analysing our feasibility study report with the Government of Wales and continuing a programme of engagement with key stakeholders. This would improve our ability to help animals in Wales.

We will improve efficiency in the field and at our call centre and so reduce expenditure in this area by £2.0 million and ensure that our inspectors are using their time most efficiently to help as many animals as possible.

We will simplify and implement clear and consistent principles for the welfare of animals in our care.

**Table 2 Number of animals taken in, treated, neutered, and microchipped by the RSPCA in England and Wales in 2019.**

|   | Dogs   | Cats                  | Wildlife and others  | Total 2019      | Total 2018          |            |
|---|--------|-----------------------|----------------------|-----------------|---------------------|------------|
| Taken in  | 10,564 | 29,432                | 28,629               | 68,625          | 69,464              |            |
| Animal treatments: hospitals and clinics (excl neutering) |        | Outpatients<br>57,391 | Inpatients<br>17,858 |                 | Operations<br>4,738 |            |
|   | Dogs   | Cats                  | Wildlife and others  | Branch animals* | Total 2019          | Total 2018 |
| Neutered  | 2,251  | 5,402                 | 989                  | 51,819          | 60,461              | 51,377     |
| Microchipped  | 1,108  | 5,580                 | 1,200                | 29,284          | 37,172              | 35,291     |

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



## 2 Advocacy aim:

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

To achieve the organisation's advocacy aim, our teams adopt an integrated and complementary approach that encompasses the following:

- Shaping public policy/legislation through direct advocacy, thought leadership activity, and providing expert advice, guidance and policy submissions.
- Creating momentum and shaping public opinion for change through campaigns and promotional activity.
- Ensuring the RSPCA's expertise is recognised by policy makers, opinion formers, stakeholders and customers.

The public policy agenda in England and Wales in 2019 remained positive in respect of animal welfare. The RSPCA published its own manifesto ahead of the General Election in December 2019 and was pleased that all the main political parties committed to improving animal welfare. Indeed, the Government's own manifesto contained 10 proposals to improve animal welfare in England, many of which were taken from the RSPCA manifesto.

Encouraging progress was made on a range of issues from sentencing to sentence in

2019. A new law was introduced to ban the third-party sale of puppies and kittens following a concerted campaign. The Agriculture Bill recognised animal welfare as a public good and linked future support payments to farmers to the adoption of higher standards as we exit the European Union (EU). After 30 years of campaigning, a ban on wild animals in circuses will finally be realised in 2020.

### CASE STUDY:

Dogs like Mary, a three-year-old French bulldog found abandoned and giving birth five days before Christmas 2019, show just why new laws around breeding and selling puppies are so vital. She was rushed to RSPCA Bristol Animal Rescue Centre where she had an emergency caesarian to save her life but sadly her pup died. It became clear Mary had given birth to several litters and it is suspected she was used for breeding then dumped when she got into difficulty. Thankfully Mary got a second chance, after being adopted by Chief Inspector Jen Ride.

We also launched the Adoptober campaign which shone a spotlight on our rehoming work. As well as showcasing the many

animals in our care who needed homes, the campaign aimed to highlight a number of important issues which were resulting in animals coming into our centres, such as failure to neuter cats, the trend for designer dogs and puppy farms, the horse crisis and the failure of owners to understand the needs of smaller pets such as rats and rabbits.

In Wales, three local authorities took action and supported our measures to mitigate the risks of fireworks. This was thanks to our supporter action which encouraged people to write to their local councillors, accumulating almost 2,000 actions in three months. We are continuing to press more local authorities to take action on this vital animal welfare issue into 2020.

Internationally, our programme work continued to bring together governments, academia and opinion formers to discuss areas of progress. With support from major donors, we organised the third RSPCA International Focus on Severe Suffering in Athens. The meeting was attended by around 100 participants (government, scientists etc) from 16 different countries. In China we continued to work on a major project promoting welfare standards for all

farmed species which is funded by a grant from Open Philanthropy. We also held workshops for teachers in China to help them develop materials for educating their pupils on animal welfare. In Malawi, the government launched its National Animal Welfare Guidelines, which were developed with the RSPCA, at an event broadcast on national TV and radio.

The annual *Third Sector* league table of the top 150 charity brands saw the RSPCA rise from seventh to fourth place. This continued the progress made since 2016 when the Society was placed 16th and was the highest ranking since 2012.

Although 2019 was dominated by discussions on Brexit, progress on legislative developments did occur in England and Wales. Animal welfare featured strongly as a mainstream topic in the third general election in five years and the UK Government's manifesto contains 10 proposals to improve animal welfare in England, many of which were taken from the RSPCA manifesto. The election also confirmed that the UK would leave the EU on 31 January 2020 and the RSPCA has reacted to this by preparing positions and briefings on future UK trade policy with the EU, US and the four other trading partners that it will begin trade talks with in the coming year.

## We made the following progress on the specific key goals for 2019

**1** Reviewing and updating the RSPCA policy booklet.

### WHAT WE ACHIEVED

The RSPCA's policy booklet sets out a comprehensive range of species-specific policies. A review was initiated in 2019 to update the principles and policies and the aim is to complete during 2020.

**2** Developing a proactive programme of influencing activity and stakeholder engagement to promote legislative change in England and Wales.

### WHAT WE ACHIEVED

As set out above, excellent progress has been made against this goal. A proactive programme has been initiated in England and Wales through events such as attending and running events at all the major party conferences in both countries, drop-in and briefing sessions in the House of Commons and Senedd and running the annual local government Pawprints Awards in England and Wales. Detailed briefings were provided on legislation including the Agriculture Bill and Trade Bill – though both bills failed to complete before the December 2019 General Election – and circus bills in both countries. We gave evidence on the puppy trade to the EFRA Select Committee and the legislation to prohibit the sales of puppies and kittens from third-party sellers in England was adopted in April 2020. Discussions are continuing to introduce similar measures in Wales.

**3** 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.

### WHAT WE ACHIEVED

The uncertainty over the date when the UK was to leave the EU resulted in the Agriculture Bill falling and being reintroduced in 2020. However, detailed papers have been released by Defra on grants to promote animal welfare under this programme, many of which are based on RSPCA proposals, and the Welsh Government has made provision to continue in line with England until 2021 when its Agriculture Bill is launched.

**4** Sign up two supermarket retailers to the 'Better Chicken Commitment'.

### WHAT WE ACHIEVED

The RSPCA is running a concerted campaign to improve the welfare of chickens. 'The Better Chicken Commitment' has encouraged big players to sign up and improve chicken welfare across the UK and Europe. Two retailers, Waitrose and Marks & Spencer have signed up, as have Nandos and Kentucky Fried Chicken in Ireland and the UK. It is expected that further progress will be made in 2020 with other retail chains.

**5** 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 (in England).

### WHAT WE ACHIEVED

After more than four decades of RSPCA campaigning, England banned the use of wild animals in circuses from January 2020. A similar bill in Wales took longer to pass but was adopted in 2020. The third-party sale of puppies and kittens in England was also adopted and came into place in 2020. The RSPCA will be monitoring its impact across the UK, Ireland and mainland Europe through our Special Operations Unit. The Government of Wales has also stated that it will implement similar legislation.

A judicial review of the Government's intention to ban the electric shock collar for dogs in England prevented any further movement on this issue but it is hoped that 2020 will see the electric shock collar consigned to the history books. The continued uncertainty over Brexit caused delays in establishing animal sentience in law but the RSPCA continues to work with legislators on this issue and hopes to see progress in 2020.

**6** Lobby governments in England and Wales for animal welfare to be taught in schools.

### WHAT WE ACHIEVED

We met the Schools Minister in England and a petition has been launched on our website for animal welfare to be recognised as part of the school curriculum. In Wales our submissions to the Welsh Government's consultations on its imminent new curriculum have sought to highlight the opportunities to teach animal welfare in schools and create the animal welfare champions of the future.

### WHAT WE WILL DO IN 2020

Continue to campaign to ensure that animal welfare standards do not fall as we leave the EU, by establishing clear and explicit language in matters related to any new trade agreement with the EU or other partners.

Ensure that the trials for the new farm support system in England and Wales are in line with RSPCA proposals and support outcome-based measures to improve animal welfare.

Develop an agenda-setting programme of activity to create relationships with new MPs and Ministers following the UK election and ensure that Parliament addresses animal welfare opportunities and challenges, led and shaped by the RSPCA.

Ensure that manifesto commitments are given by the major parties to prioritise animal welfare, ahead of the 2021 Welsh Parliamentary elections and the London Mayoral and Assembly elections.



### 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.

Our Generation Kind programme had its first anniversary in October. The programme is a set of ambitious, innovative projects that aim to nurture and encourage the values of kindness and compassion towards all animals in the children and young people of today. In this way, we can create a future society that is truly kind to animals. Broken down into nine innovative work areas, the programme focuses on three key groups: young people in schools; disadvantaged young people; and young offenders.

In its first year, Generation Kind reached more than 100,000 young people and target groups:

- More than 1,000 primary schools took part in 'Compassionate Class' activities (a reach of over 70,000 students). The 'Most Compassionate Class of 2019' was Ysgol Gymraeg Coed y Gof from Cardiff.
- 'Paws for Change', a project that has been running for some years on a small scale has expanded to six centres and will now benefit more than 50 young people and rescue dogs each year.
- 'The Great Debate' project has reached 506 secondary school students who debate with one another on animal welfare issues.
- Volunteer speakers in schools reached over 7,000 students.
- More than 80 children in care have taken part in our Animal Action Days and we worked with over 400 parents and carers who have or work with foster children.
- 'Wild Things' at our Birmingham and Mallydams centres have reached more than 6,000 disadvantaged young people.
- 'Breaking the Chain' has trained 10 youth justice workers to work with young people convicted of animal welfare offences.

Another core element of our prevention work is to better understand human behaviour and how we can provide

information and support to elicit positive change. Our #DogKind work looks at the world from a dog's point of view and helps owners understand their pet better.

### We made the following progress on the specific key goals for 2019

**1** Continue to develop and implement our Generation Kind programme, working with young people.

#### WHAT WE ACHIEVED

Initial teacher training programmes have been delivered to more than 600 trainee and new teachers showing how lesson plans can be created to deliver positive animal welfare and meet National Curriculum requirements. We have developed a new Education Centre in Birmingham which will open in 2021 and is working closely with local authorities, the NHS, the police and education providers.

**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.

#### WHAT WE ACHIEVED

Paws for Change rolled out as a programme and 50 teenagers have experienced the full five-day programme and were awarded AQA (Assessment and Qualifications Alliance) certificates.

**3** 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.

#### WHAT WE ACHIEVED

#DogKind has been promoted through a variety of channels including paid and organic social media, radio advertising and public events. Polling showed that the campaign had achieved its goals with 29 percent hearing about the campaign, 46 percent said their perception about negative impact Separation Related Behaviour (SRB) – known commonly as separation anxiety – has on dogs had changed "a lot" and 83 percent said they would be "much more" or "more" likely to seek help for their dog if they had SRB. The cat behaviour change campaign reached its target of number of cats being neutered in the Sheffield target postcodes, and over the past two years there has been a 25 percent decrease in the number of cats taken into the RSPCA Sheffield Animal Centre.

**4** Reach more than 15,000 children throughout the compassionate classroom programme.

#### WHAT WE ACHIEVED

Nearly 100,000 young people have been reached due to excellent engagement with schools.

#### WHAT WE WILL DO IN 2020

Review our education programme in light of the emerging long-term strategy where prevention is expected to feature strongly.

Become an accredited centre for AQA to give out certificates for Paws for Change.

Open further Generation Kind facilities at our centres, offering our Paws for Change programme at other sites as well as expanding our Wild Things community engagement work at RSPCA West Hatch and RSPCA Stapleley Grange.

## 4 Organisational aim:

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

In June 2019, historic governance changes were overwhelmingly voted through by our members at our AGM. These changes aim to make the RSPCA modern and fit for the future and represent the most significant development in the Society's governance in over forty years. These changes reduced the maximum size of the board significantly to nine elected trustees, with one-third retiring each year, and up to three co-opted trustees. It created a new Branch Affairs Committee, comprising three trustees and ten regional chairs, elected from our regions, to provide strategic leadership to branches, and champion and promote their work. There are no longer regional representatives sitting on the board and trustees can no longer serve simultaneously as trustees of RSPCA branches. This helps avoid conflicts of interest as the Society and branches are separately registered charities.

The Society's financial sustainability is central to the organisation's long-term viability. The Society ran a deficit budget in 2018 and 2019 and we aim to return to a balanced budget by 2022. Maximising our income and controlling our costs was a critical priority in 2019. As part of this we carried out a reward review, which aimed to make our pay framework fair, modern and affordable. Good progress was made but further efforts are needed to ensure we are on a sustainable footing. A new target operating model to accompany the new strategy will help deliver this business improvement.

We also developed a new planning and budgeting process to develop the corporate plan and budget for 2020. This was a new bottom-up approach rather than our previous rolling forecast model. This is enabling greater scrutiny of costs and better ensures that activities and spend are aligned to our corporate priorities.

Finally, we started work on our long-term strategy, which will take us through to 2030. We consulted a range of internal and external stakeholders, such as staff, volunteers, supporters, trustees, members of the public and journalists, to find out what their perception of the RSPCA was, what they thought we did well and what we could do better. We used these responses to help inform the basis of our new strategy which aims to create a modern, sustainable and united organisation, supported by great governance and leadership, and which nurtures and supports the staff and volunteers who form the backbone of the charity and its work.

### We made the following progress on the specific key goals for 2019

**1** Undertaking a formal review of our five-year strategy and beginning work on a new updated five-year strategic plan.

#### WHAT WE ACHIEVED

The RSPCA's internal and external consultation started in mid-2019, focussing on a new strategy which will be agreed in 2020. A review of the current five-year strategy is underway.

**2** Consulting members on a range of governance reforms with planned adoption at the 2019 Annual General meeting and a new Board in place by November 2019.



#### WHAT WE ACHIEVED

During the first quarter of 2019, we consulted with members on the most wide-ranging set of governance reforms that the Society has seen in over forty years, receiving more than 800 responses. We received overwhelming support for the changes and our AGM in June saw its best attendance for many years. The changes were voted through with more than 90 percent of the vote. These changes – including reducing the number of trustees, bringing in term limits and setting up a new branch governance structure – were implemented in the second half of 2019. A new Board met for the first time in October 2019, when it appointed its first independent Chair.

**3** Maintain liquid reserves at a level of more than a month's operating expenditure.

#### WHAT WE ACHIEVED

This was achieved with a little in excess of a month's cover.

#### WHAT WE WILL DO IN 2020

- Embed the changes to governance by implementing the new Branch Governance structure and assess any new rule changes required.
- Reduce our deficit and move to a break-even position by 2022.
- Develop and implement the new 2021–30 corporate strategy with a clear target operating model providing clear direction for the RSPCA for the next 10 years.
- Conduct a full balance sheet review to identify where value can be realised to assist with the deficit and introduce a three-year plan to return to a positive operating budget and repair our free reserves position.
- Improve the governance of the organisation and increase participation from our membership.

## 5 Income generation aim:

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

In June 2019, the RSPCA initiated a roots and branch review of its fundraising operations. Performance over recent years had dipped and our immediate priority was to halt this decline and move to a new growth trajectory. The review led to the development of a new strategy to provide the best possible experience and propositions for supporters, partners, members and the public.

We are re-establishing the foundations of a programme that will be integrated, multi-channelled, and data driven. This will seek to embrace the opportunities that digital presents, while sharpening and enhancing our traditional activities.

As part of this work, we continued to implement and enhance Salesforce SRM (Supplier Relationship Management) to replace the previous CARE system and improve the management of our relationship with our supporters. In August, we launched Salesforce Marketing Cloud to enable efficient and streamlined supporter communications.

Digital and Fundraising teams collaborated to create a new regular giving email journey, driven by engaging stories and content. The teams also worked together to create a new emergency appeals process to enable us to react and respond more quickly and generate funds.

Our work with trusts, such as the Katherine Martin Trust, and corporate partners, such as Pets at Home, continued to provide significant benefits to the Society and animals. Our partnerships and philanthropy work was developed in 2019 to establish compelling cases for funding that are ambitious, future focused (multi-year) and demonstrate the impact to animals and people.

Our legacy income performance was encouraging in 2019 despite the reduction in notifications due to the move to online probate.

### We made the following progress on the specific key goals for 2019

**1** Develop a new income generation strategy to attract new supporters, diversify and rationalise our income streams and create a more effective operating model.

#### WHAT WE ACHIEVED

The new strategy was completed, including fundamental reform and innovation initiatives. Innovative fundraising ventures such as a new pet insurance scheme and lottery recruitment saw 141,000 new donors being recruited. Cold acquisition – including from television advertising – has performed well, outperforming its targets.

Our trusts team secured an unprecedented third round of multi-year funding for the 'Wild Things' education project at our Mallydams centre. The Lottery will grant £291,377 over the next three years.

**2** Achieve a net income target of £16.3 million.

#### WHAT WE ACHIEVED

Fundraising net income exceeded target.

#### WHAT WE WILL DO IN 2020

Complete the implementation of our fundraising turnaround plan.

Stabilise non-legacy income at 2019 levels.

Finish implementing the project to agree a new supporter journey, optimise the digital journey and implement a new consent model.







## 6 People aim:

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 rely on our people to deliver on our aim to alleviate the suffering of animals everywhere. We know that to achieve our goals we need a workforce which is motivated, inspired and empowered to do their best for animals. We are lucky to have a passionate and dedicated workforce, with staff turnover of just 12.79 percent – much lower than the average 15.7 percent in the public sector – which means many of our staff find the RSPCA a great place to work but we are committed to making it better. In 2019, we restructured and modernised our People and Culture team, introducing new regional HR business partners to support the organisation, an improved advisory service, and centres of excellence offering expertise in different areas, as well as improved, multi-level internal comms to keep our staff informed.

Following this, we also launched our first ever comprehensive people and culture strategy with the aim of making the RSPCA the very best place to work and volunteer. We want a workplace which has effective leadership, which is inclusive, entrepreneurial and empowering, which recognises and rewards employees and gives them a strong sense of meaning and purpose to work towards our shared goal.

As part of this, we introduced our Respect Policy in 2019, which is our commitment to an inclusive, supportive workplace which encourages and embraces diversity and inclusion. Last year also saw the launch of the Society's first diversity network – the Umbrella Network – during LGBT

History Month. It is an open and inclusive space for people from the LGBTQIA community and allies to come together, to share ideas and resources.

The amazing work of our inspectorate has been in the public eye recently with a Channel 4 programme – *Animal Rescue School* – following some of our new recruits as they train for their dream job. That training has seen a significant shift as 2019 saw the introduction of a new training programme, which was reduced to 12 weeks and saw the 14 recruits spend the rest of the year in the field learning on the job. This allows us to train our new inspectors more quickly, give them vital field-based learning and also to run the course at sites around England and Wales.

We also made good progress on apprenticeships. Through the RBS levy/donation, 80 new RSPCA apprenticeships have been funded and for the first time offered to all of our employees in Wales, which will mean that we have parity across both countries for the first time since the launch of the levy in 2017.

## We made the following progress on the specific key goals for 2019

**1** Creating a new people strategy and framework.

### WHAT WE ACHIEVED

A new people strategy was implemented, to make the RSPCA an inclusive, inspiring and empowering place to work. We introduced a new reward framework which will be fully implemented in 2020.

**2** Employee engagement to increase from 59 percent.

### WHAT WE ACHIEVED

The 2019 staff survey showed an engagement measure of 61 percent – 11 points up on 2017.

**3** 30 percent of all management staff to undertake management training by the end of 2019.

### WHAT WE ACHIEVED

The leadership training programme was not started due to the review on pay and grading framework being introduced first and will be prioritised in 2020.

### WHAT WE WILL DO IN 2020

Implement a new reward framework.

Reduce the reliance on contract staff by 30 percent and manage costs across the RSPCA.

Implement the People and Culture strategy with a focus on wellbeing, talent management and diversity.

Develop and roll out a new leadership development programme for our managers and leaders across the Society, investing in their management and leadership skills.

### CHIEF EXECUTIVE OFFICER AND EXECUTIVE SALARIES

We have a robust approach to reviewing executive pay to ensure it is fair, affordable and competitive. It is vital that, while using our funds in a way which inspires public

confidence, we also make sure we attract the best individuals and the pay is appropriate to the level of responsibility and the size and complexity of the organisation. We understand concerns among the public about charity chief executive pay and we want to be as transparent and open as possible about how we determine the salaries of our executives.

Executive pay is managed through the remuneration committee. This meets annually and includes members of the Board of Trustees (including the Treasurer). In determining executive pay, the remuneration committee takes into account all factors which are deemed necessary, including comprehensive benchmarking data and affordability.

Chief Executive Officer and Executive pay are treated in line with the pay principles of the RSPCA, which apply to all roles and levels of the organisation. These are:

- base salaries are regularly reviewed against the external market
- consideration is made to reflect the diverse skills and job families that exist within the RSPCA
- roles will be benchmarked against other charities, organisations that the Society aims to recruit from and the private sector (for roles which can be recruited from other charities or private sector organisations)
- the pay framework enables the RSPCA to attract and retain talent
- it is important that base salaries must be affordable and sustainable while recognising the contribution of employees through performance management.

The Chief Executive remuneration was benchmarked and reviewed in December 2019. The RSPCA's Chief Executive is paid a total cash payment (including base pay and car allowance) of £150,007. This is at the lower end of the scale for chief executives of charities of a similar size.

Both the Chief Executive and the executive team had a pay freeze in 2019, due to the current financial challenges the RSPCA faces.

The trustees are reviewing how to further develop their approach to reporting Executive pay in line with the NCVO guidance. They understand the concerns that have been generally raised in the sector and the increasing need for further transparency around this matter along with sound remuneration rationale and pay structures that support the organisational objectives and values.

In regard to general employee remuneration, our gender pay gap, as a snapshot taken in April 2019, was 19.26 percent, whereas in the UK overall the gender pay gap was 17.3 percent in 2019. This will be an area of focus moving forward.

We are committed to continuing to have a positive and constructive relationship with Unite the Union. The RSPCA recognises Unite the Union as its sole union under a voluntary recognition agreement. There is a formal structure for negotiating and engaging with Unite through the Joint Negotiating Committee and Health & Safety Committee,

which meets every two months. Pay is reviewed and negotiated for those employees under the collective agreement on an annual basis in line with the principles detailed above.

#### EMPLOYEE ENGAGEMENT

The Society regularly requests feedback from staff via the YourVoice survey. This was last completed in 2019, when 88 percent of staff said they were proud to work for the RSPCA. 74 percent said they intended to be working for us a year on from the survey, and more than half were united by the vision and mission of the RSPCA, which they said was the best thing about working here.

A further 76 percent said they worked with skilled and competent colleagues who supported each other. Core areas of focus that were identified were Leadership and Management presence and skills, more employee wellbeing initiatives and further focus on delivering even better service to all stakeholders.

#### KEY PEOPLE DATA 2019

|  |   |
|--|---|
| <b>Headcount:</b><br>(as at 31 December 2019)                        | <b>Total – 1,854 workers</b><br>1,707 employees (92.1%)<br>60 casuals (3.2%)<br>87 contractors (4.7%)<br>2.71% declaring a disability |
| <b>Employee turnover:</b>  | 12.79% (which compares favourably to a public sector average of 15.7% in 2018)  |
| <b>Average days lost to sickness (12 months to 31 December 2019)</b> | 9.97 days (which compares slightly higher to the voluntary sector average of 7.2 days in 2018)  |
| <b>Gender split:</b>   | Female: 1,302<br>Male: 465<br>Prefer not to say: 0  |
| <b>Ethnic origin:</b>  | English/Welsh/Scottish/<br>N.Irish: 81.4%<br>BAME: 2%<br>Other: 2.8%<br>Prefer not to say: 13.8%                                      |



# Structure, governance and management

## Charity constitution

The 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.

## RSPCA Board of Trustees' statement of responsibilities

The Board of Trustees is legally required to prepare financial statements for each year and an Annual Report on the activities of the RSPCA during the year. The financial statements are prepared in accordance with The Charities Statement of Recommended Practice (SORP) Revised October 2019 Financial Reporting Standard (FRS) 102. The consolidated statement of financial activities includes details relating to income and expenditure incurred by the RSPCA Group, which is the national RSPCA, its wholly-owned subsidiaries RSPCA Trading Limited, Freedom Food Limited, RSPCA Enterprises Limited and RSPCA branches temporarily under the control of the trustees of the Society.

Under charity law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Board of Trustees 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 trustees 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.

## 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 150 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 Board of Trustees 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 temporary officers who serve as the charity trustees of the branch, the accounts of the branch are consolidated into these financial statements. Once temporary officers have been appointed to the branch board, all further decision making and management of the branch rests with those temporary officers 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 is carried out through its branches, such as subsidised veterinary care and rehoming in their local areas. In total there are 27 branch clinics, five national animal centres and hospital clinics, three mobile clinics and 42 branch animal centres with two 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.

## Grants policy

We provide various grants to our network of branches. Our grants, resulting from our donor recruitment activities, are agreed in advance of the fundraising activity and we allocate a share of actual income to our branch network. Other grants are allocated by our Branch Affairs Committee from applications for activities such as neutering and improvements to facilities. These grants are assessed against various criteria by the committee including the financial need and the impact of animal welfare.

## The RSPCA Board of Trustees

At the 2019 AGM the rules on appointments to and membership of the RSPCA Board of Trustees changed with over 90 percent support from membership and branches. The new Board of Trustees has a maximum of nine members plus up to three co-opted members who, as charity trustees, have 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. Trustees have a maximum term of nine years, followed by a three-year period before they can stand again. These changes are the most significant reforms in the Society's governance in over 40 years and they have built on the previous governance review that reported in 2017. The RSPCA is now confident that the Charity Commission is satisfied with this progress and that the Society's governance is better aligned with recommended practice for larger charities set out in the Charity Governance Code with particular regard to the reduced size of the Board and the introduction of term limits.

Nine members of the Board of Trustees are elected by the membership of the RSPCA on a democratic one member one vote basis. Each is elected for a three-year term but to ensure that the retirement of trustees was staggered, three have been elected for one year, three for two years and the final three for three years. This was achieved by drawing lots of those elected in 2019. All candidates for election to the Board of Trustees must have been members of the RSPCA for not fewer than three consecutive

years immediately preceding nomination. Trustees are not remunerated for their role but they are reimbursed for reasonable expenses incurred in carrying out their duties. A list of trustees who served in 2019 together with other statutory information is given on page 51 and forms part of this report.

The Society has a well-established induction programme for all trustees following election (either new or re-elected) which provides them with a comprehensive introduction to the key personnel and functions of the charity, together with information about their own duties and obligations. Trustees are also supported during their term of office in attending trustee training courses as part of their continuing development.

The Board's Governance and Nominations Committee is overseeing the consideration of an NCVO report on developing a trustee training strategy for the RSPCA. In the interim, the Board is carrying out a skills audit and trustees appraisals are being held by the Chair as part of reviewing the Board's performance as a whole and the contribution of individual members. The Board of Trustees meets at least four 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 a Finance, Audit and Risk Committee, an Investment Committee, an Animal Welfare Committee, a Governance and Nomination Committee and the Branch Affairs Committee. The Branch Affairs Committee has been established under the RSPCA rules comprising three trustees (including the chair of the committee) and 10 regional chairs elected from our 10 regions. These committees determine, monitor and evaluate the RSPCA's strategic direction and performance as delegated by the Board of Trustees. In addition, a Remuneration Committee has been established to review the Chief Executive's remuneration each year.

### 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 animal rescue service are the main activities undertaken to further purposes for public benefit.

### Safeguarding

In 2019, the RSPCA worked with The Social Care Institute of Excellence to further refine our safeguarding policy, leading to the creation of a process, a managers' guide and a documented code of conduct.

A Google safeguarding site has been created, along with information published on the RSPCA's intranet, to make it easy for both national and branch RSPCA employees and volunteers to access information and report safeguarding concerns. A safeguarding e-learning course is due to launch in 2020 and will be mandatory for all RSPCA employees. A version for volunteers was launched in 2019. Employees will be required to refresh their knowledge annually.

The RSPCA inspectorate continues to partner with the NSPCC, sharing information about child safeguarding concerns.

### Risk management

Delivering on our mission means balancing risks and opportunities. Our Board of Trustees and Executive Leadership Team together identify and review how we are managing risk as we pursue our strategic objectives, looking at our impact, our financial sustainability and our governance and compliance and determine our management of risk. The biggest risks we are managing in 2020 are:

**RISK:** The impact of the COVID-19 pandemic and resultant economic downturn leads to a fall in income and an increase in demand for our services.

**MANAGEMENT:** The trustees and executive team regularly monitor the impact of the outbreak, including UK Government advice. A task force was set up urgently in response to the outbreak to manage the immediate impact of the lockdown. Another working group was set up to plan the 'New normal' – how to get back to business as usual in the wake of the pandemic. We know that the organisation faces a prolonged period of uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the organisation holds free reserves that will help manage any short-term fall in income. Steps are being taken, on an ongoing basis, to minimise the impact on the charity's activities and the effect this may have on the organisation's supporters and beneficiaries, as detailed in 'The impact of COVID-19' section on page 24. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our frontline services are still available when needed, while ensuring the safety of our staff and the public.

**RISK:** Not being able to prevent harm to our workforce.

**MANAGEMENT:** We take health and safety management very seriously. Our Health & Safety Committee – made up of management and staff – meets regularly to review performance, review and update policies and procedures and develop and monitor plans for improving our management of health and safety. Our employees undertake mandatory training on health and safety, as well as more detailed role-specific training for certain roles. We use external experts to guide us on very specialist areas of our operations.

**RISK:** Our services don't meet the expectations of the public who fund us.

**MANAGEMENT:** We are 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. We gather customer insights in a variety of different ways – this helps inform our plans to stay relevant and deliver the services the public expect.

**RISK:** We experience short-term reduction in income as a result of external economic and financial factors beyond our control (for example: a recession; Brexit; increased competition for fundraising).

**MANAGEMENT:** We use a three-year financial planning model with scenario analysis to assess our financial risks. Our annual budget and financial review process and ongoing monitoring of financial performance provides early warning signs. We hold free reserves that are readily convertible to cash that we can draw on if needed, and the ability to flex our spending down through reducing our activities. We are growing and diversifying our donor base.

### 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 29 reports a deficit for the year of £17.2m (2018: deficit £5.7m). Our consolidated results are affected by the number of branches consolidated and the impact of branches both coming into and leaving Board trusteeship. The Society-only SOFA on page 28 reports a deficit for the year of £17.7m (2018: surplus £2.5m). The actuarial loss on the pension scheme is £9.0m compared to an actuarial gain of £18.1m in 2018. Our income for the year totalled £130.7m (2018: £142.0m). In 2019 we were notified of 14 high value legacies (over £500,000), with an estimated value of £10.4m (2018: 16 notifications totalling £12.3m), (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 2019 is £146.0m (2018: £158.6m). There was a net cash outflow from operations of £14.8m compared to a £20.1m net cash outflow in 2018 as shown by the Consolidated Cash Flow Statement on page 31. As part of the 10-year strategy development, the RSPCA reviewed all its activities and carried out a consultation on a restructure to make it a financially sustainable charity. Following a 45-day consultation, the difficult decision was taken to make 269 redundancies and close four sites.

## 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 1998; the RSPCA implementation of these Acts in 2019 is also set out.

*How 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 Chartered 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 2019?*

In 2019 there have been 45 breaches of the Data Protection Act 1998 (2018: 33 breaches).

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

The Finance, Audit and Risk Committee monitors our fundraising activities and ensures compliance with legislation, Chartered Institute of Fundraising Codes and best practice, while upholding the values of the Society.

*How many complaints were received by the RSPCA in 2019 for the purpose of fundraising?*

The RSPCA received 357 complaints in 2019 (2018: 565). By far the largest number of complaints concerned door-to-door fundraising which included complaints relating to a general dislike of door-to-door fundraising or calls made too late in the day. Two of the complaints were classified as serious. Of these complaints (99.7%) 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; it has reviewed its policy and the implementation of 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 that 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 that we use.

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 the Society is holding with them. Where this is not the case we will stop the communication and where relevant refund any monies. This policy is on the RSPCA website.

## Performance

Fundraising costs for 2019 are £23.8m (2018: £29.3m). Income from fundraising, excluding legacies, decreased by £1.6m in 2019 to £39.6m (2018: £41.2m).

## Financial position of subsidiary company undertakings

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 distributed to the RSPCA at year end. In 2019 RSPCA Trading had income of £1.7m (2018, £1.4m). Outgoing resources were £1.4m (2018, £1.0m) and £0.3m of profit was transferred to the RSPCA (2018, £0.4m).

Freedom Food Limited, which trades as RSPCA Assured, promotes RSPCA approved welfare standards in livestock farming. Freedom Food activities generated income of £3.7m (2018, £3.5m) and incurred costs of £3.7m (2018, £3.2m).

The branches in temporary Board trusteeship generated an income of £6.0m (2018 £6.0m) and incurred costs of £5.6m (2018: £14.4m). These amounts included gains on acquisition of £1.4m (2018: £1.2m) and losses on disposal of £0.4m (2018: £11.1m) 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 2019 was £88.6m (2018: £99.8m). Net gains of £7.2m are reported in the Group Statement of Financial Activity (SOFA) for 2019.

During 2019 the Finance, Audit and Risk Committee had delegated overall responsibility for the RSPCA's investment strategy and the investment sub-committee (now Investment Committee) continues to refine this. The funds are overseen by our investment advisers, Epoch Consulting. 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

We commented last year that the implementation of our new investment strategy in 2016 proved particularly important. This has been the case throughout 2019, with need to draw on funds to support a number of projects throughout the year.

Both the 'Reserves Overflow' portfolio (which was designed to sit between the cash reserves and the long-term fund) and long-term portfolio have helped provide support for capital withdrawals.

The investment committee continues to receive external input from one pro-bono adviser specialising in Socially Responsible Investment.

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

## Market overview

2019 was a particularly strong one for equity markets. The MSCI All World finished the year up almost 24%. This has been partially helped by greater clarification between the US-China trade deal

and the UK political deadlock. Despite this, the main UK equity market (the FTSE 100) lagged most major indices, returning in excess of 17% over the course of the year.

While 2019 was one of market strength, the opposite can be said since the start of 2020, with the COVID-19 pandemic and a major dispute over oil having a detrimental impact on portfolio values. While we do not anticipate permanent capital loss to the portfolio, there has been significant volatility. The UK equity market has continued to struggle and while this element of our portfolio has disappointed, it has been supported by better performance in global equity markets. We therefore feel that the need for active management and careful stewardship is more important than ever before. Our managers having discretionary powers helps us provide comfort in times like this.

It is clear that many investors focus on short-term movements in the financial markets. We are conscious however that most growth (and in many cases, income) is likely to be derived from equity markets over the longer term and therefore cannot shun this asset class, especially with a long-term time horizon.

## Fund performance

The long-term portfolio achieved a return of +13.1% in the 12 months to 31 December 2019, compared to the return target (CPI plus 4%) of +5.1%. Over the past five years, the portfolio has returned 6.5% p.a. against the 5.7% p.a. return target.

In line with our investment policy, we monitor our portfolio using 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 11.3% the previous 12 months. Over a five-year annualised basis, the figure is 4.5% p.a.

The 'Reserves overflow' fund portfolio has returned 2.87% for the 12 months to 31 December 2019. This was marginally behind the CPI+2% target (which is 3.1%), and behind the peer-group benchmark of 4.38%.

### 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 increased by £7.8m in 2019 to £36.5m.

### 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 temporary Board 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 2019, the balance of restricted reserves was £29.5m (2018, £32.9m).

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 2019, the balance of designated funds was £97.5m.

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 £75 and £100 million is deemed appropriate. At 31 December 2019, our free reserves stood at £90.3m (2018: £92.3m).

The current risks around COVID-19 are an example of why we hold such free reserves and these will be used accordingly to ensure the RSPCA remains a going concern.

### Looking forward

Through 2020 to 2022 we will have a strong focus on bringing our day-to-day costs down, so that we move into surplus and start to build reserves. A major element of this is the annual savings that we will deliver through the reduction in our headcount. Following a 45-day collective consultation, the difficult decision was taken to make 269 roles redundant and close four sites.

We have ambitions to grow our supporter base and income, and will retain our focus on investing in the areas that are cost effective and deliver the best returns.

## The impact of COVID-19

The trustees reviewed the RSPCA's financial plans in December 2019, as part of their routine annual review, as well as the Society's principal financial risks. At that time, they were satisfied that the Society had sufficient resources to continue operating for the foreseeable future.

Since then, the effect of COVID-19 has also been assessed by the trustees (from April to September 2020), reviewing the organisation's ongoing forecasts and projections to ensure that the RSPCA remains financially viable.

The impact of COVID-19 will have unprecedented outcomes for our society and the economy. For the year ending 31 December 2020, one of the most significant areas that is likely to affect the RSPCA's net assets are the number of regular donors, which could drop significantly by the end of 2020. Legacy income is expected to fall by around £13m, with falls in the stock and property markets and delays in administration. The charity's listed investments have also fallen significantly in value and the future remains uncertain, while the defined benefit pension fund liabilities have increased with the change in bond yields.

Our four priorities for how we respond to COVID-19 are:

- protect our people and branches
- safeguard animal welfare
- ensure our future financial sustainability and strategic fit
- take an external view and align our responses to the wider sector.

Our frontline services have had to evolve in line with, and where possible, ahead of the unfolding crisis. We have had to respond by making some unprecedented and difficult decisions as to the frontline service we can offer during this national crisis, so in April 2020 we made the decision to stop running a 24-hour service. We are currently (as at September 2020) still focusing on emergency tasking only. We have implemented home working solutions for office-based staff where possible and put a substantial number of staff on furlough.

There could be a significant drain on our liquidity and we continue to consider pessimistic, middle case, and optimistic alternative scenarios. We have formed a small team reporting to the CEO, to work with and across the Society to drive scrutiny and a series of challenges on costs in the short term and also in the mid to long term – changes that need to start now in order to deliver the strategy.

The RSPCA has a strong balance sheet, with an investment and property portfolio and so the trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

As such, they remain satisfied that the RSPCA can continue operating for the foreseeable future and accounts have been prepared in the knowledge that the RSPCA is a financially viable organisation. In the trustees' opinion there is no material uncertainty over the RSPCA's ability to continue as a going concern for at least 12 months.

# Summary financial report

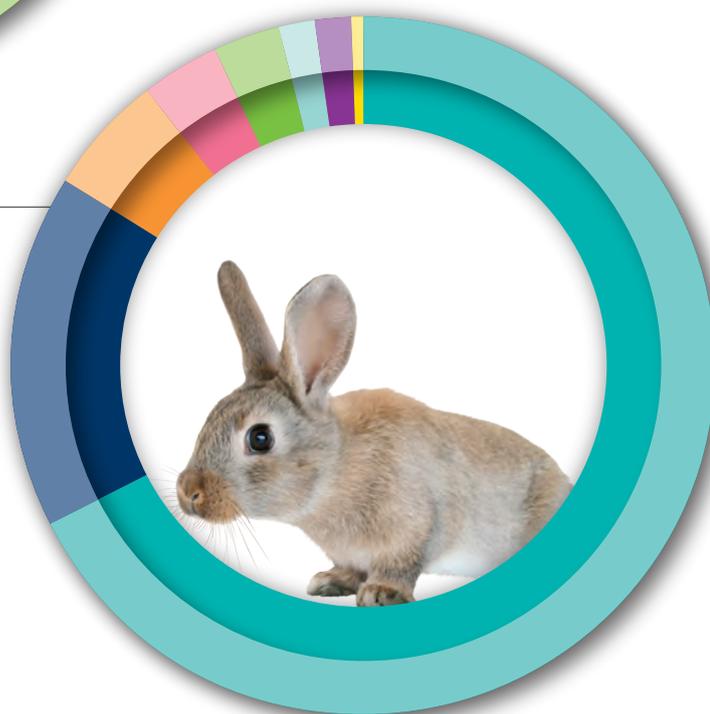


## OUR INCOME 2019 £130.7m

|                               |        |
|-------------------------------|--------|
| ● Legacy income               | £69.0m |
| ● Contributions and donations | £39.6m |
| ● Charitable activities       | £11.2m |
| ● Other income                | £9.2m  |
| ● Investment income           | £1.7m  |

## OUR EXPENDITURE 2019 £146m

|  |        |
|--|--------|
| ● Field animal welfare                   | £98.8m |
| - hospitals and animal centres (£43.0m)  |        |
| - inspectorate (£50.8m)                  |        |
| - prosecutions – animal care (£5.0m)     |        |
| ● Cost of raising funds                  | £23.8m |
| ● Support to branches                    | £8.4m  |
| ● Campaigns, communication, publications | £5.0m  |
| ● Prosecutions – legal                   | £4.5m  |
| ● Science                                | £2.4m  |
| ● Education                              | £2.3m  |
| ● International                          | £0.8m  |



SIGNED ON BEHALF OF THE RSPCA BOARD

**René Olivieri**  
CHAIRPERSON RSPCA BOARD  
14 OCTOBER 2020

**Barbara Gardner**  
TREASURER RSPCA  
14 OCTOBER 2020

# 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 2019 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 2019 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 12 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:

Chair's Foreword, Chief Executive'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 Board of Trustees' 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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](http://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.

### **BDO LLP, statutory auditor**

**London, UK**

**Date: 15 October 2020**

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 2019

|  | UNRESTRICTED<br>FUNDS<br>£'000 | RESTRICTED<br>FUNDS<br>£'000 | ENDOWMENT<br>FUNDS<br>£'000 | TOTAL<br>2019<br>£'000 | Restated<br>TOTAL<br>2018<br>£'000 |
|--|--------------------------------|------------------------------|-----------------------------|------------------------|------------------------------------|
| <b>Income and endowments from:</b>                                   |                                |                              |                             |                        |                                    |
| Donations and legacies   | 101,085                        | 6,287                        | 0                           | 107,372                | 121,099                            |
| Charitable activities  | 5,825                          | 47                           | 0                           | 5,872                  | 5,575                              |
| Other trading activities   | 4,203                          | 0                            | 0                           | 4,203                  | 2,663                              |
| Investments  | 1,466                          | 158                          | 9                           | 1,633                  | 1,819                              |
| Gains on disposal of tangible fixed assets                           | 1,831                          | 0                            | 0                           | 1,831                  | 1,118                              |
| Other  | 317                            | 0                            | 0                           | 317                    | 361                                |
| <b>Total income</b>  | <b>114,727</b>                 | <b>6,492</b>                 | <b>9</b>                    | <b>121,228</b>         | <b>132,635</b>                     |
| <b>Expenditure on:</b>   |                                |                              |                             |                        |                                    |
| Charitable activities  | 113,600                        | 2,112                        | 0                           | 115,712                | 113,903                            |
| Raising funds  | 21,190                         | 46                           | 8                           | 21,244                 | 27,165                             |
| <b>Total expenditure</b>   | <b>134,790</b>                 | <b>2,158</b>                 | <b>8</b>                    | <b>136,956</b>         | <b>141,068</b>                     |
| Net gains/(losses) on investments                                    | 6,031                          | 266                          | 797                         | 7,094                  | (7,117)                            |
| <b>Net (expenditure)/income</b>                                      | <b>(14,032)</b>                | <b>4,600</b>                 | <b>798</b>                  | <b>(8,634)</b>         | <b>(15,550)</b>                    |
| <b>Transfers between funds</b>                                       | <b>9,223</b>                   | <b>(9,185)</b>               | <b>(38)</b>                 | <b>0</b>               | <b>0</b>                           |
| <b>Other recognised gains:</b>                                       |                                |                              |                             |                        |                                    |
| Actuarial (loss)/gain on defined benefit pension scheme              | (9,032)                        | 0                            | 0                           | (9,032)                | 18,068                             |
| <b>Net movement in funds</b>   | <b>(13,841)</b>                | <b>(4,585)</b>               | <b>760</b>                  | <b>(17,666)</b>        | <b>2,518</b>                       |
| <b>Reconciliation of funds:</b>                                      |                                |                              |                             |                        |                                    |
| Fund balances brought forward at 1 January as restated:              | 201,686                        | 12,109                       | 9,273                       | 223,068                | 220,550                            |
| <b>Fund balances carried forward at 31 December:</b>                 | <b>187,845</b>                 | <b>7,524</b>                 | <b>10,033</b>               | <b>205,402</b>         | <b>223,068</b>                     |
| <b>Prior year reconciliation of funds</b>                            |                                |                              |                             |                        |                                    |
| Fund balances brought forward at 1 January 2018 as previously stated | 197,362                        | 11,776                       | 9,912                       | 219,050                |                                    |
| Prior year adjustment (note 25)                                      | 1,500                          | 0                            | 0                           | 1,500                  |                                    |
| <b>Fund balances carried forward at 1 January 2018 as restated</b>   | <b>198,862</b>                 | <b>11,776</b>                | <b>9,912</b>                | <b>220,550</b>         |                                    |
| Net movement in funds  | 2,824                          | 333                          | (639)                       | 2,518                  |                                    |
| <b>Fund balances carried forward at 31 December 2018</b>             | <b>201,686</b>                 | <b>12,109</b>                | <b>9,273</b>                | <b>223,068</b>         |                                    |

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.

The notes on pages 32 to 49 form part of these accounts.

# Consolidated statement of financial activities

YEAR ENDED 31 DECEMBER 2019

|  | Notes | UNRESTRICTED<br>FUNDS<br>£'000 | RESTRICTED<br>FUNDS<br>£'000 | ENDOWMENT<br>FUNDS<br>£'000 | TOTAL<br>2019<br>£'000 | Restated<br>TOTAL<br>2018<br>£'000 |
|--|-------|--------------------------------|------------------------------|-----------------------------|------------------------|------------------------------------|
| <b>Income and endowments from:</b>                                   |       |                                |                              |                             |                        |                                    |
| Donations and legacies   | 2a    | 100,147                        | 8,404                        | 0                           | 108,551                | 122,576                            |
| Charitable activities  | 2b    | 8,874                          | 2,313                        | 0                           | 11,187                 | 10,909                             |
| Other trading activities   | 2c    | 5,493                          | 1,521                        | 0                           | 7,014                  | 4,796                              |
| Investments  | 2d    | 1,466                          | 205                          | 9                           | 1,680                  | 1,822                              |
| Gains on disposal of tangible fixed assets                           | 2e    | 1,831                          | 51                           | 0                           | 1,882                  | 1,118                              |
| Other  | 2f    | 317                            | 36                           | 0                           | 353                    | 795                                |
| <b>Total income</b>  |       | <b>118,128</b>                 | <b>12,530</b>                | <b>9</b>                    | <b>130,667</b>         | <b>142,016</b>                     |
| <b>Expenditure on:</b>   |       |                                |                              |                             |                        |                                    |
| Charitable activities  | 3a    | 115,606                        | 6,579                        | 0                           | 122,185                | 129,258                            |
| Raising funds  | 3b    | 22,582                         | 1,207                        | 8                           | 23,797                 | 29,304                             |
| <b>Total expenditure</b>   |       | <b>138,188</b>                 | <b>7,786</b>                 | <b>8</b>                    | <b>145,982</b>         | <b>158,562</b>                     |
| Net gains/(losses) on investments                                    |       | 6,031                          | 349                          | 797                         | 7,177                  | (7,177)                            |
| <b>Net (expenditure)/income</b>                                      |       | <b>(14,029)</b>                | <b>5,093</b>                 | <b>798</b>                  | <b>(8,138)</b>         | <b>(23,723)</b>                    |
| <b>Transfers between funds</b>                                       | 15    | <b>9,223</b>                   | <b>(9,185)</b>               | <b>(38)</b>                 | <b>0</b>               | <b>0</b>                           |
| <b>Other recognised gains/(losses):</b>                              |       |                                |                              |                             |                        |                                    |
| Actuarial (loss)/gain on defined benefit pension scheme              | 23    | (9,032)                        | 0                            | 0                           | (9,032)                | 18,068                             |
| <b>Net movement in funds</b>   |       | <b>(13,838)</b>                | <b>(4,092)</b>               | <b>760</b>                  | <b>(17,170)</b>        | <b>(5,655)</b>                     |
| <b>Reconciliation of funds:</b>                                      |       |                                |                              |                             |                        |                                    |
| Fund balances brought forward at 1 January as restated:              |       | 203,075                        | 23,587                       | 9,273                       | 235,935                | 241,590                            |
| <b>Fund balances carried forward at 31 December:</b>                 |       | <b>189,237</b>                 | <b>19,495</b>                | <b>10,033</b>               | <b>218,765</b>         | <b>235,935</b>                     |
| <b>Prior year reconciliation of funds</b>                            |       |                                |                              |                             |                        |                                    |
| Fund balances brought forward at 1 January 2018 as previously stated |       | 198,472                        | 31,706                       | 9,912                       | 240,090                |                                    |
| Prior year adjustment (note 25)                                      |       | 1,500                          | 0                            | 0                           | 1,500                  |                                    |
| <b>Fund balances carried forward at 1 January 2018 as restated</b>   |       | <b>199,972</b>                 | <b>31,706</b>                | <b>9,912</b>                | <b>241,590</b>         |                                    |
| Net movement in funds  |       | 3,103                          | (8,119)                      | (639)                       | (5,655)                |                                    |
| <b>Fund balances carried forward at 31 December 2018</b>             |       | <b>203,075</b>                 | <b>23,587</b>                | <b>9,273</b>                | <b>235,935</b>         |                                    |

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.

The notes on pages 32 to 49 form part of these accounts.

# Consolidated and charity balance sheets

AS AT 31 DECEMBER 2019

|   | Notes | GROUP<br>2019<br>£'000 | Restated<br>GROUP<br>2018<br>£'000 | CHARITY<br>2019<br>£'000 | Restated<br>CHARITY<br>2018<br>£'000 |
|---|-------|------------------------|------------------------------------|--------------------------|--------------------------------------|
| <b>Fixed assets</b>                                 |       |                        |                                    |                          |                                      |
| Intangible assets                                   | 4     | 9,158                  | 5,779                              | 9,158                    | 5,779                                |
| Tangible assets                                     | 5     | 75,730                 | 77,610                             | 69,137                   | 71,647                               |
| Investments   | 6     | 88,605                 | 99,797                             | 87,643                   | 98,718                               |
| Programme related investments                       | 6c    | 1,049                  | 749                                | 1,411                    | 749                                  |
| <b>Total fixed assets</b>                           |       | <b>174,542</b>         | 183,935                            | <b>167,349</b>           | 176,893                              |
| <b>Current assets</b>                               |       |                        |                                    |                          |                                      |
| Stocks  | 7     | 197                    | 238                                | 0                        | 0                                    |
| Debtors   | 8     | 76,558                 | 80,194                             | 75,297                   | 77,848                               |
| Cash at bank and in hand                            |       | 20,778                 | 20,346                             | 15,038                   | 16,514                               |
| <b>Total current assets</b>                         |       | <b>97,533</b>          | 100,778                            | <b>90,335</b>            | 94,362                               |
| <b>Creditors</b>                                    |       |                        |                                    |                          |                                      |
| <b>Amounts falling due within one year</b>          | 9     | <b>(16,467)</b>        | (19,982)                           | <b>(15,439)</b>          | (19,391)                             |
| <b>Net current assets</b>                           |       | <b>81,066</b>          | 80,796                             | <b>74,896</b>            | 74,971                               |
| <b>Total assets less current liabilities</b>        |       | <b>255,608</b>         | 264,731                            | <b>242,245</b>           | 251,864                              |
| <b>Creditors</b>                                    |       |                        |                                    |                          |                                      |
| <b>Amounts falling due after more than one year</b> |       |                        |                                    |                          |                                      |
| Provisions for liabilities and charges              | 10    | (331)                  | (92)                               | (331)                    | (92)                                 |
| Defined benefit pension liability                   | 23    | (36,512)               | (28,704)                           | (36,512)                 | (28,704)                             |
| <b>Total net assets</b>                             |       | <b>218,765</b>         | 235,935                            | <b>205,402</b>           | 223,068                              |
| <b>The funds of the Charity:</b>                    |       |                        |                                    |                          |                                      |
| Endowment funds                                     | 15    | 10,033                 | 9,273                              | 10,033                   | 9,273                                |
| Restricted income funds                             | 15    | 19,495                 | 23,587                             | 7,524                    | 12,109                               |
| Unrestricted income funds:                          |       |                        |                                    |                          |                                      |
| Pension reserve                                     | 15    | (36,512)               | (28,704)                           | (36,512)                 | (28,704)                             |
| Other charitable funds                              |       | 106,836                | 106,954                            | 105,280                  | 105,518                              |
| Fair value reserve – investments                    |       | 21,414                 | 15,475                             | 21,578                   | 15,522                               |
| Designated funds                                    | 15    | 97,499                 | 109,350                            | 97,499                   | 109,350                              |
| <b>Total funds</b>                                  |       | <b>218,765</b>         | 235,935                            | <b>205,402</b>           | 223,068                              |

The notes on pages 32 to 49 form part of these accounts.

These accounts were approved by the Board of Trustees and signed on its behalf by:

René Olivieri  
CHAIR, RSPCA  
14 OCTOBER 2020

Barbara Gardner  
TREASURER, RSPCA  
14 OCTOBER 2020

# Consolidated cash flow statement

YEAR ENDED 31 DECEMBER 2019

|   | Notes    | 2019<br>£'000   | Restated<br>2018<br>£'000 |
|---|----------|-----------------|---------------------------|
| <b>Cash flows from operating activities:</b>                              |          |                 |                           |
| <b>Net cash used in operating activities</b>                              | <b>A</b> | <b>(14,818)</b> | <b>(20,143)</b>           |
| Cash flows from investing activities:                                     |          |                 |                           |
| Dividends, interest and rents from investments                            |          | 1,620           | 1,762                     |
| Interest received   |          | 60              | 60                        |
| Proceeds from the sale of property, equipment and motor vehicles          |          | 1,970           | 1,665                     |
| Purchase of intangibles   |          | (3,927)         | (5,779)                   |
| Purchase of property, plant and equipment                                 |          | (2,477)         | (3,299)                   |
| Proceeds from sale of investments   |          | 26,885          | 29,613                    |
| Purchases of investments  |          | (8,581)         | (19,424)                  |
| Additional programme related investments                                  |          | (300)           | (188)                     |
| <b>Net cash provided by investing activities</b>                          |          | <b>15,250</b>   | <b>4,410</b>              |
| <b>Change in cash and cash equivalents in the reporting period</b>        |          | <b>432</b>      | <b>(15,733)</b>           |
| <b>Cash and cash equivalents at the beginning of the reporting period</b> |          | <b>20,346</b>   | <b>36,079</b>             |
| <b>Cash and cash equivalents at the end of the reporting period</b>       | <b>B</b> | <b>20,778</b>   | <b>20,346</b>             |

## Notes to the consolidated cash flow statement

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

|  |  |                 |                 |
|--|--|-----------------|-----------------|
| Net expenditure for the reporting period       |  | (8,138)         | (23,723)        |
| Depreciation charges                           |  | 5,054           | 4,181           |
| (Gains)/losses on investments                  |  | (7,177)         | 7,177           |
| Dividends, interest and rents from investments |  | (1,680)         | (1,822)         |
| Profit on disposal of fixed assets             |  | (1,882)         | (1,118)         |
| Non cash branch acquisitions                   |  | (292)           | (778)           |
| Non cash branch disposals                      |  | 120             | 7,514           |
| Decrease/(increase) in stocks                  |  | 41              | (20)            |
| Decrease/(increase) in debtors                 |  | 3,636           | (14,240)        |
| (Decrease)/increase in creditors               |  | (3,515)         | 2,214           |
| Increase/(decrease) in provisions              |  | 239             | (44)            |
| Other adjustments including Pension funding    |  | (1,224)         | 516             |
| <b>Net cash used in operating activities</b>   |  | <b>(14,818)</b> | <b>(20,143)</b> |

### B) Analysis of cash and cash equivalents

|  |  |               |               |
|--|--|---------------|---------------|
| Cash in hand                           |  | 20,778        | 20,346        |
| Loans and overdraft                    |  | 0             | 0             |
| <b>Total cash and cash equivalents</b> |  | <b>20,778</b> | <b>20,346</b> |

No reconciliation of net debt has been prepared as the RSPCA holds only cash and cash equivalents.

The notes on pages 32 to 49 form part of these accounts.

# Notes to the accounts

YEAR ENDED 31 DECEMBER 2019

## 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued October 2019 and the Charities Act 2011, UK Generally Accepted Practice and the RSPCA Rules.

As an overriding principle, the financial statements are prepared so as to give a true and fair view in accordance with the 2008 regulations.

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) Going concern

The trustees reviewed the RSPCA's plans in December 2019 and were content that these plans were affordable and that the accounts should be prepared on a going concern basis. However, the impact of the recent COVID-19 outbreak and its financial effect has meant that the executive team and trustees have been reviewing financial plans for the next 12 months and beyond to ensure the RSPCA can continue its activities and remain a going concern.

The Government's decisions on social distancing are expected to have a significant effect on the RSPCA's financial situation and a significant reduction in total income. This is across all areas of income, with much of this from legacy income as we see falls in investments, property prices and a delay in the administration of Wills. We also expect to see a reduction in fundraising income, through a fall in regular donors. The pessimistic case shows our regular donor numbers falling by circa 25 percent by the end of 2020. Legacy income is expected to fall by around £13m, with falls in the stock and property markets and delays in administration. There has also been a significant fall in the value of the RSPCA's investments and the future remains uncertain.

The trustees have ratified the formation of a small independent team, reporting to the CEO, to work with and across the RSPCA to drive scrutiny and a series of challenges on costs in the short term and also on the mid to long term changes that need to start now to deliver the strategy.

We have responded by making some unprecedented and difficult decisions as to the frontline service we can offer during this national crisis and in April, we stopped running a 24-hour service. We are currently focusing on emergency tasking only due to the COVID-19 lock down, we will maintain this focus until lockdown eases. We have implemented home working solutions for office based staff where possible and put a substantial number of staff on furlough.

The length of the COVID-19 outbreak and the measures taken by the Government to contain this are not known and outside of our control but we have put processes in place to manage cashflow on

a regular basis and review financial stability as matters progress.

Given the strength of the balance sheet with a large investment and property portfolio, the trustees believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the RSPCA's ability to continue as a going concern. The trustees, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

The potential effect on the balance sheet for 2020 is explained further in note 24.

### c) 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. The significant estimates are:

**Income recognition** – The Charity recognises income on a receivable basis where the amount is reliably measurable and there is adequate probability of receipt. Income recognition policies are detailed in the accounting policy for income. When it is considered that the key criteria of entitlement, probability and measurement for income recognition are not fulfilled for a transaction, income recognition is delayed until these have been judged to have been met.

**Fixed assets** – The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life. The useful economic life of an asset is determined at the time the asset is acquired or brought into use and reviewed annually for appropriateness. The lives are based on historical experience together with anticipation of future events. Depreciation policy is detailed in the accounting policy for depreciation.

**Accruals, provisions and contingencies** – Expenditure incurred in the reporting period where there is uncertainty as to the final amount to be paid is accounted for on the basis of an estimate where this treatment is considered to be appropriate. An accrual is recognised when it is probable that an obligation exists for which a reliable estimate can be made. Accruals are reviewed periodically and reversed if judged unnecessary (see note 25). Matters that are either possible obligations or do not meet the recognition criteria for a provision are disclosed as contingent liabilities. If the possibility of transferring economic benefit is considered to be remote no reference is made.

### d) 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 150 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, the Board of Trustees 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 Board trusteeship. Further information on these branches is given in note 18 to the accounts.

#### **e) 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.

#### **f) Computers and other equipment**

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

#### **g) 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, within unrestricted funds 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.

#### **h) Depreciation**

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 remaining on the lease, 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 five years.

Land is not depreciated.

#### **i) Investments**

Stocks and shares are measured at bid value at the balance sheet

date. 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.

#### **j) 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.

#### **k) 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 measurable.

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. 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 and accrued 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

# Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2019

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, Audit 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.

## **l) 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 is presented separately after other net assets on the face of the balance sheet.

The Charity also contributes to a defined contribution pension scheme for salaried employees. Payments made to the scheme and charged to the accounts comprise current contributions. Pension contributions are charged to the Statement of Financial Activities as incurred. The pension cost charge represents contributions payable under the terms of employees' contracts. The Charity has no pension liabilities other than for the payment of those contributions.

## **m) 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.

## **n) 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.

## **o) Expenditure on raising funds**

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

## **p) 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 as at the balance sheet date, are included in the balance sheet as current liabilities.

## **q) Operating leases**

Rental costs under operating leases are included in total expenditure in annual instalments, in accordance with the lease terms, over the period of the leases.

## **r) Fund accounting**

Endowment, restricted and unrestricted 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 the Board. Details of designated funds are set out in note 17.

## **s) Stocks**

Stocks are stated at the lower of cost and the net realisable value. Provision is made for slow moving or obsolete items.

# Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2019

|                                     | UNRESTRICTED<br>FUNDS<br>£'000 | RESTRICTED<br>FUNDS<br>£'000 | ENDOWMENT<br>FUNDS<br>£'000 | TOTAL<br>2019<br>£'000 | TOTAL<br>2018<br>£'000 |
|-------------------------------------|--------------------------------|------------------------------|-----------------------------|------------------------|------------------------|
| <b>2 INCOME AND ENDOWMENTS</b>      |                                |                              |                             |                        |                        |
| <b>a) Donations and legacies</b>    |                                |                              |                             |                        |                        |
| Legacy income                       | 64,232                         | 4,737                        | 0                           | 68,969                 | 81,381                 |
| Contributions and donations         | 35,915                         | 3,667                        | 0                           | 39,582                 | 41,195                 |
| <b>Total donations and legacies</b> | <b>100,147</b>                 | <b>8,404</b>                 | <b>0</b>                    | <b>108,551</b>         | <b>122,576</b>         |

The income from donations and legacies in 2018 was £122,576k of which £109,078k was unrestricted and £13,498k was restricted.

## b) Income from charitable activities

|  |              |              |          |               |               |
|--|--------------|--------------|----------|---------------|---------------|
| Sale of goods                                  | 2,072        | 335          | 0        | 2,407         | 2,258         |
| Rehoming, veterinary and boarding income       | 2,393        | 299          | 0        | 2,692         | 2,712         |
| Costs recovered                                | 946          | 0            | 0        | 946           | 840           |
| RSPCA welfare assessment and licence fees      | 3,342        | 0            | 0        | 3,342         | 3,120         |
| Other fees and charges received                | 121          | 1,679        | 0        | 1,800         | 1,979         |
| <b>Total income from charitable activities</b> | <b>8,874</b> | <b>2,313</b> | <b>0</b> | <b>11,187</b> | <b>10,909</b> |

The income from charitable activities in 2018 was £10,909k of which £8,545k was unrestricted and £2,364k was restricted.

Costs recovered includes £806k awarded to the RSPCA in successful prosecutions (2018: £728k).

Other fees and charges received includes £1,370k of branch acquisition gains, arising on consolidation only (2018: £1,237k).

## c) Other trading activities

|                                       |              |              |          |              |              |
|---------------------------------------|--------------|--------------|----------|--------------|--------------|
| Sale of goods                         | 821          | 0            | 0        | 821          | 827          |
| Income from royalties and sponsorship | 482          | 0            | 0        | 482          | 405          |
| Income from social lotteries          | 4,188        | 0            | 0        | 4,188        | 2,562        |
| Other                                 | 2            | 1,521        | 0        | 1,523        | 1,002        |
| <b>Total other trading activities</b> | <b>5,493</b> | <b>1,521</b> | <b>0</b> | <b>7,014</b> | <b>4,796</b> |

The income from other trading activities in 2018 was £4,796k of which £3,799k was unrestricted and £997k was restricted.

## d) Investment income

|                                |              |            |          |              |              |
|--------------------------------|--------------|------------|----------|--------------|--------------|
| Income from listed investments | 1,466        | 145        | 9        | 1,620        | 1,762        |
| Bank and other interest        | 0            | 60         | 0        | 60           | 60           |
| <b>Total investment income</b> | <b>1,466</b> | <b>205</b> | <b>9</b> | <b>1,680</b> | <b>1,822</b> |

The income from investments in 2018 was £1,822k of which £1,530k was unrestricted, £286k was restricted and £6k was in respect of endowment funds.

## e) Gains on disposal of tangible fixed assets

|   |              |           |          |              |              |
|---|--------------|-----------|----------|--------------|--------------|
| Disposal of fixed assets                                | 1,831        | 51        | 0        | 1,882        | 1,118        |
| <b>Total gains on disposal of tangible fixed assets</b> | <b>1,831</b> | <b>51</b> | <b>0</b> | <b>1,882</b> | <b>1,118</b> |

The gains on disposal of tangible fixed assets in 2018 was £1,118k, all of which was unrestricted.

## f) Other income

|                           |            |           |          |            |            |
|---------------------------|------------|-----------|----------|------------|------------|
| Other fees and charges    | 317        | 36        | 0        | 353        | 795        |
| <b>Total other income</b> | <b>317</b> | <b>36</b> | <b>0</b> | <b>353</b> | <b>795</b> |

Total other income in 2018 was £795k of which £361k was unrestricted and £434k was restricted.

| 3 EXPENDITURE<br>a) Charitable activities   | UNRESTRICTED FUNDS |                  |                | RESTRICTED<br>FUNDS | ENDOWMENT<br>FUNDS | TOTAL<br>2019  | Restated       |
|---|--------------------|------------------|----------------|---------------------|--------------------|----------------|----------------|
|   | DIRECT             | SUPPORT<br>COSTS | TOTAL          |                     |                    |                | TOTAL          |
|   | £'000              | £'000            | £'000          |                     |                    |                | 2018           |
| Field animal welfare:                       |                    |                  |                |                     |                    |                | £'000          |
| - hospitals and animal centres              | 30,748             | 7,277            | 38,025         | 5,024               | 0                  | 43,049         | 48,311         |
| - inspectorate                              | 44,784             | 5,938            | 50,722         | 85                  | 0                  | 50,807         | 42,128         |
| - prosecutions – animal care                | 4,394              | 582              | 4,976          | 0                   | 0                  | 4,976          | 4,772          |
| Support to branches                         | 7,524              | 453              | 7,977          | 419                 | 0                  | 8,396          | 19,112         |
| Prosecutions – legal                        | 4,250              | 212              | 4,462          | 0                   | 0                  | 4,462          | 4,423          |
| Campaigns, communication, publications      | 4,139              | 765              | 4,904          | 145                 | 0                  | 5,049          | 5,688          |
| Science                                     | 1,395              | 437              | 1,832          | 538                 | 0                  | 2,370          | 2,051          |
| Education                                   | 1,635              | 413              | 2,048          | 207                 | 0                  | 2,255          | 1,893          |
| International                               | 622                | 38               | 660            | 161                 | 0                  | 821            | 880            |
| <b>Total costs of charitable activities</b> | <b>99,491</b>      | <b>16,115</b>    | <b>115,606</b> | <b>6,579</b>        | <b>0</b>           | <b>122,185</b> | <b>129,258</b> |

Expenditure on charitable activities in 2018 was £129,458k of which £113,809k was unrestricted and £15,649k was restricted.

|                                   | TOTAL<br>2019<br>£'000 | TOTAL<br>2018<br>£'000 |
|-----------------------------------|------------------------|------------------------|
| <b>Support to branches:</b>       |                        |                        |
| Branch support officers           | 1,407                  | 1,484                  |
| Shared fundraising income grant * | 4,380                  | 4,679                  |
| Grants **                         | 782                    | 11,306                 |
| Cost of sales                     | 1,190                  | 1,131                  |
| Other support                     | 637                    | 512                    |
| <b>Total support to branches</b>  | <b>8,396</b>           | <b>19,112</b>          |

\*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 £366k of branch disposal losses arising on consolidation only (2018: £11,062k).

| b) Raising funds.                   | UNRESTRICTED FUNDS |                  |               | RESTRICTED<br>FUNDS | ENDOWMENT<br>FUNDS | TOTAL<br>2019 | TOTAL         |
|-------------------------------------|--------------------|------------------|---------------|---------------------|--------------------|---------------|---------------|
|                                     | DIRECT             | SUPPORT<br>COSTS | TOTAL         |                     |                    |               | 2018          |
|                                     | £'000              | £'000            | £'000         |                     |                    |               | £'000         |
| Fundraising activities              | 20,120             | 1,070            | 21,190        | 1,207               | 8                  | 22,405        | 28,265        |
| Non-charitable trading activities   | 1,392              | 0                | 1,392         | 0                   | 0                  | 1,392         | 1,039         |
| <b>Total costs of raising funds</b> | <b>21,512</b>      | <b>1,070</b>     | <b>22,582</b> | <b>1,207</b>        | <b>8</b>           | <b>23,797</b> | <b>29,304</b> |

Expenditure on raising funds in 2018 was £29,304k of which £28,039k was unrestricted and £1,267k was restricted and (£2k) was in respect of endowment funds.

# Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2019

## 3 EXPENDITURE (CONTINUED)

|   | Notes | TOTAL<br>2019<br>£'000 | TOTAL<br>2018<br>£'000 |
|---|-------|------------------------|------------------------|
| <b>c) Support, governance and administration costs</b>    |       |                        |                        |
| Governance  |       | 921                    | 819                    |
| Finance and supporter service                             |       | 3,718                  | 3,569                  |
| Headquarters services                                     |       | 1,402                  | 1,363                  |
| Central information technology and communications         |       | 4,854                  | 4,293                  |
| Legal   |       | 753                    | 1,059                  |
| Human resources and training                              |       | 4,749                  | 3,248                  |
| Property, printing, purchasing and transport              |       | 788                    | 975                    |
| <b>Total support, governance and administration costs</b> |       | <b>17,185</b>          | <b>15,326</b>          |
| Allocation of support and governance costs                |       |                        |                        |
| Total cost  |       | 17,185                 | 15,326                 |
| Charitable activities                                     | 3a    | (16,115)               | (14,347)               |
| Raising funds   | 3b    | (1,070)                | (979)                  |
|   |       | 0                      | 0                      |

|                           |  | TOTAL<br>2019<br>£'000 | TOTAL<br>2018<br>£'000 |
|---------------------------|--|------------------------|------------------------|
| <b>d) Grants payable:</b> |  |                        |                        |

Expenditure on charitable activities include the following grants payable:

|   |  |              |               |
|---|--|--------------|---------------|
| Support to branches   |  | 5,162        | 15,985        |
| Science, International, other                                 |  | 644          | 151           |
| <b>Total grants payable included in charitable activities</b> |  | <b>5,806</b> | <b>16,136</b> |

| RECIPIENTS OF GRANTS:                |  | TOTAL<br>2019<br>£'000 | TOTAL<br>2018<br>£'000 |
|--------------------------------------|--|------------------------|------------------------|
| RSPCA Branches – door-to-door grants |  | 4,380                  | 4,679                  |
| RSPCA Branches – neutering grants    |  | 197                    | 164                    |
| RSPCA Branches – project grants      |  | 129                    | 65                     |
| RSPCA Branches – other grants        |  | 456                    | 11,077                 |
| Other                                |  | 644                    | 151                    |
|                                      |  | 5,806                  | 16,136                 |

The door-to-door grant is a fixed rate payment to all branches (see note 3a).  
The branches use this income for general charitable purposes.

| e) Additional analysis of expenditure:                        |  | TOTAL<br>2019<br>£'000 | TOTAL<br>2018<br>£'000 |
|---|--|------------------------|------------------------|
| Included in total expenditure are fees payable in respect of: |  |                        |                        |
| Auditor's remuneration – statutory audit                      |  | 108                    | 105                    |
| Auditor's remuneration – tax advisory services                |  | 8                      | 8                      |
| Depreciation of fixed assets                                  |  | 4,506                  | 4,181                  |
| Hire of equipment under operating leases                      |  | 156                    | 102                    |
| Premises rent   |  | 451                    | 442                    |
| Trustee indemnity insurance                                   |  | 16                     | 16                     |
| Other insurance excluding motors                              |  | 345                    | 300                    |

### 3 EXPENDITURE (CONTINUED)

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

| TOTAL<br>2019<br>£'000 | TOTAL<br>2018<br>£'000 |
|------------------------|------------------------|
|------------------------|------------------------|

Employee costs included in the consolidated statement of financial activities:

|  |               |               |
|--|---------------|---------------|
| Wages and salaries                         | 52,614        | 49,777        |
| Social security costs                      | 5,286         | 4,828         |
| Employer's contribution to pension schemes | 5,296         | 4,958         |
| <b>Total employment costs</b>              | <b>63,196</b> | <b>59,563</b> |

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

|                   | Number | Number |
|-------------------|--------|--------|
| £60,000–£69,999   | 25     | 18     |
| £70,000–£79,999   | 12     | 13     |
| £80,000–£89,999   | 3      | 3      |
| £90,000–£99,999   | 1      | 0      |
| £100,000–£109,999 | 1      | 1      |
| £110,000–£119,999 | 1      | 0      |
| £130,000–£139,999 | 0      | 1      |
| £150,000–£159,999 | 1      | 0      |
| £220,000–£229,999 | 0      | 1      |

Emoluments include salary, benefits in kind and exit costs, but exclude pension scheme contributions. 44 employees earning more than £60,000 in 2019 participated in the pension scheme (2018: 37). Of the higher paid staff disclosed in the table above, one left the Society during the year (2018: three).

Employer contributions of £315k were paid into the pension scheme on behalf of these employees in 2019 (2018: £282k).

In 2019, the Charity made termination payments of £207k (2018: £335k). 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 trustee in their role as trustee. Costs and reasonable expenses incurred by trustees on behalf of the Society – such as travel, subsistence, telephone, postage and incidentals – are reimbursed. In 2019, 23 trustees were reimbursed for expenses and/or had expenses paid by the Charity (2018: 17). In 2019, trustees were reimbursed £56k (2018: £73k) for out of pocket expenses and the Society paid £7k (2018: £14k) on their behalf for expenditure incurred while performing their duties as trustees.

Mr Kevin Degenhard, a trustee, was formerly employed by the Society, latterly as Chief Inspectorate Officer. He retired in 2015 after 41 years of service and was appointed a trustee in October 2019. He is currently receiving a pension from the Society pension scheme in accordance with his entitlement under the scheme rules. As a participant in the pensioners' housing scheme he is provided with a property in which to live.

The key management personnel of the Parent Charity, the Society, comprised the Chief Executive, the Director of Communications and External Relations, the Chief Financial Officer, the Chief Legal Officer, the Chief Veterinary Officer, the Director of Income Generation, the Chief Fundraising Officer, the Interim Director of Finance IT and Planning, the Interim Director of People and Culture, the Interim Director of Field Operations, and the Chief Inspectorate Officer.

The total employee benefits, including pension scheme contributions and employer's National Insurance, of the key management personnel of the Society were £1,475k (2018: £1,127k).

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 (2018: £104k). The total employee benefits of key management personnel of the Group was therefore £1,579k (2018: £1,231k).

# Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2019

## 3 EXPENDITURE (CONTINUED)

|   | FULL-TIME<br>EQUIVALENTS<br>2019 | TOTAL<br>EMPLOYEES<br>2019 | FULL-TIME<br>EQUIVALENTS<br>2018 | TOTAL<br>EMPLOYEES<br>2018 |
|---|----------------------------------|----------------------------|----------------------------------|----------------------------|
| <b>g) Staff numbers</b>   |                                  |                            |                                  |                            |
| The analysis of the average number of employees by activity was as follows: |                                  |                            |                                  |                            |
| Hospitals and animal centres  | 739                              | 854                        | 703                              | 811                        |
| Inspectorate  | 515                              | 560                        | 505                              | 548                        |
| Prosecutions  | 17                               | 18                         | 17                               | 18                         |
| Support to branches   | 36                               | 37                         | 35                               | 36                         |
| Campaigns, communication, publications                                      | 60                               | 68                         | 56                               | 63                         |
| Science   | 34                               | 36                         | 34                               | 36                         |
| Education   | 32                               | 43                         | 27                               | 37                         |
| International   | 3                                | 3                          | 3                                | 3                          |
| Support and governance  | 148                              | 160                        | 141                              | 153                        |
| Fundraising   | 84                               | 88                         | 84                               | 90                         |
| Total average employee numbers  | 1,668                            | 1,867                      | 1,605                            | 1,795                      |

## 4 INTANGIBLE FIXED ASSETS

### GROUP AND CHARITY

### DEVELOPMENT PROJECT

£'000

#### Cost

|                            |              |
|----------------------------|--------------|
| At 1 January 2019          | 5,779        |
| Additions                  | 3,927        |
| Disposals                  | 0            |
| <b>At 31 December 2019</b> | <b>9,706</b> |

#### Accumulated amortisation

|   |              |
|---|--------------|
| At 1 January 2019                         | 0            |
| Released on disposals                     | 0            |
| Charge for the year                       | 548          |
| <b>At 31 December 2019</b>                | <b>548</b>   |
| <b>Net book value at 31 December 2019</b> | <b>9,158</b> |

|                                    |       |
|------------------------------------|-------|
| Net book value at 31 December 2018 | 5,779 |
|------------------------------------|-------|

The development project is in respect of two transformational systems which will enable the Society to more effectively manage many aspects of supporter relationships, fundraising and field operations.

| 5 TANGIBLE FIXED ASSETS<br>a) GROUP       | LEASEHOLD PROPERTY |               | FREEHOLD PROPERTY |                              | EQUIPMENT<br>£'000 | MOTOR<br>VEHICLES<br>£'000 | TOTAL<br>£'000 |
|---|--------------------|---------------|-------------------|------------------------------|--------------------|----------------------------|----------------|
|   | EQUITY<br>HOUSING  | OTHER         | EQUITY<br>HOUSING | ANIMAL<br>CENTRES &<br>OTHER |                    |                            |                |
|   | £'000              | £'000         | £'000             | £'000                        |                    |                            |                |
| <b>Cost</b>                               |                    |               |                   |                              |                    |                            |                |
| At 1 January 2019                         | 43                 | 12,046        | 6,065             | 90,086                       | 20,147             | 11,128                     | 139,515        |
| Additions                                 | 0                  | 0             | 0                 | 566                          | 98                 | 2,105                      | 2,769          |
| Disposals                                 | 0                  | 0             | (656)             | (218)                        | 0                  | (972)                      | (1,846)        |
| <b>At 31 December 2019</b>                | <b>43</b>          | <b>12,046</b> | <b>5,409</b>      | <b>90,434</b>                | <b>20,245</b>      | <b>12,261</b>              | <b>140,438</b> |
| <b>Accumulated depreciation</b>           |                    |               |                   |                              |                    |                            |                |
| At 1 January 2019                         | 19                 | 2,183         | 1,609             | 32,518                       | 18,332             | 7,244                      | 61,905         |
| Released on disposals                     | 0                  | 0             | (240)             | (459)                        | (60)               | (944)                      | (1,703)        |
| Charge for the year                       | 2                  | 274           | 179               | 1,994                        | 325                | 1,732                      | 4,506          |
| <b>At 31 December 2019</b>                | <b>21</b>          | <b>2,457</b>  | <b>1,548</b>      | <b>34,053</b>                | <b>18,597</b>      | <b>8,032</b>               | <b>64,708</b>  |
| <b>Net book value at 31 December 2019</b> | <b>22</b>          | <b>9,589</b>  | <b>3,861</b>      | <b>56,381</b>                | <b>1,648</b>       | <b>4,229</b>               | <b>75,730</b>  |
| Net book value at 31 December 2018        | 24                 | 9,863         | 4,456             | 57,568                       | 1,815              | 3,884                      | 77,610         |

| b) CHARITY                                | LEASEHOLD PROPERTY |               | FREEHOLD PROPERTY |                              | EQUIPMENT<br>£'000 | MOTOR<br>VEHICLES<br>£'000 | TOTAL<br>£'000 |
|---|--------------------|---------------|-------------------|------------------------------|--------------------|----------------------------|----------------|
|   | EQUITY<br>HOUSING  | OTHER         | EQUITY<br>HOUSING | ANIMAL<br>CENTRES &<br>OTHER |                    |                            |                |
|   | £'000              | £'000         | £'000             | £'000                        |                    |                            |                |
| <b>Cost</b>                               |                    |               |                   |                              |                    |                            |                |
| At 1 January 2019                         | 43                 | 11,599        | 6,065             | 83,946                       | 19,479             | 11,006                     | 132,138        |
| Additions                                 | 0                  | 0             | 0                 | 166                          | 78                 | 2,105                      | 2,349          |
| Disposals                                 | 0                  | 0             | (656)             | (218)                        | 0                  | (972)                      | (1,846)        |
| <b>At 31 December 2019</b>                | <b>43</b>          | <b>11,599</b> | <b>5,409</b>      | <b>83,894</b>                | <b>19,557</b>      | <b>12,139</b>              | <b>132,641</b> |
| <b>Accumulated depreciation</b>           |                    |               |                   |                              |                    |                            |                |
| At 1 January 2019                         | 19                 | 2,107         | 1,609             | 31,828                       | 17,788             | 7,140                      | 60,491         |
| Released on disposals                     | 0                  | 0             | (240)             | (167)                        | 0                  | (944)                      | (1,351)        |
| Charge for the year                       | 2                  | 274           | 179               | 1,924                        | 253                | 1,732                      | 4,364          |
| <b>At 31 December 2019</b>                | <b>21</b>          | <b>2,381</b>  | <b>1,548</b>      | <b>33,585</b>                | <b>18,041</b>      | <b>7,928</b>               | <b>63,504</b>  |
| <b>Net book value at 31 December 2019</b> | <b>22</b>          | <b>9,218</b>  | <b>3,861</b>      | <b>50,309</b>                | <b>1,516</b>       | <b>4,211</b>               | <b>69,137</b>  |
| Net book value at 31 December 2018        | 24                 | 9,492         | 4,456             | 52,118                       | 1,691              | 3,866                      | 71,647         |

Included in freehold property other are properties in the course of construction costing £300k (2018 £3,275k).

The total value of inspectors' contributions to equity housing as at 31 December 2019 was £4,864k (2018: £5,257k). 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<br>HOUSING<br>£'000 | OTHER<br>£'000 | EQUITY<br>HOUSING<br>£'000 | OTHER<br>£'000 |
| Net book value             |                            |                |                            |                |
| <b>At 31 December 2019</b> | <b>0</b>                   | <b>91</b>      | <b>425</b>                 | <b>2,289</b>   |
| At 31 December 2018        | 0                          | 94             | 446                        | 2,500          |

# Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2019

## 6 INVESTMENTS

|   | GROUP<br>2019<br>£'000 | GROUP<br>2018<br>£'000 | CHARITY<br>2019<br>£'000 | CHARITY<br>2018<br>£'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| <b>a) Analysis of movements in the year</b>           |                        |                        |                          |                          |
| Market value at 1 January                             | 99,797                 | 123,483                | 98,718                   | 116,087                  |
| Add additions to investments at cost                  | 8,581                  | 19,424                 | 8,524                    | 19,189                   |
| Less disposals at carrying value                      | (25,584)               | (29,023)               | (25,410)                 | (22,673)                 |
| Unrealised gains/(losses) on valuation at 31 December | 5,811                  | (14,087)               | 5,811                    | (13,885)                 |
| <b>Fair value at 31 December</b>                      | <b>88,605</b>          | <b>99,797</b>          | <b>87,643</b>            | <b>98,718</b>            |
| Cost at 31 December                                   | 67,191                 | 84,322                 | 66,065                   | 83,196                   |
| <b>b) Analysis of investments held at 31 December</b> |                        |                        |                          |                          |
| <b>Listed Investments:</b>                            |                        |                        |                          |                          |
| Properties trust – UK                                 | 8,353                  | 11,623                 | 8,353                    | 11,623                   |
| Equity shares – UK                                    | 21,514                 | 21,774                 | 20,552                   | 20,695                   |
| Government and corporation stocks                     | 60                     | 61                     | 60                       | 61                       |
| Unit trusts – fixed interest                          | 15,248                 | 19,984                 | 15,248                   | 19,984                   |
| Unit trusts – UK equity                               | 12,176                 | 17,489                 | 12,176                   | 17,489                   |
| Unit trusts – overseas equity                         | 25,265                 | 21,581                 | 25,265                   | 21,581                   |
| <b>Total listed securities</b>                        | <b>82,616</b>          | <b>92,512</b>          | <b>81,654</b>            | <b>91,433</b>            |
| <b>Unlisted securities:</b>                           |                        |                        |                          |                          |
| Investment property (legacy and donated)              | 682                    | 682                    | 682                      | 682                      |
| Cash  | 5,307                  | 6,603                  | 5,307                    | 6,603                    |
| <b>Total investments at fair value</b>                | <b>88,605</b>          | <b>99,797</b>          | <b>87,643</b>            | <b>98,718</b>            |
| <b>c) Programme related investments</b>               |                        |                        |                          |                          |
| <b>Loans to branches less provisions</b>              | <b>1,049</b>           | <b>749</b>             | <b>1,411</b>             | <b>749</b>               |

The total gains on investments were £7,177k (2018: loss £7,177k) of which £6,031k was unrestricted (2018: loss £6,478k), £349k was restricted (2018: loss £52k) and £797k was in respect of endowment funds (2018: loss £647k).

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

|  | £'000 |
|--|-------|
| The following investments comprised over 5% (which is considered significant) of the portfolio as at 31 December 2019: |       |
| Schroder Instl Sterl Broad Market Bond   | 9,757 |
| Schroder QEP Global Active Value Fund  | 4,475 |
| Schroder QEP Global Core Fund  | 8,355 |

## 7 STOCKS

|  | GROUP<br>2019<br>£'000 | GROUP<br>2018<br>£'000 | CHARITY<br>2019<br>£'000 | CHARITY<br>2018<br>£'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| <b>Fundraising goods, uniforms, field equipment, publications and catering</b> | <b>197</b>             | <b>238</b>             | <b>0</b>                 | <b>0</b>                 |

| <b>8 DEBTORS</b>                                 | <b>GROUP<br/>2019<br/>£'000</b>            | <b>GROUP<br/>2018<br/>£'000</b>              | <b>CHARITY<br/>2019<br/>£'000</b>       | <b>CHARITY<br/>2018<br/>£'000</b>              |
|--|--|--|---|--|
| Income Tax and VAT recoverable                   | 1,553                                      | 2,351  | 1,553                                   | 2,351  |
| Prepayments                                      | 1,455                                      | 2,016  | 1,144                                   | 1,951  |
| Accrued income                                   | 71,435                                     | 73,653                                       | 70,526                                  | 71,530   |
| Group debtors                                    | 0  | 0  | 682                                     | 958  |
| Other debtors                                    | 2,115                                      | 2,174  | 1,392                                   | 1,058  |
| <b>Total debtors</b>                             | <b>76,558</b>                              | <b>80,194</b>                                | <b>75,297</b>                           | <b>77,848</b>                                  |
| <b>9 CREDITORS</b>                               | <b>GROUP<br/>2019<br/>£'000</b>            | <b>Restated<br/>GROUP<br/>2018<br/>£'000</b> | <b>CHARITY<br/>2019<br/>£'000</b>       | <b>Restated<br/>CHARITY<br/>2018<br/>£'000</b> |
| Amounts falling due within one year              |  |  |   |  |
| Trade creditors                                  | 5,724                                      | 7,676  | 5,434                                   | 7,479  |
| Branches   | 5,040                                      | 5,260  | 5,040                                   | 5,260  |
| Accruals   | 5,134                                      | 6,703  | 4,718                                   | 6,404  |
| Group creditors                                  | 0  | 0  | 0                                       | 3  |
| Other creditors                                  | 569  | 343  | 247                                     | 245  |
| <b>Total creditors</b>                           | <b>16,467</b>                              | <b>19,982</b>                                | <b>15,439</b>                           | <b>19,391</b>                                  |
| <b>10 PROVISIONS FOR LIABILITIES AND CHARGES</b> | <b>AT<br/>1 JANUARY<br/>2019<br/>£'000</b> | <b>CHARGED<br/>TO SOFA<br/>£'000</b>         | <b>UTILISED/<br/>RELEASED<br/>£'000</b> | <b>AT<br/>31 DECEMBER<br/>2019<br/>£'000</b>   |
| Taxation provision                               | 92   | 296  | (57)                                    | 331  |
| <b>Total provisions</b>                          | <b>92</b>                                  | <b>296</b>                                   | <b>(57)</b>                             | <b>331</b>                                     |

All of the provisions above relate to the Parent Charity.

#### 11 COMMITMENTS

At 31 December 2019, the group had the following capital and other budgeted project commitments.

|                               | <b>2019<br/>£'000</b> | <b>2018<br/>£'000</b> |
|-------------------------------|-----------------------|-----------------------|
| Contracted                    | 955                   | 3,492                 |
| Authorised but not contracted | 8,249                 | 8,432                 |

All commitments relate to the Parent Charity.

Included in contracted capital commitments are amounts of £605k (2018: £2,300k) 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 12 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 in respect of 12 properties as custodian trustee for certain branches.

# Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2019

| 15 ANALYSIS OF MOVEMENT OF FUNDS<br>YEAR ENDED 31 DECEMBER 2019 | AT 1<br>JANUARY<br>2019 | INCOME         | EXPENDITURE      | TRANSFERS<br>BETWEEN<br>FUNDS | OTHER<br>RECOGNISED<br>GAINS /<br>(LOSSES) | AT 31<br>DECEMBER<br>2019 |
|---|-------------------------|----------------|------------------|-------------------------------|--|---------------------------|
|   | £'000                   | £'000          | £'000            | £'000                         | £'000                                      | £'000                     |
| <b>Endowment funds</b>  |                         |                |                  |                               |  |                           |
| Bowmer fund   | 444                     | 9              | 0                | 0                             | 40   | 493                       |
| The A&D Simpson fund  | 2,048                   | 0              | (2)              | 0                             | 194  | 2,240                     |
| Wyndham Cottle Charity – capital fund                           | 2,453                   | 0              | (2)              | 0                             | 259  | 2,710                     |
| MT & VL Wythe charitable trust                                  | 1,046                   | 0              | 0                | 0                             | 0  | 1,046                     |
| Albekier fund   | 1,760                   | 0              | (2)              | 0                             | 146  | 1,904                     |
| Other permanent endowment funds                                 | 1,522                   | 0              | (2)              | (38)                          | 158  | 1,640                     |
| <b>Total endowment funds</b>                                    | <b>9,273</b>            | <b>9</b>       | <b>(8)</b>       | <b>(38)</b>                   | <b>797</b>                                 | <b>10,033</b>             |
| <b>Restricted funds</b>   |                         |                |                  |                               |  |                           |
| Animal centres – capital funds                                  | 0                       | 19             | (96)             | 119                           | 0  | 42                        |
| Animal centres – operational                                    | 0                       | 1,136          | (579)            | 659                           | 0  | 1,216                     |
| Birmingham fund   | 246                     | 129            | 0                | (307)                         | 0  | 68                        |
| Overseas funds  | 258                     | 115            | (184)            | (227)                         | 38   | 0                         |
| Regional funds  | 2,583                   | 807            | (519)            | (1,077)                       | 0  | 1,794                     |
| Tubney Grant fund   | 3,253                   | 21             | (127)            | 398                           | 0  | 3,545                     |
| Other restricted funds  | 5,772                   | 4,265          | (653)            | (8,750)                       | 228  | 862                       |
| Branches under Board Trusteeship                                | 11,475                  | 6,038          | (5,628)          | 0                             | 83   | 11,968                    |
| <b>Total restricted funds</b>                                   | <b>23,587</b>           | <b>12,530</b>  | <b>(7,786)</b>   | <b>(9,185)</b>                | <b>349</b>                                 | <b>19,495</b>             |
| <b>Unrestricted funds</b>                                       |                         |                |                  |                               |  |                           |
| Pension reserve   | (28,704)                | 2,000          | (776)            | 0                             | (9,032)                                    | (36,512)                  |
| General fund  | 106,954                 | 116,128        | (117,001)        | (5,276)                       | 6,031                                      | 106,836                   |
| Fair value reserve – investments                                | 15,475                  | 0              | 0                | 5,939                         | 0  | 21,414                    |
| Designated funds  | 109,350                 | 0              | (20,411)         | 8,560                         | 0  | 97,499                    |
| <b>Total unrestricted funds</b>                                 | <b>203,075</b>          | <b>118,128</b> | <b>(138,188)</b> | <b>9,223</b>                  | <b>(3,001)</b>                             | <b>189,237</b>            |
| <b>Total group funds</b>  | <b>235,935</b>          | <b>130,667</b> | <b>(145,982)</b> | <b>0</b>                      | <b>(1,855)</b>                             | <b>218,765</b>            |

YEAR ENDED 31 DECEMBER 2018 Restated

|                                       | AT 1<br>JANUARY<br>2018 | INCOME   | EXPENDITURE | TRANSFERS<br>BETWEEN<br>FUNDS | OTHER<br>RECOGNISED<br>GAINS /<br>(LOSSES) | AT 31<br>DECEMBER<br>2018 |
|---------------------------------------|-------------------------|----------|-------------|-------------------------------|--|---------------------------|
|                                       | £'000                   | £'000    | £'000       | £'000                         | £'000                                      | £'000                     |
| <b>Endowment funds</b>                |                         |          |             |                               |  |                           |
| 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                     |
| <b>Total endowment funds</b>          | <b>9,912</b>            | <b>6</b> | <b>2</b>    | <b>0</b>                      | <b>(647)</b>                               | <b>9,273</b>              |

## 15 ANALYSIS OF MOVEMENT OF FUNDS (CONTINUED)

### 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 Board Trusteeship | 19,927        | 5,970         | (14,362)        | 0              | (60)        | 11,475        |
| <b>Total restricted funds</b>    | <b>31,706</b> | <b>17,579</b> | <b>(16,916)</b> | <b>(8,730)</b> | <b>(52)</b> | <b>23,587</b> |

### Unrestricted funds

|                                  |                |                |                  |              |               |                |
|----------------------------------|----------------|----------------|------------------|--------------|---------------|----------------|
| Pension reserve                  | (46,256)       | 1,979          | (2,495)          | 0            | 18,068        | (28,704)       |
| General fund                     | 113,925        | 122,452        | (106,656)        | (16,289)     | (6,478)       | 106,954        |
| 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        |
| <b>Total unrestricted funds</b>  | <b>199,972</b> | <b>124,431</b> | <b>(141,648)</b> | <b>8,730</b> | <b>11,590</b> | <b>203,075</b> |
| <b>Total group funds</b>         | <b>241,590</b> | <b>142,016</b> | <b>(158,562)</b> | <b>0</b>     | <b>10,891</b> | <b>235,935</b> |

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 50. 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<br>YEAR ENDED 31 DECEMBER 2019 | TOTAL<br>FIXED<br>ASSETS<br>£'000 | INVESTMENTS<br>£'000 | INTER-<br>FUND<br>BALANCES<br>£'000 | CURRENT<br>ASSETS<br>£'000 | CURRENT<br>LIABILITIES<br>£'000 | PROVISIONS<br>£'000 | PENSION<br>SCHEME<br>LIABILITY<br>£'000 | TOTAL NET<br>ASSETS<br>£'000 |
|--|-----------------------------------|----------------------|-------------------------------------|----------------------------|---------------------------------|---------------------|---|------------------------------|
| As at 31 December 2019   |                                   |                      |                                     |                            |                                 |                     |   |                              |
| <b>Endowment funds</b>   | <b>0</b>                          | <b>10,021</b>        | <b>0</b>                            | <b>12</b>                  | <b>0</b>                        | <b>0</b>            | <b>0</b>                                | <b>10,033</b>                |
| <b>Restricted funds</b>  | <b>7,285</b>                      | <b>2,850</b>         | <b>3,673</b>                        | <b>6,002</b>               | <b>(315)</b>                    | <b>0</b>            | <b>0</b>                                | <b>19,495</b>                |
| <b>Unrestricted funds</b>                                      | <b>77,603</b>                     | <b>76,783</b>        | <b>(3,673)</b>                      | <b>91,519</b>              | <b>(16,152)</b>                 | <b>(331)</b>        | <b>(36,512)</b>                         | <b>189,237</b>               |
| <b>Total group funds</b>                                       | <b>84,888</b>                     | <b>89,654</b>        | <b>0</b>                            | <b>97,533</b>              | <b>(16,467)</b>                 | <b>(331)</b>        | <b>(36,512)</b>                         | <b>218,765</b>               |

| YEAR ENDED 31 DECEMBER 2018 | TANGIBLE<br>FIXED<br>ASSETS<br>£'000 | INVESTMENTS<br>£'000 | INTER-<br>FUND<br>BALANCES<br>£'000 | CURRENT<br>ASSETS<br>£'000 | CURRENT<br>LIABILITIES<br>£'000 | PROVISIONS<br>£'000 | PENSION<br>SCHEME<br>LIABILITY<br>£'000 | TOTAL NET<br>ASSETS<br>£'000 |
|-----------------------------|--------------------------------------|----------------------|-------------------------------------|----------------------------|---------------------------------|---------------------|---|------------------------------|
| As at 31 December 2018      |                                      |                      |                                     |                            |                                 |                     |   |                              |
| <b>Endowment funds</b>      | <b>0</b>                             | <b>9,164</b>         | <b>0</b>                            | <b>109</b>                 | <b>0</b>                        | <b>0</b>            | <b>0</b>                                | <b>9,273</b>                 |
| <b>Restricted funds</b>     | <b>7,857</b>                         | <b>2,769</b>         | <b>8,763</b>                        | <b>4,323</b>               | <b>(125)</b>                    | <b>0</b>            | <b>0</b>                                | <b>23,587</b>                |
| <b>Unrestricted funds</b>   | <b>75,532</b>                        | <b>88,613</b>        | <b>(8,763)</b>                      | <b>96,346</b>              | <b>(19,857)</b>                 | <b>(92)</b>         | <b>(28,704)</b>                         | <b>203,075</b>               |
| <b>Total group funds</b>    | <b>83,389</b>                        | <b>100,546</b>       | <b>0</b>                            | <b>100,778</b>             | <b>(19,982)</b>                 | <b>(92)</b>         | <b>(28,704)</b>                         | <b>235,935</b>               |

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 2019

| 17 DESIGNATED FUND MOVEMENTS    | AT<br>1 JANUARY<br>2019<br>£'000 | ADDITIONAL<br>APPROVED<br>£'000 | UTILISED/<br>RELEASED<br>£'000 | DEPRECIATION<br>AND DISPOSALS<br>£'000 | AT 31<br>DECEMBER<br>2019<br>£'000 |
|---------------------------------|----------------------------------|---------------------------------|--------------------------------|--|------------------------------------|
| Intangible fixed assets fund    | 5,779                            | 3,927                           | 0                              | (548)                                  | 9,158                              |
| Tangible fixed assets fund      | 71,647                           | 2,349                           | 0                              | (4,859)                                | 69,137                             |
| Capital and project commitments | 11,924                           | 2,284                           | (5,004)                        | 0                                      | 9,204                              |
| Other designations              | 20,000                           | 0                               | (10,000)                       | 0                                      | 10,000                             |
| <b>Total designations</b>       | <b>109,350</b>                   | <b>8,560</b>                    | <b>(15,004)</b>                | <b>(5,407)</b>                         | <b>97,499</b>                      |

The intangible and tangible fixed asset funds represent the net book value of the fixed assets of the Society. Capital and project commitments relate to a number of commitments authorised at 31 December 2019 (note 11). Other designations is to support field and branch operations.

| 18 SUBSIDIARY COMPANY UNDERTAKINGS         | RSPCA TRADING<br>LIMITED |               | FREEDOM FOOD<br>LIMITED |               | RSPCA BRANCHES<br>IN BOARD<br>TRUSTEESHIP* |                |
|--|--------------------------|---------------|-------------------------|---------------|--|----------------|
|  | 2019<br>£'000            | 2018<br>£'000 | 2019<br>£'000           | 2018<br>£'000 | 2019<br>£'000                              | 2018<br>£'000  |
| <b>Income and endowments from:</b>         |                          |               |                         |               |  |                |
| Donations and legacies                     | 0                        | 0             | 380                     | 378           | 2,117                                      | 2,322          |
| Charitable activities                      | 0                        | 0             | 3,342                   | 3,120         | 2,266                                      | 2,214          |
| Other trading activities                   | 1,739                    | 1,412         | 0                       | 0             | 1,521                                      | 997            |
| Investments                                | 0                        | 0             | 0                       | 0             | 47   | 3              |
| Gains on disposal of tangible fixed assets | 0                        | 0             | 0                       | 0             | 51   | 0              |
| Other                                      | 0                        | 0             | 0                       | 0             | 36   | 434            |
| <b>Total income</b>                        | <b>1,739</b>             | <b>1,412</b>  | <b>3,722</b>            | <b>3,498</b>  | <b>6,038</b>                               | <b>5,970</b>   |
| <b>Expenditure on:</b>                     |                          |               |                         |               |  |                |
| Charitable activities                      | 0                        | 0             | 3,720                   | 3,203         | 4,467                                      | 13,262         |
| Raising funds                              | 1,392                    | 1,039         | 0                       | 0             | 1,161                                      | 1,100          |
| <b>Total expenditure</b>                   | <b>1,392</b>             | <b>1,039</b>  | <b>3,720</b>            | <b>3,203</b>  | <b>5,628</b>                               | <b>14,362</b>  |
| Net gains/(losses) on investments          | 0                        | 0             | 0                       | 0             | 83   | (60)           |
| <b>Net income/expenditure</b>              | <b>347</b>               | <b>373</b>    | <b>2</b>                | <b>295</b>    | <b>493</b>                                 | <b>(8,452)</b> |
| Taxation                                   | 0                        | 0             | 0                       | 0             | 0  | 0              |
| Gift Aid payable                           | (346)                    | (389)         | 0                       | 0             | 0  | 0              |
| <b>Surplus/(deficit)</b>                   | <b>1</b>                 | <b>(16)</b>   | <b>2</b>                | <b>295</b>    | <b>493</b>                                 | <b>(8,452)</b> |
| Total assets                               | 889                      | 1,093         | 2,004                   | 1,855         | 12,634                                     | 11,594         |
| Total liabilities                          | (887)                    | 1,092         | (607)                   | (460)         | (666)                                      | (119)          |
| <b>Total funds at 31 December</b>          | <b>2</b>                 | <b>1</b>      | <b>1,397</b>            | <b>1,395</b>  | <b>11,968</b>                              | <b>11,475</b>  |

\* The results of branches in Board Trusteeship are for the period in Trusteeship, the results for branches coming into or leaving Board 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 a qualifying distribution by way of a Deed of Covenant.

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

Freedom Food Limited, a 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. The RSPCA has a 100% share holding in Freedom Food Ltd.

#### c) RSPCA Enterprises Limited

Dormant for the entire year.

## 18 SUBSIDIARY COMPANY UNDERTAKINGS (CONTINUED)

### d) RSPCA Branches under Board Trusteeship

The 150 RSPCA branches are separately registered charities that usually manage their own affairs. Where a branch ceases to be under active management, the Board 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 Board Trusteeship, and the Society is deemed to control these branches by the definition included in the Charities SORP 2015 (FRS 102). There were 15 branches in Board Trusteeship on 1 January 2019. During the year four branches were returned to local Trusteeship and three further branches came into Board Trusteeship. The results of these branches, for the period in Board Trusteeship, have been included in the consolidated accounts of the Society, and the aggregate balances are shown in this note. Since the year end, one branch has returned to local trusteeship and one has been dissolved. 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 autonomous branches, which are not in Board Trusteeship, have not been included in the consolidated accounts.

| The following material branches were in Board Trusteeship during the year ended 31 December 2018: | Charity No. | DATE IN BOARD TRUSTEESHIP | 2019 Total Income £'000 | 2019 Total Funds £'000 | 2018 Total Income £'000 | 2018 Total Funds £'000 |
|---|-------------|---------------------------|-------------------------|------------------------|-------------------------|------------------------|
| Isle of Thanet  | 209365      | 17/10/2012                | 530                     | 1,118                  | 338                     | 1,066                  |
| Isle of Wight   | 205311      | 01/08/2013                | 716                     | 2,871                  | 812                     | 3,429                  |
| Sussex, Chichester & District   | 206300      | 17/04/14*                 | 0                       | 0                      | 104                     | 10,151                 |
| North Devon   | 207708      | 15/09/2017                | 211                     | 1,068                  | 98                      | 917                    |
| Solent  | 205096      | 07/11/17                  | 1,540                   | 3,783                  | 1,520                   | 2,683                  |
| Preston & District  | 232256      | 25/04/18                  | 376                     | 1,044                  | 268                     | 1,123                  |
| Other branches in Board Trusteeship   |             |                           | 1,991                   | 2,910                  | 1,038                   | 2,109                  |
|   |             |                           | <b>5,364</b>            | <b>12,794</b>          | 4,178                   | 21,478                 |

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

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

### 19 MOVEMENT IN RESOURCES HELD FOR THIRD PARTIES

During 2019, the Society received £9.2m (2018: £7.4m) in legacies payable to independent non-consolidated branches not in Board 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 2019, the Society had been notified of 14 (2018: 16) high value legacies (over £500k) with an estimated value of £10.4m (2018: £12.3m). Interim payments of £3.5m have been received, the balance is included in the legacy income accrual (note 8).

There are 280 cases notified in 2019 (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 Branch Affairs Committee – which reports to the Board of Trustees – by the Chair of each regional board who is elected by the branches in each region.

During 2019 the Society donated the services of farm livestock officers to Freedom Food Limited at a cost of £380k (2018 £378k).

The Society also paid grants to branches in Board Trusteeship of £592k (2018 £456k), made sales to branches in Board Trusteeship of £196k (2018 £nil) and made purchases from them of £293k (2018 £nil).

RSPCA Trading Limited accrued a qualifying distribution to be paid to the Society of £346k (2018 £389k) and made sales to the Society and branches in Board Trusteeship of £253k (2018 £276k).

At the year end, the Society was owed £680k (2018 £958k) by RSPCA Trading Limited, £2k (2018 £2k owed to) by Freedom Food Limited and £56k (2018 £37k) by branches in Board Trusteeship. The Society additionally has a loan outstanding from a branch in Board Trusteeship of £362k (2018 £nil).

One trustee, Mr Kevin Degenhard, receives a pension and housing in accordance with his entitlement as a former employee (see note 3f).

### 22 OPERATING LEASE COMMITMENTS

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

|                    | GROUP<br>2019<br>£'000        | GROUP<br>2018<br>£'000 | CHARITY<br>2019<br>£'000      | CHARITY<br>2018<br>£'000 |
|--------------------|-------------------------------|------------------------|-------------------------------|--------------------------|
|                    | <b>vehicles and equipment</b> | vehicles and equipment | <b>vehicles and equipment</b> | vehicles and equipment   |
| Less than one year | 194                           | 200                    | 130                           | 130                      |
| One to five years  | 278                           | 409                    | 196                           | 326                      |
| Over five years    | 0                             | 0                      | 0                             | 0                        |
|                    | <b>472</b>                    | 609                    | <b>326</b>                    | 456                      |

# Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2019

## 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 2018, and the next due as at 31 March 2021. The preliminary results of the 31 March 2018 valuation were updated by an independent qualified actuary to 31 December 2019 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 2020 (plus expenses which are met directly). The contributions will be reviewed as part of the 2021 actuarial valuation.

| Principal actuarial assumptions                 | 2019  | 2018  |
|---|---|---|
| Discount rate                                   | 2.05%   | 2.80%   |
| Inflation (RPI)                                 | 2.95%   | 3.35%   |
| Inflation (CPI)                                 | 2.15%   | 2.35%   |
| Revaluation of deferred pensions:               |   |   |
| Excess over GMP                                 | 2.15%   | 2.35%   |
| GMP   | Fixed   | Fixed   |
| Increases for pensions in payment:              |   |   |
| GMP accrued before 5 April 1988                 | Nil   | Nil   |
| GMP accrued after 5 April 1988                  | 1.85%   | 2.00%   |
| XS Pension accrued before 31 March 2008         | 2.10%   | 2.30%   |
| Pension accrued after 31 March 2008             | 1.70%   | 1.85%   |
| Post-retirement mortality                       | <b>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</b> | 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. |
| Commutation (using current commutation factors) | <b>Members are assumed to take 25% of their pension as tax free cash</b>  | Members are assumed to take 25% of their pension as tax free cash   |
| Retirement                                      | <b>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</b>               | 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                                      | <b>Allowance for members to leave employment before retirement</b>  | Allowance for members to leave employment before retirement   |
| Life expectancy at age 65 of male aged 45       | 23.2  | 23.1  |
| Life expectancy at age 65 of male aged 65       | 21.8  | 21.7  |
| Life expectancy at age 65 of female aged 45     | 25.8  | 25.8  |
| Life expectancy at age 65 of female aged 65     | 24.3  | 24.2  |

## 23 PENSIONS (CONTINUED)

| <b>The asset split is as follows:</b> | <b>2019</b>    | <b>2018</b>    |
|---------------------------------------|----------------|----------------|
|                                       | <b>£'000</b>   | <b>£'000</b>   |
| Global equities                       | 48,768         | 41,723         |
| LDI funds                             | 91,185         | 83,789         |
| Diversified credit                    | 23,850         | 22,214         |
| Private multi asset                   | 43,013         | 38,599         |
| Multi asset funds                     | 50,077         | 45,733         |
| Currency hedging                      | 0              | (533)          |
| Property                              | 13,280         | 14,034         |
| Cash                                  | 1,140          | 1,111          |
| <b>Total assets</b>                   | <b>271,313</b> | <b>246,670</b> |

| <b>Balance sheet</b>                | <b>2019</b>     | <b>2018</b>     |
|-------------------------------------|-----------------|-----------------|
|                                     | <b>£'000</b>    | <b>£'000</b>    |
| Fair value of assets                | 271,313         | 246,670         |
| Present value of funded obligations | (307,825)       | (275,374)       |
| <b>Deficit in scheme</b>            | <b>(36,512)</b> | <b>(28,704)</b> |

| <b>Amount recognised in SOFA</b> |            | <b>2018</b>  |
|----------------------------------|------------|--------------|
|                                  |            | <b>£'000</b> |
| Administration costs             | 0          | 16           |
| Interest on liabilities          | 7,601      | 7,396        |
| Interest on assets               | (6,825)    | (6,287)      |
| Past service costs               | 0          | 1,370        |
| <b>Total charge to SOFA</b>      | <b>776</b> | <b>2,495</b> |

| <b>Remeasurements over the year</b>                    |              | <b>2018</b>     |
|--|--------------|-----------------|
|  |              | <b>£'000</b>    |
| Loss/(gain) on assets in excess of interest            | (23,747)     | 12,436          |
| Experience losses on liabilities                       | (1,366)      | 3,505           |
| Losses/(gains) from changes to demographic assumptions | 0            | (13,640)        |
| Losses/(gains) from changes to financial assumptions   | 34,145       | (20,369)        |
| <b>Total remeasurements</b>                            | <b>9,032</b> | <b>(18,068)</b> |

| <b>Change in value of assets</b>   | <b>2019</b>    | <b>2018</b>    |
|------------------------------------|----------------|----------------|
|                                    | <b>£'000</b>   | <b>£'000</b>   |
| Fair value of assets at start      | 246,670        | 260,332        |
| Interest on assets                 | 6,825          | 6,287          |
| Company contributions              | 2,000          | 1,979          |
| Benefits paid                      | (7,929)        | (9,476)        |
| Administration costs               | 0              | (16)           |
| Return on assets less interest     | 23,747         | (12,436)       |
| <b>Fair value of assets at end</b> | <b>271,313</b> | <b>246,670</b> |
| <b>Actual return on assets</b>     | <b>30,572</b>  | <b>(6,149)</b> |

# Notes to the accounts (continued)

YEAR ENDED 31 DECEMBER 2019

## 23 PENSIONS (CONTINUED)

| Change in value of defined benefit liabilities | 2019<br>£'000  | 2018<br>£'000  |
|--|----------------|----------------|
| Value of liabilities at start                  | 275,374        | 306,588        |
| Past service costs                             | 0              | 1,370          |
| Interest cost                                  | 7,601          | 7,396          |
| Benefits paid                                  | (7,929)        | (9,476)        |
| Experience (gain)/loss on liabilities          | (1,366)        | 3,505          |
| Changes to demographic assumptions             | 0              | (13,640)       |
| Changes to financial assumptions               | 34,145         | (20,369)       |
| <b>Value of liabilities at end</b>             | <b>307,825</b> | <b>275,374</b> |

## 24 EVENTS AFTER THE END OF THE REPORTING PERIOD

Since the 31 December 2019 to the date of signing these financial statements the outbreak of the pandemic COVID-19 has had an economic effect across all sectors and the Board of Trustees has considered the effect on the Charity and Group as going concerns, their resilience through this period and the effect on the assets and funds of the Charity and Group. The trustees have reviewed the revised financial plans and agreed a series of activities that should ensure financial stability in these difficult times. Whilst income has been more volatile it has proved to be resilient. To mitigate the increased risk there has been considerable focus on cost reduction to ensure that this does not affect our critical activities.

The investment losses to the end of August 2020 were around £6m and, whilst we have an expectation that this may recover by the end of the year, we are still planning for a variety of situations. The pension fund liability may have also worsened in the first half of 2020 and, although this will not affect pension fund reporting this year, the liability shown in the Annual Report and Accounts for 2020 under the requirements of FRS102 may show an increased liability.

If the situation were to worsen then the trustees may use part of the investment fund to provide the cash required. On review of the financial plans to the end of September 2021 the trustees have concluded that this will not affect the ability of the Charity and Group to continue as going concerns. We remain resilient through having a considered investment policy, avoiding undue risk, and sound financial planning and management.

## 25 PRIOR YEAR ADJUSTMENTS

During 2020 the RSPCA implemented a new procurement system and, in July, decommissioned the previous procurement system. The new system has created efficiencies and will give greater control over and accuracy of committed spend.

A management review, carried out for the migration of data, identified accrued costs which were incorrectly carried forward even though either the relevant accrual had crystallised following receipt of a purchase invoice and subsequently paid or the accrual was over estimated and had not been reversed. These have been corrected in the year in which management consider the accrual should have been reversed.

This has increased total funds by £2.7m and reduced the 2019 opening accrual balance by the same amount.

This has resulted in the following adjustments to 2018 and 2017 net movement in and closing funds.

|  | 2018<br>£'000  | 2017<br>£'000 |
|--|----------------|---------------|
| Net movement in funds as previously stated | (6,855)        | 24,772        |
| Prior year adjustment                      | 1,200          | 1,500         |
| <b>Net movement in funds as restated</b>   | <b>(5,655)</b> | <b>26,272</b> |

|                                  | 2018<br>£'000  | 2017<br>£'000  |
|----------------------------------|----------------|----------------|
| Total funds as previously stated | 233,235        | 240,090        |
| Prior year adjustment            | 2,700          | 1,500          |
| <b>Total funds as restated</b>   | <b>235,935</b> | <b>241,590</b> |

## 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 10-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 Consulting  
Queen Square House  
Queen Square Place  
Bath BA1 2LL

#### Independent auditors

BDO LLP  
Chartered  
Accountants  
55 Baker Street  
London W1U 7EU

#### Pension advisers

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

## RSPCA Trustees

### Trustees who served on the RSPCA Council in 2019 – retired by 24 October.

Margaret Baker  
Paul Baxter (Deputy Treasurer)  
Robert Baylis  
Christine Beaumont-Kerridge (Treasurer)  
Richard Booker  
Tim Bray  
Wendy Dowding  
Paul Draycott (Chair)  
Barbara Gardner  
Karen Harley  
Raymond Ings  
Elizabeth Lindsay  
Dr Daniel Lyons  
\* René Olivieri  
José Parry  
Terence Pavey  
Sally Phillips  
Joseph Piccioni  
Linda Rimington  
(retired from Council 29 June 2019)  
Dr Richard Ryder  
\* David Smith  
David Thomas  
Christina Tomlinson  
Jane Tredgett (Vice Chair)  
(resigned from Council 30 September 2019)  
\* Caroline Waters  
  
\* Co-optees  
René Olivier (co-opted 20 March 2019;  
re-appointed 3 July 2019)  
David Smith (co-opted 20 March 2019,  
re-appointed 3 July 2019)  
Caroline Waters (co-opted 20 March 2019,  
re-appointed 3 July 2019)

### Appointed on 24 October 2019 Trustees who served on the RSPCA Board in 2019 – to date

\*\* Richard Booker  
Kevin Degenhard  
Barbara Gardner (Treasurer)  
Karen Harley (Deputy Treasurer)  
\* René Olivieri (Chair)  
José Parry  
Sally Phillips  
Brenda Shore  
\* David Smith  
David Thomas (Vice Chair)  
Imogen Walker  
\* Caroline Waters  
  
\* Co-optee  
\*\* Richard Booker was not on the Board in the period 2 November to 10 December 2019 inclusive

### Co-opted committee members

Jane Cotton (co-opted 21 March 2018)  
Tom Franklin (co-opted 25 April 2018)  
Stuart Howells (co-opted 3 July 2019)  
Gillian Switalski (co-opted 3 July 2019)

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

#### Committees

1. Finance, audit and risk committee
2. Investment committee
3. Animal welfare committee
4. Governance and nomination committee
5. Branch affairs committee
6. Remuneration committee

### PATRON

Her Majesty The Queen

### PRESIDENT

Dr Richard Ryder

#### Vice-presidents

Brian Blessed  
Peter Egan  
Baroness Fookes of Plymouth  
Satish Kumar  
Dr Brian May  
Bill Oddie  
Chris Packham  
Julian Richer  
Right Reverend Dominic Walker

### SENIOR MANAGEMENT

at August 2020

#### Chief Executive

Chris Sherwood

Deputy Chief Executive, Director of Communications and External Relations, Interim Director of Income Generation  
Chris Wainwright

#### Chief Veterinary Officer

Caroline Allen

#### Chief Legal Officer

Ray Goodfellow

#### Director of Field Operations

John Kerslake

#### Director of Finance, IT and Planning

Kevin O'Brien

#### Director of People and Culture (Interim)

Patricia Williamson

#### Chief Inspectorate Officer

Dermot Murphy

#### Group Financial Controller

Helen Tracey



**Royal Society for the Prevention of Cruelty to Animals**

Wilberforce Way, Southwater, Horsham, West Sussex RH13 9RS  
0300 1234 999 [www.rspca.org.uk](http://www.rspca.org.uk)

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