



# **Animals in Distress**

## **(Torbay and Westcountry)**

(A Company Limited by Guarantee)

### **Trustees' Annual Report and Financial Statements**

For the year ended 31 December 2022

Registered Charity Number 1105487  
Company Number 05171505

# **ANIMALS IN DISTRESS (TORBAY & WESTCOUNTRY)**

**(A Company Limited by Guarantee)**

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# **ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)**

## **(A Company Limited by Guarantee)**

### **TRUSTEES' ANNUAL REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

The Trustees are pleased to present their annual trustees' report together with the financial statements of the charity for the year ending 31 December 2022 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

#### **Trustees:**

The Trustees of the Charity who served during the year were:

Meryl Brand (Retired 25 July 2022)  
Geraldine Dix (Chair of Trustees from 13 December 2021)  
Amy Cross-Webber  
Alison Truscott  
Chris Paradine  
Jo Smith

#### **Company Secretary and Chief Executive Officer:**

Neil Thomas

#### **Principal Address and Registered Office:**

Biltor  
Edgelands Lane  
Ipplepen  
Newton Abbot  
Devon. TQ12 5UF

**Registered Charity No:** 1105487

**Registered Company Number:** 5171505

#### **Professional Advisers:**

Auditors: PKF Francis Clark  
Sigma House  
Oak View Close  
Torquay  
TQ2 7FF

Solicitors: Boyce Hatton LLP  
58 The Terrace  
Torquay  
TQ1 1DE

Bankers: Lloyds Bank Plc  
2 Palace Avenue  
Paignton  
TQ3 3ER

# **ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)**

## **(A Company Limited by Guarantee)**

### **TRUSTEES' ANNUAL REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Legal Status**

Animals in Distress (Torbay and Westcountry) is a company limited by guarantee (company number 5171505) and is registered as a charity (number 1105487) with the Charity Commission.

##### **Governing Document**

Animals in Distress (Torbay and Westcountry) is governed by its Memorandum and Articles of Association dated 4 July 2004

There is one class of member. The maximum number of members is 20 or such numbers as the members decide. The first members were the subscribers to the Memorandum; further members are such individuals or organisations as appointed by the Trustees. There are currently five members, each of whom is liable to contribute £10 in the event of the Charity winding up.

##### **Appointment of Trustees**

As set out in the Articles of Association, the first Trustees were the subscribers to the Memorandum. Additional Trustees may be appointed by the Charity in a general meeting or by the other Trustees. A Trustee must be aged 18 or over, must be a member of the Charity and must not be disqualified by virtue of provisions of the Charities or Companies Acts. The number of Trustees may not be less than three, but is not subject to a maximum.

At the Annual General Meeting, one third of the Trustees must retire. The Trustees to retire shall be those who have been longest in office since their last appointment.

##### **Trustee Induction and Training**

New Trustees undergo an induction to brief them on their legal obligations under Charity and Company law, the content of the Memorandum and Articles of Association, governance, the Committee and the decision making process, the business plan and the recent financial performance of the Charity. During their induction, the Trustee will spend time with the Chief Executive and with the Rescue Centre Management in order to familiarise themselves with the day to day running of the Charity. Ongoing training is given as appropriate to their position.

##### **Organisation Structure**

The Charity is managed through the following areas:

- i) The Animal Welfare teams deliver the care, rehabilitation, training and rehoming of the dogs, cats, rabbits and guinea pigs at the Rescue Centre
- ii) The retail team manage and run the charity shops taking in and selling donated goods
- iii) The Fundraising and Communications team deal with income generation and communications through fundraising and media
- iv) Head Office deal with management and administration including HR, accounts, ICT, volunteering and maintenance of our estate

##### **Governance and Management**

The Board of Trustees administers the Charity and meets every three months. A Finance Committee was established by the Board to maintain an overview of and provide advice to it, regarding the financial affairs of the Charity. The Finance Committee meets every three months too and is attended by at least three Trustees and the CEO.

The Chief Executive is appointed by the Trustees to manage the day-to-day operations of the Charity. To facilitate effective operating, the Chief Executive has written terms of delegation approved by the Trustees for operational matters including finance and employment.

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#### **Remuneration of key management personnel**

The Charity aims to provide a reward package that is competitive enough to attract and retain high calibre staff who wish to be part of the Charity's work. The remuneration of key management personnel is reviewed annually by the Trustees following a review of performance for the previous year. Salaries are also benchmarked against similar positions both locally and nationally.

#### **Related Parties**

The "new" charity (charity number 1105487) incorporated the tangible and intangible assets of the original "old" charity, Animals in Distress (Torbay and Westcountry) (charity number 900234) on 31 October 2004. The only excluded assets were future bequests, cash at bank and the benefit of any insurance claims.

#### **Risk Management**

The Trustees actively review the major risks the Charity faces on a regular basis and believe that maintaining reserves at current levels, combined with an annual review of the controls over key financial systems, will provide sufficient resources in the event of adverse conditions. A comprehensive risk analysis has been completed which has identified control and monitoring procedures to minimise any risk to the Charity and any impact they may have. The results are periodically reviewed.

#### **STRATEGIC REPORT**

The following sections comprise the Charity's strategic report for the year.

#### **Objectives and Activities**

Animals in Distress exists to alleviate pain, suffering and distress in animals as well as to promote animal welfare practices and responsible pet ownership across Teignbridge, Torbay and South Hams.

Furthermore,

- We at Animals in Distress undertake to care for and nurture any unwanted domestic pet that is brought to us, providing it is suitable for re-homing and there is accommodation available at the Rescue Centre.
- We will always provide shelter, food, exercise and veterinary care for the animals in our charge.
- We will never put an animal to sleep unless on the advice of our Veterinary Surgeon.
- We will endeavour to find suitable homes for our animals on the basis of a responsible home check or such similar precaution as is deemed necessary.
- We will at all times show respect, understanding and courtesy to our user groups together with an inherent sense of duty and helpfulness.
- We will always uphold the principles and objectives of our Charity and share with others the joy of helping Animals in Distress.

Our care is open to all regardless of an individuals' background or circumstances; the welfare of the animal is the primary concern of the Charity, not where the animal comes from or is going to. This includes the fostering of animals, when an animal has a chronic health issue requiring ongoing veterinary treatment which the Charity pays for, regardless of the individual's financial circumstances.

The activities carried out during the course of the year (as set out in the following section) demonstrate the level of Trustee and management commitment in ensuring that the Charity delivers real and tangible benefit to the public in all of its operations and thereby meets the public benefit requirements as set out by the Charity Commission in both spirit and word.

# **ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)**

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## **TRUSTEES' ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

### **Achievements and Performance**

With Britain in the midst of a cost of living crisis and a bleak economic outlook, charities are starting to feel the pinch. Whether it's a decrease in funding as donors grapple with their own soaring costs, an increase in demand or recruitment challenges, Animals in Distress, like most charities face an uncertain future. All of this comes not long after the Covid-19 pandemic, which in itself had a monumental impact on the charitable sector, seeing an increase in demand for services and a big impact on mental health.

Unsurprisingly, Animals in Distress is being affected by the current cost of living crisis facing the UK. We have seen costs rise over the past 12 months due in no small part to soaring energy bills and a steep hike in inflation.

Recruitment is a real concern which is mirrored across the charity and many other sectors. It has become more challenging to both recruit and retain staff since the Covid-19 pandemic. This has been an ongoing issue and was dubbed the 'Great Resignation', something which was mentioned in last year's report. It was a phrase that first appeared in May 2021 and has impacted employers ever since. Coined in the US, the term refers to the unprecedented rise in the numbers of workers resigning from their jobs following the pandemic. The theory goes that the pandemic has induced workers to re-evaluate what they want from work with a suggestion that people will no longer put up with bad work. Some are quitting their jobs, while others are quitting work entirely.

The way we live and work changes as we get older. People usually transition through stages such as education, employment, inactivity and eventually retirement, but the major disruption of the pandemic has interfered with these transition points. Perhaps they came sooner and were much more discrete than they might have been in smoother economic times. There has been a record numbers of young people attending higher education and an increase in an early exit from the workforce. The sheer length of the pandemic and its disruption put a lot of open water between the pre and post-pandemic world of work making the disjoint seem starker.

There is some evidence for a great resignation. The theory that the pandemic has shifted preferences around the type of work people want to do holds less water. Rates of job-to-job moves can be explained by the dynamics of furlough ending and the economy reopening. A combination of suppressed churn/turnover and a tight labour market and high rates of exit from the labour market, particularly for older workers, are not unusual in a recession.

Animals in Distress has and continues to experience the impact of the 'Great Resignation' seeing a number of our staff leave the Charity's employment. The reasons were varied and included ill-health (including long-COVID), change of career, changing family/domestic circumstances, retirement, early retirement, reduction in working hours or to cease working at all and the two compulsory redundancies. The Charity employed 67 members of staff just before the first lockdown in 2020, at the time of writing this report, we now have a staffing level of 48, made up of both full and part-time members of staff. This reduction in the workforce has meant a reduction in our overall payroll costs meaning that the prospect of future redundancies is, we hope, far less likely now.

Whether or not there has been a great rethink about work is less important. The challenge for employers, including Animals in Distress, and policymakers are the same. Recruitment has proved really difficult and that may be holding back the recovery. Creating quality work with lots of flexibility will help employers attract, and crucially retain employees. This is particularly important for older workers who value flexibility, especially around hours worked. There has also been a large increase in inactivity due to sickness and ill-health. As an employer, we must ensure we can facilitate the provision of reasonable adjustments for those with a disability or long-term health conditions.

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#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

Recruitment and retention has been tough. Although we have received a sizeable number of applicants for any role we have advertised, the overall calibre of applicants has not been great and we are often picking from a pool of people who we would not have shortlisted before. It is with little surprise therefore that several of the candidates who have started with the Charity have not taken to their new roles and/or have failed their probation period, despite additional support and training. That having been said, we have attracted and retained some very good new staff who have settled into their roles very well.

Interestingly in a recent UK Charities Report undertaken by Kreston Global, no charity said that recruitment is less of a challenge now than it was during the Covid-19 pandemic in 2020. 100% of charities said that it had either stayed the same, or become more challenging than it was during the pandemic with the majority (64%) finding it more difficult to recruit and retain staff now. We are certainly not alone in our experience.

Recruitment is expensive and time-consuming and for the reasons above, has been incredibly tough and frustrating. One further reason for recruitment difficulties could be that many charities such as Animals in Distress are only able to offer pay increases to match the high levels of inflation. To try to tackle the recruitment challenge, we are taking steps, other than financial, to make our charity a more rewarding place to work. It remains to be seen whether this will be effective or whether workers will continue to look elsewhere to gain a better financial package.

#### **The Impact of Coronavirus (COVID-19) on Animal Wellbeing 2022**

While pet populations have not risen dramatically as predicted by some, there is an increase in both the estimated dog population and the proportion of adults owning dogs. Additionally, there is the continued high level of pet acquisition by new owners, i.e. those who have not owned that species of pet before as an adult. This expansion of the pet owning population should be cautiously welcomed as pet ownership can lead to increasing awareness of and public concern for animal welfare and so help to protect their wellbeing. However, it is imperative that inexperienced owners are supported to ensure they understand how to provide for the needs of their pets.

There are some worrying trends, including the increased number of pets acquired from abroad. At Animals in Distress, we do not 'rescue' animals directly from abroad, although several animals which we have been asked to take on, care for and rehome have originated from Europe. These pets may undergo great stress during transport, sometimes in the important formative weeks of their early life. While many integrate into families with no concerns, a significant number suffer with behavioural issues. In these situations, post adoption support is invaluable, which may not be readily available if those pets have come from overseas. Additionally, the number of people specifically seeking their pets from abroad in order to obtain animals that have undergone cosmetic mutilation surgeries such as ear cropping is extremely concerning. We've also seen that many dogs acquired during the pandemic years seem to be struggling with separation related behaviours and will need support.

The PDSA's PAW Report indicated that preventative healthcare provision has not fully returned to pre-pandemic levels across all healthcare options, but uptake is largely unchanged from 2021. They also found that the proportion of rabbits living alone (42%) is now no different compared to immediately prior to the pandemic (42% in February 2020) which is reassuring given that the 2021 figure (48%) was higher, although improvements are still needed. However, we are still seeing a marked increase in the number of people wanting to give up their rabbits, something that was very apparent from the first lockdown.

There have been serious impacts on human wellbeing over the past two years, initially through the COVID-19 pandemic and now ongoing due to the cost of living crisis and other worldwide events. At Animals in Distress, we advocate that the welfare of our pets needs to start well before a new pet is brought home. Deciding to share our life with an animal should be thought about carefully, with consideration given to the pet's needs as well as our own. It is therefore surprising that 20% of owners do not research before acquiring their pet, and only 18% looked into the cost of owning a pet. Owning a pet takes commitment, finance, emotion and time. Nearly a third of owners admit that owning a pet is hard work and nearly half say it is expensive.

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There are numerous benefits of pet ownership including a reduction in loneliness but as all rescue organisations will advise, the care of a pet is something that should not be considered lightly. We need to ensure both the welfare of the pet and wellbeing of the carer/owner is considered, especially when approaching pet welfare issues. Pet owners need support and at Animals in Distress, we are committed to giving prospective owners all the knowledge, guidance and support they need to adopt an animal from us. All organisations have a responsibility to drive positive change and continue to work towards understanding and overcoming the barriers owners have to providing the care that pets require. The veterinary profession and the wider animal welfare community have a vital role to play in using both empathy and evidence-based information to guide owners to help them improve their pet's wellbeing.

There are so many benefits for potential new owners of getting their animal from a rescue centre compared to the risks of buying from unscrupulous breeders or from unknown sources online. The rapid increase in interest in owning a dog or cat led to a surge in online buying. Acquiring a new pet should always require buyers to do their research and undertake the proper checks themselves to ensure they are buying a healthy animal. Rehoming a pet from a recognised rescue organisation such as Animals in Distress helps buyers avoid unscrupulous dealers, breeders and traders that pose such a threat to the health, welfare and happiness not only of the animal, but of the whole family. A rescue pet will be healthy, having received any necessary medical treatment and will be vaccinated and microchipped.

#### **The Rescue Centre Post-COVID-19**

The main challenge and concern for Animals in Distress in the medium term continues to be fundraising and the uncertainty around income. Animals in Distress is typical of most other animal charities in that an important part of our income comes from legacies and those legacies are often dependent upon the sale of property to liquidate the bequest. With the property market having been so buoyant, we have realised the level of legacy income we could have hoped for during the last few years, however, with the property market now cooling somewhat, so the future for legacies linked to property sales is potentially less certain than it was.

We continued with our business continuity planning in 2022 by keeping animal numbers at the Rescue Centre to a level where we could comfortably cope. This was crucial for a number of reasons. Firstly, for the wellbeing of the animals as issues such as separation anxiety meant that some animals stayed with us longer and secondly, working with a reduced staffing level, we still needed to deliver the same exceptional standards of care. There continues to be an increased demand for our services post-COVID, including emergency admissions for all sorts of reasons including illness, bereavement, losing their jobs and/or no longer able to afford to look after their animals, the anticipated increases in approaches to take on more animals has certainly borne out.

During 2022, we continued to focus on leanness as a matter of approach, reduce our costs, strip out any waste and drive efficiencies. The challenge with a 'lean' approach is that it could leave the Charity less resilient. We looked for further ways of working better and more compatible with the changing world we now live in, including continuing to place a greater reliance on digital customer journeys and experiences.

At the time of writing this report and after careful consideration about how we can best continue to serve our local community and the animals in our care, we have decided that the admissions and rehoming of the animals will continue to be by appointment only, with the Rescue Centre remaining closed to general public access for the foreseeable future. Over the last three years the animals in our care have been used to the relative calm of being closed to the public and as a result, we have seen a marked decrease in the stress levels exhibited by the animals. We are mindful that a sudden influx of daily visitors would cause some welfare issues. We love having visitors to the Rescue Centre, however, not only are there the welfare issues to consider, we now have fewer staff available each day to attend to a steady stream of visitors. We will regularly review this position and may decide to re-open to general public access on a restricted basis at some point in the future.



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Like most charities, it has been a challenging period for Animals in Distress and in the current financial climate we continue to be forced to operate with smaller teams than in previous years. The Rescue Centre team's priority of course remains caring for the animals. We will keep this decision under review as we continue to navigate through these continued difficult times.

There was a need for Animals in Distress pre-COVID-19 and there is certainly going to be a need for the Charity going forward. The sustainability of the sector continues to be tested with the cost of living crisis and we know that there are many challenges ahead but we are as determined as we ever were to ensure Animals in Distress remains as relevant as it always has been and continues to serve the community in a trusted and transparent way. Only time will tell whether the long-term impact of COVID, the Ukraine crisis and increasing inflation will be felt across the Not for Profit sector. Let's hope that the global catastrophes will provide a catalyst for altruism that society desperately needs.

#### **Government Business Support**

As reported last year, the government announced a series of extraordinary business support measures in 2020 to protect businesses and to save as many jobs as possible during the COVID-19 pandemic. Fortunately, the Charity was able to take advantage of a number of these schemes in 2020 and 2021. The grants included Business Rate Grants, National Lockdown grants, Local Restrictions Support Grants (tiers 2 and 3), Closed Business Top-Up grants and Restart grants. The total awarded and received by the Charity was £318,792.39.

The Coronavirus Job Retention Scheme (CJRS) was a government wage support measure designed to protect jobs in the wake of the economic impacts of the COVID-19 pandemic, and to support employers who are facing difficulties to continue paying wages rather than making people redundant. The Charity was able to claim CJRS grants to help carry on paying furloughed staff. The Charity had nearly 5/6<sup>th</sup> of its workforce furloughed at times, functioning on just a core team of staff. The only staff members who were not on furlough or flexible furlough at any point were the Finance Officer and CEO. The scheme ended in September 2021 and the Charity was able to claim furlough pay, employers National Insurance and pension contributions (to July 2020) totaling £492,791.

As an employer, we were able to use the Coronavirus Statutory Sick Pay Rebate Scheme to reclaim up to two weeks' worth of Statutory Sick Pay (SSP) that we paid out to employees for COVID-19 related sickness absences. We had a number of staff members who had coronavirus or had to self-isolate. SSP was paid for absences from the first day off, rather than day four as is standard. The Charity was able to reclaim £2,208.84 on this scheme which ceased on 24 March 2022.

The government support we were able to access was an absolute godsend and we are eternally grateful for all of the financial assistance we have received as it has helped the Charity immensely during what has been an extremely challenging and difficult time. The various schemes and grants greatly assisted the Charity to continue functioning during the pandemic and beyond, certainly helping to replace some of the lost income in the shops and allowed the Charity to keep as many of our staff as possible in their jobs, something which we were determined to do from the outset.

In 2022 and so far in 2023, the Charity was also assisted by the Government's Energy Bill Relief Scheme. The scheme provided energy bill relief for non-domestic customers in Great Britain. Discounts were applied to energy usage initially between 1 October 2022 and 31 March 2023. The scheme was available to everyone on a non-domestic contract including businesses, voluntary sector organisations, such as charities and public sector organisations such as schools, hospitals and care homes who were on existing fixed price contracts that were agreed on or after 1 December 2021, signing new fixed price contracts, on deemed/out of contract or variable tariffs or flexible purchase or similar contracts.

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The government provided a discount on gas and electricity unit prices. The scheme was replaced by the Energy Bills Discount Scheme which will run for 12 months from 1 April 2023 to 31 March 2024, so the Charity will continue to benefit from the additional help. This is vital, having seen our energy costs at the Rescue Centre alone increase by 100%. Our average bill over a winter month used to be approximately £4k, this year we paid nearly £8k for the same month, even with the Government help. Energy costs remain a key concern for the foreseeable future.

#### **Retail Operation**

We are living in unprecedented challenging economic times with most of the economic pressure coming from external sources. The cost pressures for everyone and especially charities is considerable with most charities being very concerned if their unrestricted income from retail will be secure in the future.

Back in early 2022, it looked like the start of a post-pandemic high street revival. The Omicron wave of COVID had subsided, the weather was getting better and according to the polling firm Ipsos, traffic to urban shopping destinations had risen to 86% of pre-pandemic levels. But by the end of the same month a new, energy-related crisis had replaced the old, once again keeping shoppers away.

In October 2022, research from the retail analytics firm Springboard showed that the post-COVID retail recovery had been gradually slowing down for three consecutive months and analysts are no more than cautiously optimistic about the future. But against all odds, there's a corner of the high street that seems to be thriving, namely charity shops.

Data from the Charity Retail Association (CRA) and their combined 9,000 shops shows that charity shop sales were up by 10% in 2022 compared to the same period in 2021. According to the latest figures, charity shops are now estimated to raise around £360m a year for charities.

There are several factors contributing to the current popularity of charity shops. A recent YouGov opinion poll suggests that financial concerns is the primary factor, with 38% of respondents stating that they have bought a used item from a charity shop instead of a new one in the past three months because it was more cost effective. But this is not the only reason people choose charity shops, people want their money to stretch further due to the cost of living but they also want to shop more sustainably. The third factor is just the increased popularity of buying second hand as people are becoming more enthusiastic about it.

While this newfound enthusiasm for charity shops might be taking off, videos tagged #charityshop have more than 350 million views on TikTok, it does not benefit all charity shops equally, with several having to close permanently over the past few years attributable to leases coming to an end or poor financial viability. With regards to shop numbers, there is a lot of churn in terms of closures and openings, part of that has to do with rental issues and increasingly now with things like energy and insurance fees, but most importantly, it is to do with the charity retail sector responding to change in consumer behaviour.

Since working from home has become an integral part of the traditional working model, office-adjacent areas that were previously very successful for retail have become virtually deserted. Fortunately, the Animals in Distress shops are located in more traditional high street locations, which has helped them survive. It does not mean that bricks and mortar retail is over, simply that different areas are now more popular shopping destinations. There is an increasing trend of shops moving towards bigger premises like our Outlet, where they can offer a variety of products and consumer experiences.

Charity shops are becoming more diversified, so that there is something for everyone, from the more discounted type of product to things that target a more high-end consumer. The CRA hopes to support these efforts to reach a wide range of shoppers with the launch of the first national charity shop gift card.

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Accepted and sold in over 800 shops including the likes of YMCA, Shelter, Marie Curie and The Children's Society, the card is the first of its kind and is something that we are considering at Animals in Distress. It is a way of introducing charity shopping to a whole new audience.

It is right to be optimistic about the future and be confident that bricks-and-mortar charity shops will endure. Part of the joy of buying second-hand is searching through items and touching and feeling them and examining them as well as the human connection with the staff and volunteers. Something that is really difficult to fully replicate online.

The current economic climate combined with the changing consumer shopping habits is already having a growing effect on retail in 2023. The trend is already clear within traditional retail based on national statistics with retail sales down significantly during the last quarter of last year and the first quarter of this year. We are seeing some traditional retailers contracting their retail businesses in 2023 and some will sadly go out of business. However, most charity retailers are doing very well when comparing year on year performance against 2021 based upon the BDO Charity Retail Sales Tracker.

It does seem that the high street will continue to change with less traditional retailers and some charity shops thriving and opening more shops to build on their success. Some charity retailers will struggle badly and there might already be signs today if a charity retailer is behind the market average performance. There is already clear evidence of what the four main factors are that will strongly influence performance within charity shops in 2023:

- Price - Optimise the sales of donations by pricing them to best practice is a key factor. The most successful charities use four brand pillars for clothing and accessories.
- Space - Scientific use of retail space including hot spots to influence the customer journey within the shops and the shop ambience to improve the customer experience.
- People - Having the right Shop Managers is the universally recognised aspect where charities should focus. However, it is very challenging to recruit so developing our shop managers to be the best possible is a key element.
- Estate - Reviewing our retail estate and considering all relevant aspects of each location to produce a shop-by-shop action plan to ensure the best performance possible is achieved from each location.

It is important that we do all four of the above otherwise we could find our sales slipping behind the market trend and we are highly likely to struggle. Our overall aim is to grow our unrestricted income despite the rising costs.

2023 is going to be very important and defining for all charity retailers. Some will struggle with the additional costs from utilities and wages, yet some will have their best ever year and most likely expand their retail business taking full advantage of the economic climate. The good news is that we are already taking a range of actions to help our retail operation perform better in 2023 and beyond.

The Trustees, CEO and our Retail Support Manager regularly review our retail strategy. The risk of not having an up-to-date retail strategy is considerable and while it can be useful to have an agile approach to retail development, it is far more likely to be successful as part of a retail strategy. A future proofed retail strategy sets out the direction for the retail business and considers all the options.

We frequently ask ourselves whether our retail operation could generate greater unrestricted income. Like most charities, the answer is 'yes'. We are always operationally looking at our shops to generate more income. The key to unlock some further unrestricted income tends to be strategic enhancements to the retail business rather than operational changes.

Having a well-balanced shop portfolio is a key ingredient. We believe that we have this with our largest store, the Outlet and a range of different format charity shops. Whilst this sounds easy, getting the right balance is the key, and it needs careful planning due to the changing retail landscape.

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### **Rescue Centre Improvements**

During the year, we continued our rolling programme of improvements to the facilities at our Rescue Centre in Ipplepen. Although no major projects were undertaken in 2022, we still maintained facilities, where possible, in order to continue to provide a safe working environment for our staff and volunteers, excellent accommodation for the animals and to ensure that the site remained presentable at all times. We kept COVID-secure measures in place for most of the year, including the provision of hand sanitiser stations, cough guard screens, suitable signage and ensuring our staff and volunteers had suitable PPE.

Although not a major project in itself, we did carry out the refurbishment of the on-site bungalow accommodation during early 2022 and in July 2022, one of the staff members moved in. This provides the Charity with a rental income and means that there is someone generally on site overnight.

### **Adoption Fees**

Our adoption fees remain broadly in line with other charities, both locally and nationally. At the start of each year, we apply a modest increase to the adoption fees for the animals which goes some way to offset some of the veterinary costs that the Charity incurs to give the animals the very best treatment and care. However, generally it costs the Charity far more to look after and treat each animal than the adoption fee covers. Occasionally, we have charged an increased adoption fee for certain breeds, above our standard rates and this additional income, ensures that we can help more animals that come into our care. Facing rising costs, we decided in October 2022 to apply a second increase to our adoption fees to help mitigate the situation.

When an adopter rehomes an animal from Animals in Distress, they take home a pet which has been fully assessed by our expert animal welfare staff as well as our veterinary surgeon. Every pet at the Rescue Centre is: vaccinated, microchipped, neutered, wormed and flea treated (where appropriate for their species), examined by a vet and given any necessary treatments and where appropriate given a training plan designed to meet their specific needs.

### **Key Statistics**

In 2022, we admitted 382 animals (364 in 2021) to the Rescue Centre (89 dogs, 180 cats/kittens, 41 rabbits and 72 guinea pigs) and rehomed 352 animals (332 in 2021) from the Rescue Centre (76 dogs, 167 cats/kittens, 44 rabbits and 65 guinea pigs). This represented an increase of 5% in admissions and 6% in rehoming compared to 2021. Our aim, finance and staffing levels permitting, is to continue to very gradually increase admissions and rehoming year on year.

We continued to work with and develop the Open Paw Programme in the kennels meaning that we were able to help many dogs find their forever homes. Open Paw is a programme specifically developed for dogs and cats in rescue centres, designed to provide animals with the enrichment, training and social skills they will need to make them more rehomeable, and to help them successfully settle into life in their new homes.

During 2022, Animals in Distress continued to assist Redditch Cat Rescue with taking on a number of cats and kittens from the North Worcestershire based, voluntary run charity to assist them when they are overrun. More locally, we also assisted Cats Protection by taking a number of pregnant queens, cats and kittens. We will always do our best to help out other animal charities, both locally and nationally including Cats Protection and the RSPCA, when there is a need.

Animals in Distress continues to ensure that all animals admitted and cared for at the Rescue Centre are healthy and receive all the necessary veterinary care that they need. The reduction in the number of animals on site during the pandemic resulted in fewer treatments required and a reduction in associated costs.

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In 2022, a total of 3,012 (2,910 in 2021) consultations and combined treatments were administered (vaccinations, flea and worm treatments etc.) including operations performed (neutering, orthopaedic etc.). Whenever possible, the vast majority of treatments and operations continue to be undertaken on site at the Rescue Centre. Total veterinary costs which include ancillary costs (i.e. lab fees, medical gas, medication, equipment etc.) were £75,470 (£67,301 in 2021).

We continue to benefit from being able to purchase discounted veterinary medicines through MWI Animal Health which is a conglomeration of a best-in-class wholesale distributor Centaur Services, a practice management software innovator Vet Space, and two buying groups with relationships across the industry, St. Francis Group and Vetswest. We are also purchasing medicines through Veenak Veterinary Supplies who are a leading supplier that specialises in supplying human medicines at highly competitive prices. They have been serving the animal healthcare industry for several years, providing high quality products to veterinary practices and offer product solutions to cater for veterinary needs.

#### **Veterinary Contract**

Our veterinary provision at the Rescue Centre continues to be provided by Quarry House Vets, whose main practice is in Torquay. The Charity has maintained a good working relationship with this practice for over a decade now and our aim and requirement is the same as it always has been, to ensure that they provide the best and most up to date veterinary care for our animals. We will consider undertaking a retendering exercise for the contract when we feel that the time is right, however, we will continue to utilise the services of Quarry House as they meet our requirements at this time.

#### **Big Bark Kennel Build Project Update**

Since we launched our Big Bark Appeal in 2019 so much has changed. The pandemic severely curtailed our fundraising efforts and now with rising inflation and soaring costs, our focus had to be and continues to be on ensuring the sustainability of the Charity.

Due to the events of the last three years it has become clear that unfortunately we are simply not going to be able to afford the project we first envisioned for a whole new kennel block. The build based on the original plans was costed at approximately £1.2m but with material and labour cost increases over the last few years, the approximate cost could easily be at least £1.5m. In addition there would be a substantial increase in the running and staffing costs associated with a larger kennel building. For these reasons we have to be realistic about what we can now achieve.

Rather than a complete rebuild we are now looking at a substantial refurbishment of our existing kennels. We feel this is a sensible decision given the uncertainty of the economic climate in which we all find ourselves. We are having discussions with our architects to establish the details of what we will be able to achieve and once we have a firmer plan in place we will hold consultation with all supporters who have donated to our Big Bark Appeal. We will keep all stakeholders updated at every stage of the works to ensure that they are happy with how their kind donations are being spent.

#### **Use of Volunteers**

Despite the ongoing pandemic, Animals in Distress has continued to benefit from the fantastic contribution that our wonderful volunteers made during 2022. The Rescue Centre was closed to general public access from March 2020, throughout 2021 and 2022, however, once the government restrictions were relaxed to allow volunteering, we brought back a number of our volunteers to assist at the centre.

Following the pandemic and the various lockdowns in 2020 and 2021, we found that that even when the shops re-opened, many of our volunteers were very wary of mixing in public so we had fewer volunteers to call upon. However, during 2022, we re-engaged with many of our volunteers and they returned to the shops and following a recruitment drive for certain roles or support at certain locations, we had a number of new volunteers join us.

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Our volunteers contributed at least 14,385 hours to the Charity during 2022 (5,680 hours in 2021) in our shops, at the Rescue Centre, fundraising in the community and in our Head Office. We continue to recognise the incredibly valuable part that our volunteers play in making this Charity such a success and we will continue to involve our volunteers more in other areas of our work such as administration, fundraising and events. The Charity considers the recruitment of volunteers in the same way as staff and carries out a thorough administrative process in their selection.

#### **Fundraising Activity**

2022 has been a very busy year as our fundraising team began to resume our normal activities after the pandemic. We had a full summer and autumn of attending external events and reconnecting with our local community. Our wonderful community supporters were also out in force, holding their own fundraising events and challenges on our behalf.

Our bi-annual magazine and our social media channels remained a popular way of reaching out to those of our supporters who did not attend events, and our social media reach continued to grow this year.

Our fundraising covers trusts and grants, individual giving, events and challenge fundraising, social media appeals, community-led fundraising and corporate sponsorship. We are so lucky to have the tireless and incredible support of our local community and beyond, as well as wonderful relationships with local businesses. We are committed to always ensuring that we provide our supporters and potential supporters with the respect and gratitude they deserve. We are very grateful for every single donation and we always phone, email or send a personal card or letter to thank every person who donates.

We are registered with the Fundraising Regulator. We are committed to the Fundraising Promise and adherence to the Code of Fundraising Practice and have a robust GDPR policy to ensure that we protect all our supporters' privacy and data.

A few highlights of 2022 include:

- We received £17,655 in regular giving
- The lottery in partnership with Your Charity Lottery raised £2,906
- We received £12,580 in online donations
- Our corporate friends raised £11,794
- Our supporters in the community raised £11,775 by walking, running, selling cakes and plants, and skydiving!
- Sponsorship of animal pens raised £3,287 for the animals.

#### **Staff Personal Development**

The Charity continues to invest in the continuing professional development (CPD) of our staff. It remains a priority for the Charity in order to ensure that we have a constantly developing workforce so that staff have the knowledge and skills to perform their roles in a professional context. This ranges from honing current skills, developing them to a new level or learning new ones that will allow an employee's job role to expand or prepare them for potential promotion.

Several staff members completed a Blue Cross Bereavement Support Skills course and undertook courses with the Centre of Excellence, including Level 3 - Leadership and Management, Feline Behaviour and Psychology Diploma, and the Canine Behaviour Training Diploma.

We continued our association with Battersea in 2022, with some of the courses held virtually. The Battersea Academy is a centre for professional development that trains animal welfare practitioners from across the UK and around the world.

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Delivered by Battersea's experts, Academy programmes are designed to equip participants with the knowledge and practical skills they need to operate their own rescue and rehoming centres effectively and to the highest possible standards. Their programmes cover up to date animal welfare principles, models and approaches to running a rescue centre.

They work with participants before they attend to ensure each programme is tailored to the specific needs of the organisations attending. The Charity has received bursaries from Battersea in the past to attend the intensive programmes and it is hoped that the Charity and staff will be able to take advantage of future programmes in 2023.

#### **New EPOS System**

Following a number of EPOS providers being approached in 2019 for quotations to replace our current till system, we decided that we would remain with our current provider, Cybertill, and invest in a new system which is compatible with Windows 10 and is also future-proofed in that it is guaranteed to be upgradeable or be replaced up to 2032 in the event of further operating system changes. It was due to be installed in our retail premises and the Rescue Centre just after Easter 2020 but due to the first National Lockdown, this was postponed. With the shops being closed for much of the year, it was decided that this was unnecessary expenditure and that we would revisit the upgrade during 2021. With the shops only being allowed to re-open in mid-April 2021, we decided to postpone the installation to Q1 2022 to delay the expenditure.

The hardware eventually arrived in late February 2022 and the installation in the shops and the Rescue centre was complete by early March. Unfortunately, the supply of the Worldpay Integrated Pin Pad devices was delayed due to the global shortage of semi-conductors (microchips). Cybertill advised an initial delay of some 6-8 weeks so they had to put into place an interim solution of standalone pin pad devices. The integrated devices were eventually delivered and installed in June 2022.

The new tills and card machines are a significant investment for the Charity. They are quicker, more reliable, have more functions and are future-proofed meaning that the Charity should reap the benefits of the new system for many years to come.

#### **Information Technology**

It is increasingly important for all organisations to protect themselves online by implementing the latest cyber security techniques to keep devices, software and systems secure. It is no different for charities, so it may be reassuring to know that through our business IT support company, Electrowise, we are satisfied that the cyber security measures we have in place are reasonable and proportionate.

The level of risk is high, so it is vital and essential that our cyber-security measures are adequate, however, even with the best cyber security, it can't guarantee protection from potential cyber-attacks or hackers. It is therefore prudent that we have a cyber insurance policy in place to ensure we are covered should the worst happen.

We migrated over to Microsoft Office 365 (cloud based) in 2021 which was a positive move. As a Charity, we did not have to pay for it. Office 365 is Microsoft's productivity suite with tools like Word, Exchange, Excel, SharePoint, Teams and more.

As it is cloud-based, it can be accessed from anywhere, on any device once online and is a totally secure environment with robust security measures in place, like two-factor authentication, which ensures unauthorised people can't access our files if they happen to get on our devices. Threat detection and anti-malware means security threats are identified and stopped immediately, which is particularly important for us as an organisation that deals with confidential data and information.

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Using Office 365 means our Charity is free to operate without any concerns for IT security. Other benefits include improved communication, business continuity as no matter what happens to our physical devices, our email, files and data are safely stored in the cloud, automatic upgrades and centralised collaboration.

Our servers were due for a replacement/upgrade in late 2022. By moving over to Office 365, it negated the need for our email server but we still had the main server to replace. Generally, it is expected that a server upgrade or replacement will need to happen every 5-10 years. If we were to wait until it 'died', we would risk downtime, lost productivity, and massive expense. It was therefore important that we established a plan for routine replacement to help avoid the issues that come along with failing servers. Ultimately, the main reasons to replace and upgrade our server was to reduce costs and drive operational efficiencies. As servers naturally age, they become costlier to maintain and support. The new server was eventually installed in early 2023.

#### **Challenges**

##### **Cost of living crisis**

With inflation rising to over 10% and the cost of everyday essentials rising the current crisis is taking a toll on everyone's finances. As a result, charities are experiencing increased demand as people struggle to meet the cost of everyday life. According to research by the Charities Aid Foundation (CAF) 86% of charitable organisations are worried about the effect the cost of living crisis will have on those that depend on their services, while a further 71% expressed concern over managing increased demand to their services.

However, this isn't the only challenge. The running costs of charities are increasing but their income is falling as people have less to give. In fact, CAF research highlighted that between January and April 2022, an estimated 4.9million fewer people said they donated to charity when compared with the same months in 2019. Smaller charities, such as Animals in Distress are particularly vulnerable to the decrease in donations and without government funding, like many, we are likely be the worst affected by the crisis.

New data on giving in November and Christmas 2022 showed that recovery post-COVID has not materialised. Nearly four million fewer people were donating during the peak pre-Christmas period, a crucial fundraising time for all charities. This comes on top of inflation eroding the value of donations in real terms. A recent analysis with Pro Bono Economics estimates that a monthly charity donation of £20 started in 2017 will be worth just £14.90 by 2024.

The most common way people report giving to charity is through a Direct Debit or standing order, which has increased year-on-year from 33% in 2018 to 38% in 2021 and 2022. This is generally good news for charities, since it provides a steady income flow, and can be easier to use and is cheaper than other methods.

But there is also little indication that individuals might adjust their Direct Debits to account for inflation eroding the value of their giving. Charities are generally reluctant to ask supporters to change Direct Debits when facing hard times and the fear is that donors could cancel payments if prompted. However, there can be a positive outcome as it is often a way of creating opportunities for engaging with existing and new permanent supporters.

While cash is still a popular way for people to donate, the pandemic seems to have accelerated the digitalisation of giving. Online giving reduced slightly in 2022 compared to the pandemic, but remains higher than pre-COVID. Whereas cash giving has stayed subdued. We have to find the right balance between online and offline approaches in our fundraising and how we engage with supporters. The continued investment in digital capacity to deliver services and fundraise remains relevant.

As demographic change advances in the UK, charities will also have to continue to find new ways to bring younger supporters on board, while keeping older donors engaged in ways that suit them. It is still older people who are more likely to be regular givers compared to younger people.



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Younger donors are also less likely to give in general. The proportion of those aged 16-24 who never give to charity has significantly increased, from 6% in 2020 to 9% in 2021, with the proportion of those aged 25-34 following a similar pattern (6% in 2020; 8% in 2021). In contrast, there have been no significant changes among those aged 55-64 or 65 and above. However, there may be a distinction between willingness to support and ability to give. A survey from Barclays showed that 90% of individuals in the 18-24 demographic said that they donated to charity over the last 12 months, compared with 80% overall.

#### **Financial sustainability**

Generating income and achieving financial sustainability is the main and constant challenge facing Animals in Distress. However, it is important to remain optimistic about the future of our organisation, with the level of optimism increasing in line with income. It is fair to say that we are probably more optimistic about our own organisation rather than the sector as a whole.

#### **Meeting demand for services**

Over the past couple of years the COVID-19 pandemic, and now the cost of living crisis, has resulted in charities including ourselves, experiencing overwhelming demand for their services. We expect this demand to continue as the country's economy recovers. People are struggling to pay their bills, rising energy prices mean people are struggling to heat their homes and the rocketing cost of food means it is more expensive to put meals on the table. People's wages aren't stretching as far as they used to meaning that many are struggling to feed themselves, let alone their animals, causing more people than ever to reach out for help and support.

As the difficult times continue, it is inevitable that more and more charities are running out of options to continue to meet the high and protracted demand for their services becoming overwhelming. As charities face continued pressures on services and reduced capacity to deliver, it is unsurprising that many charities are now needing to use their reserves to cover core costs. Over the last few years, we have ensured that Animals in Distress has lived within its means so we have been fortunate that we have not had to dip into our reserves. Although the demand for our services has been high, we took the sensible decision to regulate our intake of animals based on our ability to fund our work. This has ensured that we continue to maintain a good level of service without risking the financial position of the Charity. This way, we can be confident that we continue to have the funds to meet a demand that we can regulate and ensure that the Charity can still do its excellent work for many years to come.

#### **Volunteer retention**

The NCVO Civil Society Almanac 2022 reported that 16.3 million people volunteered through a group, club or organisation in 2020/21 but that levels of formal volunteering fell significantly between 2019/20 to 2020/21, although this can largely be attributed to the pandemic. Volunteers are vital to third sector organisations and trying to maintain volunteer numbers (as well as recruit new volunteers) is a constant challenge for charities.

As we move forward, we need to adjust our volunteering offering to respond to what appears to be a growing 'participation premium' – that is, people wanting to feel that they are actively doing something to cause change, instead of 'just' giving money. In normal times, events and other activities that could be done collectively would be suitable options. But we could find ourselves competing for people's time with other activities that are now possible post-COVID. There could also be an increased opportunity to bridge the volunteer gap through corporate giving, with payroll giving and volunteering opportunities potentially appealing to younger and more socially conscious employees.

It is suggested that there could be a volunteer boom in 2023 driven by younger people, with research by Pro Bono Economics showing that charities could benefit from up to 2.5 million new volunteers aged 18-34 in the next year. We have just seen the Big Help Out on the Coronation Bank Holiday which is something to build on.

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### **What can charities do?**

The pandemic and the impact of the cost-of-living crisis have brought about two major realisations – how dependent society is on the contribution of civil society and civic spirit, and the extent to which the external environment can have a long-term impact on the charity sector. There are areas which charities like Animals in Distress must make sure we have invested in sufficiently to balance the current need to deliver services with future preparedness and resilience. These considerations include increasing financial resilience and sustainability, managing costs and moving towards renewable energy sources, embracing the social economy and partnerships, and increasing engagement with donors.

The concern is that the worst is yet to come for charities as the full impact of the cost of living crisis is yet to be felt and there is every indication that the sector may not begin to recover until mid-2024. The crisis is potentially both deeper and longer than COVID. This is due primarily to the huge funding gap, made worse by inflation driving costs and eating into the real value of income, the surge in demand and increasing people[-related] challenges. The funding landscape remains challenging but it is hoped that it has stopped worsening now.

The charity sector is experiencing a period of unrelenting change driven by factors such as:

- the digitalisation of the economy
- growing demands for a demonstrable impact, transparency and integrity
- an increasingly complex regulatory environment
- environmental events

These factors are forcing us to adapt and to respond in ways that protect our operations, while continuing to focus on the needs of our beneficiaries. These challenges are reflected in risks related to governance and strategy, organisational change and reputation.

During 2022, we continued to actively take measures to cut our expenditure where we have been able to do so. We restricted spending to our core activities and any future projects have been put on hold. In the short term, the measures that we have taken and the funding we have been able to source will make sure we are in a strong position to ride the waves during these uncertain times and recover when the various crises are over and the global economy settles down.

The Trustees and CEO continue to discuss the issues and challenges, making decisions and then acting together to successfully implement those decisions. We endeavour to make timely decisions within shorter timescales. As income levels are threatened and additional costs arise, cash flow and reserves management inevitably demand our greatest attention. We are fortunate that we have a strong robust reserves policy, we have cash reserves that we would be able to draw on to manage our cash requirements. Fortunately, we did not have to draw on our reserves in 2022 but if we do need to going forward, the issue will be how the reduction in reserves is going to be managed going forwards. We know that it takes time to build our reserves level up again and therefore we may have to consider selling investments to help with this.

There are a number of key areas we are focussing on for our planning, budgeting and re-forecasting:

- Staff and volunteer welfare and safety remains paramount
- Despite recent increases in interest rates, developing a more diverse and robust investment strategy to increase our investment income
- Fall in trading income arising from our retail operation post-COVID
- Fall in a voluntary income from sources such as donations, fundraising and sponsorships as well as events cancelled or as individuals have less disposable income to donate (as a result of the increase in inflation and the global economy).
- Health and safety issues have been considered with the day to day needs catered for with different ways of working to protect staff.

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We have had issues to consider during the pandemic and have and will continue to adapt and change our business model due to the post-pandemic world and the global economy. There are extremely difficult times ahead as we feel the true economic impact of the pandemic, the Ukraine crisis and inflation is yet to be fully felt, but we will continue to do all we can to mitigate the situation in the short-term in order to secure the medium to long-term sustainability of the Charity.

#### **Investment Strategy**

The current Trustees and CEO recognise that the Charity is sitting on a large cash balance with little earnings potential. The cashflow of the Charity is quite unpredictable, and it is the donations that come through legacies which really make the difference. As a result, it was agreed in 2022 that the Charity has the capacity to invest a lump sum of £400,000, aiming to generate the potential of greater long-term growth in order for the Charity to continue operating for many years to come.

The Trustees and CEO met with Francis Clark Financial Planning to discuss our objectives. They considered a range of factors including our financial ambitions, our investment preferences and agreed risk profile to create a bespoke financial forecast that is adaptable to changing circumstances and maximises our return on investment.

Our main objective for these funds is that the portfolio avoids investment in or have any direct involvement in any companies, governments or organisations which are associated in any way with animal testing, or any cruelty to animals whatsoever. The portfolio needs to ensure absolute screening and compliance with this area moving forward. The Trustees and CEO accept that in some cases there may be some residual exposure to animal testing in pharmaceutical sectors but wish to avoid animal testing on a best-efforts basis.

Following discussions with Francis Clark Financial Planning and based on our requirements and objectives, they recommended we invest the £400k in a new discretionary arrangement with RBC Brewin Dolphin. They are one of the largest British wealth management firms with over 30 offices throughout the UK, Jersey and Ireland, and c. 2,000 employees. It provides investment management and financial planning services to individuals, companies, intermediaries and charities.

Whilst Brewin Dolphin were more expensive than the cheapest proposal, the following summarises the conclusions for their recommendation:

- Francis Clark already have an existing relationship in place with Brewin Dolphin
- They are experienced in working with South West based charities
- Their investment proposal provides clarity on information regarding screening in both direct and indirect investments
- The ability to bespoke the investment proposition to the specific mandate of Animals in Distress

For long term investors Brewin Dolphin believed that our investment risk appetite is appropriate and should protect the capital value of the portfolio from inflation, while producing an attractive level of income. The closest match to the recommended DT 5 or 6 level was to use the RBC Brewin Dolphin's Intermediary Risk Level 6: High Medium Risk.

A 'high medium' risk profile shows that our willingness and ability to accept investment risk is slightly above average. A portfolio that matches this risk profile is likely to experience some significant rises and falls in value, most likely containing mainly medium and high-risk investments, including Sterling corporate bonds and global bonds including higher income types as well as Property and shares. The shares are expected to be held mainly in the UK and other developed markets, but there is also likely to be some in higher-risk emerging markets.

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There are a number of risk considerations that we have taken into account:

- Past performance is no guarantee of future returns.
- If growth is low, charges may eat into the capital invested.
- Any ad-hoc or ongoing adviser charges being paid from an investment bond will count towards the 5% tax deferred allowance.
- The value of this investment is not guaranteed and on encashment you may not get back the full amount invested.
- If withdrawals are made at a rate which exceeds the net growth of the fund, capital will be eroded.
- Before making any withdrawals in excess of the cumulative 5% allowance, we should seek advice in respect of the most appropriate and tax efficient method of achieving this.
- The price of units and the income from them can fall as well as rise.
- An early withdrawal charge may apply.
- The government may change the tax rules that currently apply to onshore bonds.
- There may be occasions when an individual fund or funds may have a higher risk rating than our overall stated attitude to risk. If this is the case, then the overall risk rating applied to all of the combined funds being recommended will still be designed to meet our stated tolerance.

RBC Brewin Dolphin's work in optimising portfolio structures to try and ensure that portfolios produce the best level of return for a given level of risk produces a slightly different structure. Over time, RBC Brewin Dolphin believes that an investment portfolio with this broad structure will produce a return in the region of CPI + 2.0%. (Using the Bank of England's targeted inflation rate of 2%.) RBC Brewin Dolphin is very conscious that these expected returns are significantly below historic returns reflecting that we are in a challenged world, low economic growth translates to lower investment returns.

The £400,000 was invested in April 2023 and is seen by the Trustees and CEO as a medium to long-term investment, the returns from which will help secure the financial future of the Charity and if appropriate, assist with funding larger projects, such as Rescue Centre building work.

#### **Principal Risks**

The Trustees and CEO recognise that through the nature of our activities, funding base, reserves and structure, the Charity is exposed to differing areas of risk and levels of exposure. There are many areas of potential risk and we undertake our own processes for risk identification. The following list is an indication of a few of the main areas of risk that are considered by the Trustees and CEO:

- **Income and financial sustainability:** Insufficient income and reserves for the charity to achieve its strategic objectives and maintain its operations. Dependency on income sources - such as legacies and retail could have a cash flow and budget impact if that income source is significantly reduced or lost.
- **National minimum wage and living wage:** Government actions and proposals have and will increase payroll substantially, so future staffing levels will have to be considered.
- **Data Protection compliance and GDPR:** An event or incident such as an external data breach or inadvertent internal error resulting in the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of or access to personal data.
- **Organisational change and digital transformation:** The failure to execute organisational change and transformation programmes effectively and to achieve the intended benefits of these, resulting primarily in inefficient use of the Charity's resources.
- **Safeguarding:** Failure to safeguard the Charity's beneficiaries or associated vulnerable persons, including children, from abuse and maltreatment.
- **People, leadership and culture:** Weaknesses or failure of leadership, inability to develop and retain talent effectively and an organisational culture that is not an enabler in the pursuit of the Charity's strategy and objectives.

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- Governance: The Charity does not achieve its strategic, charitable, regulatory and ethical objectives due to inadequate governance at board, senior management or operational levels.
- Regulatory: The Charity fails to comply with applicable regulatory requirements, leading to reputational damage and financial penalties.
- Post-Coronavirus (COVID-19): The global pandemic and the effects on the economy, demand for services, finances, fundraising etc.
- The Ukraine Crisis: The impact and effects the war is having on the global economy, the international supply of goods and inflation.
- Health, safety and environment: Failing to ensure a safe environment could result in injury to staff, volunteers or the public, breaking the law and rendering the Charity unable to operate.
- Cyber security: Cyber incidents (typically unauthorised or inappropriate access to our organisation's network) executed by external or internal parties that negatively impact the confidentiality, integrity and availability of the Charity's information systems and data.
- Business continuity incidents: The occurrence of incidents that limit the Charity's ability to operate as it normally would in business as usual situations.
- Reputation: A range of occurrences including incidents, events and outcomes that may consequently damage the Charity's reputation. Reputation risk is largely a consequence of other risk events materialising. Public perception and adverse publicity which could impact on voluntary income, use of our services, access to grants, loss of donor confidence or funding, impact on the morale of staff, loss of beneficiary confidence, relationship with funders etc.

#### **FINANCIAL POSITION AND RESERVES**

At 31 December 2022, the Charity had total reserves of £4,588,000, of which £4,553,000 were unrestricted.

The Charity has sought to separate those unrestricted reserves that are held in the form of property fund assets (£2,074,000) from those that are freely available for its general purposes. As well as providing a more informed view of the overall reserves it enables a more realistic assessment to be made of the Charity's strategy with regard to our level and future deployment.

The so-called free reserves are then demarcated into a separate category (building fund totaling £1,178,000) that accords with the Charity's medium and long-term plans to improve facilities at the Rescue Centre. This acknowledges and takes account of the fact that large scale capital projects require "saving for" over many years. The balancing general reserve (£1,301,000) recognises that it is extremely difficult to predict income from legacies, so the Charity aims to hold at least £650,000 in reserve, which equates to 6 months average operating costs. Our reserves currently exceed this figure in order to cover future projects and eventualities.

It is anticipated that the Charity's investment policy will match the spending and reserves policy.

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### **TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS**

The Charity Trustees (who are also the directors of Animals in Distress (Torbay and Westcountry) for the purposes of Company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company 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 charitable company and the income and expenditure of the charitable company for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- 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 charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the U.K governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Statement as to Disclosure to our Auditors**

In so far as the Trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the charitable company's auditor is unaware; and
- Each Trustees has taken all steps that he/she is obliged to take as a director in order to make themselves aware of relevant audit information and to establish that the auditor is aware of that information.

By order of the board of Trustees and signed on behalf of the Trustees:

**G Dix** (Chair of Trustees)

**C Paradine**

Date: .....2023

Report compiled for and on behalf of the Trustees by: Neil Thomas (CEO)

## **ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)**

### **(A Company Limited by Guarantee)**

#### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

##### **Opinion**

We have audited the financial statements of Animals in Distress (Torbay and Westcountry) (the "charitable company") for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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 charitable company's affairs as at 31 December 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **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 charitable company in accordance with the ethical requirements that are 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 relating to going concern**

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

## **ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)**

### **(A Company Limited by Guarantee)**

#### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

##### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (incorporating the strategic report and the directors' report) have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (incorporating the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

##### **Responsibilities of the trustees**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 24), 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 they 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.



## **ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)**

### **(A Company Limited by Guarantee)**

#### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

##### **Auditor's responsibilities for the audit of the financial statements**

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered those laws and regulations that have a direct impact on the preparation of the financial statements, including, but not limited to FRS 102 (effective 1 January 2019) - (Charities SORP), the Companies Act 2006 and the Charities Act 2011. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks related to fraudulent financial reporting, in particular to grant funding received.

Audit procedures performed by the engagement team include, but were not limited to, discussions and inquiries with management of compliance with laws and regulations, reviewing grant funding agreements, and reviewing board minutes and significant legal costs incurred in the year. We also addressed the risk of management override of internal controls, including testing of journals and evaluating whether there was evidence of bias by the Trustees that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

# **ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)**

**(A Company Limited by Guarantee)**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

### **Use of our report**

This report is made solely to the charitable parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group's members 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 charitable parent company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

**Martin Hobbs BSc ACA** (Senior Statutory Auditor)

PKF Francis Clark, Statutory Auditor

Sigma House

Oak View Close

Edginswell Park

Torquay

TQ2 7FF

Date:

# ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
<b>Income from:</b>					
Donations and legacies	3	820,491	1,857	822,348	807,124
Charitable activities	4	66,462	-	66,462	45,386
Other trading activities	5	857,169	-	857,169	603,479
Investments	6	21,629	-	21,629	19,753
CJRS		-	-	-	197,519
<b>Total income</b>		<u>1,765,751</u>	<u>1,857</u>	<u>1,767,608</u>	<u>1,673,261</u>
<b>Expenditure on:</b>					
Raising funds	7	705,345	-	705,345	699,851
Charitable activities	8	610,799	4,584	615,383	591,622
<b>Total expenditure</b>		<u>1,316,144</u>	<u>4,584</u>	<u>1,320,728</u>	<u>1,291,473</u>
<b>Net income/(expenditure)</b>		449,607	(2,727)	446,880	381,788
Transfers between funds	22	-	-	-	-
<b>Net movement in funds</b>		<u>449,607</u>	<u>(2,727)</u>	<u>446,880</u>	<u>381,788</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>4,103,502</u>	<u>38,101</u>	<u>4,141,603</u>	3,759,815
<b>Total funds carried forward</b>	22	<u>4,553,109</u>	<u>35,374</u>	<u>4,588,483</u>	<u>4,141,603</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure is derived from continuing activities.

The notes on pages 29 to 40 form part of these financial statements.

# ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
<b>Income from:</b>					
Donations and legacies	3	779,572	27,552	807,124	993,541
Charitable activities	4	45,386	-	45,386	38,992
Other trading activities	5	603,479	-	603,479	310,113
Investments	6	19,753	-	19,753	21,411
CJRS		193,839	3,680	197,519	295,272
<b>Total income</b>		<u>1,642,029</u>	<u>31,232</u>	<u>1,673,261</u>	<u>1,659,329</u>
<b>Expenditure on:</b>					
Raising funds	7	689,399	10,452	699,851	726,907
Charitable activities	8	561,972	29,650	591,622	713,719
<b>Total expenditure</b>		<u>1,251,371</u>	<u>40,102</u>	<u>1,291,473</u>	<u>1,440,626</u>
<b>Net income/(expenditure)</b>		390,658	(8,870)	381,788	218,703
Transfers between funds	22	-	-	-	-
<b>Net movement in funds</b>		<u>390,658</u>	<u>(8,870)</u>	<u>381,788</u>	<u>218,703</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>3,712,844</u>	<u>46,971</u>	<u>3,759,815</u>	<u>3,541,112</u>
<b>Total funds carried forward</b>	22	<u>4,103,502</u>	<u>38,101</u>	<u>4,141,603</u>	<u>3,759,815</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure is derived from continuing activities.

**ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)****(A Company Limited by Guarantee)****BALANCE SHEET****AS AT 31 DECEMBER 2022**

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	15	-	219
Tangible assets	16	2,577,845	2,634,934
		<u>2,577,845</u>	<u>2,635,153</u>
<b>Current assets</b>			
Stocks	17	7,488	7,447
Debtors	18	341,034	218,101
Cash at bank and in hand		1,847,848	1,479,933
		<u>2,196,370</u>	<u>1,705,481</u>
<b>Liabilities</b>			
Creditors falling due within one year	19	72,982	66,942
<b>Net current assets</b>		<u>2,123,388</u>	<u>1,638,539</u>
<b>Total assets less current liabilities</b>		<u>4,701,233</u>	<u>4,273,692</u>
<b>Creditors falling due after more than one year</b>	20	112,750	132,089
<b>Net assets</b>		<u>4,588,483</u>	<u>4,141,603</u>
 Restricted funds	22	 35,374	 38,101
General funds	22	1,301,487	851,880
Designated funds	22	3,251,622	3,251,622
<b>Total charity funds</b>		<u>4,588,483</u>	<u>4,141,603</u>

The notes on pages 29 to 40 form part of these financial statements.

The financial statements were approved by the trustees on ..... and signed on their behalf by:

G Dix  
Trustee

**ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)****(A Company Limited by Guarantee)****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Note</b>	<b>2022 £</b>	<b>2021 £</b>
<b>Cash flows from operating activities</b>	<b>24</b>	<b>380,759</b>	328,550
<b>Cash flows from investing activities</b>			
Rent received		<b>19,150</b>	16,200
Interest income		<b>2,479</b>	1,236
Purchase of intangible fixed assets		-	-
Purchase of tangible fixed assets		<b>(15,975)</b>	(2,781)
<b>Cash flows from investing activities</b>		<b>5,654</b>	14,655
<b>Cash flows from financing activities</b>			
Repayments of bank borrowings		<b>(18,498)</b>	(17,675)
Proceeds from bank and other borrowings		-	-
<b>Cash flows from financing activities</b>		<b>(18,498)</b>	(17,675)
(Decrease)/increase in cash and cash equivalents in the year		<b>367,915</b>	325,530
Cash and cash equivalents at the beginning of the year	<b>25</b>	<b>1,479,933</b>	1,154,403
<b>Cash and cash equivalents at the end of the year</b>	<b>25</b>	<b>1,847,848</b>	1,479,933

# **ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

##### **1 Accounting Policies**

The principal accounting policies adopted, judgements made and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

###### **a) Basis of preparation of financial statements and assessment of going concern**

The 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 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), FRS 102 and the Companies Act 2006.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Animals in Distress (Torbay and Westcountry) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

###### **b) Income**

All income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Voluntary income by way of donations, membership, sponsorship and collections, is accounted for when receivable. Income raised through the operation of the shops is taken into account at the time of receipt.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executors to the charity that a distribution will be made, or when a distribution is received from the estate. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated goods relating to animal food are brought in to income and expenditure at the value they would have cost had they been purchased by the charity.

Coronavirus Job Retention Scheme grant income is accounted for using the accruals method in line with the costs with which the grant relates to are recognised.

###### **c) Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes.

Restricted funds are funds received which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

## ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

### (A Company Limited by Guarantee)

#### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2022

**d) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of fundraising and shop costs and their associated support costs.
- Expenditure on charitable activities includes the costs of the Rescue Centre and its associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**e) Allocation of support costs**

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's activities. These costs have been allocated between costs of raising funds, expenditure on charitable activities and other expenditure, based on staff time.

**f) Operating leases**

Rental charges under operating leases are charged on a straight line basis over the term of the lease.

**g) Intangible fixed assets**

Intangible fixed assets are initially recorded at cost. Computer software is amortised on a straight line basis over its expected useful economic life of 4 years.

**h) Tangible fixed assets**

Individual tangible fixed assets are capitalised at cost and are depreciated over their estimated useful economic lives as follows:

Freehold buildings	2% straight line
Equipment	20% reducing balance
IT equipment	25% straight line
Motor vehicles	25% reducing balance

**i) Stocks**

Stocks are included at the lower of cost and net realisable value.

**j) Debtors**

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid. Accrued income is recognised where the criteria for recognising income has been met at the year-end but the claim or invoice has not been submitted/issued until after the year-end.



# ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

## (A Company Limited by Guarantee)

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2022

**k) Cash at bank and in hand**

Cash at bank and cash in hand includes cash held in current and savings accounts in UK banking institutions.

**l) Creditors**

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

**m) Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**n) Pensions**

The charity operates a defined contribution pension scheme and membership is open to all employees of the charity. The assets of the scheme are held separately from those of the charity. The charity matches employee contributions of 1-4% with an employer contribution of 3% and the contributions are paid into the fund on a monthly basis. The contributions made for the accounting period are treated as an expense and were £18,221 (2021: £19,535). Contributions totalling £1,543 (2021: £1,415) were payable to the fund at the balance sheet date and are included in creditors.

## 2 Legal status of the Charity

The Charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The Charity is incorporated in England and Wales. The address of its registered office is: Biltor, Edgelands Lane, Ipplepen, Newton Abbot, TQ12 5UF.

## 3 Income from donations and legacies

	2022 £	2021 £
Donations and gifts	155,406	134,016
Legacies	648,102	527,569
Grants	1,185	129,078
Memberships and sponsorship	17,655	16,461
<b>Total income from donations and legacies</b>	<b>822,348</b>	<b>807,124</b>

Donations and gifts include a £23,070 (2021: £nil) donation from the old charity, Animals in Distress (Torbay and Westcountry) Incorporating Torbay Animal Welfare Sanctuary.

As noted in the trustees' report the charity benefits notably from the involvement and enthusiastic contributions of volunteers. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

**ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)****(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****4 Income from charitable activities**

	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
Re-homing fees	<b>56,978</b>	43,739
Animal Boarding	<b>6,333</b>	-
South Hams Strays and Vet income	<b>3,151</b>	1,647
<b>Total income from charitable activities</b>	<b>66,462</b>	<b>45,386</b>

**5 Income from other trading activities**

	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
Memberships and sponsorships	<b>3,287</b>	3,995
Fundraising events	<b>21,263</b>	17,501
Shop income	<b>819,727</b>	568,436
Petplan commission	<b>12,892</b>	13,547
<b>Total income from other trading activities</b>	<b>857,169</b>	<b>603,479</b>

**6 Investment income**

	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
Rent	<b>19,150</b>	16,200
Interest	<b>2,479</b>	3,553
<b>Total investment income</b>	<b>21,629</b>	<b>19,753</b>

**7 Analysis of expenditure on raising funds**

	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
Fundraising	<b>9,244</b>	14,584
Shop costs	<b>552,992</b>	488,262
Support costs	<b>143,109</b>	197,005
<b>Total expenditure on raising funds</b>	<b>705,345</b>	<b>699,851</b>

**ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)****(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****8 Analysis of expenditure on charitable activities**

	2022 £	2021 £
Rescue Centre	555,221	564,664
Support costs	60,162	26,958
<b>Total expenditure on charitable activities</b>	<b>615,383</b>	<b>591,622</b>

**9 Analysis of support costs**

All support costs are allocated based on the basis of staff time.

The analysis of support costs is as follows:

	Raising Funds £	Charitable Activities £	Total 2022 £	Total 2021 £
Salaries and other staff costs	120,194	43,279	163,473	188,364
Travel and subsistence	62	23	85	6
Professional fees	4,969	1,789	6,758	3,496
Finance costs and exchange losses	4,971	1,790	6,761	5,290
Office costs	6,797	2,447	9,244	8,513
Other costs	5,094	1,834	6,928	8,539
Governance	1,022	9,000	10,022	9,755
<b>Total support costs</b>	<b>143,109</b>	<b>60,162</b>	<b>203,271</b>	<b>223,963</b>

**10 Analysis of governance costs**

The analysis of governance costs is as follows:

	Total 2022 £	Total 2021 £
Salaries and other staff costs	864	709
Professional fees	9,000	8,950
Other costs	158	96
<b>Total</b>	<b>10,022</b>	<b>9,755</b>

# ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 11 Net income for the year

This is stated after charging:

	2022 £	2021 £
Operating leases - property	74,250	75,787
- equipment	13,262	13,531
Depreciation	72,978	61,680
Amortisation	219	875
Interest payable	6,350	7,173
Auditors' remuneration: audit fees	4,670	4,150
accounts	3,375	3,000
taxation	955	850

### 12 Analysis of staff costs, trustee remuneration and expenses, the cost of key management personnel and related party transactions

	2022 £	2021 £
Salaries and wages	766,972	809,798
Social security costs	47,053	46,428
Pension costs	18,221	19,535
	<u>832,246</u>	<u>875,761</u>

One employee had remuneration in excess of £70,000 and less than £80,000 (2021: one in excess of £80,000 and less than £90,000).

The charity trustees were not paid and did not receive any other benefits from the charity (2021: None). No travel or other expenses were reimbursed to the trustees during the year (2021: None).

The total remuneration, including employer's national insurance, of the key management personnel of the charity was £89,103 (2021: £91,583).

There were no related party transactions (2021: None).

# ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 13 Staff numbers

The average monthly head count was as follows:

	2022	2021
Rescue Centre	18	23
Charity shops	25	26
Administration and support	5	5
Chief Executive	1	1
	<u>49</u>	<u>55</u>

### 14 Corporation tax

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

### 15 Intangible fixed assets

	Software £	Total £
Cost:		
As at 1 January 2022	13,100	13,100
As at 31 December 2022	<u>13,100</u>	<u>13,100</u>
Amortisation:		
As at 1 January 2022	12,881	12,881
Charge for the year	219	219
As at 31 December 2022	<u>13,100</u>	<u>13,100</u>
Net book value:		
As at 1 January 2022	219	219
As at 31 December 2022	<u>-</u>	<u>-</u>

# ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 16 Tangible fixed assets

	Freehold Property £	Equipment £	IT Equipment £	Motor Vehicles £	Total £
Cost:					
As at 1 January 2022	3,142,149	155,512	66,967	21,920	3,386,548
Additions	6,521	-	9,454	-	15,975
Disposals	-	-	(219)	-	(219)
As at 31 December 2022	<b>3,148,670</b>	<b>155,512</b>	<b>76,202</b>	<b>21,920</b>	<b>3,402,304</b>
Depreciation:					
As at 1 January 2022	537,746	133,930	63,219	16,719	751,614
Charge for the year	62,873	5,341	3,464	1,300	72,978
Eliminated on Disposal	-	-	(133)	-	(133)
As at 31 December 2022	<b>600,619</b>	<b>139,271</b>	<b>66,550</b>	<b>18,019</b>	<b>824,459</b>
Net book value:					
As at 1 January 2022	2,604,403	21,582	3,748	5,201	2,634,934
As at 31 December 2022	<b>2,548,051</b>	<b>16,241</b>	<b>9,652</b>	<b>3,901</b>	<b>2,577,845</b>

### 17 Stocks

	2022 £	2021 £
Goods for resale	642	767
Vet room supplies	5,710	5,710
Shop stationery stocks	1,136	970
	<b>7,488</b>	<b>7,447</b>

### 18 Debtors

	2022 £	2021 £
Trade debtors	4,651	3,065
Other debtors	36,155	30,140
Prepayments and accrued income	300,228	184,896
	<b>341,034</b>	<b>218,101</b>

**ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)****(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****19 Creditors: amounts falling due within one year**

	2022 £	2021 £
Trade creditors	13,953	11,176
Other creditors	3,613	5,728
Accruals and deferred income	25,405	19,444
Social security and other taxes	10,672	12,096
Bank loan	19,339	18,498
	<b>72,982</b>	<b>66,942</b>

The bank loan is secured by a charge over one of the charity's properties.

**20 Creditors: amounts falling due after one year**

	2022 £	2021 £
Bank loan	112,750	132,089
	<b>112,750</b>	<b>132,089</b>

The bank loan is secured by a charge over one of the charity's properties.

**21 Obligations Under Leases**

The total of future minimum lease payments is as follows:

	<b>Land and Buildings</b>		<b>Other</b>	
	2022 £	2021 £	2022 £	2021 £
<b>Operating leases expiring:</b>				
Within one year	31,500	31,500	20,813	11,283
Between one and five years	118,333	146,000	28,320	49,723
After more than five years	25,000	28,833	590	-
	<b>174,833</b>	<b>206,333</b>	<b>49,723</b>	<b>61,006</b>

# ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 22 Analysis of movements in funds

	Balance at 1 January 2022 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2022 £
<b>General fund</b>	851,880	1,765,751	(1,316,144)	-	1,301,487
<b>Designated funds:</b>					
Property fund	2,073,872	-	-	-	2,073,872
Building fund	1,177,750	-	-	-	1,177,750
	3,251,622	-	-	-	3,251,622
<b>Total unrestricted funds</b>	4,103,502	1,765,751	(1,316,144)	-	4,553,109
Puppy Appeal (capital)	7,358	-	(3,538)	-	3,820
Charlie Appeal	2,391	-	(29)	-	2,362
Big Bark Appeal	26,829	1,857	(337)	-	28,349
Other Appeals	1,523	-	(680)	-	843
<b>Total restricted funds</b>	38,101	1,857	(4,584)	-	35,374

The restricted funds shown above represent funds raised from appeals for specific projects.

	Balance at 1 January 2021 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2021 £
<b>General fund</b>	461,222	1,642,029	(1,251,371)	-	851,880
<b>Designated funds:</b>					
Property fund	2,073,872	-	-	-	2,073,872
Building fund	1,177,750	-	-	-	1,177,750
	3,251,622	-	-	-	3,251,622
<b>Total unrestricted funds</b>	3,712,844	1,642,029	(1,251,371)	-	4,103,502
Puppy Appeal (capital)	10,900	-	(3,542)	-	7,358
Charlie Appeal	2,428	-	(37)	-	2,391
Big Bark Appeal	31,385	6,232	(10,788)	-	26,829
Other Appeals	2,258	25,000	(25,735)	-	1,523
<b>Total restricted funds</b>	46,971	31,232	(40,102)	-	38,101

The restricted funds for the year to 31 December 2021 represent funds raised from appeals for specific projects.



# ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 23 Analysis of net assets between funds

At 31 December 2022	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	2,550,057	27,788	<b>2,577,845</b>
Cash at bank and in hand	1,840,262	7,586	<b>1,847,848</b>
Other net current assets	275,540	-	<b>275,540</b>
Creditors more than one year	(112,750)	-	<b>(112,750)</b>
<b>Total</b>	<b>4,553,109</b>	<b>35,374</b>	<b>4,588,483</b>

At 31 December 2021	Unrestricted Funds £	Restricted Funds £	Total Funds £
Intangible fixed assets	219	-	<b>219</b>
Tangible fixed assets	2,602,562	32,372	<b>2,634,934</b>
Cash at bank and in hand	1,474,204	5,729	<b>1,479,933</b>
Other net current assets	158,606	-	<b>158,606</b>
Creditors more than one year	(132,089)	-	<b>(132,089)</b>
<b>Total</b>	<b>4,103,502</b>	<b>38,101</b>	<b>4,141,603</b>

### 24 Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	2021 £
Net income/(expenditure) for the reporting period	<b>446,880</b>	381,788
Adjustments for:		
Depreciation charges	<b>72,978</b>	61,680
Amortisation charges	<b>219</b>	875
Loss on disposal of fixed assets	<b>86</b>	-
Rent receivable	<b>(19,150)</b>	(16,200)
Interest income	<b>(2,479)</b>	(1,236)
(Increase)/Decrease in stocks	<b>(41)</b>	1,925
(Increase) in debtors	<b>(122,933)</b>	(109,607)
Increase in creditors	<b>5,199</b>	9,325
Net cash from operating activities	<b>380,759</b>	328,550

**ANIMALS IN DISTRESS (TORBAY AND WESTCOUNTRY)****(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****25 Analysis of Changes in Net Debt**

	<b>1 Jan 2022 £</b>	<b>Cash flows £</b>	<b>31 Dec 2022 £</b>
Cash at bank and in hand	1,479,933	367,915	1,847,848
	<u>1,479,933</u>	<u>367,915</u>	<u>1,847,848</u>
Loans due within one year	(18,498)	(841)	(19,339)
Loans due after more than one year	(132,089)	19,339	(112,750)
	<u>(150,587)</u>	<u>18,498</u>	<u>(132,089)</u>
Total	<u>1,329,346</u>	<u>386,413</u>	<u>1,715,759</u>