

**Registered Charity Number: 1169516**

**The Rose Animal Welfare Trust CIO**

**Trustees' Annual Report and Financial Statements**

**for the Year Ended 31 October 2021**

# The Rose Animal Welfare Trust CIO

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# The Rose Animal Welfare Trust CIO

## Charity information

<b>Trustees</b>	Mrs Antoinette Tomkinson (Chair) Mr Nigel Paul Shaw (Resigned 17/05/2022) Ms Elizabeth Ellen Webb Mrs Diane Woodhouse (Appointed 17/05/22)
<b>Registered charity number</b>	1169516
<b>Registered office</b>	The Ranch Catton Lane Pocklington York YO42 1TN
<b>Auditors</b>	Azets Audit Services Limited 33 Park Place Leeds LS1 2RY
<b>Bankers</b>	Virgin Money 46 Coney Street York YO1 9NQ
<b>Solicitors</b>	Emsleys Solicitors Limited Viscount Court Leeds Road Rothwell Leeds LS26 0GR
<b>Investment Managers</b>	Brewin Dolphin 10 Wellington Place Leeds LS1 4AN

# **The Rose Animal Welfare Trust CIO**

## **Report of the Trustees for the year ended 31 October 2021**

The Trustees present their annual report together with the financial statements of the charity for the year 31 October 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Charities Act 2011 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 (FRS102)" (effective 1 January 2019).

### **Structure, Governance and Management**

The Rose Animal Welfare Trust CIO (the "Charity") was registered as a charity on the 6 October 2016, number 1169516, the Constitution dated 6 October 2016 forms its governing document.

### **Reference and Administrative Details**

The reference and administrative details are shown within the charity information page which forms part of this Trustees Report.

### **Trustees**

The Trustees who served during the year and up to the date of signature of the financial statements were:

Mrs Antoinette Tomkinson (Chair)  
Mr Nigel Paul Shaw (Resigned 17/05/22)  
Ms Elizabeth Ellen Webb  
Mrs Diane Woodhouse (Appointed 17/05/22)

New Trustees may be appointed at properly convened Trustees' meeting by a resolution of the Trustees, and recorded in the minutes. The minutes would be signed by the new Trustee to provide evidence of appointment.

### **Risk management**

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems are in place to mitigate the exposure to major risks.

### **Public benefit**

The Trustees have complied with the duty in Section 17(5) of the 2011 Charities Act to have due regard to guidance published by the Charity Commission in respect of public benefit.

### **Objectives and Activities**

The primary objectives are promotion of humane behaviour towards and to relieve the suffering of domestic and wild animals.

In planning the activities for the year the Trustees have kept in mind the Charity Commission's guidance on public benefit at the Trustee meetings.

The Constitution obliges the Trustees to apply the Charity income to such charities and for such charitable purposes and in such proportions and in such manner and subject to such terms and conditions as they may determine.

The Trustees respond to numerous written requests for donations from a wide range of charities and the donations made are set out in the Schedule of Donations on page 17 of the financial statements. The Trustees regularly discuss the policy of donations. The Trustees believe that the donations fulfil the charity's public benefit requirement.

# **The Rose Animal Welfare Trust CIO**

## **Report of the Trustees for the year ended 31 October 2021**

### **Achievements and Performance**

During the year the charity benefited from further generous donations of cash and gift in kind of £3,200.

The Charity's principle source of funding on an ongoing basis is from the return on its investments. The key objectives of the Charity have been supported in the year to 31 October 2021 as 96% of the Charity's expenditure related to charitable donations.

The Trustees awarded charitable grants totalling £465,000. A list of grants can be found in note 10 to the Financial Statements.

### **Financial Review**

The Charity's investments are shown in the Balance Sheet at the market value, at the balance sheet date as all investments are listed on quoted markets, the market valuation is freely available.

During the year total income amounted to £2,285,162. Expenditure for the year totalled £482,562, making net income for the year of £1,802,600.

At the balance sheet date, the charity had total funds of £2,832,252. Uncommitted reserves freely available for charitable activities were £2,832,252.

### **Reserves policy**

It is the policy of the charity to maintain investments at such a level to generate sufficient cash funds annually to allow it to meet its charitable objectives in the coming year. These cash funds must also be sufficient to cover the expected annual administrative and governance costs of the charity excluding investment management fees. At 31 October 2021 this requirement was approximately £6,120.

### **Investment powers and policy**

Under the constitution, the charity has the power to make any investment which the Trustees see fit. The Trustees have not adopted an ethical investment policy. The Trustees review their investment policy at regular intervals.

### **Plans for Future Periods**

The charity plans to continue the activities outlined above in the forthcoming years, subject to satisfactory returns on investment.

This report was approved by the Board of Trustees on ..... and signed on its behalf by:

### **Chair of Trustees**

Mrs Antoinette Tomkinson

# **The Rose Animal Welfare Trust CIO**

## **Statement of Trustees' accounting and reporting responsibilities**

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principals in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity 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 charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **The Rose Animal Welfare Trust CIO**

## **Independent auditor's Report to the Trustees of The Rose Animal Welfare Trust CIO**

### **Opinion**

We have audited the financial statements of The Rose Animal Welfare Trust CIO ("the charity") for the year ended 31 October 2021 which comprise the Statement of Financial Activities, Balance Sheet, and related notes, including the accounting policies in note 1. The financial framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 October 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### **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 charity 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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatements in the financial statements themselves. 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.

# **The Rose Animal Welfare Trust CIO**

## **Independent auditor's Report to the Trustees of The Rose Animal Welfare Trust CIO**

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.



# **The Rose Animal Welfare Trust CIO**

## **Independent auditor's Report to the Trustees of The Rose Animal Welfare Trust CIO**

### **Extent to which the audit was considered capable of detecting irregularities, including fraud.**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the trustees and other management, and from inspection of the charity's regulatory and legal correspondence. We discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance during the audit.

The charity is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related charities legislation), taxation legislation and further laws and regulations that could indirectly affect the financial statements, comprising environmental, health and safety and, in the current climate, Covid regulations. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. These procedures did not identify any potentially material actual or suspected non-compliance.

To identify risks of material misstatement due to fraud we considered the opportunities and incentives and pressures that may exist within the charity to commit fraud. Our risk assessment procedures included: enquiry of trustees and other management to understand the high level policies and procedures in place to prevent and detect fraud and reading Board minutes. We communicated identified fraud risks throughout our team and remained alert to any indications of fraud during the audit.

As a result of these procedures we identified the greatest potential for fraud in the following areas:

- income recognition and in particular the risk that income is recognised in the wrong reporting period or that restricted income is not correctly recognised as such; and
- subjective accounting estimates.

These fraud risks arise due to a potential desire to present results in a differing light to meet management objectives.

As required by auditing standards we also identified and addressed the risk of management override of controls. We performed the following procedures to address the risks of fraud identified:

- identifying and testing high risk journal entries through vouching the entries to supporting documentation;
- assessing significant accounting estimates for bias; and
- testing the recognition of income and in particular that it was appropriately recognised or deferred.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# **The Rose Animal Welfare Trust CIO**

## **Independent auditor's Report to the Trustees of The Rose Animal Welfare Trust CIO**

### **Other matters**

In the previous accounting year the financial statements were below the audit threshold. Therefore the prior year financial statements were not subject to audit.

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Jessica Lawrence**  
**Statutory Auditor**

**for and on behalf of**  
**Azets Audit Services Limited**  
Chartered Accountants  
33 Park Place  
Leeds  
LS1 2RY

# The Rose Animal Welfare Trust CIO

## Statement of Financial Activities for the year ended 31 October 2021

	Notes	2021 £	Unaudited 2020 £
<b>Income from:</b>			
Donations	2	2,255,620	3,200
Investment income	3	29,542	15,359
<b>Total income</b>		2,285,162	18,559
<b>Expenditure on:</b>			
Charitable activities	4	482,562	311,139
<b>Total expenditure</b>		482,562	311,139
<b>Net income before other recognised gains</b>		1,802,600	(292,580)
<b>Other recognised gains</b>			
Realised and unrealised gains/(losses) on investments	5	393,076	(23,979)
<b>Net movement in funds for the year</b>		2,195,676	(316,559)
<b>Reconciliation of funds:</b>			
Fund balances brought forward		636,576	953,135
<b>Funds carried forward</b>	7	2,832,252	636,576

All income and expenditure in the Statement of Financial Activities was unrestricted in both the current and prior year.

The Statement of Financial Activities includes all gains and losses recognised in the year.

# The Rose Animal Welfare Trust CIO

## Balance sheet as at 31 October 2021

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Investments	5	2,765,594	622,864
<b>Current assets</b>			
Debtors		3,355	3,355
Cash at bank		69,999	14,133
<b>Current liabilities:</b>			
Amounts falling due within one year	6	(6,696)	(3,776)
<b>Net current assets</b>		66,658	13,712
<b>Total assets less current liabilities</b>		2,832,252	636,576
<b>Net assets</b>		2,832,252	636,576
<b>Funds:</b>			
Unrestricted funds	7	2,832,252	636,576
		2,832,252	636,576

The notes on pages 11-18 form part of these financial statements.

The financial statements on pages 9-10 were approved by the Trustees on .....

Trustee  
**Mrs Antoinette Tomkinson**

# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021

### 1 Accounting policies

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

#### 1.1 Charity information

The Rose Animal Welfare Trust CIO is a charity established by Constitution dated 6 October 2016, and registered with the Charity Commission under charity number 1169516. The charity's principal office address is Triune Court, Monks Cross Drive, Huntington, York, YO32 9GZ.

#### 1.2 Accounting convention

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards including Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Charities Act 2011.

The financial statements are presented in Sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets.

#### 1.3 Going concern

The Trustees have prepared financial projections, taking into consideration the current economic climate and its potential impact on the sources of income and planned expenditure. They have a reasonable expectation that adequate financial resources are available to enable the charity to continue in operational existence for the foreseeable future, and have adequate contingency plans in the event that income streams are reduced. Whilst the global economy has been significantly impacted by the COVID-19 virus, the charity still has reserves sufficient to meet its immediate requirements. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Income

Income is recognised in full in the Statement of Financial Activities ("SoFA") in the year in which it is receivable.

#### 1.5 Income from investments

Dividend and interest income from investment funds is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of dividends and interest paid or payable by the Fund Manager.

Interest income from cash deposits and listed investments is recognised in the accounts gross, when receivable.

#### 1.6 Expenditure

Expenditure (excluding grants) is included in the SoFA on an accruals basis.

Charitable activities include support expenditure associated with the administration and issuing of grants.

# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021 (continued)

### 1.7 Grants

Grants payable are commitments (including payments) made to third parties in the furtherance of the charitable objectives of the charity. Single or multi-year grants are accounted for as grants payable when either the recipient has a reasonable expectation that they will receive a grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside the control of the charity.

### 1.8 Fixed asset investments

Investments are a form of basic financial instrument.

Listed investments are stated at market value at the balance sheet date. The listed investment portfolio is held to generate returns and gains for the charity and accordingly is designated as fair value through profit and loss ("FVTPL"). Under this designation the portfolio is revalued at each year end to its fair value, as determined by reference to quoted market prices and values determined by independent fund managers, with any gains or losses going through the SoFA.

### 1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments in accordance with section 11 of FRS 102. Basic financial instruments are initially recognised at transaction value and are subsequently measured at their settlement value.

The Charity does not acquire put options, derivatives or other complex financial instruments.

### 1.10 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity held for working capital.

### 1.11 Debtors

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. Any impairment loss is recognised in the income and expenditure account.

### 1.12 Creditors, loans and provisions

Creditors, loans and provisions 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, loans and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial liabilities are derecognised when, and only when, obligations are discharged, cancelled or they expire.

Amounts recognised as provisions are best estimates of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

### 1.13 Fund accounting

All funds received in the year are unrestricted in their application, the Trustees having full discretion over their use.

# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021 (continued)

### 1.14 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees have judged that there are no estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

### 1.15 Taxation

The Rose Animal Welfare Trust CIO is a registered charity and as such is a charity within the meaning of schedule 6 of the Finance Act 2010. Accordingly, the Charity is potentially entitled to tax exemption under part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 in respect of income and gains arising.

## 2. Income from donations

	2021 £	Unaudited 2020 £
Gift of shares at valuation	2,252,420	-
Gifts in kind	3,200	3,200
	2,255,620	3,200

## 3. Income from investments

	2021 £	Unaudited 2020 £
Dividends	29,542	15,345
Interest	-	14
	29,542	15,359

# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021 (continued)

### 4. Charitable activities expenditure

	Notes	2021 £	Unaudited 2020 £
Grants and donations	10	465,000	303,000
Support costs		17,562	8,139
<b>Total expenditure</b>		482,562	311,139

#### Analysis of support costs

Investment Management fees	11,442	4,939
Independent examination fee	-	550
Accountancy	2,520	2,650
Audit	3,600	-
<b>Total support costs</b>	17,562	8,139

#### Reconciliation of grants payable

	2021 £	Unaudited 2020 £
Grants committed in the year	465,000	303,000
Grants paid in the year	(465,000)	(303,000)
<b>Commitments at 31 October</b>	-	-

To comply with Charities SORP (FRS 102) non-performance grants are reported in the SoFA on approval of application. In some cases payment may be spread over a period of time which gives rise to future commitments. There were no future commitments in respect of grants at the year end.

There were no staff employed by the charity during the year. The Trustees are unpaid and did not receive any remuneration, benefits or expenses from the charity in the year.

Included within administration and accountancy fees is the Auditor's fee of £3,600 (2020 – Independent Examination fee of £550).



# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021 (continued)

### 5. Fixed asset investments

	2021 £	Unaudited 2020 £
<b>Listed Investments</b>		
<b>Market value as at 1 November 2020</b>	617,597	912,046
Gift in kind	2,241,418	-
Additions at cost	1,635,627	110,977
Disposals	(2,151,011)	(381,447)
Realised and unrealised gains/(losses) on investments	393,076	(23,979)
<b>Market value as at 31 October 2021</b>	2,736,707	617,597
<b>Historical cost at 31 October 2021</b>	2,490,874	613,277
<b>Investments are represented by:</b>		
	2021 £	Unaudited 2020 £
UK and Overseas Bonds	129,896	38,989
UK and Overseas Equities	2,390,268	558,630
Global Investments	54,968	-
Absolute Return	161,575	19,978
Private Equity	-	-
Capital account - cash	28,887	5,267
<b>Value as at 31 October</b>	2,765,594	622,864

### 6. Creditors: amounts falling due within one year

	2021 £	Unaudited 2020 £
Accruals	6,696	3,776

# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021 (continued)

### 7. Funds

	As at 1 November 2020	Income	Expenditure	Realised and unrealised gains on investments	As at 31 October 2021
	£	£	£	£	£
<b>Unrestricted funds:</b>					
General	636,576	2,285,162	(482,562)	393,076	2,832,252
<b>Total</b>	636,576	2,285,162	(482,562)	393,076	2,832,252

  

	As at 1 November 2019	Income	Expenditure	Realised and unrealised gains on investments	Unaudited As at 31 October 2020
	£	£	£	£	£
<b>Unrestricted funds:</b>					
General	953,135	18,559	(311,139)	(23,979)	636,576
<b>Total</b>	953,135	18,559	(311,139)	(23,979)	636,576

### 8. Analysis of net assets between funds

	2021 £	Unaudited 2020 £
<b>As at 31 October 2021</b>		
Fixed Assets Investments	2,765,594	622,864
Current assets	73,354	17,488
Current liabilities	(6,696)	(3,776)
	2,832,252	636,576

### 9. Related party transactions

During the year, £2,241,418 of shares were gifted at nil cost to Rose Animal Welfare Trust Investment Portfolio by Antoinette Tomkinson, a trustee of the charity.

# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021 (continued)

### 10. Grant expenditure

Organisation	Committed and paid 2021 £	Committed and paid 2020 £
Animal Asia Foundation	15,000	10,000
Bath Cats and Dogs Home	5,000	-
Battersea Dogs and Cats Home	-	5,000
Beneath the Wood Sanctuary	10,000	5,000
Blue Cross for Pets	20,000	10,000
Brent Lodge Bird & Wildlife Trust	-	10,000
Brooke	20,000	10,000
Caring for Cats Yorkshire and Humber	10,000	10,000
Cats and Dogs Bath	5,000	-
Cats Protection	10,000	10,000
Compassion in World Farming	10,000	10,000
Cruelty Free International Trust	2,000	5,000
Cuan Wildlife Rescue	-	10,000
Dog and Cat Shelter Newcastle	5,000	-
Dogs Trust	10,000	6,000
ESPA (Peregrine Falcon)	5,000	-
Farm Animal Rescue Sanctuary	5,000	-
Four Paws	5,000	5,000
Freedom of the Spirit Trust for Border Collies	20,000	10,000
Freshfields Animal Rescue	5,000	-
Good Life Dog Rescue	5,000	3,000
Grey Hound Trust	10,000	10,000
Happa Horse Rescue	10,000	4,000
Happy Paws Puppy Rescue	20,000	10,000
Hope Rescue Centre	5,000	-
Horse Trust	-	10,000
Horse World Trust	10,000	-
Hull Animal Welfare Trust	20,000	15,000
Humane Society International	-	10,000
Humanimal Trust	15,000	5,000
Mare and Foal	10,000	-
Moorview Rescue	5,000	10,000
Network for Animals	-	10,000
New Beginnings	5,000	-
Nowzad Rescue	20,000	-
Oak Tree Farm	10,000	10,000

# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021 (continued)

### 10. Grant expenditure (Continued)

Organisation	Committed and paid 2021 £	Committed and paid 2020 £
PDSA	10,000	10,000
PETA	10,000	10,000
Rain Rescue	15,000	10,000
Redwings Horse Sanctuary	15,000	10,000
Rushton Dog Rescue	-	-
RSPCA Leeds & Wakefield	15,000	-
Royal Veterinary College Animal Care Trust	10,000	-
Ryedale Dog Rescue	5,000	-
Safe Haven for Donkeys in the Holy Land	10,000	10,000
Stockenchurch Dog Rescue	10,000	10,000
Street Paws	5,000	-
The Donkey Sanctuary	10,000	10,000
The Horse Trust	20,000	-
The Mare and Foal Sanctuary	-	10,000
Thornberry Animal Sanctuary	5,000	-
Tia Rescue	15,000	-
Warwickshire Hedgehog Rescue	3,000	-
World Horse Welfare	5,000	10,000
<b>Total grants</b>	<b>465,000</b>	<b>303,000</b>

**Registered Charity Number: 1169516**

**The Rose Animal Welfare Trust CIO**

**Trustees' Annual Report and Financial Statements**

**for the Year Ended 31 October 2021**

# The Rose Animal Welfare Trust CIO

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# The Rose Animal Welfare Trust CIO

## Charity information

<b>Trustees</b>	Mrs Antoinette Tomkinson (Chair) Mr Nigel Paul Shaw (Resigned 17/05/2022) Ms Elizabeth Ellen Webb Mrs Diane Woodhouse (Appointed 17/05/22)
<b>Registered charity number</b>	1169516
<b>Registered office</b>	The Ranch Catton Lane Pocklington York YO42 1TN
<b>Auditors</b>	Azets Audit Services Limited 33 Park Place Leeds LS1 2RY
<b>Bankers</b>	Virgin Money 46 Coney Street York YO1 9NQ
<b>Solicitors</b>	Emsleys Solicitors Limited Viscount Court Leeds Road Rothwell Leeds LS26 0GR
<b>Investment Managers</b>	Brewin Dolphin 10 Wellington Place Leeds LS1 4AN

# **The Rose Animal Welfare Trust CIO**

## **Report of the Trustees for the year ended 31 October 2021**

The Trustees present their annual report together with the financial statements of the charity for the year 31 October 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Charities Act 2011 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 (FRS102)" (effective 1 January 2019).

### **Structure, Governance and Management**

The Rose Animal Welfare Trust CIO (the "Charity") was registered as a charity on the 6 October 2016, number 1169516, the Constitution dated 6 October 2016 forms its governing document.

### **Reference and Administrative Details**

The reference and administrative details are shown within the charity information page which forms part of this Trustees Report.

### **Trustees**

The Trustees who served during the year and up to the date of signature of the financial statements were:

Mrs Antoinette Tomkinson (Chair)  
Mr Nigel Paul Shaw (Resigned 17/05/22)  
Ms Elizabeth Ellen Webb  
Mrs Diane Woodhouse (Appointed 17/05/22)

New Trustees may be appointed at properly convened Trustees' meeting by a resolution of the Trustees, and recorded in the minutes. The minutes would be signed by the new Trustee to provide evidence of appointment.

### **Risk management**

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems are in place to mitigate the exposure to major risks.

### **Public benefit**

The Trustees have complied with the duty in Section 17(5) of the 2011 Charities Act to have due regard to guidance published by the Charity Commission in respect of public benefit.

### **Objectives and Activities**

The primary objectives are promotion of humane behaviour towards and to relieve the suffering of domestic and wild animals.

In planning the activities for the year the Trustees have kept in mind the Charity Commission's guidance on public benefit at the Trustee meetings.

The Constitution obliges the Trustees to apply the Charity income to such charities and for such charitable purposes and in such proportions and in such manner and subject to such terms and conditions as they may determine.

The Trustees respond to numerous written requests for donations from a wide range of charities and the donations made are set out in the Schedule of Donations on page 17 of the financial statements. The Trustees regularly discuss the policy of donations. The Trustees believe that the donations fulfil the charity's public benefit requirement.



# **The Rose Animal Welfare Trust CIO**

## **Report of the Trustees for the year ended 31 October 2021**

### **Achievements and Performance**

During the year the charity benefited from further generous donations of cash and gift in kind of £3,200.

The Charity's principle source of funding on an ongoing basis is from the return on its investments. The key objectives of the Charity have been supported in the year to 31 October 2021 as 96% of the Charity's expenditure related to charitable donations.

The Trustees awarded charitable grants totalling £465,000. A list of grants can be found in note 10 to the Financial Statements.

### **Financial Review**

The Charity's investments are shown in the Balance Sheet at the market value, at the balance sheet date as all investments are listed on quoted markets, the market valuation is freely available.

During the year total income amounted to £2,285,162. Expenditure for the year totalled £482,562, making net income for the year of £1,802,600.

At the balance sheet date, the charity had total funds of £2,832,252. Uncommitted reserves freely available for charitable activities were £2,832,252.

### **Reserves policy**

It is the policy of the charity to maintain investments at such a level to generate sufficient cash funds annually to allow it to meet its charitable objectives in the coming year. These cash funds must also be sufficient to cover the expected annual administrative and governance costs of the charity excluding investment management fees. At 31 October 2021 this requirement was approximately £6,120.

### **Investment powers and policy**

Under the constitution, the charity has the power to make any investment which the Trustees see fit. The Trustees have not adopted an ethical investment policy. The Trustees review their investment policy at regular intervals.

### **Plans for Future Periods**

The charity plans to continue the activities outlined above in the forthcoming years, subject to satisfactory returns on investment.

This report was approved by the Board of Trustees on ..... and signed on its behalf by:

### **Chair of Trustees**

Mrs Antoinette Tomkinson

# **The Rose Animal Welfare Trust CIO**

## **Statement of Trustees' accounting and reporting responsibilities**

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principals in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity 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 charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **The Rose Animal Welfare Trust CIO**

## **Independent auditor's Report to the Trustees of The Rose Animal Welfare Trust CIO**

### **Opinion**

We have audited the financial statements of The Rose Animal Welfare Trust CIO ("the charity") for the year ended 31 October 2021 which comprise the Statement of Financial Activities, Balance Sheet, and related notes, including the accounting policies in note 1. The financial framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 October 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### **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 charity 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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatements in the financial statements themselves. 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.

# **The Rose Animal Welfare Trust CIO**

## **Independent auditor's Report to the Trustees of The Rose Animal Welfare Trust CIO**

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

# **The Rose Animal Welfare Trust CIO**

## **Independent auditor's Report to the Trustees of The Rose Animal Welfare Trust CIO**

### **Extent to which the audit was considered capable of detecting irregularities, including fraud.**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the trustees and other management, and from inspection of the charity's regulatory and legal correspondence. We discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance during the audit.

The charity is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related charities legislation), taxation legislation and further laws and regulations that could indirectly affect the financial statements, comprising environmental, health and safety and, in the current climate, Covid regulations. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. These procedures did not identify any potentially material actual or suspected non-compliance.

To identify risks of material misstatement due to fraud we considered the opportunities and incentives and pressures that may exist within the charity to commit fraud. Our risk assessment procedures included: enquiry of trustees and other management to understand the high level policies and procedures in place to prevent and detect fraud and reading Board minutes. We communicated identified fraud risks throughout our team and remained alert to any indications of fraud during the audit.

As a result of these procedures we identified the greatest potential for fraud in the following areas:

- income recognition and in particular the risk that income is recognised in the wrong reporting period or that restricted income is not correctly recognised as such; and
- subjective accounting estimates.

These fraud risks arise due to a potential desire to present results in a differing light to meet management objectives.

As required by auditing standards we also identified and addressed the risk of management override of controls. We performed the following procedures to address the risks of fraud identified:

- identifying and testing high risk journal entries through vouching the entries to supporting documentation;
- assessing significant accounting estimates for bias; and
- testing the recognition of income and in particular that it was appropriately recognised or deferred.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# **The Rose Animal Welfare Trust CIO**

## **Independent auditor's Report to the Trustees of The Rose Animal Welfare Trust CIO**

### **Other matters**

In the previous accounting year the financial statements were below the audit threshold. Therefore the prior year financial statements were not subject to audit.

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Jessica Lawrence**  
**Statutory Auditor**

**for and on behalf of**  
**Azets Audit Services Limited**  
Chartered Accountants  
33 Park Place  
Leeds  
LS1 2RY

# The Rose Animal Welfare Trust CIO

## Statement of Financial Activities for the year ended 31 October 2021

	Notes	2021 £	Unaudited 2020 £
<b>Income from:</b>			
Donations	<b>2</b>	2,255,620	3,200
Investment income	<b>3</b>	29,542	15,359
<b>Total income</b>		2,285,162	18,559
<b>Expenditure on:</b>			
Charitable activities	<b>4</b>	482,562	311,139
<b>Total expenditure</b>		482,562	311,139
<b>Net income before other recognised gains</b>		1,802,600	(292,580)
<b>Other recognised gains</b>			
Realised and unrealised gains/(losses) on investments	<b>5</b>	393,076	(23,979)
<b>Net movement in funds for the year</b>		2,195,676	(316,559)
<b>Reconciliation of funds:</b>			
Fund balances brought forward		636,576	953,135
<b>Funds carried forward</b>	<b>7</b>	2,832,252	636,576

All income and expenditure in the Statement of Financial Activities was unrestricted in both the current and prior year.

The Statement of Financial Activities includes all gains and losses recognised in the year.

# The Rose Animal Welfare Trust CIO

## Balance sheet as at 31 October 2021

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Investments	5	2,765,594	622,864
<b>Current assets</b>			
Debtors		3,355	3,355
Cash at bank		69,999	14,133
<b>Current liabilities:</b>			
Amounts falling due within one year	6	(6,696)	(3,776)
<b>Net current assets</b>		66,658	13,712
<b>Total assets less current liabilities</b>		2,832,252	636,576
<b>Net assets</b>		2,832,252	636,576
<b>Funds:</b>			
Unrestricted funds	7	2,832,252	636,576
		2,832,252	636,576

The notes on pages 11-18 form part of these financial statements.

The financial statements on pages 9-10 were approved by the Trustees on .....

Trustee  
**Mrs Antoinette Tomkinson**



# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021

### 1 Accounting policies

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

#### 1.1 Charity information

The Rose Animal Welfare Trust CIO is a charity established by Constitution dated 6 October 2016, and registered with the Charity Commission under charity number 1169516. The charity's principal office address is Triune Court, Monks Cross Drive, Huntington, York, YO32 9GZ.

#### 1.2 Accounting convention

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards including Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Charities Act 2011.

The financial statements are presented in Sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets.

#### 1.3 Going concern

The Trustees have prepared financial projections, taking into consideration the current economic climate and its potential impact on the sources of income and planned expenditure. They have a reasonable expectation that adequate financial resources are available to enable the charity to continue in operational existence for the foreseeable future, and have adequate contingency plans in the event that income streams are reduced. Whilst the global economy has been significantly impacted by the COVID-19 virus, the charity still has reserves sufficient to meet its immediate requirements. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Income

Income is recognised in full in the Statement of Financial Activities ("SoFA") in the year in which it is receivable.

#### 1.5 Income from investments

Dividend and interest income from investment funds is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of dividends and interest paid or payable by the Fund Manager.

Interest income from cash deposits and listed investments is recognised in the accounts gross, when receivable.

#### 1.6 Expenditure

Expenditure (excluding grants) is included in the SoFA on an accruals basis.

Charitable activities include support expenditure associated with the administration and issuing of grants.

# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021 (continued)

### 1.7 Grants

Grants payable are commitments (including payments) made to third parties in the furtherance of the charitable objectives of the charity. Single or multi-year grants are accounted for as grants payable when either the recipient has a reasonable expectation that they will receive a grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside the control of the charity.

### 1.8 Fixed asset investments

Investments are a form of basic financial instrument.

Listed investments are stated at market value at the balance sheet date. The listed investment portfolio is held to generate returns and gains for the charity and accordingly is designated as fair value through profit and loss ("FVTPL"). Under this designation the portfolio is revalued at each year end to its fair value, as determined by reference to quoted market prices and values determined by independent fund managers, with any gains or losses going through the SoFA.

### 1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments in accordance with section 11 of FRS 102. Basic financial instruments are initially recognised at transaction value and are subsequently measured at their settlement value.

The Charity does not acquire put options, derivatives or other complex financial instruments.

### 1.10 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity held for working capital.

### 1.11 Debtors

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. Any impairment loss is recognised in the income and expenditure account.

### 1.12 Creditors, loans and provisions

Creditors, loans and provisions 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, loans and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial liabilities are derecognised when, and only when, obligations are discharged, cancelled or they expire.

Amounts recognised as provisions are best estimates of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

### 1.13 Fund accounting

All funds received in the year are unrestricted in their application, the Trustees having full discretion over their use.

# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021 (continued)

### 1.14 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees have judged that there are no estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

### 1.15 Taxation

The Rose Animal Welfare Trust CIO is a registered charity and as such is a charity within the meaning of schedule 6 of the Finance Act 2010. Accordingly, the Charity is potentially entitled to tax exemption under part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 in respect of income and gains arising.

## 2. Income from donations

	2021 £	Unaudited 2020 £
Gift of shares at valuation	2,252,420	-
Gifts in kind	3,200	3,200
	2,255,620	3,200

## 3. Income from investments

	2021 £	Unaudited 2020 £
Dividends	29,542	15,345
Interest	-	14
	29,542	15,359

# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021 (continued)

### 4. Charitable activities expenditure

	Notes	2021 £	Unaudited 2020 £
Grants and donations	10	465,000	303,000
Support costs		17,562	8,139
<b>Total expenditure</b>		482,562	311,139

#### Analysis of support costs

Investment Management fees	11,442	4,939
Independent examination fee	-	550
Accountancy	2,520	2,650
Audit	3,600	-
<b>Total support costs</b>	17,562	8,139

#### Reconciliation of grants payable

	2021 £	Unaudited 2020 £
Grants committed in the year	465,000	303,000
Grants paid in the year	(465,000)	(303,000)
<b>Commitments at 31 October</b>	-	-

To comply with Charities SORP (FRS 102) non-performance grants are reported in the SoFA on approval of application. In some cases payment may be spread over a period of time which gives rise to future commitments. There were no future commitments in respect of grants at the year end.

There were no staff employed by the charity during the year. The Trustees are unpaid and did not receive any remuneration, benefits or expenses from the charity in the year.

Included within administration and accountancy fees is the Auditor's fee of £3,600 (2020 – Independent Examination fee of £550).

# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021 (continued)

### 5. Fixed asset investments

	2021 £	Unaudited 2020 £
<b>Listed Investments</b>		
<b>Market value as at 1 November 2020</b>	617,597	912,046
Gift in kind	2,241,418	-
Additions at cost	1,635,627	110,977
Disposals	(2,151,011)	(381,447)
Realised and unrealised gains/(losses) on investments	393,076	(23,979)
<b>Market value as at 31 October 2021</b>	2,736,707	617,597
<b>Historical cost at 31 October 2021</b>	2,490,874	613,277
<b>Investments are represented by:</b>		
	2021 £	Unaudited 2020 £
UK and Overseas Bonds	129,896	38,989
UK and Overseas Equities	2,390,268	558,630
Global Investments	54,968	-
Absolute Return	161,575	19,978
Private Equity	-	-
Capital account - cash	28,887	5,267
<b>Value as at 31 October</b>	2,765,594	622,864

### 6. Creditors: amounts falling due within one year

	2021 £	Unaudited 2020 £
Accruals	6,696	3,776

# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021 (continued)

### 7. Funds

	As at 1 November 2020	Income	Expenditure	Realised and unrealised gains on investments	As at 31 October 2021
	£	£	£	£	£
<b>Unrestricted funds:</b>					
General	636,576	2,285,162	(482,562)	393,076	2,832,252
<b>Total</b>	636,576	2,285,162	(482,562)	393,076	2,832,252

  

	As at 1 November 2019	Income	Expenditure	Realised and unrealised gains on investments	Unaudited As at 31 October 2020
	£	£	£	£	£
<b>Unrestricted funds:</b>					
General	953,135	18,559	(311,139)	(23,979)	636,576
<b>Total</b>	953,135	18,559	(311,139)	(23,979)	636,576

### 8. Analysis of net assets between funds

	2021 £	Unaudited 2020 £
<b>As at 31 October 2021</b>		
Fixed Assets Investments	2,765,594	622,864
Current assets	73,354	17,488
Current liabilities	(6,696)	(3,776)
	2,832,252	636,576

### 9. Related party transactions

During the year, £2,241,418 of shares were gifted at nil cost to Rose Animal Welfare Trust Investment Portfolio by Antoinette Tomkinson, a trustee of the charity.

# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021 (continued)

### 10. Grant expenditure

Organisation	Committed and paid 2021 £	Committed and paid 2020 £
Animal Asia Foundation	15,000	10,000
Bath Cats and Dogs Home	5,000	-
Battersea Dogs and Cats Home	-	5,000
Beneath the Wood Sanctuary	10,000	5,000
Blue Cross for Pets	20,000	10,000
Brent Lodge Bird & Wildlife Trust	-	10,000
Brooke	20,000	10,000
Caring for Cats Yorkshire and Humber	10,000	10,000
Cats and Dogs Bath	5,000	-
Cats Protection	10,000	10,000
Compassion in World Farming	10,000	10,000
Cruelty Free International Trust	2,000	5,000
Cuan Wildlife Rescue	-	10,000
Dog and Cat Shelter Newcastle	5,000	-
Dogs Trust	10,000	6,000
ESPA (Peregrine Falcon)	5,000	-
Farm Animal Rescue Sanctuary	5,000	-
Four Paws	5,000	5,000
Freedom of the Spirit Trust for Border Collies	20,000	10,000
Freshfields Animal Rescue	5,000	-
Good Life Dog Rescue	5,000	3,000
Grey Hound Trust	10,000	10,000
Happa Horse Rescue	10,000	4,000
Happy Paws Puppy Rescue	20,000	10,000
Hope Rescue Centre	5,000	-
Horse Trust	-	10,000
Horse World Trust	10,000	-
Hull Animal Welfare Trust	20,000	15,000
Humane Society International	-	10,000
Humanimal Trust	15,000	5,000
Mare and Foal	10,000	-
Moorview Rescue	5,000	10,000
Network for Animals	-	10,000
New Beginnings	5,000	-
Nowzad Rescue	20,000	-
Oak Tree Farm	10,000	10,000

# The Rose Animal Welfare Trust CIO

## Notes to the financial statements for the year ended 31 October 2021 (continued)

### 10. Grant expenditure (Continued)

Organisation	Committed and paid 2021 £	Committed and paid 2020 £
PDSA	10,000	10,000
PETA	10,000	10,000
Rain Rescue	15,000	10,000
Redwings Horse Sanctuary	15,000	10,000
Rushton Dog Rescue	-	-
RSPCA Leeds & Wakefield	15,000	-
Royal Veterinary College Animal Care Trust	10,000	-
Ryedale Dog Rescue	5,000	-
Safe Haven for Donkeys in the Holy Land	10,000	10,000
Stockenchurch Dog Rescue	10,000	10,000
Street Paws	5,000	-
The Donkey Sanctuary	10,000	10,000
The Horse Trust	20,000	-
The Mare and Foal Sanctuary	-	10,000
Thornberry Animal Sanctuary	5,000	-
Tia Rescue	15,000	-
Warwickshire Hedgehog Rescue	3,000	-
World Horse Welfare	5,000	10,000
<b>Total grants</b>	<b>465,000</b>	<b>303,000</b>



# The Rose Animal Welfare Trust CIO

*Audit Feedback Report*

Report for the year  
ended 31 October 2021



# The Rose Animal Welfare Trust CIO

## Audit Feedback Report – Year ended 31 October 2021

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# The Rose Animal Welfare Trust CIO

## Audit Feedback Report – Year ended 31 October 2021

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This document is to be regarded as confidential to The Rose Animal Welfare Trust CIO. It has been prepared by Azets Audit Services Limited for the sole use of the Trustee. No responsibility is accepted to any other person in respect of the whole or part of its contents. Before this document, or any part of it, is disclosed to a third party, our written consent must first be obtained.

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## 1. Introduction

This document has been prepared to feedback the key findings from our Audit for the year ended 31 October 2021 to the Trustee of The Rose Animal Welfare Trust CIO.

Our communication with the Trustee is important to:

- Provide feedback on the audit process to those charged with governance; and
- Receive feedback on the performance of the audit team.

We would like to take this opportunity of expressing our thanks to you and your staff for your assistance during the course of the audit.

## 2. Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

No further threats to our independence have been identified since our communication at the planning stage.

## 3. Going concern

Our work has confirmed the Trustee's judgement that the Charity is a going concern, and that the disclosures within the financial statements are fair and appropriate.

## 4. Instances of fraud

Our work did not highlight any actual or suspected instances of fraud.

## 5. Related party transactions

The Trustee is required to disclose transactions with related parties of the charity where those transactions are material to either the related party or to the charity. As part of the letter of representation, we ask you, as Trustee, to confirm to us that the disclosure in the accounts is complete, except for where disclosure exemptions are available under FRS 102.

No new related parties were identified during the course of our work.

## 6. Limitations

Our audit is not designed to identify all significant weaknesses in the Charity's internal controls but is designed primarily for the purpose of expressing an opinion on the financial statements of the Charity. However, where, as part of our testing, we identify any control weaknesses, we will report these to you.

Our work did not encompass a detailed review of all aspects of the internal controls and cannot be relied upon necessarily to disclose all deficiencies or other irregularities or to include all possible improvements in internal control.

The Charity's management is responsible for the identification, assessment, management and monitoring of risk, for developing, operating and monitoring the system of internal control and for providing assurance that it has done so.

We have applied our audit approach to document, evaluate and assess your internal controls over the financial reporting process in line with the requirements of auditing standards.

## 7. Audit status and expected opinion

Subject to receipt of the signed letter of representation, we can confirm that we anticipate issuing an unmodified opinion on the financial statements.

## 8. Conclusions on significant risks identified during planning

Set out below are the significant risks noted in the Audit Planning Report to which we paid particular attention in order to reduce the risk of material misstatement in the financial statements. We have detailed below the work performed to address each risk and our conclusions.

Significant audit risks	How we will address this risk	Audit conclusion
<p><b>Income recognition – Significant Risk</b></p> <p>Income recognition is a key risk in any audit. In particular, the following aspects of income are considered key:</p> <ul style="list-style-type: none"> <li>- The recognition of income in the correct accounting period, having regard to the date of transfer of the significant rights and rewards of ownership (cut-off)</li> <li>- The recognition of income in the correct accounting period, having regard to the date services were provided (cut-off)</li> </ul>	<p>We will review the consistency of application and appropriateness of disclosure of revenue recognition policies year on year.</p> <p>We will undertake testing of the transactions around the year-end to validate the cut-off of revenue recognition between periods. This will principally focus on the risk of understatement of revenue, starting from source documentation and agree revenue recognition cut-off back to the nominal ledger.</p> <p>We will test a sample of sales credit notes from the nominal ledger to source documentation; the sample will include items recorded during the year and subsequent to the year-end.</p>	<p>Based on the results of our procedures we consider that revenue recognition is reasonable and has been appropriately applied, in line with the accounting policy described in the financial statements.</p>

Significant audit risks	How we will address this risk	Audit conclusion
<p><b>Management override of controls – Significant Risk</b></p> <p>Management override of controls is considered to be a key risk in all entities.</p> <p>Journal entries and accounting estimates are particularly susceptible to override, manipulation or bias.</p>	<p>We will test the appropriateness of journal entries and other adjustments made in the preparation of the financial statements, reviewing the controls surrounding journal entries and tracing a sample to source documentation as appropriate.</p> <p>Where we identify transactions outside the normal course of business, or that otherwise appear to be unusual, we will review the business rationale to support these transactions.</p> <p>Where accounting estimates are included in the accounts, we will consider whether they have been manipulated to achieve a desired financial result.</p>	<p>From the testing performed, we have not identified any material issues with respect to management override and accounting estimates.</p>
<p><b>Grant commitments – Significant Risk</b></p> <p>There is a risk that the charity is committed to making grants at the year-end which are not recorded in the financial statements.</p>	<p>We will review the grant documents and meeting minutes to ensure there are no undisclosed commitments.</p>	<p>From the work carried out as part of the audit there does not appear to be any indication of unrecorded grant commitments.</p>

## 9. Audit findings – Systems and control observations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements, in order to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control.

No observations were identified when reviewing your systems and controls:



## 10. Audit findings – Significant qualitative aspects + other matters

### Accounting policies

- The appropriateness of the accounting policies as detailed in the financial statements, including management's assumptions around the going concern basis of preparation as detailed in note 1.3 are considered to be adequate and have been appropriately and consistently applied.

### Accounting estimates

- Auditing Standards require that accounting estimates, including fair value estimates, are identified and the underlying assumptions and degree of uncertainty for each accounting estimate is assessed.
- During audit planning we identified that management uses accounting estimates in the following areas:
  - The valuation of investments
- From our audit testing, we concluded that management estimates are being applied appropriately and do not give rise to a material misstatement in the financial statements. We are satisfied with the disclosure made for the charity's key accounting estimates and judgements in note 2 to the financial statements.
- Management should regularly review the methodology of all accounting estimates to ensure that they remain appropriate to the Charity's circumstances and do not result in a material misstatement in the financial statements.

### Financial statement disclosures

- We complete a disclosure checklist every three years, or more frequently where there are significant changes to accounting standards or the Charity's circumstances. The financial statements are also subject to annual independent manager review for completeness and accuracy. We are satisfied that the disclosures comply with legal and accounting requirements.
- The financial statements are also subject to rigorous manager and partner reviews for completeness and accuracy and the draft accounts have been appropriately amended through this process.

### Matters of governance interest

- We are pleased to report that there are no matters of governance interest to bring to your attention.

### Adequacy of communication with those charged with governance

- No significant issues were encountered when communicating with those charged with governance.

## 11. Audit findings – adjusted misstatements

No adjusted misstatements were noted during the course of our audit.

## 12. Audit findings - unadjusted misstatements

The following unadjusted misstatements were identified during the course of the audit:

Unadjusted misstatements The Rose Animal Welfare Trust	Profit and loss		Balance sheet	
	DR £	CR £	DR £	CR £
Income		11,961		
Investments			11,961	
<i>Being the extrapolated error on differences in market value of shares gifted during the year</i>				

Due to the immateriality of the above, you do not consider it appropriate to adjust the financial statements.

## 13. General information

### Brexit changes on Financial Reporting

The Brexit transition period ending on 31 December 2020 has led to a number of subtle but key changes to pieces of UK company law.

Previously there were two Companies Act exemptions relating to an intermediate UK parent that is consolidated at a higher level; EEA parents (s400) and non-EEA parents (s401). This has effectively now changed to UK parents (s400) and non-UK parents (s401). This aspect should simply be a disclosure change however if an EU subsidiary previously took a consolidation exemption due to having a UK parent consolidation, they will no longer be able to use that exemption going forwards. This may mean that EU intermediate parents may now require consolidating at local level.

Previously, an EEA established parent company could provide a guarantee over a subsidiary in order to avoid a subsidiary audit. This has now changed and the parent company must be established in the UK. Therefore, if a non-UK parent has previously guaranteed the liabilities of a subsidiary, this may result in a full audit now being required.

Similarly to above, a dormant company was exempt from preparing and filing accounts if the parent company (whom guaranteed the liabilities) was registered in the EEA – note that this has now changed to the UK, again potentially affecting eligibility.

### COVID-19 Financial Support Available to Charities

The government and other organisations continue to offer COVID-19 related support.

- The Voluntary and Community Sector Emergencies Partnership, a collection of voluntary and community sector organisations, which aims to help local people and organisations respond to emergencies. You can request support [here](#)
- The Arts Council National Lottery Funding Grants available to individual artists, community and cultural organisations, with a focus until April 2021 on the needs of smaller independent organisations and practitioners, which can be found [here](#)
- Resilience and Recovery Loan Fund is a new fund for social enterprises and charities who are experiencing disruption to their normal business model as a result of COVID-19 to make the CBILS scheme more easily accessible to these organisations. Application closing date 31 March 2021, and can be found [here](#)
- Animal welfare grants available through the DEFRA Zoo Animals Fund, applications open to 26 February 2021, and found [here](#)

The National Lottery Community Fund is also continuing to offer support during this period and outlines the following types of COVID-19 related projects they can fund:

- Where you need support to continue to deliver an activity in responding to the immediate crisis of supporting recovery activity
- Where you have had to change and adapt in order to respond to the pandemic.

You can apply for funding [here](#).

The Retail, Hospitality and Leisure Grant Fund for businesses and charities in the retail, hospitality and leisure sectors (such as charity shops) are eligible for business rates relief in the 2020/21 tax year for each property that has a rateable value below £51,000. This should have been applied directly by the local council (with no action needed by you). However if you think you are eligible for this relief but have not been granted it, you should contact your local council. Information on how to do this can be found [here](#).

The Coronavirus Job Retention Scheme (CJRS) has been further extended to 30 April 2021, find information on this [here](#).

The Coronavirus Business Interruption Loan (CBILS) scheme is still open to 31 March 2021, to help small and medium-sized businesses access loans up to £5m, with the government guaranteeing 80% of the finance to the lender and covering the first 12 months interest payments. Find more information [here](#).

The Coronavirus Large Business Interruption Scheme (CLBILS) is also still open to 31 March 2021, with the government guaranteeing 80% of the finance to the lender. Find more information [here](#).

### **Insolvency Help**

The Corporate and Insolvency Governance Act 2020 has been introduced to avoid insolvency as a result of the COVID-19 pandemic, this applies to charitable companies, and most of provisions to CIOs also. This Act covers Moratoriums, supply contracts, suspension of wrongful trading claims,

suspension of statutory demands and restrictions on winding up petitions, and support for charitable companies struggling with debt. More detail relating to these provisions can be found [here](#).

### **Supporting trading subsidiaries**

If you have a charitable group including trading subsidiaries, you may also need to consider the support available from the parent charity to the subsidiary in times when the subsidiary is struggling financially. Typically the subsidiary will gift aid profits to the parent charity so that they have been unable to build up any meaningful reserves to support itself in difficult trading conditions (such as caused by the COVID-19 pandemic).

The parent charity may be asked to make a short term cash injection/loan to support the subsidiary. Trustees should consider this carefully and put the interests of the charity first, considering whether this support can be justified as an investment. Trustees should have good grounds to believe that the subsidiary will become profitable within a reasonable timescale and that it can sustain the loss of income in the meantime. They also need to be comfortable that the charity is able provide the support and that its assets will be not be at an unreasonable level of risk. An interest charge should be charged by the charity on the loan.

### **Fee reductions and refunds for contractual services**

As a result of COVID-19, some charities have been asked to reduce or return contractual sums, or may wish to offer a reduction because they are changing their usual service. This is especially relevant to training and education charities such as schools.

Even if there is no legal obligation (and there may be under consumer law), you may feel a moral obligation, or the Trustees may feel that the goodwill generated will protect the charity moving forward. If you want to reduce fees because you consider this to be in your charity's best interest you can take this approach without Commission agreement unless it is not possible under your governing document. This won't constitute an ex-gratia payment (which requires consent of the Commission) because the decision is not being made because of a moral duty towards an individual. It is made in the best interests of the charity.

The decision to reduce or return fee must be in the charity's best interests and in line with the purposes. Key considerations include a cost-benefit analysis, contractual arrangements, the level of reduction in service financial position of your charity, long-term considerations including maintaining relationships with service users and your charity's immediate and longer-term reputation. You should also consider whether your actions create a precedent for your charity which might cause challenges in the future and whether there are any alternative approaches that can be taken instead e.g. means testing, eased payment terms etc. Where decisions have a substantial impact, the decision must be recorded carefully so you can demonstrate sufficiently good governance around the process.

#### **Further Charity Commission guidance and information**

- Trustee or member meetings should continue, including AGMs, via online video calls or telephone calls where possible, however where not possible, you can hold these meetings in person where necessary.

- The pandemic has no doubt made many organisations assess their resources and change the way they work to avoid closure and in some circumstances collaboration or merging may make the best use of these resources. The charity commission has issued guidance on this here. If you are looking for a like-minded charity to merge with you can also search the register of charities here.
- Trustees are encouraged to consider the pools of funds they have, with consideration paid to the short, medium and longer term. If your charity has any internally designated funds, you may be able to re-prioritise these. If there are restrictions around funds, there may be ways to amend these restrictions, but accessing or releasing restricted funds should only be considered if other options such as reserves are not possible and with great care around donor management.

During the pandemic, the Charity Commission has tried to be as supportive and flexible as possible to help charities through this challenging and uncertain time. Their offices are open for contact Monday to Friday 9-5, and can be contacted on 0300 066 9197. Should the inability to hold meetings or get into premises post a significant issue in terms of meeting statutory filing requirements the Commission is likely to take a pragmatic view if early contact is made with them to discuss the issues. To apply for a filing extension online you can email [filingextension@charitycommission.gov.uk](mailto:filingextension@charitycommission.gov.uk) including both your charity number and full name.

#### **Charities' small trading exemption limits**

Where a charity undertakes a trading activity which does not relate to its primary purpose or fall within another charity exemption, for example if a

charity sells goods in order to raise additional funds, then provided the turnover does not exceed the small trading exemption limit, any profits will be exempt from tax.

The current small trading limits are as follows:

Annual income	New limit
Under £32,000	£8,000
£32,001 - £320,000	25% of income
Over £320,000	£80,000

#### Gift Aid Small Donations Scheme ('GASDS')

GASDS allows charities to claim gift aid on small cash and contactless donations without the need for Gift Aid Declarations from the individuals who have made the donation.

Currently the limit on the amount an individual can donate under GASDS is £30.

#### Gift Aid on tickets for cancelled events

HMRC have announced that theatres and other cultural venues recognised as charities by HMRC claim Gift Aid on tickets for cancelled events due to COVID-19 as long as the customer has waived the right to refund and for the same amount to be treated as a donation to the charity. The charity will still be required to obtain a Gift Aid declaration from the individual.

HMRC has published relevant guidance [here](#) for the charities on claiming which includes a six step process for charities to follow.

#### VAT - Advertising on Social Media

Many charities are unable to recover 100% of the VAT they have been charged on their expenses, leaving less funds that could be used for charitable purposes.

The government has assisted for many years by allowing charities to buy in advertising at the zero rate of VAT. In order to benefit from zero-rated VAT on advertisement services on someone else's space (channel, website or even any physical media), the advert must be available to the general public rather than selected targeted individuals. As per VAT Notice 701/58, selectively targeted means:

- selected by individual home, business or email address, whether named or not;
- individually named people, all those at the same address, such as family groups, or everyone in a particular building.

HMRC's view is that advertisement on social media is targeted if it is either based on their IP addresses or some specific activities such as online donation which is tracked. HMRC says that charity advertising on various social media and subscription websites does not qualify for VAT zero-rating because the person watching or accessing the advertising is selected. It means that advertisement suppliers will charge VAT. Any social media advert supplies received from outside the UK will be liable to reverse charge mechanism with 20% VAT.

However, the good news is that some forms of digital advertising still remain zero-rated for VAT purposes such as:



- Pay-per-click adverts - An example would be where an advert is displayed for goods or services when users enter relevant queries into a search engine. Advertisers are only charged when a user actually clicks on their advert link.
- Direct placements on third party websites, including when the advert is placed on a particular section on a website or alongside specific content.

HMRC has not officially confirmed whether it will be seeking to collect VAT retrospectively. Presently the VAT relief is restricted by EU law but the UK would be free to amend the law as it sees fit once it leaves the EU.

#### **VAT exemption for fundraising events - when it doesn't count**

The VAT exemption for fundraising events is a valuable VAT relief for many charities, income from events can be one sixth (i.e. 20/120) more than they otherwise would be, although VAT cannot be recovered on the related costs.

On 27 June 2018 the First Tier Tribunal (FTT) released its decision that events organised by four Student Unions did not qualify for the exemption - Loughborough Students Union, Keele University Students Union, Nottingham Trent Students Union, The Students Union at Bournemouth University [2018] UKFTT 357 (TC).

The Student Unions, which are all charities, could therefore potentially have qualified for the VAT exemption. To quote an extract from the 25 July 2016 edition of HMRC VAT Manual VBNB60970 in the context of fundraising events, The Union may qualify for this exemption if it is a charity.

The main issue for the Student Unions was that, apart from information on the tickets and on promotional material indicating that the events were fundraising events, they were very similar to many other events the Student Unions organised, as part of their normal activities.

The Tribunal decision is a reminder that the exemption is not intended to apply to the normal business activities of charities. One of the conditions for qualifying for the exemption is that not more than 15 of events of the same kind and at the same location can be held in a financial year, events at a location where the aggregate gross income during a week do not exceed £1,000 can be ignored. If the 15 event limit is exceeded then none of the events qualify for the VAT exemption for fundraising events.

In addition to the 15 event limit referred to above, the primary purpose of each event must be the raising of money and that must be reflected in how the events are promoted.

#### **Reporting serious incidents in your Charity**

The Charity Commission guidance How to Report a Serious Incident in your Charity has been following the commission publishing the findings of its safeguarding taskforce. The taskforce found no serious concerns about how the commission or charities handled incidents, but that 98.5% of charities did not report any incidents and 65% of incidents that were reported were reported more than two months after the incident. It also found a lack of understanding by charities as to which incidents to report, leading to under and over reporting.

The guidance sets out the responsibilities of trustees, including how and what to report and data protection implications. The Commission requires

incidents to be reported as part of their regulatory role, in order that they can ensure the incident is suitably managed, the impact limited and procedures put in place to prevent reoccurrence.

A serious incident is any adverse event (actual or alleged) which leads or could lead to loss of or damage to charity assets or property or its work, or harm to people who come into contact with the charity through its work. It also includes incidents which result in or risks significant harm to the Charity's work or reputation. Most incidents reported will involve financial loss or safeguarding issues but all serious incidents must be reported regardless of their nature.

The What to Report section of the guidance gives information about what types of incidents the commission expects to be reported and the different authorities or agencies that may be involved. There is a brief reporting checklist within the guidance so trustees can ensure that all necessary information has been provided to the Commission.

As part of the Annual Return there is a declaration that there were no serious incidents in the previous financial year that should have been reported to the Commission but were not. Trustees will be aware that to make a false declaration is an offence under section 60 of the Charities Act 2011.

The guidance can be found [here](#). The Charity Commission has launched a new online form [here](#). The form should be used to report a new serious incident or update an incident already reported.

### **Updated Accounting Rules for Larger Charities**

Changes in the Companies Act, brought about by Parliament's approval of The Companies (Miscellaneous Reporting) Regulations 2018, will require charitable companies registered in the UK who qualify as large to include additional detail about their activities within the Trustees Annual Report. These requirements will apply to accounting periods beginning on or after 1 January 2019, with early adoption permitted. In summary the following statements are now required to be disclosed:

- How the Trustees have complied with their duties in relation to section 172(1) of the Companies Act (for a charitable company being to promote the success of the charity to achieve its charitable purposes); and
- How the Trustees have engaged with suppliers and customers. The SORP recommends extending this to cover the charity's relationship with other stakeholders such as service users, beneficiaries, funders and the wider community.

Additionally, the parent of a charitable group with more than 250 UK employees will need to disclose a statement regarding how the Trustees have engaged with employees and how they have had regard to employee interests, including subsequent action taken or decisions made.

For more detail, the Charities SORP has published guidance on how to apply these changes, which can be found [here](#).

### **Cyber security**

Although cyber security is an ongoing threat, there is a growing trend to target companies in a more sophisticated manner, aiming at the weakness

of individuals. Particular sectors are exposed to higher risks, such as legal practices and other professionals that hold client money and assets.

All businesses should take steps to address their exposure, through staff training, IT security, and systems and processes, as well as considering whether there is a requirement for specialist cyber insurance to cover losses in the event of a major breach.

#### **Off-payroll working rules from April 2021**

Due to the ongoing COVID-19 situation HMRC postponed the introduction of new off-payroll working legislation from April 2020 to April 2021. This legislation places the responsibility on the entity to deduct PAYE and NIC if they engage with workers directly through Personal Service Companies (PSCs), where the worker would be employed were it not for the PSC.

The new rules align with the off-payroll working (or IR35) rules for the public sector, which saw similar changes introduced in 2017. These changes significantly increase compliance responsibility and risk for organisations. Failure to properly comply exposes the organisation to underpaid PAYE, National Insurance, interest and penalties.

The roll-out applies to medium and large-sized entities. Small entities defined as those that meet two out of the following three tests are exempt from the rules.

1. Annual income - not more than £10.2m
2. Gross assets - not more than £5.1m
3. Number of employees - not more than 50

HMRC have enhanced the Check Employment Status for Tax (CEST) online tool. This should be routinely used by all organisations to help determine the employment status and ensure they are treating their employees and contractors correctly for tax and employment benefit purposes.

For our most recent payroll update webinar please click [here](#).

#### **Restriction of Employment Allowance**

In April 2014 the Government introduced a £3,000 Employment Allowance, claimable by most organisations as an annual deduction against their employer's NICs liability (secondary class 1 NICs). Groups of companies and connected entities which are under common control can only claim one allowance and may opt which entity claims the allowance.

From 5 April 2020 the Employment Allowance has increased to £4,000 but is restricted to employers with a secondary Class 1 NICs liability of less than £100,000 in the tax year to 5 April 2020. Employers have to complete a declaration and supply information to HMRC so that they can ensure that the granting of the Employment Allowance is made in accordance with EU state aid rule and the associated limits which apply.

#### **Emerging and topical issues**

Regular updates on emerging and topical issues are published on our website [here](#).

## Appendix 1 – Management representations

The following non-standard representations have been made.

- That there are no committed donations that are not included within the financial statements.