Annual Report & Accounts 2020

CATS PROTECTION

Cats Protection is the UK's leading cat welfare charity.

Our vision is a world where every cat is treated with kindness and an understanding of its needs.

Our values

- Cats and their welfare are at the centre of everything we do
- We never put a healthy cat to sleep
- We value and respect our volunteers, supporters and employees
- We are committed to providing a high-quality service
- We are open and honest

Our aims

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Raising vital funds – page 28

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This report covers the period 1 January 2020 to 31 December 2020 and was approved by the Trustee on 22 April 2021.

Chief Executive's report

An introduction from James Yeates, Chief Executive

2020 was a tough year. We lost loved ones, colleagues and friends, who we remember and honour. We each faced unprecedented uncertainty, coped with personal challenges and dug even deeper for cats and one another.

Yet through all this, our response was amazing. We helped an enormous number of cats, prioritising those needing our emergency help. We helped thousands of owners to care for their cats through the pandemic compassionately, safely and panic-free. We found new ways to help cats while keeping our volunteers, employees, adopters and members of the public safe. Of course COVID-19 had an impact, but it was minimised by how we adapted.

Although it has not been easy, it has been enormously impressive. I am amazed at how quickly we've managed to adapt as an organisation and as individuals. We did many things in almost completely new ways, and introduced wide-sweeping changes across our hundreds of branches, centres and teams that not only tackled the crisis but also strengthened us for 2021 and beyond.

There will be long-term effects of the pandemic that we'll need to deal with too. Following the disruption to neutering provision at many vet surgeries, we are anticipating an increase in the number of kittens born without loving homes, and the economic recession will increase demand for our services, as financial pressures force cat owners to give up or abandon their pets. As by far the most successful charity at homing cats throughout the UK, so many of them will be entirely dependent on our care.

All of this comes at a time when our own finances are still impacted by the pandemic. We have avoided widespread redundancies through good financial management, a focus on our long-term ability to keep helping cats, and – particularly – thanks to the responses of our amazing supporters, volunteers and employees. This will mean we can keep helping cats even more through the longer-term impacts. Your generosity, commitment and creativity blow me away.

The challenges and responses of 2020 have made me more impressed by Cats Protection, more clear on how essential we are, more awed of how our cat-loving community has pulled together, and more hopeful for the future. We will be there to help cats ever more and even more.

James

James Yeates

Chairman's report

An introduction from Linda Upson, Chairman

2020 was a year like no other and one that we were all glad to see the back of, but throughout all of the challenges we've faced this year, there has at least been one reliable constant – the joy of cats.

Never before have we needed our feline companions as much as we did in 2020. When we were down they helped cheer us up and when we felt isolated, they provided much-needed comfort and companionship.

This year we conducted our first nationwide survey of cat owners and the majority agreed that their cats help relieve stress and loneliness and that they see their cats as members of the family. You can read more about what the public had to say about cats at www.cats.org.uk/stats

Despite the challenges of the COVID-19 pandemic, we did manage to continue with many of our activities, mainly around fostering and caring for cats. This was a welcome diversion, especially for those of us who foster in our own homes, who had the pleasure of cuddling kittens and cats throughout this time.

As soon as we could do so safely we restarted our rehoming of cats, under our new hands-free homing process. We also continued to take cats in to our care, mainly those that were most at risk of harm, including mums and kittens.

Of course some of our activities did have to stop altogether. Many of our national fundraising events and all our local branch events were cancelled and our shops were shut, which impacted on our finances and the morale of the teams, both local and national, who run them. When we can get them up and running again, we will need your support more than ever.

As we look back on a truly unprecedented year, I would like to offer my sympathies to those volunteers, employees and their families who have been directly affected by COVID-19 and I send my condolences to those who have lost loved ones.

Finally, in 2020 we also had two Trustees, Alison Ryan and Trevor Jones, step down from the Board and I would like to thank them both, on behalf of Cats Protection, for their many years of dedicated service. Trustees are also volunteers and give their time willingly and freely to help advance the cause of Cats Protection.

Linda

Linda Upson

Improving understanding of cats' needs

Spreading the word about good cat welfare to give all cats a better quality of life

2020 was often a worrying and confusing time for all of us, so as the cat experts we were pleased to be able to offer some clarity and reassurance when it came to caring for our feline friends. We also took the opportunity to encourage people to learn more about cats' needs from the comfort of their own homes, with lots of online resources explaining the reasons behind cats' seemingly curious behaviours.

- When COVID-19 started to become prevalent in the UK, we launched a 'coronavirus hub' on our national website, with lots of up-to-date, vet-approved advice around the topic of cats and coronavirus. This helped to allay people's fears that cats might transmit the virus to people as well as provide information about how lockdown had impacted our services. The hub had around 800,000 visits in 2020

- On social media we hosted Facebook Live sessions with our vets and cat behaviour team, giving the public the chance to get their cat questions answered by the experts

- Our Contact Centre continued to handle enquiries from the public, offering much-needed help, advice and reassurance as national and regional guidelines changed. When we were restricted to only taking in cats in emergency situations, the team helped prioritise urgent cases and also continued to support some branches with their incoming calls throughout the year. In June we launched a new webchat feature on our national website enabling the public to get instant answers to their queries

- The development of our new Feline Welfare Research Strategy will ensure all research projects we undertake protect the welfare of the cats involved and produce high-quality, ethically-sound research. We will never be involved in any research that is invasive or requires a Home Office licence

- While we are a UK charity, we also make our cat care advice available overseas and have attended a limited number of virtual international animal welfare conferences this year

CATS (Cats and Their Stats) report

To find out more about the lives of cats in the UK, we spoke to 10,000 cat owners and non-cat owners to produce the first ever CATS report. Full of fascinating facts and stats, it's the largest and most comprehensive report on cats ever created, and gives us a new robust insight into the world of cats and their owners. We plan to produce this report every year and use the stats to inform everything we do to help cats. The report has been viewed over 3,000 times online. Read it at www.cats.org.uk/stats

Online education

- Lockdowns meant we could no longer go into schools and community groups to deliver our cat welfare talks, so instead we created our Moggy Modules and Feline Focus education packs, full of fun activities kids can do at home. We also produced educational Facebook Live streams and videos, which had over 48,000 views. We then worked hard to develop engaging and interactive virtual versions of our talks which are now proving very popular with our audiences

- At the beginning of the year we launched our new Understanding Cats' Needs interactive online course, which explores why cats do what they do. It's designed to give an appreciation of cats' needs, how this relates to their behaviour and how owners can provide the best environment for them. The course has been accessed over 9,100 times so far!

- 2020 saw the inaugural Cats Protection Feline Behaviour Conference. Originally planned as an in-person event, it had to be moved online due to lockdown restrictions and featured a full day of informative sessions and engaging Q&As with cat behaviour experts. Over 450 people from all over the world signed up for the event, including veterinary professionals and those working in the animal welfare sector

Working with vets

- Our Veterinary team delivered virtual presentations and talks to veterinary professionals and other animal welfare organisations to improve their understanding of shelter medicine and feline welfare and to encourage them to work with us

- We have improved the digital version of our *CP Clinic* journal for the veterinary profession which features articles about veterinary practice and updates on our own veterinary-related news and policies

- By meeting virtually and more readily with corporate veterinary organisations we've been able to build better relationships and share resources on kitten neutering and shelter medicine to improve cat welfare

- We continue to work closely with veterinary schools and although COVID-19 has meant we've been unable to offer students placements at our National Cat Centre vet clinic this year, we've still been supporting them through virtual lectures instead

Plans for 2021

- Develop and implement our new impact strategy for helping more cats, now and in the future

- Update our *Behaviour Guide* and produce new cat care and feral cat guides to help the public and our own teams better understand these areas of cat welfare

- Build on our relationship with the veterinary profession following the results of our vet survey, improving the ways we communicate with them

- Roll out our Cat Welfare Champions programme, encouraging best welfare practice for more teams within the charity

- Continue to identify and prioritise feline research that is ethically-sound and best supports our goals

In 2020…

We gave 500 cat welfare talks to 13,600 adults and children (2019: 1,500 talks to 41,000 people) and our education packs were downloaded over 16,000 times

We handled over 120,000 enquiries from members of the public (2019: 100,000)

Maddie and Milo's story

Despite only being a kitten herself at nine-months-old, Maddie arrived at our Birmingham Adoption Centre heavily pregnant.

Days later she gave birth to two kittens, Maddox and Micah, but the centre team noticed something wasn't quite right.

Both kittens began showing signs of having cerebellar hypoplasia, a disorder that affects cats' ability to balance and coordinate their limbs. It's usually caused when the mother has a virus that affects the development of the kittens' brains in the womb, but can be prevented by routine vaccinations prior to pregnancy.

While Micah was not held back by his 'wobbliness', his brother Maddox became very poorly alongside the condition and sadly did not survive.

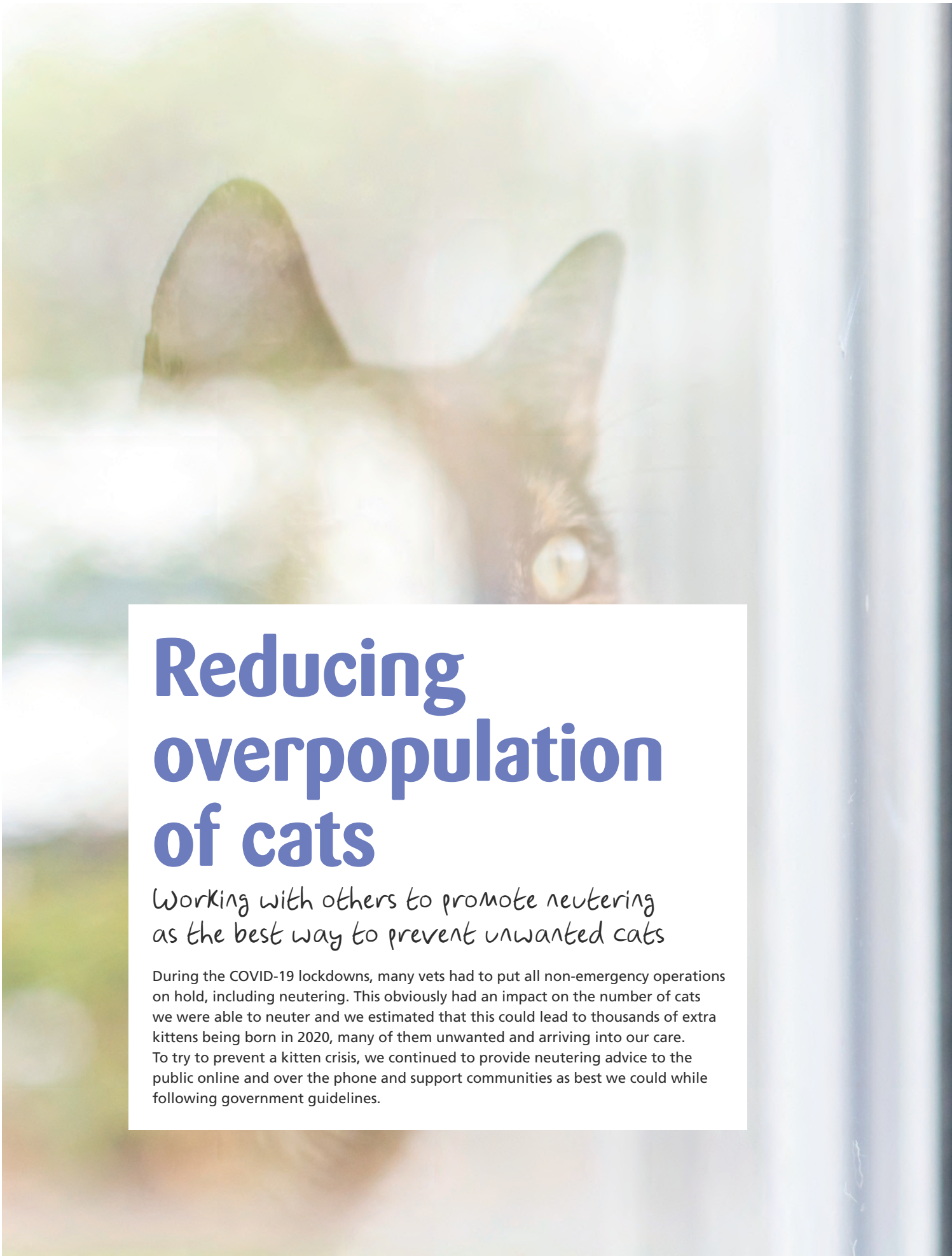
With lots of help from the centre team, Micah grew in confidence and eventually began to adapt to his disability.

Once he was old enough, he found a new home alongside his mother Maddie, and was renamed Milo.

"Maddie and Milo settled really quickly," said their new owner Emma. "Although it took a while for them to come out of their shells their personalities are starting to blossom and it's wonderful to see.

"Maddie is an absolute flirt and has a little thing for Clifford, one of our dogs, and even sleeps with him in his bed. Milo is definitely becoming a cheeky chappy and races round the house like his life depends on it, he barely has his wobble anymore. He is also fascinated by my youngest son Owen and will join in and play with him, especially when the toy tractors are out.

"As a family we are so lucky to have Maddie and Milo be a part of our lives and can't wait for all the fun, cuddles and loves in the years to come."



Reducing overpopulation of cats

Working with others to promote neutering as the best way to prevent unwanted cats

During the COVID-19 lockdowns, many vets had to put all non-emergency operations on hold, including neutering. This obviously had an impact on the number of cats we were able to neuter and we estimated that this could lead to thousands of extra kittens being born in 2020, many of them unwanted and arriving into our care. To try to prevent a kitten crisis, we continued to provide neutering advice to the public online and over the phone and support communities as best we could while following government guidelines.

- After conducting a survey that revealed 77% of people are unaware that a female cat can become pregnant from four months old, we launched our Kitten Alert campaign encouraging owners to keep their unneutered cats indoors to prevent accidental litters. We provided advice via our website, social media and emails, and even featured on BBC's *The One Show*

- Our Neutering Helpline has continued to provide cat owners with neutering advice and offer those on low incomes vouchers towards the cost of neutering, which could be used once their vet was able to perform the operation

- When government guidelines allowed, our volunteers and employees carried out their trap, neuter and return work with feral cats, making sure to follow health and safety advice while dealing with the backlog of cats needing their help

- We are continuing to work with local councils, social housing providers, human welfare organisations and other welfare charities, including the PDSA and RSPCA, to promote and fund cat neutering and help solve the root causes of unneutered cats

- With support from the Cat Population Control Group we published a study in the *Veterinary Record* journal highlighting the neutering practices of vets in the UK, helping us understand how to overcome the barriers to neutering cats at four months old and how we can support this practice. Our website also features a database to help cat owners find vets willing to perform early neutering

For more information about how we support neutering, visit www.cats.org.uk/neutering

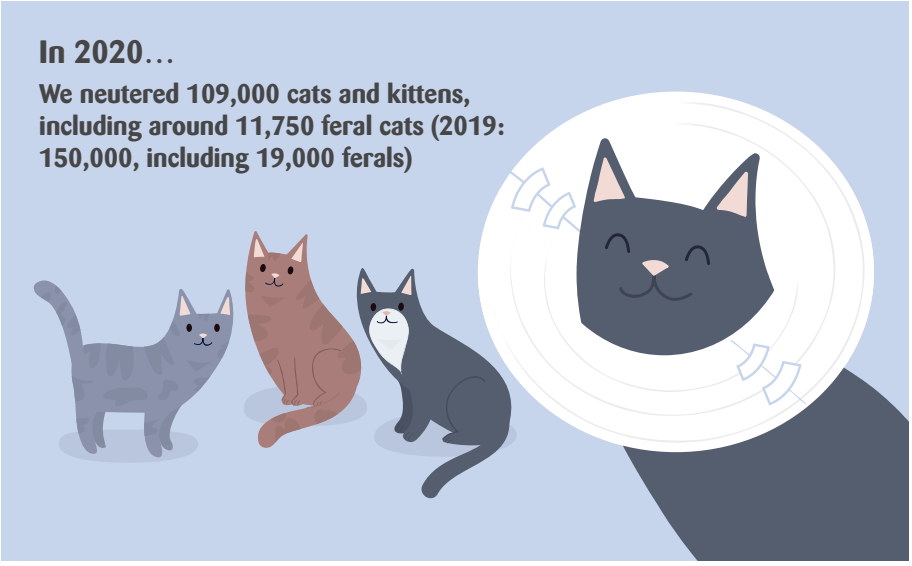
Cat Watch

Our community project to better understand and support the UK's unowned cat population continues to grow, but has also been impacted by COVID-19 this year.

Cat Watch has now expanded into new areas of Nottingham, Liverpool and Luton, with our teams encouraging residents to report stray cats to us so that we can get them neutered and make sure they are receiving the right care. Since the project first launched in 2016, over 3,900 cats have been reported to us in these areas, and as a result we have been able to get over 420 cats neutered and find homes for over 520 stray cats.

These figures would likely have been higher if it were not for the limited access to neutering and restrictions on our services caused by COVID-19, but our teams have done an excellent job of finding new ways to engage with communities online instead of in person and still offer plenty of help and advice where possible.

For more information about Cat Watch, visit www.cats.org.uk/cat-watch



Plans for 2021

- Develop training on human behaviour change to enable our neutering teams to make lasting improvements for cat welfare

- Develop a database of potential outdoor homes for feral cats that cannot return to their colonies

- Roll out our trap, neuter and return training to help more of our teams carry out this important work

Damien's story

From having just one unneutered pet cat, a man in Harrow found himself with a house full of 17 moggies during the first COVID-19 lockdown.

As the cats continued to breed, he quickly became overwhelmed with litters of kittens and so called our Harrow Homing Centre for help.

Damien, one of the kittens taken in by the centre, was in a bad way. He wasn't breathing well and after being checked by the vet, it was thought he wouldn't survive.

But Damien proved to be a little fighter, and with lots of love and care from the centre team he made a rapid recovery.

Once he was old enough to be neutered, he soon found a new home with Lyn. She said: "Amazingly, considering his start, Damien is a proper 'cat'. He is now a healthy weight, lively and well with no signs of his bad start.

"He will either be found doing zoomies all around the house, being very active, getting into everything or nudging you for affection and asking to be picked up for snuggles."

With the help of several neighbouring branches and centres, our Harrow team managed to help all 17 cats, getting them healthy, neutered and rehomed to loving new owners.

Finding good homes for cats

Helping cats to find, or stay in, their perfect home no matter how long it takes

To keep our people, cats, and members of the public safe during the first national lockdown we initially had to put all of our rehoming on hold and only take in cats in emergency situations. Small teams of employees and volunteers continued to look after the cats already in our care, keeping them happy, healthy and entertained while adapting to new ways of working in accordance with government guidelines.

In May we were able to start rehoming again through our new hands-free homing service, finally finding new owners for those cats who had been waiting with us for longer than usual and freeing up space for more unwanted cats to arrive in our care. During subsequent lockdowns we were able to continue offering this safe new homing service, although once again had to prioritise taking in cats in emergency situations.

- At the beginning of 2020, our relocated Wrexham Centre and brand new Harrow Centre officially opened. Although their star-studded opening events had to be cancelled due to COVID-19, they continued to help unwanted cats throughout the year

- Some of our centres are working with new Cat Action Teams, groups of volunteers carrying out activities such as lost and found cat support and trapping, neutering and returning feral cats in their local area. This has enabled these centres to expand their usual services and get more involved in their communities. The two pilot teams are linked to our St Helens and Harrow centres and we hope to establish more teams if these prove successful

Hands-free homing

With COVID-19 restrictions meaning people were unable to visit our centres and fosterers to meet their potential new pets, we launched our new hands-free homing service. Adopters can now find their new cat online, meet them virtually via video and then either safely collect them or have them delivered to their door. Throughout the process and beyond they receive expert advice and support from us to make sure they're the perfect match and to help the cat settle in and become part of the family. Launching this new process meant our people had to quickly change their usual ways of working, learning to use new technology and even becoming delivery drivers to get the cats to their new homes. Thanks to their dedication and perseverance, the new scheme has been a huge success and by the end of 2020 over 15,000 cats had found new homes hands-free.

Keeping cats in good homes

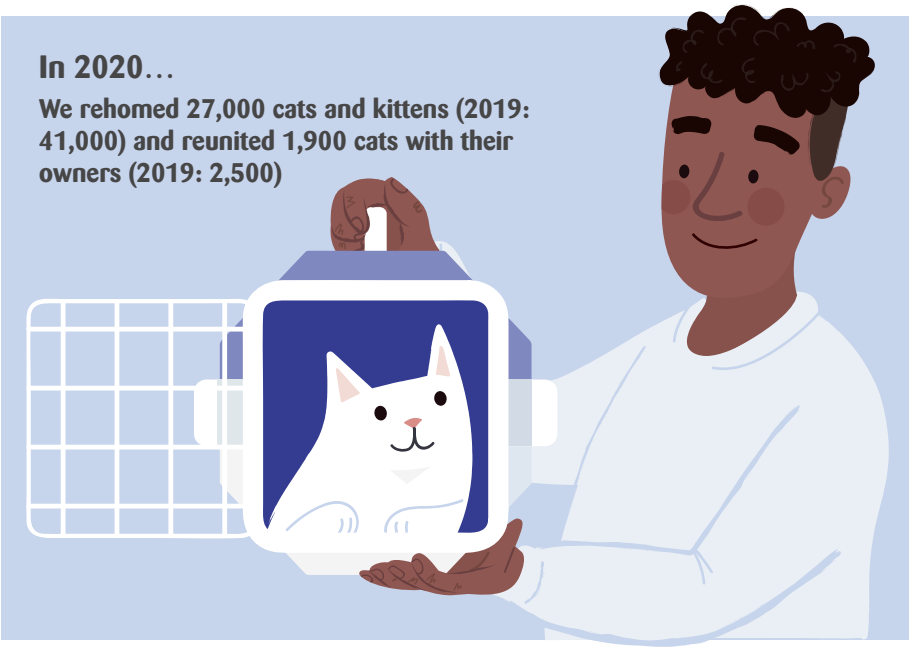
Wherever we can, we try to help cats remain in their existing homes so they do not need to come into our care. This includes providing information and advice to worried cat owners to prevent them having to rehome their cat due to issues such as their cat's behaviour, their allergy to cats or a change in their circumstances. This work was more important than ever during 2020, as we had to limit the number of cats we were able to take into care. As providing this advice in person at our centres, shops and events wasn't possible for much of 2020, we focused on giving support online via our website and social media, via email and over the phone to keep cats in the best place they can be, a loving home.

An unexpected lack of finances can also be a reason owners may need to give up their cat, so a small number of our branches have begun working together to trial a Community Kitty scheme. They have been working with agencies, organisations and other charities providing food relief to people, to identify cat owners who are struggling to meet their pets' needs and may feel they need to give them up. This has enabled them to supply cat food and other cat essentials to those unable to afford it, as well as offer support with neutering and information about cat welfare. The scheme is now being explored by other branches to determine local demand.

Promoting microchipping

Reuniting lost cats with their owners is made much easier by microchipping, a safe, permanent and low-cost way of identifying owned cats. But despite this, over 2.6 million owned cats in the UK are still not microchipped[1]. These unchipped cats may get lost and end up in our care, and we may need to rehome them unnecessarily if we are unable to trace their current owners. To encourage more owners to get their cats chipped, we offer discounted microchipping at the same time as neutering for those on low incomes in some areas of the UK, and we've been campaigning to make cat microchipping compulsory in UK law. Find out more about our Microchips Reunite campaign on page 35.

1 CATS (Cats and Their Stats) 2020 UK.
Visit www.cats.org.uk/stats



Plans for 2021

- Improve how we support cat owners to prevent cats coming into our care unnecessarily, focusing on allergy advice, housing issues and cat behaviour problems

- Redevelop our Exeter Adoption Centre, upgrading the facilities to ensure the best welfare standards for the cats in our care

- Continue to develop new ways of delivering our services in a safe way for both people and cats as the pandemic continues

Ethel's story

At the grand age of 21 (that's 100 in human years) Great Aunt Ethel should have been cosy and safe in a warm home. Instead she was sleeping on an abandoned sofa in a cold Norfolk car park, all alone.

When the team at our Downham Market Adoption Centre received a call about Ethel, they went to rescue her and found a sweet, affectionate cat who had clearly once been well-loved.

A scan of her microchip revealed that she was born in 1999, but her previous owner had died and her chip details had not been updated since.

With no owner to be found, the centre team were worried it would be difficult to find Ethel a new home in which to live out her autumn years, as sadly mature moggies regularly get overlooked for younger cats and kittens.

They put out a plea in the local press and were thrilled to be inundated with offers from kind cat lovers. Ethel soon went to live with Alison, who said: "I can't believe how well Ethel has settled in to her new home. Within an hour we had made friends and she was sat on my lap purring. It already feels as if we have been together for ages.

"I am so pleased I was able to offer her somewhere safe and warm to spend her twilight years. She's a dear little thing - you would never know she is a grand old lady of 21."

Increasing awareness of our work

Making sure people know to come to us – the cat experts – for all their cat needs

While COVID-19 has prevented us from going out and spreading the word about our work in person, it hasn't stopped us engaging with cat lovers online. We want people to come to us, the UK's leading cat welfare charity, for all things cat, whether they're looking for a new pet, helpful cat care advice or information about how they can help improve cat welfare.

- Our national website is kept up to date with trusted information for cat lovers and is also now home to our relaunched Meow Blog, featuring fascinating cat articles and stories of cats we've helped. Work to develop our individual branch and centre websites is ongoing, so they can better provide local cat care information to the public

- We've continued to send cat advice, fundraising appeals and updates on our work to our supporters via email, with 1.9 million people opening our email communications in 2020 (2019: 1.7 million)

- Our adverts have continued to appear on television and online, raising awareness of the charity and cat welfare to new audiences

- Thousands more people have followed us on social media for fun and informative cat content, engaging with our national pages and our individual branch and centre accounts run by dedicated volunteers

- *The Cat*, our quarterly magazine for supporters, has been revamped with a fresh new look and lots of fascinating news and features to keep cat lovers informed about cat welfare

- Our volunteers and employees have been getting coverage for the charity in both the regional and national press by sharing success stories and important cat welfare information. In 2020 there was a 25% increase in the number of articles published that mentioned the charity, and we were the second highest ranked animal welfare charity in terms of media coverage

Our campaigns…

Here For The Cats

To celebrate our cat companions providing comfort and entertainment during lockdown, we encouraged cat owners to share photos and stories of their kitties using #HereForTheCats. The campaign reached over 2 million people online via social media and was featured by inyourarea.co.uk and dailyrecord.co.uk We also created videos to show how our employees and volunteers were still here for the cats in our centres and branches, encouraging people to donate to our Special Coronavirus Appeal to help fund our work.

Purrfectly Imperfect

Cats with disabilities can often get overlooked for adoption, as people assume they will need lots of extra care. To show that these cats are surprisingly adaptable and just as loving, we created videos and advice pages on our website explaining the care they need and encouraged owners of #PurrfectlyImperfect cats to share their stories on social media. Stories of some of the disabled cats we've rehomed were also featured by dailymail.co.uk and yahoo.com

Alternative Cat Awards

As our National Cat Awards had to be postponed due to COVID-19 restrictions, we hosted an online Alternative Cat Awards instead. We asked the public to send in their best cat videos and our celebrity judges picked the finalists of five categories. It was then up to the public to vote for their People's Purrfect Choice, which was announced online by comedian Bob Mortimer. Coverage featured in over 700 articles including in the *Daily Mirror* and *Daily Star* and the campaign reached 5 million people online.

National Black Cat Day

2020 marked 10 years of National Black Cat Day, so we took the opportunity to celebrate just how much things have changed for black and black-and-white cats in the last decade. It now takes the black cats in our care 10 days less to find new homes than it did in 2011, with fewer people overlooking them in favour of their colourful counterparts. On 27 October we once again encouraged people to share photos of their own black cats, and the #BlackCatDay message reached 3 million people via social media. The campaign was also featured on *BBC Radio 2* and CBBC *Newsround*.

Make Christmas Magical

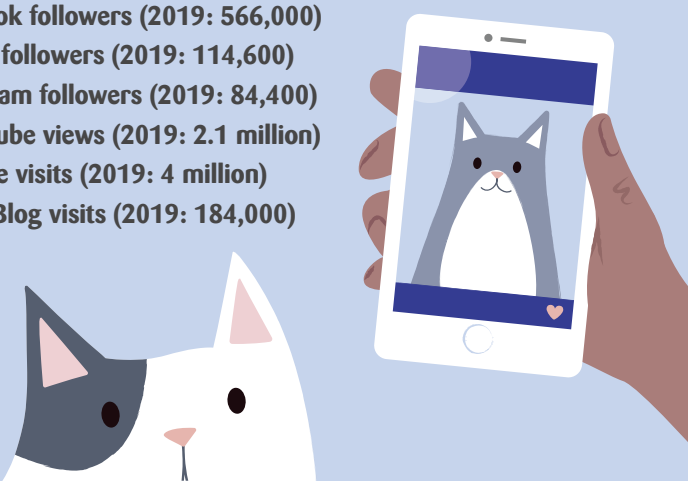
For this year's Christmas animation, we celebrated the magic of microchipping by telling the story of Casper, a cat we reunited with his owners after he went missing for three years. Casper's Magical Journey was created with the help of Aardman Animations and stars the voice of Holly Willoughby as Casper's owner. The film has been watched 520,000 times online and appeared on TV, including on ITV's *This Morning*. Casper also helped us Make Christmas Magical for the cats in our care, as our accompanying appeal raised over £1.2 million.

Plans for 2021

- Continue raising awareness of our work and building our reputation as the UK's leading cat welfare charity
- Carry out another UK-wide survey about cats to influence our work in the future
- Continue to quickly adapt to the changing needs of the public regarding the content about cats they require
- Run engaging and informative campaigns to reach new audiences with our cat welfare messaging

In 2020…

585,000 Facebook followers (2019: 566,000)
121,000 Twitter followers (2019: 114,600)
114,000 Instagram followers (2019: 84,400)
2.6 million YouTube views (2019: 2.1 million)
6 million website visits (2019: 4 million)
221,000 Meow Blog visits (2019: 184,000)



Casper's story

When the team at our Cornwall Adoption Centre scanned five-year-old Casper for a microchip, they were shocked to discover that he was registered to an address 55 miles away in Plymouth.

They quickly phoned his owner Anna to let her know he was safe, and she revealed that he'd in fact been missing for three years!

After receiving the call Anna jumped in the car and made the 110-mile round trip to collect Casper, who has settled back in with the family like he'd never been away.

"It was such an unexpected surprise to hear than not only had he been found but that he was alive and we could collect him and bring him home," said Anna. "We have no idea how he came to be in Truro but he's always been a friendly laid-back cat who explores and roams, loving to make friends with people.

"Before he went missing he was very much loved by the local community and well known for his trips to the local school and for sitting outside the church asking to be stroked as people walked inside.

"I was heartbroken when he didn't come back. I certainly didn't expect to see him again but I'm so glad that not only did we have him microchipped but that we kept our details up-to-date."

Casper was also the star of our heart-warming Christmas animation, which you can watch at www.cats.org.uk/christmas

Cardboard box kittens' story

When the team at our Isle of Wight Adoption Centre noticed a taped-up cardboard box outside the centre gates, they were shocked to open it up and find seven tiny kittens inside.

Believed to be from two different litters, all of the abandoned kittens were too young to be separated from their mothers and were all underweight and dehydrated.

The centre team took them in and gave them round-the-clock care, hand-feeding them every few hours to help build up their strength.

Despite a few worrying vet visits, all of that love and care worked and the kittens grew up to be happy and healthy and find new homes.

Rebecca, who adopted two of the kittens, said: "My husband, Martin, and son, Leon, and I were very pleased to hear that Cats Protection had introduced hands-free homing during these strange times. Leon named the coffee-coloured girl Mistie and the beige-and-white tabby boy Cosmo. They were very confident and grounded from day one and are a joy to have!"

Rowan, who adopted Moses, said: "Moses joined our family in July and very quickly showed that he was as curious, playful, affectionate and chatty as we'd been told. We love him, and we think he quite likes us too!"

Kitten Trevor was adopted by Pete, who said: "Since the first day he arrived Trevor, or Trev as he is known, ruled the house. The boy is a prince and that is how he acts. He is our first real pet and everyone loves him."

Our impact

How our work improves the lives of cats and people across the UK

The impact of our work addresses cat welfare issues across a range of timeframes.

- Our rehoming addresses the immediate issue of helping cats in need. In the last five years, we have rehomed and reunited over 200,000 cats

- In the medium term, our neutering work will help control the population of cats so there are fewer unwanted cats. In the last five years, we have helped to neuter over 700,000 cats, preventing millions of unwanted litters

- Our information work aims to have the long-term impact of changing attitudes and behaviours within society so that people take a more responsible view of cat ownership and welfare. In the last five years, we have delivered over 6,000 educational talks

Public benefit

We believe that our vision of a world in which every cat is treated with kindness and an understanding of its needs benefits society as a whole. Cats play a huge part in the lives of millions of people in the UK. According to our research, 23% of UK households have at least one pet cat, with an estimated owned cat population of 10.2 million cats[1]. By supporting cats, we are providing a benefit to owners, carers and other people who come into contact with cats.

We provide public benefit by:

- helping to control the incidence and spread of disease and suffering in cat populations through vaccination, neutering and education, benefitting both human and animal health

- assisting those on low incomes with the cost of neutering and microchipping through our voucher scheme and community work

- assisting local housing authorities and local communities by taking in and rehoming stray, lost or abandoned cats, cats from multi-cat households and by controlling feral populations

- enhancing the quality of life for people in care homes both by homing cats into care homes and encouraging care homes to welcome residents' own cats

- giving vet students practical experience as part of and beyond their formal training

- commissioning, undertaking and disseminating research into matters affecting cats and the human population

- providing information to the public and animal professionals to increase awareness of cat welfare. Find out more on page 7

- providing our Paws Protect, Paws to Listen and Cat Guardians services. Find out more on page 27

- providing advice to governments on animal welfare legislation. Find out more on page 35

- providing volunteering opportunities for those who wish to support our work, including through the Duke of Edinburgh programme

The Directors of the Corporate Trustee have given careful consideration to, and complied with, the Charity Commission's guidance on public benefit. This is reflected in the review of the activities undertaken by the charity contained in this report.

1 CATS (Cats and Their Stats) 2020 UK.
Visit www.cats.org.uk/stats

Helping cat owners

The services we offer to give cat owners much-needed support

In the course of our work helping cats, we also help cat owners in a variety of different ways, offering a range of services to give them peace of mind.

Paws Protect

In a year when those experiencing domestic abuse have faced more difficulty than ever getting access to support services, we're proud to have been able to continue offering our Paws Protect temporary fostering service. Owning a pet can be a barrier to people fleeing abusive situations, and so we offer to care for their beloved cat until they can be safely reunited. Our team has been able to adapt their working practices in-line with COVID-19 restrictions to ensure the safety of all the owners, volunteers, employees and of course cats involved. We have seen a reduction in the number of referrals and cats coming into care since March, due to limitations in refuge space and move-on accommodation and a reduction in opportunity for survivors to leave abusive situations. However, we have still been able to create happy, safe reunions for 87 cats this year.
For more information, visit
www.cats.org.uk/paws-protect

Cat Guardians

For cat owners who are concerned about who will care for their cat when they pass away, we offer our free Cat Guardians service. This gives them peace of mind that, in the event of their death, we promise to take care of their cat for as long as it takes to find them a suitable new home. We encourage those registered with the service to give us as much detail as possible about their cat's likes and dislikes, so that we can match them with their ideal new family. One cat lover said: "I signed up to the Cat Guardians service so that in case anything happened to us, our cats would be taken care of. It's such a hard thing to think about but I needed to make sure that arrangements were in place should anything happen."
For more information, visit
www.cats.org.uk/catguardians

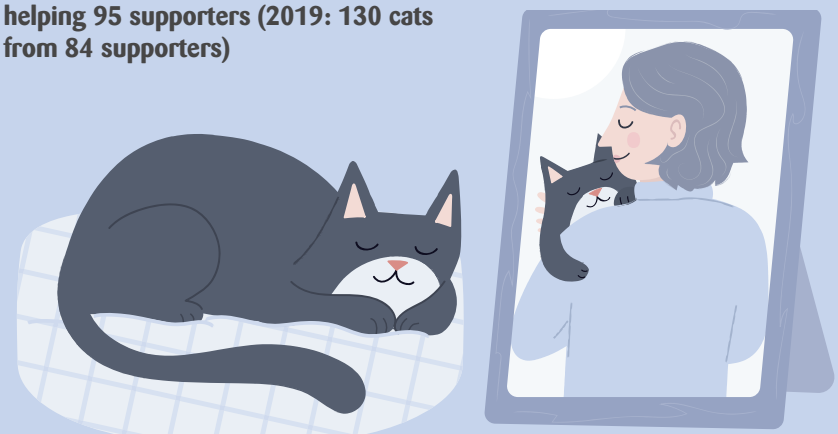
Paws to Listen

Losing a beloved pet is always heartbreaking but this year that pain and grief has been intensified for many by the COVID-19 lockdown restrictions. From not being able to be with their cat while they were put to sleep, to feeling isolated and alone as they grieve, it has been a particularly difficult time to lose a feline friend. Our free and confidential Paws to Listen grief support service has been there for so many people during this time, providing a sympathetic ear and useful resources for those struggling to cope with the loss of a cat. At the start of 2020 we expanded our team of volunteer listeners, and have seen a steady increase in the number of people getting in touch via email as well as over the phone. Our next step is to look into launching a live webchat function.
For more information, visit
www.cats.org.uk/grief

In 2020…

Paws Protect helped 53 families flee domestic abuse safely (2019: 75)

Cat Guardians took in and rehomed 145 cats, helping 95 supporters (2019: 130 cats from 84 supporters)



Raising vital funds

The kind donations from cat lovers that enable us to carry out our vital work

2020 has been a challenging year for most charities, with lockdown restrictions causing a significant drop in income. It has been no different for us, with fundraising events cancelled and our charity shops forced to close we have not been able to raise as much money as we'd hoped. While we have been making use of government support and making savings wherever possible, we're also more grateful than ever for the cat lovers who have kindly supported us through these difficult times. Your creative fundraising and generous donations have enabled us to continue helping unwanted cats and kittens across the UK and given us hope for the future of the charity.

Donations

- To recoup some of our losses we launched a Special Coronavirus Appeal which raised £1 million to help us continue our work

- While face-to-face fundraising was on hold, we made sure supporters could donate via our website and national Facebook and Instagram pages. As lockdown restrictions eased we made sure our fundraisers followed government guidelines while out meeting cat lovers

Cat Sponsorship and Membership

- Our Cat Sponsorship scheme gives supporters regular updates about the cats in their sponsor pens in return for their kind donations and raised £5.8 million this year

- Over 20,000 Cats Protection Members get benefits including a free subscription to *The Cat* magazine, a pin badge and access to the 24-hour Vetfone™ helpline for support with cat health advice from qualified vet nurses

Cat Champions

From cake sales to the London Marathon, so many fundraising events had to be cancelled or postponed this year, resulting in a significant drop in our income. To try to offset this loss, we created lots of new online fundraising alternatives and were truly blown away by how many Cat Champions got involved and even thought up their own creative ways to raise money from home. We were there to support them every step of the way and are truly grateful for their dedication during a very difficult year. They got involved in the nationwide 2.6 Challenge, taking on a sponsored activity based around the number 2.6; our Pawsome Afternoon Tea moved online, with a baking competition judged by *The Great British Bake Off* finalist Kim-Joy; cat lovers walked, ran or cycled in our Nine Mile Challenge and hosted virtual Black Cat Quizzes for their family and friends; gamers also got involved in Pawsome Players, live-streaming their gaming to raise money for cats.

Lottery and raffle

- Our Weekly Lottery gives players the chance to win one of 300 cash prizes every week and in 2020 players generated £5.6 million for our cause (2019: £4.15 million)

- Players in our quarterly raffles have the chance to win one of 500 cash prizes each time while also helping cats and kittens

Legacies and high value giving

- Nearly half of everything we do is funded by gifts in Wills, so we are very grateful to all those who helped us raise £33.3 million through these special gifts in 2020 (2019: £35.4 million)

- Our incredibly generous major donors and funders continue to make a significant difference to the lives of cats and kittens across the UK

Plans for 2021

- Develop and implement our new income generation strategy to provide the income we need to deliver the charity's aims
- Continue to strive to improve the experience and satisfaction of our supporters. Without them our work would not be possible
- Develop and test new fundraising products and channels

Retail

When lockdown began in March we sadly had to close our 109 shops (2019: 131) and were only able to gradually begin opening them again in July. With extra health and safety measures in place to keep our volunteers and customers safe, we were thrilled to start receiving and selling donated items again, but then had to close our shops for the second lockdown in November. These closures obviously had a big impact on our income, but we still managed to generate £6.6 million in 2020 (2019: £9.5 million). As well as raising vital funds, our shops also help to raise awareness of our work and provide the public with cat advice and support.

We've also been exploring ways to sell new and donated goods online, setting up some of our charity shops on eBay to help customers buy their items from home. In November we launched our brand new Cats Protection branded Cat Care Collection, featuring lots of stylish and practical products for cats. All profits from the sale of these items go directly towards helping the cats in our care.

People's Postcode Lottery

Thanks to players of People's Postcode Lottery, we have received an amazing £3.5 million since 2018. At the end of 2019 we received £1.2 million, which in 2020 has been used to fund cat care assistant and volunteer team leader roles at our centres, 10,000 microchips for the cats in our care, plus two roles in our Behaviour team, helping them provide cat behaviour advice to the public as well as our own centres and branches. This year we received a further £1.28 million which is helping to cover the cat care costs in our centres in 2020 and 2021, as well as funding our work speaking up for cats with politicians and decision makers to create a better world for our feline friends. This funding will make a huge difference for cats and so we are very grateful to players of People's Postcode Lottery for their support.

Thanks to our partners

Funds and support from our corporate partners have been more important than ever this year to help us continue our work with cats and so we are incredibly grateful for the generous support we have received.

- Ceva
- Petplan®
- Pets at Home and Support Adoption For Pets
- PURINA®
- Shark®
- *Simon's Cat*
- Sure Petcare

Thank you to the many others who support our work through corporate partnerships. For more information about our partners please visit www.cats.org.uk/corporatepartners

Hallie's bike ride

Self-confessed crazy cat lady Hallie decided to take on an equally crazy cycling challenge to raise money for her favourite animals.

Eight-year-old Hallie rode her bike from Eastbourne to Heathfield and back, covering a distance of 48km in just five hours and 36 minutes.

Her kind sponsors helped her raise an incredible £245 for Cats Protection, which will ensure lots of cats and kitten receive the care they need.

Hallie said: "I have loved cats since the day I was born. My first cat was called Mr Harry Cat, he was a ginger tabby. He used to follow me everywhere and follow me when I rode my scooter around my street. I even have a book about him.

"I now have a tabby cat called Bonnie and a black-and-white cat called Mallie. They often sleep on my bed.

"I love cats so much my mummy calls me the crazy cat lady. I have cat bedding, cushions, clothes, ornaments and many more cat things.

"I am doing this cycle so I can raise money for Cats Protection because I love cats and I want to help them as much as I can."

Financial summary

Our total income in 2020 was £72 million, a decrease of £1.2 million from 2019.

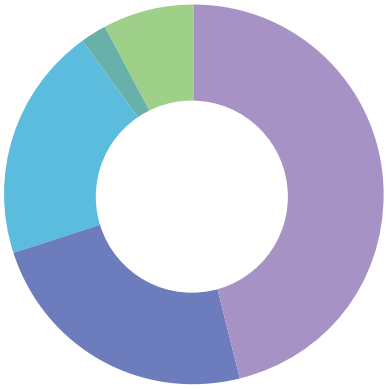
- Legacy income decreased by £2m as 2019 had been an exceptional year
- Donation income increased by £2.4m due to recruiting new donors and the success of our Special Coronavirus Appeal
- Our retail income reduced by £3.9m as many of our shops had to close
- Income from fundraising events rose by £1.8m thanks to an increase in players of our raffles and Weekly Lottery

Our total expenditure also decreased to £66.5 million, a reduction of £4.8 million from 2019.

- As we were able to take fewer cats into our care, we spent £2.1m less on rehoming
- With many vet services disrupted, we spent £1.3m less on reducing the overpopulation of cats through neutering
- We spent £0.1m less on providing cat welfare information to the public, as much of this support moved online
- We spent £1.3m less on generating more income for the charity, due to the closure of our shops

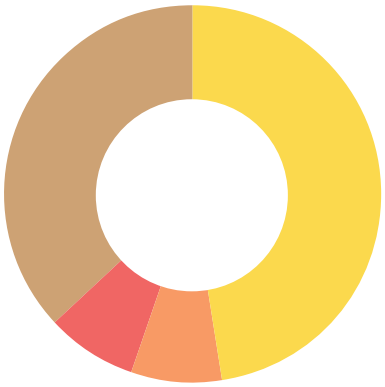
A summary of our income and expenditure for 2020 is presented in the charts opposite. These figures are based on those in the full, audited and unqualified accounts for the year ended 31 December 2020. For further details of these figures, turn to the financial review section starting on page 48.

Where our £72m income came from



£33.3m – Legacies
£17.3m – Donations
£14.2m – Events and shops
£1.7m – Rehoming fees
£5.5m – Other

How we spent £66.5m



£31.7m – Rehoming
£5.2m – Reducing overpopulation of cats
£5.1m – Information
£24.5m – Raising funds

In 2020...

Despite the challenges we faced as a result of the COVID-19 pandemic, we helped 126,000 cats and kittens through our national network which includes around 210 volunteer-run branches and 37 centres (in 2019 we helped over 191,000 cats). That's the equivalent of helping around 345 cats a day.

Speaking up for cats

How we bring about positive change for cats and their owners

Although much of their work had to move online due to the COVID-19 pandemic, our Advocacy & Government Relations team continued to influence politicians and decision makers to improve cat welfare across the UK.

The Time is Meow

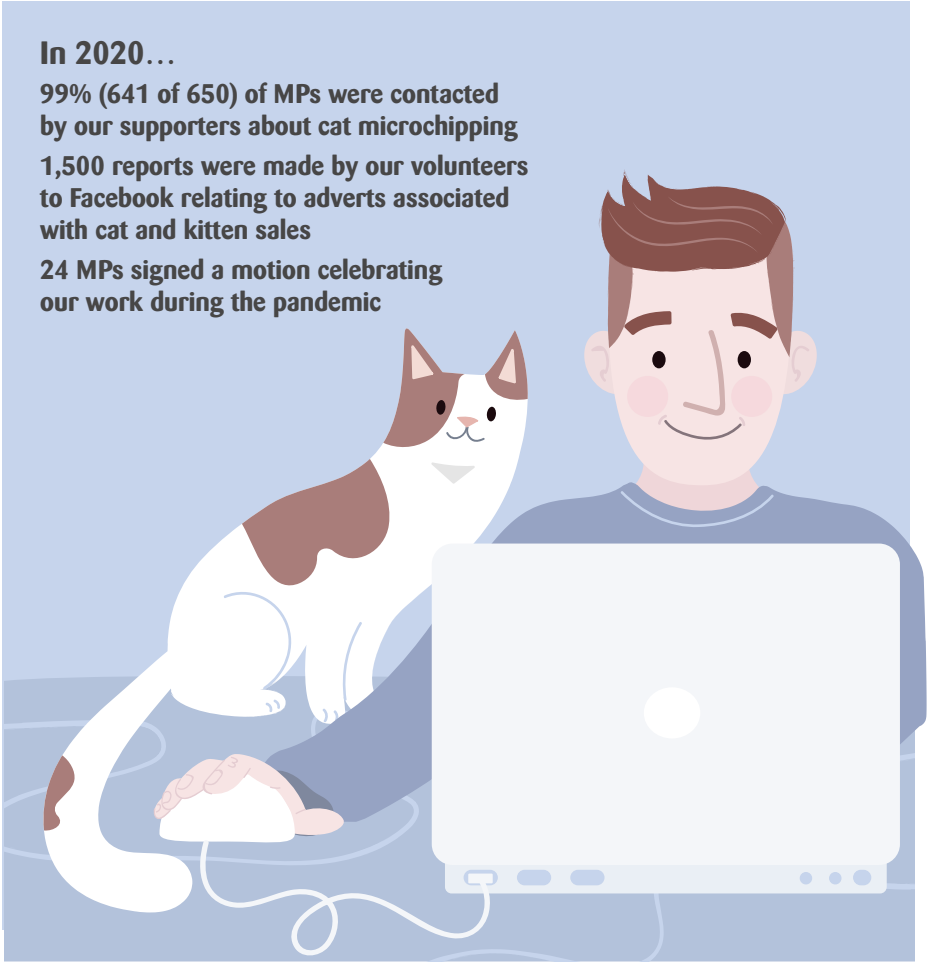
Central to our engagement at Westminster was the launch of our new manifesto 'The Time is Meow: A cat welfare action plan for Westminster'. The document covers 12 priority policy areas to improve cat welfare, including control of the unplanned use of fireworks, regulating cat breeding, ensuring pet-friendly tenancies, tackling unscrupulous online sellers and banning snares. The Time is Meow is the policy platform for all our engagement at Westminster and has already been used in numerous debates and Parliamentary questions.

Microchips Reunite campaign

Thanks to the help of our amazing supporters, we're very hopeful that the microchipping of owned cats will soon be made compulsory by law, just as it is for dogs. At the end of 2019 the government held a call for evidence on cat microchipping which had an overwhelmingly positive response. When the COVID-19 pandemic stalled the progress on this issue we were keen to get the topic back on the political agenda and so asked our supporters to contact their MPs and encourage them to attend our virtual event on microchipping. Nearly 5,000 emails were sent to MPs and as a result over 50 signed up to attend our event, including the Minister of State for Animal Welfare Zac Goldsmith. Following the event, the government launched a consultation on proposals on cat microchipping and we are optimistic that this will result in a change in the law.

Other advocacy work across the UK

- We had over 70 virtual meetings with politicians across the UK to discuss Cats Protection's priorities, prioritising engagement with the new intake of MPs following the 2019 General Election
- Our Chief Executive James Yeates was appointed as a member of the Animal Welfare Committee, an expert panel advising the government on important animal welfare issues
- We supported the government's Petfished campaign, which aims to educate people about the dangers of buying pets online and how to spot the signs of a deceitful seller
- As one of the founding members of the All-Party Parliamentary Group on Cats (APGOCATS), we co-authored a major report on how cats can help tackle loneliness which was praised by Baroness Barran MBE, the responsible government minister



- We set up a group of volunteers to find and report adverts for cats for sale on Facebook, which are against the social media platform's guidelines
- We put together a video of politicians being interrupted by their cats on video calls and shared it on social media. The video has been viewed 55,000 times and you can watch it at bit.ly/pawlitical-interruptions
- As a member of the Companion Animal Welfare Group Wales (CAWGW) we launched a joint manifesto ahead of the 2021 Welsh Senedd election and met with key members of the Welsh Senedd and Welsh Government to promote it
- We responded to a consultation on banning third-party kitten sales in Wales and are delighted that the Welsh Government will be introducing a ban on the sale of kittens under six months by anyone other than the breeder
- We started working with the Scottish Government to develop regulations on cat breeding and animal welfare organisations in Scotland
- Working with the More for Scotland's Animals coalition we presented a joint agenda ahead of the 2021 Scottish Parliament election calling for a ban on snares, inclusion of animal welfare in the curriculum and more pet-friendly tenancies
- As one of the founding members of the Northern Ireland Companion Animal Welfare Group we are working with the Northern Ireland Assembly on companion animal welfare issues such as the selling of pets

For more information about how we're speaking up for cats, visit www.cats.org.uk/campaigning

Plans for 2021

- Continue promoting our Microchips Reunite campaign to ensure a change in the law
- Hold a round table discussion with housing and government representatives to ensure more pet-friendly rented housing
- Press for a committee enquiry into the impact COVID-19 has had on the animal welfare sector
- Ensure that regulations to license animal welfare establishments and cat breeding and selling is passed in Scotland
- Press for the compulsory microchipping of owned cats in Wales
- Encourage improvements to the pet passport scheme for cats entering the UK after its exit from the European Union

Hope's story

Three-year-old Hope was suffering unimaginable pain when she was found covered in blood, sheltering in a shed in Hampshire. She had been cruelly shot three times with an air gun, leaving her unable to walk because of her injuries.

She arrived in the care of our Southampton Branch, where it was discovered that poor Hope was also pregnant when she'd been viciously attacked.

Thankfully she managed to give birth to four healthy kittens just days after receiving surgery to remove one of the air gun pellets still lodged in her body.

Hope needed lots of veterinary assistance to get through her terrible ordeal, and so the branch put out an appeal to the public to help cover her vet bills. They were incredibly grateful to raise over £5,000 from kind supporters, ensuring they could keep helping more cats like Hope.

Once fully recovered, Hope found a new home with Debbie. She said: "She is adorable. I work long hours in the NHS and she sits on the windowsill waiting for me to come home. Literally her tail goes straight up, she purrs, kneads her paws and runs to the door every time I walk through it. Hope is just the perfect little cat for me. Fun, feisty, but enjoys a fuss."

Cats Protection is calling for the government to introduce the licensing of air guns in England and Wales, to prevent cats like Hope being cruelly shot. To sign our petition visit www.cats.org.uk/airgunspetition

Supporting our people

Making sure our volunteers and employees have everything they need to help cats

2020 was an incredibly challenging year for our people. We had to adapt our ways of working and volunteering at speed and many were unable to carry out their roles as they had previously.

We supported them through furloughing and redeployments, changes in our practice and rapidly changing health and safety guidance and protocols, responding to the government guidance as the pandemic continued.

We quickly moved our support online, finding new ways of engaging with our people and bringing them (and often their cats) together virtually from across the UK. We supported their wellbeing through sharing resources and regular communication, connecting via a parents' group, our employee forum, our learning programme, our pride network and virtual get-togethers. Tailored support was also provided to those experiencing bereavement.

While in-person training had to be cancelled, we provided plenty of online workshops to help our people develop their skills. This included new cat welfare workshops, enabling volunteers and employees to share and discuss good cat welfare practice to benefit the cats in our care, and new customer service training to help those in our centres and shops provide the best possible experience for our supporters. The use of our online courses increased by 400% in 2020, with over 14,000 online courses completed by the end of the year.

Although the number of people volunteering for us fell in 2020, the determination of our dedicated teams did not falter. People had so many demands on their time and of course we had to stop some of our activity, but we hope in 2021 we can welcome back those that have taken a break and start growing our team of cat lovers again.

Plans for 2021

- Build on our values and culture to ensure we have more impact on cats in the future, support our volunteer managers in creating rewarding and safe volunteer experiences and help our employee managers to support and develop their teams to do their best for cats, whatever their role
- Continue to work collaboratively across the charity, developing even more engaging and impactful learning. In particular, increasing training and induction support to volunteers, focus on customer impact, understanding of cats and their needs and strengthening management and leadership development across the charity
- Continue to increase the support and development for our people, taking what we've learned in 2020 and building on what's made us stronger as a charity

Debbie's deliveries

Due to COVID-19 restrictions, some of our volunteers had to quickly adapt to new ways of helping cats in 2020, and for some that meant becoming cat delivery drivers.

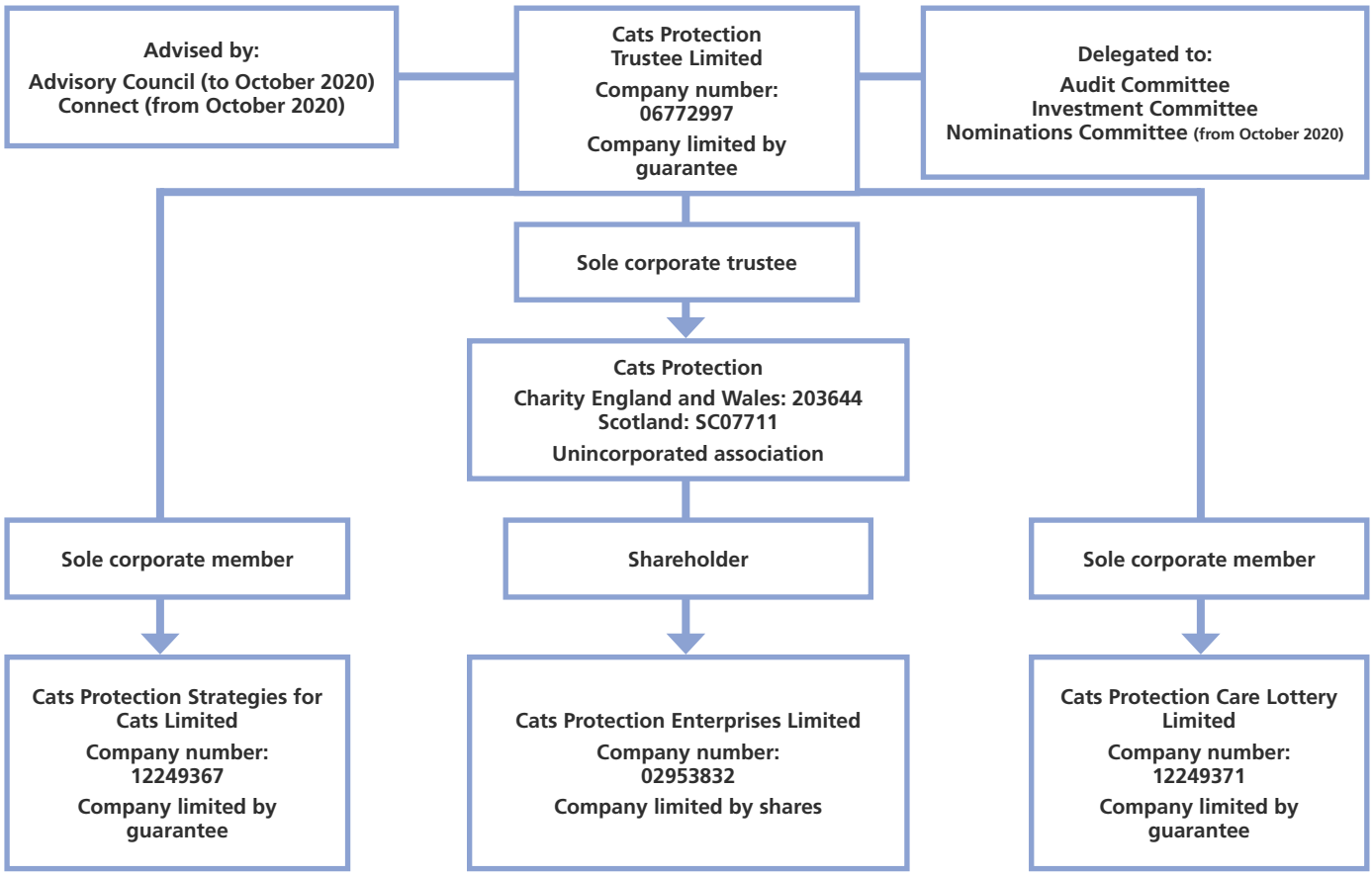
As part of our new hands-free homing scheme, we began delivering cats to their new homes as adopters couldn't visit our centres and fosterers, and volunteer Debbie Eyre signed up for this new role.

Debbie said: "Cats are such wonderful companions and I cannot imagine life without them. I love being involved with this new process; everyone has been so happy to receive their new cat. I can sometimes hear the cat in the back of the van and I like to talk to them and let them know they are nearly home.

"I arrived at one house and the owner was watching through the upstairs window, waiting for me to arrive. At another, I arrived at the same time as a lorry delivering a hoover – I felt quite sorry for the delivery man as they basically ignored him."

In normal times, Debbie volunteers at our National Cat Adoption Centre in Sussex, overseeing paperwork for new admissions and adoptions. She said: "I cannot wait to get back to my usual role so I can learn how the cats I delivered are getting on. When you have direct contact with a cat you always want to know more afterwards. It's nice to see all the cats and watch their progress and it's wonderful to be part of an amazing charity and get to know everyone too."

Structure, governance and management



Legal structure

Cats Protection is an unincorporated charitable association. It was founded on 16 May 1927. The charity's constitution is set out in its rules.

The charity is governed by a corporate trustee, Cats Protection Trustee Limited, a registered company. The constitution of Cats Protection Trustee Limited is set out in its memorandum and articles of association. It has a Board of Directors (the Board) who are unpaid. Directors are appointed for a period of three years and are then eligible for re-election for a further two periods of up to three years each.

Changes to the charity's governance were voted through at a Special General Meeting in October 2020. Prior to that, up to five Directors of Cats Protection Trustee Limited were elected by Advisory Council and up to four were appointed for their specific skills. Those that were appointed were recruited through an open, competitive process, which involved an interview with other current Directors. Directors on the Board of the Corporate Trustee are referred to internally as "the Trustees" to differentiate them from the Directors who manage the day-to-day operations of the charity and form the Executive Management Team. Until October 2020, the Board had two sub-committees, the Audit Committee and the Investment Committee.

The Advisory Council of between 10 and 22 members of the charity was elected at the Annual General Meeting. The roles of the Advisory Council were to elect up to five of its members to the Board and to provide advice to the Board on a wide range of issues affecting the charity. All Directors of the Board were Advisory Council members. Advisory Council operated in accordance with the rules and standing orders of the charity.

Following the approval of proposals to make changes to the governance structure from October 2020 all Directors on the Board of the Corporate Trustee will be recruited through an open, competitive process. This will involve interviews with a newly introduced Nominations Committee, the third sub-committee of the Board. Appointment of Directors will be the responsibility of the Board. Board Directors will be recruited according to a skills and background matrix to ensure that the voices of at least four Cats Protection volunteers continue to be heard around the Board table.

Advisory Council no longer exists in its previous form, instead the establishment of a volunteer consultative body, Connect, was approved at the Special General Meeting. Made up of up to 20 Cats Protection volunteers from a variety of roles, Connect will help to ensure that volunteer voices inform the development of the charity's strategy and direction. Trustees will not be members of Connect but there will be Trustee representation at meetings to listen.

Cats Protection Enterprises Limited is the trading arm of the charity and is a wholly owned subsidiary.

In 2019, two new subsidiaries were established to run lotteries and raffles for Cats Protection – Cats Protection Strategies for Cats Limited and Cats Protection Care Lottery Limited. The companies are limited by guarantee and do not have share capital. On winding up of the companies, the charity guarantees to provide such an amount as may be required but not exceeding

£1. In 2020, the Gambling Commission increased the cap applied to income that charities can raise through lotteries and raffles from £10m a year to £50m a year. The increase in the cap meant that the two new companies were no longer needed as the £50m limit applied to the licence held by the charity was sufficient to cover income generated via these activities in any one year. The two subsidiaries established to run lotteries and raffles have therefore never traded and they incurred no transactions in 2020 (2019: no transactions).

Governance

The Board of Directors planned to meet six times in 2020. However, in response to the COVID-19 outbreak, it met more frequently. Nine meetings were held fortnightly from late March to early September. At these meetings, the Board considered the impact of COVID-19 on the charity's operations, people and finances and received updates on responses from management. Four of the planned six meetings happened at other points in the year, where in addition to COVID-19, the Board administered the affairs of the charity, set strategies and policies and approved major expenditure programmes. Advisory Council met twice in 2020. All meetings from mid-March 2020 were held virtually.

Members met at the Annual General Meeting and a further Special General Meeting. Both General Meetings were held virtually, the Special General Meeting being convened to conduct a vote on proposals that could not be completed at the Annual General Meeting due to technological issues.

There were no newly appointed Directors, Advisory Council and sub-committee members during 2020. Previously, when new appointments are made, the induction programme has consisted of familiarisation with the workings of the charity and its policies through visits to branches and centres, and meetings with the Chairman, other Board Directors and members of the Executive Management Team. Ongoing training and support for all Directors is provided through formal and informal briefings from the Chief Executive, Executive Management Team, third-party specialists or external courses as appropriate.

The Audit Committee provides assurance to the Board that effective systems of internal control are in place to safeguard the charity's assets. It also monitors the performance of the charity's appointed internal and external auditors. The Committee consists of no fewer than three Directors and at least one external, independent member, with no more than eight members in total.

During 2020, the Committee met three times for Committee business. External and internal auditors are invited to attend meetings and private sessions are also held with the auditors without the presence of employees. Management and other employees also attend the meetings where relevant, except during the private sessions with the auditors.

In 2020, the Audit Committee approved the plans of both internal and external audit and received reports on findings from their respective audit reviews. Terms of reference for individual audit reviews were also approved by the Committee. Reports by internal audit on the following areas were received during the year:

- legacy marketing and legacy administration
- capital projects
- payroll
- a follow-up report on IT strategy and procurement

The charity has also been working with internal audit to map the assurance framework, enabling Trustees to understand the key controls that are critical to ensuring legal compliance and protecting the reputation of the charity. The Committee received regular updates on the progress of this work.

The Committee also reviewed and advised on the charity's risk management and fraud prevention processes. As well as reviewing the performance of the external auditor, the Committee conducted a self-review of its own effectiveness. The Committee regularly considered developments in laws and regulations governing charities and how these impact on Cats Protection.

The Investment Committee assists the Board in safeguarding the charity's financial assets and in determining the investment policy. It has no fewer than two Directors and up to four independent advisors, but no more than seven members in total. During 2020, the Committee met three times with the investment managers, advisors and relevant employees. At each meeting, it considered the current financial performance of the charity and the performance of the portfolio, including whether funds were invested in accordance with the asset allocation strategy set out in the Statement of Investment Principles. In 2020, the Committee also considered whether we needed to change our investment mandate in response to the market turbulence caused by COVID-19. It was initially agreed that we would draw down the income generated by the portfolio to support the charity's cash flow. However, due to the strong performance of our fundraising combined with savings on expenditure, the charity delivered a cash surplus towards the end of 2020 and

it was agreed to revert to all income being reinvested into the portfolio. In addition, a transfer of £6.0m from cash and liquid holdings into the portfolio was approved by the Committee.

The Board reviews the work of the two Committees throughout the year. Appointments to both Committees are made by the Board.

The Charity Governance Code

The Charity Governance Code was published in 2017 and updated in 2020. The code sets out seven principles of good governance and encourages charities to review their governance structures and processes against the code to ensure that they are fit for purpose and operate efficiently. Cats Protection regards the code as a valuable tool to support continuous improvement of its governance arrangements and believes that the charity is best placed to achieve its ambitions and aims if it has effective governance.

Having completed a governance review in 2019, Cats Protection reviewed its governance structure and in doing so, applied the principles set out in the code. Details of the resulting changes are set out in the legal structure section. In particular, the code principles regarding a nominations committee, succession planning and Board effectiveness were applied. The code also explains that compliance with the law is an integral part of good governance. With this in mind, the charity carried out a comprehensive compliance review in 2020 and is strengthening existing processes and controls where required, applying the code principles relating to decision making, risk and control.

Management

The implementation of the strategy and day-to-day operations are the responsibility of the Chief Executive, who is assisted by an Executive Management Team. For operational effectiveness, the UK is split into 19 areas. Regional employees are responsible for developing the activities of teams across our network. As part of our commitment to supporting local activities, some of our management is located away from the National Cat Centre and nearer to our branches and centres across the UK. This gives more focus and support for the branches and helps provide an integrated service across branches and centres.

A key focus for 2020 has been strategy development. Despite the competing demands of COVID-19, we have made good progress on defining our long-term strategy, direction and priorities. The reason we have kept going with this work in such a difficult year is that there are lots of opportunities to have a much greater impact on many more cats. We felt it was right to continue to work out how we can best do this. The work this year has led to a number of exciting 'firsts' for Cats Protection.

- Our first large-scale survey of cat owners, to understand more about them and their cats so we can design services to meet their needs
- Our first comprehensive understanding of what our external stakeholders think of us, and how we can improve
- Our first view of cat welfare and outcomes across the UK, and where are the biggest opportunities to have an impact
- The first ever UK cat population model, to help us understand how many cats there are, how socialised and feral cats interact and where we can have the biggest impact through encouraging and enabling neutering to ensure the cat population is stable, reducing the numbers of unwanted cats

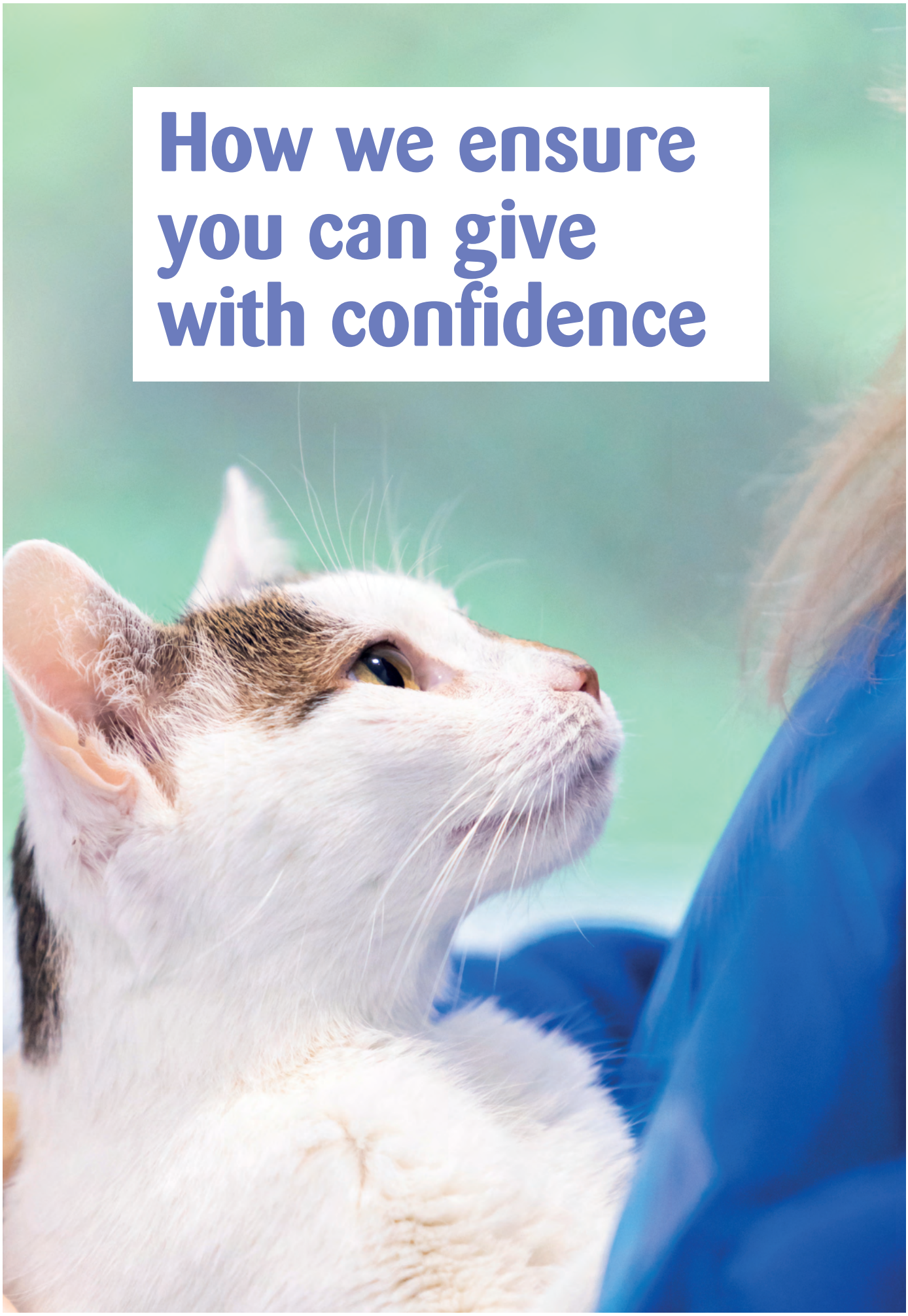
We completed the most comprehensive exercise we have ever undertaken to enable us to understand the risks to our income and evaluate opportunities for sustainable growth. We have a clear technology and data vision and roadmap that has the potential to bring together the key elements of our organisation like never before.

In addition to these examples, there are many other pieces of work that have all built a much richer and deeper understanding of who we are, how we work, and the environment in which we operate.

The demands of our COVID-19 response meant that we had to extend the timeframe for the Strategy Development Programme, which we had planned to complete in 2020, and considerable work remains to be done. This work will continue into next year, culminating in a 10-year Corporate Strategy and Transformation Plan for approval by Trustees in 2021

Our work in England, Scotland, Wales and Northern Ireland is managed as one charity under the same integrated governance and management structure.

How we ensure you can give with confidence



Cats Protection ensures that our values are reflected in all our fundraising activities. We never have, nor will, condone unreasonable intrusion or undue pressure being placed on anyone, with particular safeguards, training and guidelines in place to protect vulnerable people.

In order to provide the funds required for a large charity like Cats Protection to do its work, we fundraise in a number of different ways. We invite people to become donors, through one-off or regular donations, in several different ways; as members of Cats Protection, as sponsors of cat pens from which we rehome cats that we look after, or as raffle or lottery players.

In 2020, we promoted these methods of giving in various ways. We advertised on television, the internet and on social media. We sent postal and electronic mailings to people on our database and members of the general public that we thought would be interested in and support our work.

We also partnered with face-to-face agencies to recruit new monthly supporters for the charity at 'private site' venues, such as shopping centres, workplaces and shows across the UK, although at a much lower level than previous years due to local and national lockdowns and the need to protect both our employees and supporters. By using agencies, we are able to vary the level of activity depending on our requirements, which is much more cost-effective than carrying out the work in-house. This means that more money can go directly towards caring for cats in need of our help.

We also raise funds from trusts, foundations, companies and major donors who have an affinity with our work and with whom we have partnerships, such as the People's Postcode Lottery. Through our chain of shops we sell mainly donated goods (again hugely affected by lockdowns) and we also sell new goods through our website and catalogue. We ask our supporters and potential supporters to consider including a gift to the charity in their Will.

Cats Protection is also fortunate to have many thousands of volunteers and supporters who raise funds in the community for the charity through events, treks, challenges, online gaming and social media tools such as Facebook Donate, though they have been limited in their ability to do this during the pandemic.

Building public trust

We are long-term members of the Chartered Institute of Fundraising, the Direct Marketing Association and the Lotteries Council. We are registered with the Fundraising Regulator and the Fundraising Preference Service, and have paid the annual levy since its inception. We are licensed by the Gambling Commission for our lottery and raffles. Employees, volunteers and all our partner agencies follow the Code of Fundraising Practice, which can be found at www.fundraisingregulator.org.uk/code-of-fundraising-practice Our face-to-face fundraising agencies also abide by the Chartered Institute of Fundraising's code of conduct for face-to-face fundraising, which can be viewed at www.ciof.org.uk/about-us/what-we-stand-for/excellent-fundraising/compliance/standards

We have a number of controls in place to try to ensure that the trust and confidence of the public and potential donors is maintained. All contracts we enter into with third parties include clauses that insist on meeting the requirements of the Charities Act, Fundraising Code, Gambling Act and Data Protection legislation, and compliance with our vulnerable persons policy. Professional fundraising agencies must have clear, transparent and up to date policies in place to protect vulnerable people and other members of the public from unreasonable behaviour.

We call new donors soon after signing up to check that they were happy with the way in which they were encouraged to support us and that they understand the nature of their regular gift to Cats Protection. The calls are recorded for monitoring and training purposes (the charity listens to a selection of these calls) and donors are given every opportunity to discontinue their donation if they so wish.

All employees, volunteers and fundraisers at our agencies receive specific Cats Protection training before conducting fundraising activities on our behalf. Guides are produced for agencies and our volunteer-run branches.

We carry out a structured programme of mystery shopping in-house and work with the Chartered Institute of Fundraising to facilitate their mystery shopping, to ensure agencies acting on our behalf apply the required standards. This is a standard requirement of our contract with any fundraising agency. We meet with all third parties regularly to discuss any compliance issues and training.

The General Data Protection Regulation sets out our responsibilities in relation to the personal data that we collect and hold and is designed to enhance the rights of individuals in controlling their own personal data.

We have always taken privacy seriously and we set up an internal team to ensure that we continue to be compliant with the changes introduced by GDPR. The Group have examined data protection policies, data mapping, data retention and cleansing, supporter data privacy, consent and preference management, data processors and data transfers.

All employees and key volunteers are required to complete a specifically designed data protection training course as part of their induction. Our Legal and Information Governance teams ensure that everyone is kept abreast of any new changes or developments in the law.

For more information on how we use and protect personal data, please see our privacy policy: www.cats.org.uk/terms/terms-privacy

Despite these controls, we do occasionally receive complaints. In 2020, we received a total of 20 complaints about our fundraising (2019: 38). We aim to resolve all complaints as soon as possible, and in 2020 we resolved 90% within 21 days (2019: 92%). The number and nature of complaints received is carefully monitored so retraining can be targeted appropriately. Our training of personnel from all of our contracted fundraising organisations includes the issue of protecting vulnerable adults and sets out the appropriate action that we expect them to take. Our training is based on the 'Treating Donors Fairly' guidance developed by the Chartered Institute of Fundraising, which can be viewed at www.ciof.org.uk/events-and-training/resources/treating-donors-fairly

Financial review

Financial performance in 2020

Despite the challenges posed by COVID-19, the charity has had a successful year financially. Many of our income streams were sustained and controls implemented over expenditure have resulted in an operating surplus of £5.5m for 2020 and an out-turn surplus of £7.8m after taking investment gains into account.

As the pandemic started and the national lockdown was introduced, we entered a period of great uncertainty. These times were unprecedented and we were unable to reference past events to understand how our income and expenditure might be impacted. In order to secure the ongoing financial viability of the charity, we reviewed all of our plans and budgets to identify activities that we could stop or reduce in order to make savings and deferred some significant planned expenditure. We also took the decision to continue with planned investment in fundraising activities and we launched a Special Coronavirus Appeal. We applied for government grant support where entitled. This was particularly important for our retail chain and meant that we could reduce the diversion of funds from our charitable objects to supporting temporary shop closures. Some of our activities came to a halt due to restrictions in social contact, in particular, shops and adoption centres were closed and veterinary practices could only perform emergency treatment, which excluded neutering. Intensive budget and cashflow monitoring enabled us to closely track our financial position throughout the year.

As restrictions eased, we were able to introduce many of our activities, albeit in a changed way. Inevitably, this resulted in the cost of some activities increasing as new measures to comply with COVID-safe guidelines were implemented. The charity operates across a number of premises which means there is a high fixed-cost base. Therefore, while overall our key performance statistics of homing and neutering have fallen, expenditure has decreased by a relatively lower amount. Further analysis is provided below.

Income

Overall, total income for the Group was £72.0m, which is just £1.2m (2%) lower than in 2019. Legacy income was down by £2.0m (6%) compared to last year, but 2019 had been an exceptional year when we received our largest ever single legacy of £2.0m. Underlying legacy income performed in line with 2019. Donation income increased by £2.4m (16%) due to the continued investment in recruiting new donors and a very successful Special Coronavirus Appeal which raised over £1.0m.

Adoption fee income reduced by £0.4m (20%) compared to 2019. The percentage reduction in this income stream is lower than the 34% reduction in number of cats homed as we increased the standard adoption fee to help cover cost increases as a result of moving to hands-free homing.

The clearest impact of COVID-19 was felt on our shops and commercial trading income, which reduced by £3.9m (48%) and £0.9m (31%) respectively compared to 2019. This was due to the closure of the Visitor Centre and café from March 2020, and the intermittent closure of our charity shops during lockdown and regional restrictions. We expedited the planned consolidation of our retail chain and have had to permanently close shops that were not large enough to facilitate social distancing. This was particularly important for our retail chain and meant that we could reduce the diversion of funds from our charitable objects to supporting temporary shop closures.

Income from fundraising events was £1.8m (22%) higher than in 2019. This line includes the Weekly Lottery and raffles which generated £1.9m more in 2020 than 2019 and income from the proceeds of the People's Postcode Lottery draws, which was £0.1m more in 2020 than 2019 (see Note 7). There was a small decline in income from face-to-face and challenge events, which was partly mitigated by running virtual alternative events.

We received grant income of £1.3m under the Job Retention Scheme, also known as furlough and Business Interruption Grants of £0.7m from local authorities. These are included as other income in the SOFA and explains the year-on-year increase in that line.

Expenditure

Total expenditure for 2020 was £66.5m, which is £4.8m (7%) lower than for 2019.

Expenditure on rehoming cats was £31.7m, a decrease of £2.1m (6%) compared to 2019. We took fewer cats into our care during lockdown which led to a reduction in cat care costs. However, these reductions were partly offset by increased health and safety costs, including personal protective equipment for our people, and facilitating the introduction of hands-free homing. As for shops, a significant proportion of our adoption centre expenditure is fixed, regardless of the volumes of activity. Therefore, while we were still able to rehome 27,000 cats in 2020, which is 14,000 (34%) fewer than in 2019, the reduction in the cost does not match the reduction in activity.

Expenditure on reducing the overpopulation of cats was £5.2m, a decrease of £1.3m (20%) compared to 2019. Veterinary practices were required to suspend all non-emergency treatment for a period during 2020 which meant standard neuter operations were not performed and the number of cats neutered with Cats Protection support fell by 29% to 109,000.

Expenditure on our education and information charitable activities was £5.2m, which is £0.1m (3%) lower than 2019. We were able to successfully adapt our educational talk resources to online delivery as well as launching new materials.

Expenditure on raising funds totalled £24.4m for 2020, which represents a decrease of £1.3m (5%) compared to 2019. Due to the shop closures, we bought fewer new goods for resale and some small savings on shop running costs were achieved. However, the savings on shop costs did not offset the fall in income as some costs, such as rents, are fixed and employee costs continued to be incurred. Additional expenditure was also required to make our shops COVID-secure on reopening. Expenditure in other areas of fundraising increased to build our base of regular givers and to help offset the fall in shop and trading income.

Out-turn

As the decrease in our income in 2020 was lower than the decrease in our expenditure, we were able to generate a net operating surplus of £5.5m. In 2019, we adopted a lower risk investment strategy which helped protect the value of our investments from falls in the value of equities. While we did experience a decline in the value of our investment portfolio in March and April 2020, the position recovered and by year end, our investments recorded a gain of £2.3m. Our out-turn for the year was therefore £7.8m. The net assets on our balance sheet are now £115.5m (2019: £107.6m).

We could not achieve all that we do without the valued input and support from our 10,900 volunteers. Each year, we usually estimate the equivalent monetary value of the time our volunteers so generously give to Cats Protection. However, as the nature of many roles will have changed in light of the pandemic during 2020, with some volunteers contributing more hours and some less, it is not possible to provide a reasonable estimate of the total hours contributed and therefore to calculate a reasonable equivalent monetary value.

Review of subsidiary's activities

Cats Protection Enterprises Limited undertook the following trading activity in the year:

- sale of new goods to the general public through shops, fundraising events and online
- receiving commission on pet insurance purchased for cats adopted from the charity
- sales relating to licensing the use of the Cats Protection brand to other commercial entities
- running the café and shop at the National Cat Centre's Visitor Centre, to mid-March 2020

In 2016, a Deed of Covenant was signed which stated that all future annual profits of the Company will be paid to the charity. The Gift Aid distribution in respect of the year ending 31 December 2020 is £1.3m (2019: £1.4m). The payment will be made within nine months of the year end.

The results for the year and the financial position of the Company are as shown in Note 21. The profit on ordinary activities for the year ended 31 December 2020 amounted to £1.3m (2019: £1.4m). Turnover in 2020, at £2.1m, represents a decrease of £1.0m (32%) compared to the previous year (2019: £3.1m). Cost of sales in 2020 was 27% of turnover (2019: 44%). Administrative expenditure was £0.2m for 2020, a decrease of £0.1m compared to last year (2019: £0.3m) due to the overhead recharge from the parent charity reducing to reflect the change in activity levels and furlough grant income being received in respect of employees at the Visitor Centre and café. The full profit of £1.3m will be paid to the charity in 2021 as a Gift Aid payment.

The impact of the COVID-19 pandemic and the resulting lockdowns and regional restrictions had a significant impact on the trading activities of the Company. The Visitor Centre, which hosts the shop, café and meeting rooms for hire, closed on 17 March 2020 and the employees therein were placed on furlough. Due to social distancing and additional bio-security requirements, it was not possible to reopen the shop, café and meeting rooms safely once the first national lockdown ended. As the impact of the pandemic extended into the summer, along with the prospect of a second wave leading to continued restrictions, the difficult decision was taken to close the Visitor Centre until 2021. Regrettably, employees at the shop and café that could not be redeployed within the charity were made redundant. The future use of the Visitor Centre will be reviewed in 2021.

The chain of charity shops run by the charity was also impacted negatively by lockdowns and regional restrictions. While the majority of shops were able to reopen and operate safely when permitted, some units in the chain were too small to facilitate social distancing and the decision was taken to close these shops permanently. The temporary closures during lockdown and the permanent closure of some shops resulted in reduced trading in the sale of new goods.

The pandemic also impacted on the charity's ability to rehome cats. As a result, the number of cats adopted in 2020 was 14,000 (34%) fewer than in 2019. This lead to a drop in our insurance commission income from Petplan®, which is received every time a new policy is purchased or an existing policy renewed for an adopted cat. Petplan® commission income in 2020 was £0.9m compared to £1.0m in 2019.

Investment management

We hold investments for two purposes. Short-term deposits are held to support the charity's working capital requirements, ensuring day-to-day payments can be made without the need for an overdraft. These funds are in a pooled short-term fund managed by Royal London. This is a low risk fund that aims to provide a return greater than SONIA (Sterling Over Night Index Average). This investment performed in line with the objectives in 2020 with returns exceeding SONIA.

We also hold a portfolio of equities, bonds, unit trusts and other investments. These investments are long-term in nature and support the structural development of the charity, such as the future funding of major property works. We have appointed two professional fund managers to manage the portfolio, Rathbones and Sarasin & Partners. The portfolio is allocated broadly equally between them. The charity has specified the objective for the fund managers to achieve is a total return of CPI+2.0%, measured after fees and annualised over five years.

A composite benchmark exists to measure the performance of the funds against the average performance of the underlying asset classes, enabling us to evaluate whether the management of the funds has resulted in more or less favourable returns than the markets, even in a downturn. Both fund managers out-performed the annual benchmark for 2020 and the portfolio achieved the investment objective of achieving a total return of CPI+2.0% in 2020. The funds also out-performed an index of similarly structured charity investment portfolios and there were no breaches of our ethical policy. The charity does not hold any mixed motive investments. Mixed motive investments have the joint purpose of providing a financial return while delivering directly the aims of the charity.

Ethical policy

Cats Protection operates an ethical policy. The policy encompasses all areas of our work, including our investments, and states that we will not knowingly deal with companies or individuals who are involved directly in animal testing, both invasive and non-invasive, for cosmetic or other non-medical purposes, unless required for regulatory purposes, and in any aspect of the fur trade. 'Directly involved' is defined as a company or individual either undertaking themselves, or commissioning others to undertake the contravening activity. The policy applies to companies that we deal with directly and their immediate parent company and also applies to our investment portfolio. Donations from such companies or individuals will be refused.

Reserves policy

The aim of Cats Protection's reserves policy is to ensure that the charity's ongoing and future activities are reasonably protected from unexpected variances in its income and expenditure. The Board reviewed the reserves policy in 2020 and agreed that a minimum level of unrestricted general funds, also known as free reserves, of £20m is appropriate given the risks faced by the charity, the sustainability of our different income streams, and the costs that would likely be incurred if, in the very worst case scenario, the charity folded. Free reserves as at 31 December 2020 were £42.7m (2019: £30.3m), which is £22.7m above the minimum required by our current reserves policy. Investment gains totaling £7.9m across 2019 and 2020 have contributed to the balance on free reserves. In addition, as we entered lockdown in March 2020, we faced great uncertainty and took prudent action to realise savings and pause areas of significant project spend. This was essential as we could not predict with certainty the impact the pandemic would have on our income streams. In the event, our continued investment in raising funds resulted in several of our income sources improving. During 2020, we have progressed our strategic review and we now understand that significant investment is required in parts of the charity's infrastructure in order to take us forward. As our free reserves are above the minimum level, we can look to implement elements of the transformation programme. The approved 2021 budget for the charity was predicated on there being no further lockdowns in 2021. This has proven not to be the case and once again, our shop income is suffering. Despite the unexpected fall in this income stream, we are progressing with our plans and will draw on free reserves as necessary rather than reducing our services to find compensating savings. Uncertainties about the long-term impact of COVID-19 on all our income streams and the way we work may also result in the charity encountering unforeseen dips in income and increases in expenditure; free reserves can be used to fund such eventualities without jeopardising the long-term financial sustainability of the Group.

The charity holds three designated funds:

- the fixed assets fund is an accounting reserve that matches the net book value of our fixed assets – this fund had a balance of £40.2m at 31 December 2020
- the capital development fund exists to support the charity's 10-year capital plan. Expenditure of £0.3m on capital projects included in the capital plan during 2020 has been charged to this fund. The main item of expenditure relates to preparatory work on the redevelopment of the Exeter Axhayes Adoption Centre. The balance on this fund at 31 December 2020 was £27.1m
- the strategy development fund which was created at the end of 2019 to fund one-off expenditure that will be incurred to support the strategy development programme. Expenditure of £1.0m was charged against this fund during 2020 and the balance as at 31 December 2020 was £0.5m

At 31 December 2020, the charity held £5.0m (2019: £5.8m) of restricted funds. These are funds that were raised or donated for a specified purpose, either for a geographic area or a particular activity. These funds will be applied to their specified purpose and are not available for general use by the charity.

Further details are set out in Note 18 to the financial statements.

Risk management

Trustees are required to identify and evaluate the risk that an event or events might occur that impact significantly on the charity's ability to deliver its strategic objectives. Appropriate actions are then taken to manage or mitigate each identified risk.

Each department within the charity maintains its own risk register. These are reviewed and updated regularly and help the Board to identify the top level risks across the charity. These top level risks are recorded on the Charity Risk Register. Each risk on the Charity Risk Register is linked to the strategic objective(s) on which it impacts most and is assigned a risk owner. We document the actions to address each risk and include assurances on whether those actions are having the desired impact. The Board considers whether each top level risk faced by the charity

is managed to an acceptable degree or whether further actions are needed to reduce the likelihood and/or impact of the risk occurring.

The charity's risk management processes really came to the fore during the COVID-19 outbreak. Business continuity plans were activated at the start of the national lockdown and then throughout the remainder of the year as we responded to localised issues and restrictions. A separate Pandemic Risk Register was compiled which not only focused on the risks presented by the outbreak, but also captured the opportunities, including the roll-out and uptake of new technologies.

The Charity Risk Register was reviewed regularly with a full refresh twice during the year. The nature of the principal risks changed significantly across 2020 and into 2021. At the start of the pandemic, our most significant risk was the ongoing financial sustainability of the charity due to the uncertainty over future income streams and the impact on investment values. In response, we introduced more frequent cash flow forecasting, reporting the outcome to the Board, and implemented a programme of savings. We also launched a Special Coronavirus Appeal. The charity's current healthy financial position has resulted in this risk reducing significantly.

Towards the end of 2020, responding to issues arising from COVID-19 had very much become business as usual activity. The principal risks now facing the charity are major projects and cyber-security. The charity has an ambitious transformation programme to invest in our IT infrastructure, our people and the services we deliver. In order to deliver this successfully, we will need to increase capacity of project management skills and develop a programme and portfolio management approach to ensure that the individual projects are appropriately prioritsed, sequenced, progress is monitored and the desired benefits are delivered. Our 2021 plans and budget incorporate these activities.

Adapting to working during lockdown has brought to the fore our reliance on technology. The threat of a malicious attack on our systems is very real and has the potential to cause extreme disruption. We continue to invest in cyber-security and additional budget has been allocated in 2021 to further strengthen our IT defences. A full security review is planned for 2021 to ensure we understand the predominant threats in the external environment and that we have appropriate controls in place to protect our systems and data.

Other key risks are ensuring the strategy development work is properly resourced and delivers the outcomes it seeks to achieve, ensuring the charity complies with all relevant laws and regulations, in particular health and safety and safeguarding, and that we manage personal data appropriately. Internal audit reviews have been performed in a number of these areas to provide assurance that the controls in place are operating satisfactorily to manage and, where possible, mitigate these risks.

The Board recognises that ultimately any approach to risk management can only provide reasonable, and not absolute, assurance that major risks have been identified and are being managed adequately.

Executive remuneration

In order to perform as an effective and professional charity, we need to recruit the best candidates and retain our highly skilled and motivated employees. We aim to ensure that we offer salaries that are competitive both locally and within the charitable sector. The Board determines the salary of the Chief Executive and to assist the process takes account of data provided by the National Council for Voluntary Organisations (NCVO), the Association of Chief Executives of Voluntary Organisations (ACEVO) and other organisations providing market data. The Board, taking advice from the Chief Executive, determines the salaries of other senior employees in line with the same salary policy. An overriding factor in salary setting is always affordability under the budgets.

Scotland

We are required to make a separate statement of our work in Scotland to the Office of the Scottish Charity Regulator (OSCR).

Cats Protection undertakes between 10% and 15% of its welfare work in Scotland. The work is delivered through two staffed adoption centres (2019: two), two branch volunteer-run centres (2019: two), 28 branches (2019: 39) and 11 shops (2019: 15), involving around 1,145 volunteers (2019: 1,331) and 57 employees (2019: 70).

Going concern

The Directors regularly consider the short and longer term financial projections and other risks that may affect the Group. To help evaluate the financial impact of the ongoing national lockdowns and restrictions on social contact to control the pandemic, the Directors have reviewed detailed financial projections and cash flow forecasts for the period to 31 December 2022. This incorporates the latest financial information in respect of 2021 and draws on the experiences of how the Group's income and expenditure were impacted in 2020 by restrictions on its activities.

The Directors have considered several factors in concluding that the adoption of the going concern basis in the preparation of these financial statements is appropriate. This has been assessed through financial modelling that 'stress-tests' key income and expenditure lines in the budget and the level of deviation that our reserves can support without impeding the ongoing financial viability of the Group. The key areas of uncertainty are outlined below together with the Group's response:

- legacies – this is our biggest single source of income and is impacted by changes in death rates, the housing market, administrative delays and general economic conditions. We have used expert advice to model the potential impact. This has concluded even in the most pessimistic scenario, total cash income from legacies across the years 2021 and 2022 is expected to increase slightly compared to 2020

- donations – we continued to invest in donor recruitment during 2020 and this, together with a Special Coronavirus Appeal, helped to increase donation income for the year. We have budgeted for further investment in donation growth

in 2021. Attrition rates (regular givers cancelling their direct debits) remained low throughout 2020 and we expect this to be the trend in 2021, providing some degree of certainty for this income stream

- events – by far the largest item of events income is from our raffle and Weekly Lottery. We continued to recruit new players in 2020 and have budgeted for further player recruitment in 2021. The high volume, low value nature of this income helps provide some security to the on-recurring nature of this income stream. Social distancing has impacted on our ability to hold physical fundraising events, although there has been a corresponding cost saving, limiting the net impact

- shops – the closure of our shops is where the impact of lockdowns and restrictions is felt most keenly. Our shop chain reduced substantially in 2020 and we have developed online selling of donated goods which should mean the shortfall in actual income compared to budget is not as great as in 2020

- expenditure – we have reviewed our expenditure and identified where savings have already been made and further savings could be achieved to meet further reductions in income that may materialise

- investments – the move to a more risk-averse investment objective in 2019 has reduced our exposure to more volatile assets, such as equities, which has reduced the impact on our portfolio of falls in the stock market

The Group has access to sufficient liquid funds to support our cash flow requirements over the foreseeable future. An overdraft facility with our bank is also available as a last resort. Our assessment of reserves indicates the Group also has sufficient free reserves to support the Group's operations for the foreseeable future.

Having regard to the above, the Directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Statement of the Corporate Trustee's responsibilities in respect of the Trustee's Annual Report and the financial statements

Under charity law, the Trustee is responsible for preparing the Trustee's Annual Report and the financial statements for each financial year which show a true and fair view of the state of affairs of the Group and the charity and of the Group's excess of income over expenditure for that period. The Trustee has elected to prepare the financial statements in accordance with FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In preparing these financial statements, generally accepted accounting practice entails that the Trustee:

- selects suitable accounting policies and then applies them consistently

- makes judgements and estimates that are reasonable and prudent

- states whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements

- states whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements

- prepares the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the charity will continue its activities

The Trustee is required to act in accordance with the trust deed and the rules of the charity, within the framework of trust law. The Trustee is responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustee to ensure that, where any statements of accounts are prepared by them under the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005, those statements of accounts comply with the requirements of regulations under those Acts. The Trustee has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Reference and administrative details

Legal and administrative information

Registered charity number:
203644 (England and Wales)
SC037711 (Scotland)

Registered address:
National Cat Centre, Lewes Road,
Chelwood Gate, Haywards Heath RH17 7TT

Email: cp@cats.org.uk
Website: www.cats.org.uk
Telephone: 01825 741 900
Info line: 03000 12 12 12

Trustee:
Cats Protection Trustee Limited, company registration number 06772997

Directors of Cats Protection Trustee Limited:

(referred to internally as "the Trustees" and in this Annual Report & Accounts as the Board):
Ms L Upson DipLGD Chairman
Dr A Swarbrick ACA Deputy Chairman
Ms W Bosler BA (Hons)
Mrs N Butcher
Dr I Campbell
Mr T Jones MA(Cantab), FInstF, FIDM (to July 2020)
Mrs M Price Freeman of the Worshipful Company of International Bankers, Freeman of the City of London
Mrs A Ryan BA (Hons) (to November 2020)
Dr C Sturgess MA, VetMB, PhD, CertVR, DSAM, CertVC, FRCVS

Advisory Council members:

(All Directors of Cats Protection Trustee Limited were also Advisory Council members)
Dr J Bradshaw (to March 2020)
Mrs T Cooper
Mrs G Davies
Ms W Harris
Mrs B Hall
Mr D Manners (to July 2020)
Mr M Ridgway (to October 2020)
Mrs L Robinson
Mrs J Rouse
Mr B Till
Mrs L Pothecary
Mrs K Stapleford (to October 2020)
Mrs M Young (to October 2020)

In 2020, members voted to replace Advisory Council with a new body, Connect. Connect did not meet in 2020. Advisory Council members listed above that were still in post at 31 December 2020 will be members of Connect. The recruitment of other new members is planned for 2021.

Investment Committee:

Mrs A Ryan BA (Hons) (Chair to November 2020)
Dr I Campbell (Chair from November 2020)
Mr T Jones MA (Cantab), FInstF, FIDM (to July 2020)
Ms W Bosler BA (Hons) (from November 2020)
Mrs M Price Freeman of the Worshipful Company of International Bankers, Freeman of the City of London (from November 2020)
Mr Ian Enslin (advisor)
Mr S Kumar LLB (Hons), MCSI (advisor) (to May 2020)
Mr C Ringrose (advisor)

Audit Committee:

Dr A Swarbrick ACA Chair
Mrs N Butcher
Dr C Sturgess MA
Mrs J Armstrong (advisor)
Mr P Bloor (advisor)
Mrs K Elis-Williams BA(Hons), ACA (advisor)
Miss K Horvath (advisor)
Ms S Hunt FCA (advisor)

Chief Executive and Executive Management Team

Chief Executive

Mr J Yeates BVSc BSc DWEL DipECAWBM(WEL) PhD FRCVS

Executive Management Team

Mr K Adams BSc (Hons)
Director of Digital Transformation

Ms J Barnard
Director of Communications

Mr M Beazley
Director of Operations (to October 2020)

Ms C Cottrell MA, PGDip, MInstF
Director of Income Generation

Mr M Elliott BSc (Hons), MBA, FCMI
Interim Director of Field Operations (from October 2020)

Ms S Field BA (Hons)
Director of People & Engagement

Dr M Roberts BVM&S, MRCVS
Director of Veterinary Services

Mrs J Scarfield BA (Hons), CPFA
Director of Finance & Strategy

Mr D Sullivan LLB (Hons)
Director of Legal Services

External auditor

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Internal auditor:

Sayer Vincent
Invicta House
108-114 Golden Lane
London
EC1Y 0TL

Bankers

Barclays Bank Plc
2 Carfax
Horsham
West Sussex
RH12 1DN

Insurance broker

Arthur J Gallagher
The Walbrook Building
25 Walbrook
London
EC4N 8AW

Investment advisors

Rathbones Investment Management Limited
8 Finsbury Circus
London
EC2M 7AZ

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

Royal London
55 Gracechurch Street
London
EC3V OUF

Disclosure of information to auditor

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

Thank you

We thank everyone who has supported our work, through giving donations or being members of the organisation, or as volunteers or employees, for giving their time and effort to improve the life of cats throughout the United Kingdom.

Approved and signed on behalf of the Trustee by:

Ms L Upson
Chairman
22 April 2021

Independent auditor's report to the Trustee of Cats Protection

Opinion

We have audited the financial statements of Cats Protection ('the charity') and its subsidiaries ('the Group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet and Charity Balance Sheet, Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent charity's affairs as at 31 December 2020 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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 Trustee's 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 or the Group's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information contained within the Annual Report. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement 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.

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 and the Charities Accounts (Scotland) Regulations 2006 requires 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
- sufficient and proper accounting records have not been kept by the parent charity
- the financial statements are not in agreement with the accounting records and returns
- we have not received all the information and explanations we require for our audit

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant

regulations made or having effect thereunder.

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the Group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the Group for fraud. The laws and regulations we considered in this context for the UK operations included General Data Protection Regulation (GDPR), animal welfare and veterinary legislation and employment legislation.

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.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of legacy income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

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 (irregularities) 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 irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's 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.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London
Date: 2nd June 2021

Consolidated statement of financial activities (SOFA)

Year ended 31 December 2020
(Full prior year comparatives are set out in Note 2)

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Income					
Legacies	4	31,706	1,629	**33,335**	35,376
Donations	5	17,293	40	**17,333**	14,973
Income from charitable activities:					
Rehoming fees		1,679	-	**1,679**	2,103
Income from other trading activities:					
Shops	6	4,213	-	**4,213**	8,072
Fundraising events	7	9,946	-	**9,946**	8,181
Commercial trading operations	21	2,098	-	**2,098**	3,026
Investment income	8	1,027	-	**1,027**	1,215
Other income	9	2,341	-	**2,341**	204
Total income		**70,303**	**1,669**	**71,972**	73,150
Expenditure					
Costs of raising funds:					
Seeking donations and legacies	10	8,861	-	**8,861**	8,416
Shops	10	9,055	-	**9,055**	10,111
Fundraising events	10	5,511	-	**5,511**	5,223
Commercial trading operations	10	754	-	**754**	1,669
Investment management	10	201	-	**201**	213
Costs of charitable activities:					
Rehoming cats	10	29,203	2,518	**31,721**	33,836
Reducing overpopulation of cats	10	5,188	28	**5,216**	6,523
Education and information	10	5,154	-	**5,154**	5,282
Total expenditure		**63,927**	**2,546**	**66,473**	71,273
Net income/(expenditure) before gains/(losses) on investments		**6,376**	**(877)**	**5,499**	1,877
Gains/(losses) on investments		2,333	-	**2,333**	5,649
Net income/(expenditure) and movement in funds		**8,709**	**(877)**	**7,832**	7,526
Reconciliation of funds					
Total funds brought forward at 1 January		101,799	5,829	**107,628**	100,102
Total funds carried forward at 31 December		**110,508**	**4,952**	**115,460**	107,628

All of the above results relate to continuing activities. The consolidated SOFA includes all gains and losses recognised in the year. This incorporates the income and expenditure account. The results of the charity only are set out in Note 3 and the results of the subsidiary only are set out in Note 21.

The notes on pages 61 to 74 form part of these accounts.

Consolidated balance sheet

As at 31 December 2020

		Charity		Group	
		2020	2019	**2020**	2019
	Note	**£'000**	£'000	**£'000**	£'000
Fixed assets					
Tangible assets	13	**40,228**	42,508	**40,228**	42,508
Investments	14	**65,471**	55,463	**65,471**	55,463
Total fixed assets		**105,699**	97,971	**105,699**	97,971
Current assets					
Stocks		**-**	-	**264**	214
Debtors	15	**6,679**	6,374	**5,477**	5,275
Cash at bank and in hand		**7,951**	9,526	**8,696**	10,332
Total current assets		**14,630**	15,900	**14,437**	15,821
Liabilities					
Creditors: amounts falling due in one year	16	**(4,058)**	(5,319)	**(3,865)**	(5,240)
Provisions for liabilities	17	**(811)**	(924)	**(811)**	(924)
Net current assets		**9,761**	9,657	**9,761**	9,657
Total net assets		**115,460**	107,628	**115,460**	107,628
Funds					
Unrestricted funds:					
General funds	18	**42,661**	30,285	**42,661**	30,285
Designated funds	18	**67,847**	71,514	**67,847**	71,514
Restricted funds	18	**4,952**	5,829	**4,952**	5,829
Total funds		**115,460**	107,628	**115,460**	107,628

The results of the subsidiary only are set out in Note 21.

The notes on pages 61 to 74 form part of these accounts.

The financial statements, including the balance sheet, were approved and signed on behalf of the Trustee by:

Ms L Upson
Chairman of Cats Protection Trustee Limited
22 April 2021

Consolidated cash flow statement

Year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Cash flows operating activities			
Net cash provided by operating activities	a	**6,343**	6,360
Cash flows from investing activities			
Dividends, interest and rents from investments		**1,027**	1,212
Proceeds from the sale of property, plant and equipment		**375**	67
Purchase of property, plant and equipment		**(1,672)**	(5,811)
Investment management fees		**200**	217
Reinvestment of investment returns		**(409)**	(857)
Withdrawals from investments		**6,000**	7,000
New funds invested		**(13,500)**	(7,000)
Net cash used in investing activities		**(7,979)**	(5,172)
Change in cash and cash equivalents in the year	b	**(1,636)**	1,188
Cash and cash equivalents at 1 January		**10,332**	9,144
Cash and cash equivalents at 31 December		**8,696**	10,332
a) Reconciliation of net income to net cash flow from operating activities			
Net movement in funds for the reporting period		**7,832**	7,526
Adjustments for:			
Depreciation charges		**3,704**	3,494
(Gains)/losses on investments		**(2,299)**	(5,537)
Dividends, interest and rents from investments		**(1,027)**	(1,212)
Loss/(profit) on the sale and write-off of assets		**(127)**	(51)
(Increase)/decrease in stocks		**(50)**	(74)
(Increase)/decrease in debtors		**(202)**	727
Increase/(decrease) in creditors		**(1,375)**	1,338
Increase/(decrease) in provisions		**(113)**	149
Net cash provided by operating activities		**6,343**	6,360
b) Analysis of cash and cash equivalents			
Cash at bank and in hand		**8,696**	10,332

The notes on pages 61 to 74 form part of these accounts.

Notes to the consolidated financial statements

1. Accounting policies

A. Basis of preparation

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland published on 16 July 2014 and applicable updates. Cats Protection meets the definition of a public benefit entity under Financial Reporting Standard (FRS) 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Directors regularly consider the short and longer term financial projections and other risks that may affect the Group. To help evaluate the financial impact of the ongoing national lockdowns and restrictions on social contact to control the pandemic, the Directors have reviewed detailed financial projections and cash flow forecasts for the period to 31 December 2022. This incorporates the latest financial information in respect of 2021 and draws on the experiences of how the Group's income and expenditure were impacted in 2020 by restrictions on its activities.

The Directors have considered several factors in concluding that the adoption of the going concern basis in the preparation of these financial statements is appropriate. This has been assessed through financial modelling that 'stress-tests' key income and expenditure lines in the budget and the level of deviation that our reserves can support without impeding the ongoing financial viability of the Group. The key areas of uncertainty are outlined below together with the Group's response:

- legacies – this is our biggest single source of income and is impacted by changes in death rates, the housing market, administrative delays and general economic conditions. We have used expert advice to model the potential impact. This has concluded even in the most pessimistic scenario, total cash income from legacies across the years 2021 and 2022 is expected to increase slightly compared to 2020

- donations – we continued to invest in donor recruitment during 2020 and this, together with a Special Coronavirus Appeal, helped to increase donation income for the year. We have budgeted for further investment in donation growth in 2021. Attrition rates (regular givers cancelling their direct debits) remained low throughout 2020 and we expect this to be the trend in 2021, providing some degree of certainty for this income stream

- events – by far the largest item of events income is from our raffle and Weekly Lottery. We continued to recruit new players in 2020 and have budgeted for further player recruitment in 2021. The high volume, low value nature of this income helps provide some security to the on-recurring nature of this income stream. Social distancing has impacted on our ability to hold physical fundraising events, although there has been a corresponding cost saving, limiting the net impact

- shops – the closure of our shops is where the impact of lockdowns and restrictions is felt most keenly. Our shop chain reduced substantially in 2020 and we have developed online selling of donated goods which should mean the shortfall in actual income compared to budget is not as great as in 2020

- expenditure – we have reviewed our expenditure and identified where savings have already been made and further savings could be achieved to meet further reductions in income that may materialise

- investments – the move to a more risk-averse investment objective in 2019 has reduced our exposure to more volatile assets, such as equities, which has reduced the impact on our portfolio of falls in the stock market

The Group has access to sufficient liquid funds to support our cash flow requirements over the foreseeable future. An overdraft facility with our bank is also available as a last resort. Our assessment of reserves indicates the Group also has sufficient free reserves to support the Group's operations for the foreseeable future.

Having regard to the above, the Directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The accounting policies adopted are described below and have been applied consistently.

B. Consolidation

These Group accounts consolidate the accounts of Cats Protection (the charity) and its subsidiary undertaking, Cats Protection Enterprises Limited, on a line by line basis. The results for the charity are provided in Note 3 and the results for the subsidiary are provided in Note 21.

C. Fund accounting

The charity maintains various types of funds as follows:

- general funds are unrestricted funds which are available for use at the discretion of the Trustee in furtherance of the charity's objectives and which have not been designated for other purposes

- designated funds are funds that have been set aside by the Trustee for particular purposes. The purpose and use of each designated fund is set out in Note 18

- restricted funds represent funds which are to be used in accordance with specific restrictions imposed by the donor or which have been raised for particular purposes. The purpose and use of each restricted fund is set out in Note 18

The cost of raising and administering such funds are charged against the specific funds. Transfers between funds are shown where funds have been allocated by the Trustee for specific purposes.

D. Income

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Policies for certain types of income are as follows:

- legacy income is recognised in the SOFA when the charity has entitlement to the income, the receipt is considered probable and amounts receivable can be measured with sufficient reliability. Income from pecuniary interests is recognised when probate has been granted and we have been advised of the amount stipulated in the Will. Income from residuary interests is recognised when probate has been granted and we have received the approved accounts of the estate. The charity is the residuary beneficiary of several properties without current vacant possession and for these premises a sale value cannot be accurately determined and as such, these legacies are not recorded in the SOFA

- adoption fees are recognised upon receipt and are included under income from charitable activities

- membership subscriptions, including lifetime subscriptions, and donation income are recognised when received. No amounts are included in the financial statements for services or time donated by volunteers. Gift Aid on donations is accounted for on an accruals basis

- no account is taken of monies or other assets in the hands of volunteer helpers until such monies are banked or other assets are received

- investment income is accounted for when receivable

- the income from goods donated for sale in our charity shops is recognised at the point of sale as it is not currently practicable to recognise their value at point of receipt

- income received in the year for the purchase of lottery and raffle tickets where the related draw does not take place until the following year is deferred

- income from government grants is recognised at the point that conditions for receipt of the grant have been satisfied

E. Expenditure

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all costs relating to that category. Liabilities are accounted for when a constructive obligation arises.

- Costs of raising funds are those costs incurred in generating income for the charity. It includes investment management charges and the costs associated with the trading company, Cats Protection Enterprises Limited

- Charitable activities are all costs incurred in meeting the core objectives of the charity

The charity is able to partially recover Value Added Tax (VAT). Irrecoverable VAT is included in the relevant expense categories.

Support costs are allocated on the basis of the time spent by employees and volunteers engaged in the respective charitable and fundraising activities. As we are primarily a volunteer-based organisation with a significant proportion of our activity delivered by volunteers, this method of allocating support costs provides a reasonable assessment of the use of the charity's support infrastructure.

F. Tangible fixed assets, depreciation and impairment

Freehold land and buildings are stated at cost less depreciation. Assets under the course of construction are transferred to freehold land and buildings on practical completion. Tangible fixed assets costing more than £5,000 are capitalised and included at cost, together with any incidental expenses of acquisition.

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

- freehold property is depreciated over 40 years

- cat pens and centre equipment is depreciated over 10 years

- fixtures, fittings, IT and office equipment, IT software and motor vehicles are depreciated over four years, with the exception of fittings in leased premises which are depreciated over the length of the lease, generally either five or 10 years

Freehold land, investment properties and assets under the course of construction are not depreciated.

An impairment review is performed whenever the charity becomes aware that a significant event has occurred. Impairments are recorded in the SOFA as expenditure.

G. Investments

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year. Gains and losses on the disposal of investment assets are calculated as the difference between historical and market values. Investments intended to be held for a period of more than one year are disclosed as a fixed asset on the balance sheet.

H. Stocks
Stocks are valued at the lower of cost to the Group or net realisable value. Stocks disclosed on the balance sheet are new goods held for sale.

I. Debtors
Debtors are included in the balance sheet at the amount due/invoiced. There is no bad debt provision as a review has concluded that none is necessary.

J. Pension costs
The charity operates a defined contribution pension scheme. The assets of the scheme are held in a separately administered fund. The amount charged to the SOFA represents the employer's contribution payable to the scheme in respect of the accounting period.

K. Finance and operating leases
Operating lease rentals are charged to the SOFA on an accruals basis. The Group does not hold any assets under a finance lease.

L. Taxation
Cats Protection is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Cats Protection Enterprises Limited makes qualifying donations of all taxable profit to the charity. No corporation tax liability arises in the accounts.

M. Creditors
Creditors are recognised when goods or services have been delivered or provided prior to the financial year end but the invoice has not yet been received or paid. Creditors are measured on the basis of either the invoice or order value.

N. Provisions
A provision exists when the Group has a liability that can be estimated reliably and for which there is an expectation that payment will be made. Estimation techniques involve assumptions, which are based on experience. The provisions disclosed in Note 18 relate to obligations for dilapidations in respect of properties rented by the Group and backdated VAT that had not been billed by agencies procuring social media advertising on our behalf.

O. Financial instruments
The Group has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors. Investments, including bonds held as part of the investment portfolio, are held at fair value at the balance sheet date, with gains and losses being recognised within the SOFA. See Note 24.

2. Prior year comparatives for the SOFA

	2019 comparatives		
	Unrestricted funds £'000	Restricted funds £'000	Total £'000
Income			
Legacies	33,010	2,366	35,376
Donations	14,792	181	14,973
Income from charitable activities:			
Rehoming fees	2,103	-	2,103
Income from other trading activities:			
Shops	8,072	-	8,072
Fundraising events	8,181	-	8,181
Commercial trading operations	3,026	-	3,026
Investment income	1,215	-	1,215
Other income	204	-	204
Total income	70,603	2,547	73,150
Expenditure			
Costs of raising funds:			
Seeking donations and legacies	8,416	-	8,416
Shops	10,111	-	10,111
Fundraising events	5,223	-	5,223
Commercial trading operations	1,669	-	1,669
Investment management	213	-	213
Costs of charitable activities:			
Rehoming cats	31,451	2,385	31,245
Reducing overpopulation of cats	6,478	45	6,523
Education and information	5,282	-	5,282
Total expenditure	68,843	2,430	71,273
Net income before gains on investments	1,760	117	1,877
Gains on investments	5,649	-	5,649
Net income	7,409	117	7,526
Transfer between funds	117	(117)	-
Net movement in funds	7,526	-	7,526
Reconciliation of funds			
Total funds brought forward at 1 January 2019	94,273	5,829	100,102
Total funds carried forward at 31 December 2019	101,799	5,829	107,628

3. Summary financial performance of the charity only

	2020 £'000	2019 £'000
Income and expenditure		
Income	**71,405**	71,548
Expenditure	**(65,906)**	(69,671)
Net operating income	**5,499**	1,877
Gains/(losses) on investments	**2,333**	5,649
Net income/(expenditure)	**7,832**	7,526
Total funds brought forward	**107,628**	100,102
Total funds carried forward	**115,460**	107,628

4. Contingent legacy income

In addition to the legacy income recognised in the SOFA of £33,335k (2019: £35,376k), the charity had been notified of 453 residuary legacies (2019: 418 residuary legacies) with a total estimated value of £22,146k (2019: £21,422k). These legacies do not satisfy the criteria required by our accounting policy to recognise the income during the year. They are therefore disclosed here as a contingent asset.

5. Donations

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	2019 £'000
Donations	16,784	40	**16,824**	14,447
Subscriptions	509	-	**509**	526
	17,293	**40**	**17,333**	14,973

Subscriptions include the membership fees paid to Cats Protection and our local branches. In 2019, donation income of £181k was restricted. This is included in the 2019 total of £14,973k above.

6. Shop income

Shop income of £4,213k (2019: £8,072k) recorded under shops in the SOFA includes income from the sale of donated goods and Gift Aid claimable in respect of the sale of donated goods under the Retail Gift Aid scheme. Donations totaling £222k (2019: £331k) were received in our shops and these are included in donations income in the SOFA. Our shops also sold £523k (2019: £1,074k) of new goods that generated a gross profit of £276k (2019: £392k). Transactions relating to the sale of new goods are processed through Cats Protection Enterprises Ltd and are recorded as commercial trading operations in the SOFA. In 2020, grant income under the Job Retention Scheme of £991k was received in relation to employees across the charity's retail chain and the charity also received business grants totalling £698k. This grant income is recorded against other income in the SOFA (see Note 9). Therefore, total gross income relating to the shop chain in 2020 was £6,647k (2019: £9,477k).

7. Fundraising events

The total of £9,946k recorded as fundraising events in the SOFA includes income from lotteries and raffles, as well as challenge events and community-based fundraising activities such as fairs and quizzes. As part of the charity's Gambling Commission Licence (Non Remote Licence - 004905-N-300168-012) (Remote Licence – 004905-R-300167-013), during the year the charity has operated five raffles, a Weekly Lottery and been the beneficiary of two People's Postcode Lottery (PPL) draws.

The following ticket sales were received for each lottery where the draw was held in the financial year:

	Ticket sales 2020 £'000s	Ticket sales 2019 £'000s
Weekly Lottery	**5,609**	4,888
Christmas 2019 Raffle (drawn 3 January 2020)	**461**	-
Spring Raffle	**297**	329
Summer Raffle	**418**	305
Autumn Raffle	**364**	299
Christmas 2020 Raffle (drawn 18 December 2020)	**605**	-
Total for Cats Protection lottery draws	**7,754**	5,821
Ticket sales from People's Postcode Lottery	**4,011**	3,803
Total ticket sales	**11,765**	9,624

The 2019 Christmas Raffle was drawn on 3 January 2020 and therefore the income from the related raffle ticket sales is recognised in 2020.

In line with the requirements under social responsibility code provision 4.3.1 of the Licence Conditions and Codes of Practice of the Gambling Act 2005, the following section details the percentage of lottery proceeds returned to the purposes of Cats Protection from the lotteries promoted.

Lottery name	Percentage proceeds returned to charity 2020	Percentage proceeds returned to charity 2019
Weekly Lottery	**86%**	85%
Raffles	**85%**	83%
People's Postcode Lottery	**32%**	32%

During the year, Cats Protection received the proceeds of two lottery draws held by PPL (2019: two draws). Cats Protection has no ability to alter the price of tickets, determine the prizes or reduce the management fee. As such, PPL is treated as acting as the principal, and so only net proceeds due to Cats Protection are recognised under events income in the statement of financial activities. The net proceeds received are recorded against fundraising events and are analysed as follows:

	2020 £'000	2019 £'000
Ticket value	**4,011**	3,803
Prize fund	**(1,603)**	(1,507)
Management fee	**(1,126)**	(1,078)
Net proceeds received	**1,282**	1,218

8. Investment income

	2020	2019
	£'000	£'000
Income from listed investments	1,000	1,177
Bank and other interest	27	38
	1,027	1,215

9. Other income

	2020	2019
	£'000	£'000
Job Retention Scheme	1,330	-
Business Interruption Grants	695	-
Business Recovery Grant	3	-
Surplus on disposal of tangible fixed assets	127	51
Rental income	129	125
Miscellaneous income	57	28
	2,341	204

Income for the Job Retention Scheme relates to the government reimbursement of salary costs for employees that were placed on furlough as a result of the COVID-19 lockdowns and regional restrictions. Claims for the grant are submitted monthly in arrears. There were no amounts in respect of 2020 outstanding at the year end.

Business Interruption Grants were paid by various local authorities where retail premises were forced to close as a result of the first national lockdown due to COVID-19. The value of the grant received for each shop was determined by its rateable value. All grants were received during 2020 and there were no amounts outstanding at 31 December 2020. Business Interruption Grant income is recorded against shops in the SOFA.

The Business Recovery Grant was received from the Malvern Hills Local Authority in respect of one of our charity shops that was impacted by floods in February 2020.

The income set out in Notes 8 and 9 is unrestricted.

10. Analysis of expenditure

	2020 £'000			2019 £'000		
	Direct costs	**Allocated support costs**	**Total**	Direct costs	Allocated support costs	Total
Costs of raising funds						
Seeking donations and legacies	**8,501**	**360**	**8,861**	8,120	296	8,416
Shops	**7,698**	**1,357**	**9,055**	8,633	1,478	10,111
Fundraising events	**5,271**	**240**	**5,511**	4,927	296	5,223
Commercial trading operations	**754**	**-**	**754**	1,669	-	1,669
Investment management	**201**	**-**	**201**	213	-	213
Total cost of raising funds	**22,425**	**1,957**	**24,382**	23,562	2,070	25,632
Costs of charitable activities (unrestricted)						
Rehoming cats	**23,185**	**6,018**	**29,203**	25,553	5,898	31,451
Reducing overpopulation of cats	**4,689**	**499**	**5,188**	6,020	458	6,478
Education and information	**4,465**	**689**	**5,154**	4,672	610	5,282
Total cost of charitable activities (unrestricted)	**32,339**	**7,206**	**39,545**	36,245	6,966	43,211
Costs of charitable activities (restricted)						
Rehoming cats	**2,518**	**-**	**2,518**	2,385	-	2, 385
Reducing overpopulation of cats	**28**	**-**	**28**	45	-	45
Total cost of charitable activities (restricted)	**2,546**	**-**	**2,546**	2,430	-	2,430
Total expenditure	**57,310**	**9,163**	**66,473**	62,237	9,036	71,273

Analysis of the allocated support costs included in expenditure is as follows:

	2020 £'000					
	People costs	**Corporate resources**	**IT**	**Facilities**	**Governance**	**Total indirect costs**
Seeking donations and legacies	96	106	118	36	4	**360**
Shops	362	401	444	136	14	**1,357**
Fundraising events	64	71	79	24	2	**240**
Rehoming cats	1,606	1,780	1,968	602	62	**6,018**
Reducing overpopulation of cats	133	148	163	50	5	**499**
Education and information	184	204	225	69	7	**689**
Total	**2,445**	**2,710**	**2,997**	**917**	**94**	**9,163**

	2019 £'000					
	People costs	Corporate resources	IT	Facilities	Governance	Total indirect costs
Seeking donations and legacies	85	87	85	32	7	296
Shops	426	437	424	158	33	1,478
Fundraising events	85	87	85	32	7	296
Rehoming cats	1,697	1,748	1,690	630	133	5,898
Reducing overpopulation of cats	132	136	131	49	10	458
Education and information	175	181	175	65	14	610
Total	2,600	2,676	2,590	966	204	9,036

Indirect support costs are allocated on the basis of employee and volunteer time. People costs include the cost of supporting and developing volunteers and employees. Corporate resources include Finance, Procurement, Legal and the Chief Executive's Office.

11. Additional analysis of expenditure

	2020	2019
	£'000	£'000
Auditor's remuneration – statutory audit of Group accounts	**35**	34
Auditor's remuneration – statutory audit of subsidiary accounts	**3**	3
Auditor's remuneration – assurance, tax or other financial services	**-**	-
Depreciation of tangible fixed assets	**3,704**	3,494
Operating lease rentals	**2,067**	1,997

12. Employee costs

	2020	2019
	£'000	£'000
Wages and salaries	**23,915**	22,937
Social security costs	**2,209**	2,079
Employer's contribution to the pension scheme	**1,608**	1,400
Employee benefits – private medical insurance	**215**	216
Apprenticeship Levy	**119**	114
Agency staff	**48**	393
Total	**28,114**	27,139

To meet fluctuating demand in some of the charity's departments, additional employees are needed for temporary periods. Such employees are supplied through agencies and shown as 'Agency staff' in the table above. The Directors of Cats Protection Trustee Ltd are volunteers and are not paid a wage or salary.

Employer's contributions to the pension scheme represent payments made to Scottish Widows, who are contracted to manage the defined contribution scheme for employees. In the SOFA, the cost of employer pension contributions is allocated against the activity to which the related employee is engaged. No allocations are made against restricted funds.

The note above represents the total employee costs and has not been reduced by the value of furlough grant received. (see Note 9).

In 2020, the charity paid a total of £116,122 (2019: £41,277) in redundancy and termination payments in respect of 29 employees (2019: four employees). All payments were monetary. All redundancy and termination payments are recognised as an expense in the year in which they occur, none are capitalised. A balance of £nil was outstanding in respect of these payments at year end (2019: £nil). The significant increase in the number of payments in 2020 compared to 2019 is due to the consolidation of our chain of charity shops and the closure of the Visitor Centre.

Average number of employees and full-time equivalent (FTE) is as follows:

	2020 average	2019 average	2020 FTE	2019 FTE
Charitable activities	**641**	601	**523**	496
Generating funds	**396**	395	**294**	291
Total	**1,037**	996	**817**	787

Employees not directly engaged in generating funds or charitable activities have been allocated pro rata across these two categories on the basis of employee numbers. The increase in employees engaged in charitable activities is mainly due to the increase in the number of employees in our adoption centres. The above figures exclude employees who are employed and paid via an employment agency.

Employee emoluments

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

	2020	2019
	£'000	£'000
£60,001 - £70,000	**8**	4
£70,001 - £80,000	**5**	6
£80,001 - £90,000	**5**	4
£90,001 - £100,000	**3**	1
£100,001 - £110,000	**2**	1
£110,001 - £120,000	**1**	1
£140,001 - £150,000	**1**	-

Emoluments include salary and allowances, benefits in kind (company car and medical insurance) and exit costs. All 25 of the higher paid employees are members of defined contribution schemes (2019:17) and in 2020 the charity paid £156,289 (2019: £99,628) to the scheme on their behalf. These costs are excluded when calculating emoluments. Additional pension contributions totaling £1,832 in respect of carried forward annual leave and time off in lieu (TOIL) were accrued at year end.

As a result of the pandemic, in 2020, employees were allowed to carry forward up to 10 days annual leave. The cost of the annual leave carried forward, together with any TOIL, has been accrued and included in the 2020 salary costs. This has the impact of more employees earning total benefits in excess of £60k in 2020 than in 2019.

The total amount of employee salary and benefits, including employer's pension contributions and employer's National Insurance Contributions (NICs), received by key management personnel (defined internally as the Chief Executive and members of the Executive Management Team (EMT) as set out on page 54) during 2020 was £1,049,965 (2019: £826,650). An additional £2,151 of employer's pension contributions and employer's NICs in respect of carried forward annual leave and TOIL was accrued at year end for members of EMT.

Trustee expenses

Travel and subsistence expenses amounting to £3,247 (2019: £12,020) were reimbursed directly to five Directors of Cats Protection Trustee Ltd (2019: six Directors). A further £1,102 of payments (2019: £6,141) were paid directly to suppliers for travel and overnight hotel accommodation in respect of seven Directors (2019: nine Directors). The reduction in travel, subsistence and accommodation costs reflect the fact that from mid-March 2020, all Trustee and sub-committee meetings were held virtually. Four Directors of Cats Protection Trustee Ltd did not claim for reimbursable expenses in 2020 (2019: three). None of the Directors has been paid any remuneration or received other benefits from an employment with the charity or a related entity (2019: none).

13. Tangible fixed assets

	2020 £'000					
	Freehold land and buildings	Assets under the course of construction	Pens and centre equipment	Fixtures, fittings and office equipment	Motor vehicles	Total
Cost						
At 1 January 2020	48,410	185	7,432	10,501	5,436	**71,964**
Additions	0	562	169	502	439	**1,672**
Transfers	298	(438)	27	113	-	**-**
Disposals	(192)	-	-	(257)	(311)	**(760)**
At 31 December 2020	**48,516**	**309**	**7,628**	**10,859**	**5,564**	**72,876**
Depreciation						
At 1 January 2020	15,153	-	4,401	6,001	3,901	**29,456**
Charge for the year	1,123	-	362	1,551	668	**3,704**
Disposals	(27)	-	-	(182)	(303)	**(512)**
At 31 December 2020	16,249	-	4,763	7,370	4,266	**32,648**
Net book value						
At 31 December 2020	**32,267**	**309**	**2,865**	**3,489**	**1,298**	**40,228**

Freehold land and buildings includes freehold land with a value of £3,323k (2019: £3,451k) that is not depreciated. All assets are held for charitable purposes.

	2019 £'000					
	Freehold land and buildings	Assets under the course of construction	Pens and centre equipment	Fixtures, fittings and office equipment	Motor vehicles	Total
Cost						
At 1 January 2019	45,331	680	6,852	8,639	4,996	66,498
Additions	62	3,675	494	808	772	5,811
Transfers	3,017	(4,170)	86	1,054	13	-
Disposals	-	-	-	-	(345)	(345)
At 31 December 2019	48,410	185	7,432	10,501	5,436	71,964
Depreciation						
At 1 January 2019	14,097	-	4,060	4,519	3,614	26,290
Charge for the year	1,056	-	341	1,482	615	3,494
Disposals	-	-	-	-	(328)	(328)
At 31 December 2019	15,153	-	4,401	6,001	3,901	29,456
Net book value						
At 31 December 2019	33,257	185	3,031	4,500	1,535	42,508

14. Investment fixed assets

	Total 2020 £'000	2019 £'000
Market value at 1 January	**55,463**	49,285
New funds introduced	**13,500**	7,000
Funds withdrawn	**(6,000)**	(7,000)
Reinvested income	**409**	857
Management fees	**(200)**	(217)
Write-off of historic balance	**-**	(26)
Net gain/(loss) on revaluation	**2,299**	5,564
Market value at 31 December	**65,471**	55,463
Historical cost at 31 December	**56,932**	48,559

In 2008, the financial services provider Kaupthing, Singer & Friedlander (KSF) was placed in administration. Our financial statements for 2008 included a provision of £9.1m for 80% of the cash we had deposited at KSF. This represented the balance of funds not included in the first distribution by the bank's administrators. We have continued to receive further distributions from the administrators and as at 31 December 2020, these further distributions totaled £7.6m. Taking into account the first distribution, we have now received £9.9m, which is equivalent to 86.8 pence in £1. Two distributions, totaling £34k were received in 2020 (2019: two distributions totaling £86k).

Analysis of investments held at 31 December

	2020 £'000	2019 £'000
Represented by:		
Fixed interest securities	**15,713**	13,724
UK equities	**7,911**	7,635
Overseas equities	**16,732**	14,009
Alternatives	**6,143**	5,514
Cash and cash equivalents	**17,752**	13,361
Investment property	**1,220**	1,220
	65,471	55,463

Alternatives include property and infrastructure funds and commodities. As at 31 December 2020, the charity held no single investment which was in excess of 5% of total market value of the portfolio (31 December 2019: nil). The charity is not aware of any material restrictions which might affect the realisation of any of its listed securities. The investment property relates to two houses and a large converted garage on the same site. The houses are rented on assured short-term tenancies at open market rates. The properties were initially valued in April 2016, the point at which the charity assumed ownership, by an independent, suitably qualified professional. A subsequent revaluation in November 2020 found the initial valuation remained extant.

15. Debtors: amounts falling due within one year

	Charity		Group	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Prepayments and accrued income	**5,087**	4,949	**5,135**	5,222
Other debtors	**1,592**	1,425	**342**	53
	6,679	6,374	**5,477**	5,275

16. Creditors: amounts falling due within one year

	Charity		Group	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Trade creditors	**1,491**	2,530	**1,580**	2,595
Taxation and social security	**520**	588	**544**	629
Accruals and deferred income	**962**	1,732	**965**	1,733
Other creditors	**776**	283	**776**	283
Amount owing to subsidiary	**309**	186	**-**	-
	4,058	5,319	**3,865**	5,240

17. Provisions for liabilities and charges

	2020	2019
	£'000	£'000
Dilapidations provision		
At 1 January	**794**	775
Raised during the year	**-**	50
Utilised during the year	**(88)**	(21)
Released unused	**(25)**	(10)
At 31 December	**681**	794
VAT provision		
At 1 January	**130**	-
Raised during the year	**-**	130
Utilised during the year	**-**	-
At 31 December	**130**	130
Total provisions at 31 December	**811**	924

The provisions relate to dilapidations on properties rented by the Group and a potential liability for backdated VAT. The payment of dilapidation liabilities falls due as and when we vacate leased premises at the end of the lease period. The VAT liability is expected to be settled in 2021.

18. Statement of funds

	2020 £'000					
	Balance at 1 January 2020	Income	Expenditure	Investment gains/ (losses)	Transfers	Balance at 31 December 2020
Unrestricted funds						
General funds	30,285	70,303	(62,925)	2,333	2,665	**42,661**
Designated funds						
Fixed assets	42,508	-	-	-	(2,280)	**40,228**
Capital development fund	27,506	-	-	-	(385)	**27,121**
Strategy development fund	1,500	-	(1,002)	-	-	**498**
Total unrestricted funds	**101,799**	**70,303**	**(63,927)**	**2,333**	**-**	**110,508**
Restricted funds						
By area	4,190	1,322	(1,589)	-	-	**3,923**
By centre	1,564	276	(914)	-	-	**926**
By activity or service	75	71	(43)	-	-	**103**
Total restricted funds	**5,829**	**1,669**	**(2,546)**	**-**	**-**	**4,952**
Total funds	**107,628**	**71,972**	**(66,473)**	**2,333**	**-**	**115,460**

	2019 £'000					
	Balance at 1 January 2020	Income	Expenditure	Investment gains/ (losses)	Transfers	Balance at 31 December 2020
Unrestricted funds						
General funds	22,763	70,603	(68,843)	5,649	113	30,285
Designated funds						
Fixed assets	40,208	-	-	-	2,300	42,508
Capital development fund	31,302	-	-	-	(3,796)	27,506
Strategy development fund	-	-	-	-	1,500	1,500
Total unrestricted funds	94,273	70,603	(68,843)	5,649	117	101,799
Restricted funds						
By area	4,692	1,488	(1,863)	-	(127)	4,190
By centre	1,137	915	(498)	-	10	1,564
By activity or service	-	144	(69)	-	-	75
Total restricted funds	5,829	2,547	(2,430)	-	(117)	5,829
Total funds	100,102	73,150	(71,273)	5,649	-	107,628

The general funds represent the funds of the charity which are not designated for particular purposes by the Trustee.

The purpose of each designated fund is:

- fixed assets – this represents the net book value of fixed assets in use by the charity
- capital development fund – this fund has been established to meet the cost of the charity's 10-year capital plan. The funds will be applied to building new adoption centres and fitting out new charity shops, as well as refurbishing our existing sites. In 2020, we expended £325k on projects in the capital plan (2019: £3,796k). The equivalent amount has therefore been transferred into general funds to finance this expenditure
- strategy development fund – this fund was created to finance the strategy development work that commenced in late 2019. It covers the cost of employees working on the strategy projects, essential research and data analysis that needs to be commissioned and specialist support that needs to be procured externally. In 2020, we expended £1,002k against this fund (2019: £nil). The balance will be applied in 2021 to ongoing strategy development work

The restricted funds represent funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised for particular purposes.

19. Analysis of net assets between funds

	2020 £'000			
	General funds £'000	**Designated funds £'000**	**Restricted funds £'000**	**Total £'000**
Balance at 1 January 2020	30,285	71,514	5,829	**107,628**
Net movement in funds	12,376	(3,667)	(877)	**7,832**
Balance at 31 December 2020	**42,661**	**67,847**	**4,952**	**115,460**
Represented by:				
Tangible fixed assets	-	40,228	-	**40,228**
Investments	32,900	27,619	4,952	**65,471**
Net current assets	9,761	-	-	**9,761**
Total net assets	**42,661**	**67,847**	**4,952**	**115,460**

	2019 £'000			
	General funds £'000	Designated funds £'000	Restricted funds £'000	Total £'000
Balance at 1 January 2020	22,763	71,510	5,829	100,102
Net movement in funds	7,522	4	-	7,526
Balance at 31 December 2020	30,285	71,514	5,829	107,628
Represented by:				
Tangible fixed assets	-	42,508	-	42,508
Investments	20,628	29,006	5,829	55,463
Net current assets	9,657	-	-	9,657
Total net assets	30,285	71,514	5,829	107,628

20. Operating lease commitments

At 31 December 2019, the Group was committed to making the following payments under operating leases:

	2020 £'000	2019 £'000
Within one year	**1,520**	1,857
Within two to five years	**1,839**	2,843
Over five years	**-**	13
	3,359	4,713

21. Subsidiaries

At 31 December 2020, the charity held 100% of the issued share capital of the following company, which is registered in England:

Cats Protection Enterprises Limited Trading subsidiary **£2**

The results of the subsidiary have been fully consolidated into the results of the Group.

Cats Protection Enterprises Limited profit and loss account	**2020 £'000**	2019 £'000
Turnover	**2,098**	3,093
Cost of sales	**(577)**	(1,374)
Gross profit	**1,521**	1,719
Administrative expenditure	**(188)**	(308)
Profit on ordinary activities before taxation	**1,333**	1,411
Taxation on current year profits	**-**	-
Profit on ordinary activities after taxation for the year	**1,333**	1,346
Changes in equity:		
Equity brought forward	**-**	-
Profit for the year	**1,333**	1,346
Gift Aid payment	**(1,333)**	(1,346)
Equity carried forward	**-**	-

All profits are paid to Cats Protection charity via a Gift Aid distribution and a corresponding tax credit is recorded at the point of distribution as no payment of Corporation Tax is due to HMRC.

Cats Protection Enterprises Limited balance sheet

	31 December 2020	31 December 2019
	£'000	£'000
Current assets:		
Stock	**264**	214
Debtors	**441**	497
Cash at bank and in hand	**744**	806
	1,449	1,517
Creditors: amounts falling due within one year		
Net assets	**(1,449)**	(1,517)
	-	-
Funded by:		
Called up share capital	**-**	-
Retained earnings	**-**	-

The profits for the year, amounting to £1,333k (2019: £1,411k) will be donated to the charity under Gift Aid as a distribution from Cats Protection Enterprises Ltd in 2021.

The charity is also the sole corporate member of two trading subsidiaries established in 2019, Cats Protection Strategies for Cats Limited and Cats Protection Care Lottery Limited. Both companies are limited by guarantee and therefore have no share capital. Neither company traded during 2019 or 2020 and there are no transactions to consolidate into these Group accounts.

22. Capital commitments

At 31 December 2020, the charity had no significant (over £100k in value) capital commitments (2019: one commitment totaling £261k).

23. Related parties

As at the balance sheet date, a net total of £309k was owing from Cats Protection to Cats Protection Enterprises Ltd (2019: £186k) for income collected through the charity on behalf of Cats Protection Enterprises Ltd.

In 2020, the Directors of the Corporate Trustee made personal donations totaling £865 to the charity (2019: £803). The charity has controls in place to ensure that Directors of the Corporate Trustee cannot participate in any decisions where they may have a vested interest. Other than the transactions disclosed in this Note and Notes 12 and 21, there were no transactions with related parties during 2020 (2019: none).

24. Financial instruments

	31 December 2020	31 December 2019
	£'000	£'000
Financial assets held at amortised cost	**9,535**	11,360
Financial liabilities held at amortised cost	**(3,335)**	(5,187)
Financial assets measured at fair value	**64,251**	54,243

Get involved

There are lots of ways you can help us to help cats, from adopting a moggy of your own, making a kind donation, joining our team of wonderful volunteers or spreading the word about good cat welfare! Find more information on how you can support us at www.cats.org.uk/support-us

Thank you, on behalf of the cats!

Find us online:
www.cats.org.uk
Facebook: /CatsProtection
Twitter: @CatsProtection
Instagram: @CatsProtection
YouTube: /CatsProtectionUK

Get in touch:
Email us: info@cats.org.uk
Phone us: 03000 12 12 12

Write to us: Cats Protection, National Cat Centre, Lewes Road, Chelwood Gate, Haywards Heath, RH17 7TT

Find your nearest branch, centre and shop at www.cats.org.uk/find-us

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